



"Wading the River by Feeling for Rocks"

China's Trade Unions and Workers
in the Current Reform Process

Hong Wang
B. S. L. (Beijing University)

Centre for Labour Studies
University of Adelaide

Thesis Submitted
for the Degree of Master of Arts

Table of Contents

Abstract	i
Statement	iii
Acknowledgements	iv
List of Tables	v
Abbreviations	vi
Introduction	1
Chapter 1 Reforms in the Labour System and Changes in Industrial Relations	20
1.1 Changes in the System of Ownership	21
1.2 Changes in the System of Employment Allocation	22
1.3 Changes in the System of Income Distributions	26
1.4 Changes in the Labour Security System	32
1.5 Changes in the Housing System	37
1.6 Significant changes in industrial relations brought about by reforms in the various economic systems	37
Chapter 2 Detrimental Effects of the Reform on Workers	48
2.1 A great number of production-suspensions (total suspensions, partial suspensions) have occurred among state owned enterprises, enterprises making losses and workers losing jobs	48
2.2 Non-payment or delayed payment of workers' wages	49
2.3 Rapid rise of inflation	51
2.4 Medical costs have become heavy burdens for the workers	51
2.5 Workers' housing difficulties	52
2.6 Unfair wealth distribution and the polarisation of the rich and the poor	53
2.7 An impoverished urban working class is taking shape	57
2.8. Current conditions of the Chinese workers in the foreign-capital-invested and private enterprises	61

2.9	The total number and the severity of industrial accidents in China has reached an unprecedented height	71
Chapter 3	Trade Unions in China and the Changes in Economic Reforms	91
3.1	Current Labour Right Condition In China	91
3.1.1	Association freedom in China	92
3.1.2	Workers' right of collective negotiation	97
3.1.3	Labour disputes and Workers' rights to strike	101
3.2	The Nature of Trade Unions in China	104
3.3	The Standing of Trade Unions in China	108
3.3.1	The economic standing of trade unions in China	112
3.3.2	The political standing of trade unions in China	116
3.3.3	The legal status of trade unions	123
3.4	The Particularity of Functions of Chinese Trade Unions	135
3.4.1	The "safeguard" function of trade unions has special meaning	137
3.4.2	Workers' Representative Congress in enterprises	144
Chapter 4	The relationship between Chinese Trade Unions and Chinese Communist Party	151
4.1	Political control of trade unions by the CCP	152
4.2	Organisational control of trade unions by the CCP	154
4.2.1	CCP's direct leadership over the trade unions	156
4.2.2	Local trade unions are under a dual leadership system	157
4.2.3	Grassroots level trade unions are under the leadership of the Party Committee of their enterprises	158
4.2.4	Party leaders are appointed to the trade union organisations of the same level	158
4.3	The financial dependence of China's trade unions	161

Chapter 5	The Current State of China's Trade Unions and the Problems Facing Them	164
5.1	State of organisation and operational developments of trade unions in China in the 1978 - 1992 period	164
5.2	Trade unions' organisational and operational developments in 1993 and the challenges facing state enterprises	167
5.3	The state of trade unions in the "Three Capitals" enterprises	182
5.4	Trade unions in the privately-owned enterprises	187
5.5	Trade unions in the township-based enterprises	189
	Conclusion	194
	Bibliography	199

ABSTRACT

The 46 years (1949 - 1995) of development and evolution of modern China's trade union movement is considered in this thesis. Chinese trade union theory, practice and characteristics during each period since 1949 are addressed. The thesis discusses the nature, status and functions of China's trade unions as well as the historical and political environment that shaped them. The current condition of labour rights in China is also examined.

Particular emphasis is given to analysing the relationship between the trade unions and the Chinese Communist Party. The thesis also studies the major changes in the activities and livelihood of the working class in China, and the unprecedented changes to China's labour movement brought about by the 17 years (1978 - 1995) of reforms, particularly those in the labour regulation mechanisms. The thesis also examines the place and influence of trade union reform within the context of the reform of the entire national system, and the development prospects of trade union movement.

The thesis discusses the reform process in the system of employment, distribution and social security. At present, the new and old system are in a special state of stalemate and coexistence. The reforms have had a huge impact on the old industrial relations system. The bureaucratic industrial relationship between the workers and the state has become an employer-employee industrial relationship between the workers and their enterprises.

The reforms have promoted economic growth on one hand, but created many new and serious problems on the other. Exploitation has worsened,

the gap between the rich and the poor has become increasingly large, unemployment has deteriorated, and the number and the severity of industrial accidents in recent years has increased at a rate seldom seen. And, as a huge new working class has emerged, there is an urgent need for labourers to form their own independent organisation.

This thesis briefly introduces the historical development of the relationship between the CCP and the ACFTU since 1949. The subordinate relationship of the ACFTU to the CCP was demonstrated in its political, organisational and financial aspects. Thus further demonstrates that there would not be genuine independent union and labour movement without political system reform in China.

STATEMENT

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university and, to the candidate's best knowledge and belief, the thesis contains no material previously published or written by another person, except where due reference is made in the text; and the author consents to the thesis being made available for photocopying and loan if applicable if accepted for the award of the degree.

ACKNOWLEDGEMENTS

First of all, I would like to express my gratitude to my supervisor Dr. Greg O'Leary. During the past more than two years of my study, he has given me a great deal of guidance and inspiration on my academic research, and made many invaluable suggestions about my research methods, and the improvement of my English. Without his encouragement and understanding from start to finish, without his tireless teaching, I could not have finished my thesis.

I am extremely grateful to Claire Thomson who has done an enormous amount of careful work in correcting and polishing the English in my thesis draft. Without her efforts and help, I could not have been able to finish my thesis writing on time.

I am also grateful for the concrete help from Judy Barlow, Glenn Giles, Ken Bridge, Ingrid Voorendt, Greg Ogle, Simon Stratton, Sharon Lewis and other lecturers and staff of the Centre for Labour Studies at the University Adelaide who have always been caring and supportive to me.

I am also particularly grateful to my cousin Jingping Zhao and my friend Mrs. Laurel Ivechenko. The help they have given to me during the period of my writing can never be substituted by anyone.

From my heart, I am extremely grateful to my parents, and my sisters and brother in Beijing, without whom this work would not have been possible. Special appreciation also goes to my husband Nan and my son Rui, who persevered with me throughout this work.

Also, heartfelt thanks to my colleagues and friends in Beijing who work in the field of labour movement research for their great help.

LIST OF TABLES

- Table 1.1: Various insurance entitlements stated in the "Labour insurance provisions of the People's Republic of China"
- Table 1.2: Current social security system structure
- Table 2.1: Monthly wages of the workers in "Three Capitals" enterprises in Guangdong
- Table 2.2: The rate of increase of industrial accidents in 1993
- Table 2.3: National industrial accidents statistics for November 1993
- Table 2.4: Extremely serious industrial accidents in December 1993
- Table 2.5: Extremely serious industrial accidents in 1993
- Table 2.6: National statistics of various industrial accidents in 1992
- Table 2.7: Serious industrial accidents in first half of 1994
- Table 3.0: Structure of Workers' Representative Congress
- Table 4.0: CCP's organisational structure
- Table 5.0: Trade Unions of China status between 1949 and 1995

ABBREVIATIONS

TUC	Trade Unions of China
ACFTU	All China federation of trade unions
ICFTU	International Council of Free Trade Unions
CCP	Chinese Communist Party
PRC	People's Republic of China
LPRWP	Protection of the Rights of the Working People
ILO	International Labour Organisation

For my parents

INTRODUCTION

This thesis sets out to examine the impact of recent economic reforms within China's trade unions. It explores the contemporary status and character of Chinese trade unions as industrial organisations in a period when economic reforms are transforming China from a centrally planned to a market economy. It details trade unions' altered relationship with other key industrial groups including the Chinese Communist Party (CCP), and the owners and managers of state-owned and joint venture enterprises, foreign funded enterprises and town and village enterprises. The recent reforms have created new problems for trade unions but also exacerbated old ones, not the least of which has been the ability of unions to defend the interests of workers in a changing social and economic environment. As well as analysing their activities on a broader scale, the thesis also focuses on the internal problems for unions created by the changes to industrial and economic systems and on the altered relationship between the trade unions and their membership, especially for workers in state-owned enterprises. The effect on the workforce of this new environment is then examined in detail. It is argued that the impact on workers of the change to a market economy has thus far been largely detrimental, and that Chinese trade unions have yet to come to grips with the challenges posed by the new economic system.

The methodology employed in this thesis relies upon a close analysis of Chinese sources and familiarity with Chinese industrial practice, including the activities of the All-China Federation of Trade Unions (ACFTU). Secondary sources have been used sparingly, in order to maximise the use of an abundant amount of first-hand Chinese literature on Chinese trade

unions which is very considerably larger than that available on the same topic in other languages. The bulk of this knowledge was acquired during the decade recently spent by the author as a researcher with the ACFTU in Beijing. This time has been invaluable in that the author was in a unique position to observe industrial relations practice in China and at the same time have access to primary source material and to the people involved in the huge changes taking place in that country. It should be noted that the bulk of primary source material used in this thesis has come from within China's officially-sanctioned political framework and therefore does not lend itself easily to a western analytical framework.

This thesis is divided into two major sections. The first section expounds, introduces and analyses the social background to China's economic reforms and the current state and conditions of workers in China. The first section is comprised of Chapter 1 and Chapter 2; The second section provides a comprehensive exposition and analysis of the trade union movement in modern China. This section includes Chapter 3, 4 and 5.

It is necessary to understand how the industrial economic systems (covered in Chapter 1) are being reformed since they have had an enormous impact on the condition of workers (Chapter 2). Chapter one includes a summary of the changes in the systems of ownership, employment allocation, income distribution, labour security, housing, as well as a survey of the significant changes in industrial relations brought about by wide-ranging and radical economic reforms. In chapter two, I describe and analyse current labour conditions in China, particularly those of workers who, increasingly, find themselves outside the state-owned enterprise system be they in town or village enterprises or foreign-owned or joint venture enterprises. (More analysis is given in chapter five.) The situation of workers in "*san zi qi ye*" (foreign funded enterprises) is briefly described to demonstrate the diversity

of employment experience and industrial relations practice now prevailing in China.

The first section (Chapters 1 and 2) provides the background for the second section (Chapters 3, 4 and 5). The first section will help explain Chapters 3, 4 and 5, since the changes in workers' conditions have already put a new historic challenge and choice to the trade unions in China, and these conditions are playing a decisive role in the trade union movement's reforms and developments. In the meantime, the trade union movement will have an impact which cannot be underestimated on the economic and political reforms.

In the second section, an analysis of China's current labour right conditions is carried out. Also, the nature, status and functions of China's trade unions are expounded from political, economic, historic and social aspects. I then proceed to explore the relationship between the CCP and the trade unions with a particular focus on the political control of unions by the CCP; its organisational control of trade unions, and the effects on unions of financial dependence upon the Party. These are examined using Chinese sources as the major information base. Finally, an assessment is made of the current internal state of Chinese trade unions and the problems which reforms have generated for them.

The reason I have arranged the thesis structure in such a way is that I wish to give an overall picture of workers and the trade union movement in modern China, to understand their operation and development in China, their nature and standing, their relationship with workers in China and with the CCP. I probe in a systematic way the role of China's trade unions in current state system reforms, their influence on the overall social changes

and on the international worker and trade union movement. Finally, I discuss the future prospects for China's trade unions.

In recent years there has been an increase in Western literature on Chinese trade unions. Some of this, notably the work of Malcolm Warner,¹ Jude Howell,² and Leung Wing-yue³ have contributed considerably to Western understanding of the subject. This thesis has benefited from the work of these scholars, some of whom have attempted a comparison between China's industrial relations system and other Asian or even Western countries. As L.T. Lee in his book "Trade Unions in China" has pointed out, Chinese trade unions are fundamentally different from unions in Western democracies. Chinese leaders also make this quite clear.⁴ This thesis addresses the differences between Chinese trade unions and their counterparts in the former Soviet Union and Eastern Europe and documents the way in which they influenced the operation of Chinese trade unions.

Other writers have highlighted the effects on the industrial system of rapid changes taking place in China. Warner, in his book "The Management of Human Resources in Chinese Industry" gives a wide and detailed coverage of the changes wrought on Chinese trade unions during the period of economic reform.⁵ The sheer size of membership is a significant aspect of the Chinese trade unionism. As Warner notes, "If in the early 1950s there were only around 100,000 primary trade union units, by the early 1990s there were over 600,000. There had probably been only just under two and a half million union members in 1949 when they were more of an "industrial elite" than today, but this had grown to over 100 million with almost half-a-million full-time worker representatives."⁶ When discussing the impacts on trade unions of economic reform, he also said, "Such a momentum also carries its dangers, for the trade unions as the sectors in which it is weakest

or sometimes non-existent are the very ones which are the fastest growing, such as township industries, privately owned firms and joint ventures and overseas owned companies. Conversely, precisely the sector they are strongest in, while remaining pivotal in the economy, represents a shrinking area of membership, namely the state-owned enterprises."⁷

Despite the size of their membership, some scholars regard China's trade unions as of no significance, given the power exercised over them by the CCP. Dealing with this point, Lee concluded that after the Cultural Revolution, the reconstructed trade unions were controlled by the Party and acted essentially as an arm of the executive to mobilise the resources of Chinese society.⁸ The influence of the Party over unions extended to the individual enterprise level where union officials were appointed by the Party Committee within the workplace. As Warner comments, this development probably represented the high point of integration of Party and union.⁹ China's trade unions now perform a new function - that of "anti-shock valves" - enabling government reforms to progress in a stable society.¹⁰ Further, as Warner writes, while the functions of 'administration' and 'representation' have been the twin rationales of trade union organisation in China, it is clear that unions have been disproportionately geared to the administrative function, although it would be foolish to wholly disregard their representative role, especially at the shop-floor level.¹¹

Labour movement study is an independent subject. It is not only related to economics, politics and the workers' movement, but also has its own independent research object. This thesis primarily examines the developments of modern China's trade union movement between 1949 and 1994, and sets out to study the development, behaviour and characteristics of trade unions during different historical periods. The thesis

has been based on both theoretical and historical evidence whenever possible and supplemented by the author's experience working within the ACFTU's central organisations.

Because of the limitations in time and size of this thesis, many topics in which I am interested are not discussed extensively. These include the position of trade union reforms in the whole picture of the state political system reforms; the role of trade unions in the enterprises' transitional process from state-owned towards stock-owned; and the evolution process of the relation between the CCP and China's trade unions in recent and modern history.

Since the late 1980s, former socialist states have begun the transition towards market economies. Although the process and progress of transition is different in each of these states, their common target is the use of the market economy as a means to rapidly develop and improve national productivity. As is well known, China's economy is also undergoing a gradual and difficult transformation process. To transform from a centralised, planned economy to a market economy, and from an economy dominated by public-ownership to a privately-owned economy, is an unprecedented development which might be summed up by the Chinese saying, "Wading the river by feeling for rocks", as in exploring a path no-one has ever taken before. This transition, however, has already begun in China. To understand its impact from an economic history point of view, it can be described as another industrial revolution with international implications at least as significant as the European industrial revolution a hundred and fifty years ago. Like the British industrial revolution in the eighteenth and nineteenth centuries, the revolution in China is changing the social system. In China, however, the transformation is not from a feudalist society to a bourgeois capitalist

society, but from a semi-socialist semi-feudalist society to a state capitalist system. In the process, the economic foundation is disintegrating in China.

A major feature of international economic development in the post-war era has been the phenomenon of globalisation, i.e. an expanded rate of international capital flow, commodity trade and labour exchange between various countries. International specialisation and cooperation in production has developed rapidly, and the economic links between countries and the degree of economic interdependence have been strengthened. China prior to the 1980s adopted a Stalinist style model of product economy with a centralised, rigid economic management system which slowed progress in China's industrial and agricultural development. It created shortages in the production and supply of consumer goods, led to serious production-related wastes; poor product quality and low economic efficiency and the tardy application of results in scientific and technological research to production. At the beginning of the 1980s, influenced by rapid international economic developments and social reforms in the Eastern European countries, the reformers in China began to think about a means to develop a commodity economy under a socialist system and the role of the market within it. They studied issues such as the ownership system in China and the operational mechanisms of the economy. They revisited the issues of inter-dependence and inter-supplementation between the economies of various countries, in an attempt to find a new way, which maintained socialist public ownership but also developed the efficiency of China's economy. By the 1990s, however, it has been clearly shown that China's economic system is no longer heading toward the dominance of socialist public ownership. The reform plans which are currently in the process of implementation suggest that only massive privatisation will produce a prosperous state economy. The process of reform in state-owned enterprises is in fact one that is evolving from public ownership

ownership by a power elite Æ stock ownership (although this is just in a trial period at present).

Among the overall economic reforms, apart from ownership reforms, there are reforms in the planning system, the industrial structure, the price system, the enterprise management system, the employment system, the wage distribution system and in the social security system. These reforms have activated China's domestic market which has consequently attracted foreign investment and also stimulated the speedy growth of the economy. However, since these reforms have been carried out in an "ad hoc" manner in different sectors, there has been incompatibility, a lack of coordination or even obstruction between various areas. Especially, the reform in the state sector has so far failed and this has created many serious economic, social and political problems. At the same time, the Chinese Communist Party remains determined not to carry out any political reform. This has result in the accumulation and entanglement of both the existing political problems and the newly emerged political problems which have been created by the social and economic changes. They are hidden troubles which may once again cause a serious political crisis after the death of Deng Xiaoping. For example, the extent of China's current official corruption is scarcely matched anywhere. These social disorders, after Deng's death, will pose direct threats to China's economic developments.

In China's current industrialisation process, the working class has played an extremely important role. They are the basis for developing social productivity. It is estimated that the number of Chinese workers at the beginning of next century will reach about 300 million.¹² However, during the reforms, the people who benefit the least and suffer the most are also China's workers, especially those working in the state sector who have lost

the "iron rice bowl" which was given to them by socialism. They also have lost the socialist-style labour insurance protection in four areas: retirement, unemployment, work injury and medical treatment. At the same time, they do not and will not completely have for a rather long period the social security system of an advanced capitalist society. The social welfare system has been gradually established by western nations for more than a century. Thus, most of the workers in state-owned enterprises or those in the privately-owned enterprises, which have a combined workforce of over two hundred million, currently have no comprehensive social security system. These workers have neither power and influence nor sufficient financial resources. The prospect facing millions is unemployment and continued poverty. At a time when a few people become millionaires or multimillionaires over night, the majority of workers face not only an actual reduction in income but some also face a threat to their mere survival. Workers in China are starting to seek protection, to seek an organisation which can truly represent them and safeguard their interests. Currently if this kind of organisation is not in existence, they will have to set it up themselves. Therefore, the current state of China's working class provided objective social economic conditions for the creation of a genuine trade union movement. On the other hand, the expansion of industrial production, the entry of millions of peasant workers into industrial production and the ever increasing size of the working class has provided a subjective condition for the development of a strong independent trade union movement. Engels once said that, "the condition of the working class is the real basis and point of departure of all social movements".¹³ My research and study of China's workers and its trade union movement is based on their current real economic, social and political conditions.

The Trade Union of China (TUC) is the only trade union organisation that exists legally in China. Under it, there are 140 million members, there are 15 industrial trade unions and 30 local branches. There are 610,000 grassroots trade unions. The All China Federation of Trade Unions (ACFTU) is the leading organisation of the TUC. The TUC is the largest trade union in the world, its membership size is almost equal to the entire membership of the International Council of Free Trade Unions (ICFTU). The TUC is an indispensable part of the state political structure and it is the power base of the Chinese Communist Party (CCP) in the urban and industrial areas. Although trade unions in China have never been given the important social status they warrant, nevertheless, their activities reflect the Party and Government's policies and intentions in industrial matters. Any changes in the trade unions signify some changes in the country's political situation. Reforms in China's trade unions will have direct effects on reforms in political systems. They can be seen as the barometer of China's political climate. As long as the CCP remains in power, the current trade unions will exist as they are an indispensable social pillar and political backing for the CCP's rule in this country. Especially during the current and future industrial economic development and reforms in the ownership system, the CCP will rely more and more heavily on trade unions in China to represent it and to maintain political and social stability and the steady development of the economy. It is because of this political attribute of the TUC that, under the condition of no political reforms, there have never been any substantial changes in the system of China's trade unions. (Although, prior to the 1987 "13th CCP Congress", Zhao Ziyang had a set of ideas and plans on political reforms in China, including reform in the trade union system).

One policy that has always been carried out by the CCP since it took power is that under no circumstances will political or trade union pluralisation be

tolerated. Significantly, the role of Poland's Solidarity Trade Union in that country's recent political history is remembered by the CCP as a tragic lesson. Solidarity was the first non-Communist-led trade union body among the socialist countries. Its initial development was as fast as a bush fire, with its membership reaching 10 million in just a few months. This caused the rapid demise of the official trade union which was under the leadership of the Polish Communist Party. In the end, Solidarity took the state's power. It can be said that the development of Solidarity not only led to the failure of the "Soviet style" trade union model, but also hastened the failure of the whole former Eastern European socialist system.

The history of Poland's Solidarity will make not only the CCP but also all those who are concerned with or studying China's social development, realise that changes of any scale in China's trade union system will lead to changes in China's political system. The trade union movement in China may become a strong social force that will push China's social developments, and the rise or decline of China's trade union as an independent political force will have some significant effects on the course of world politics.

The Chinese trade unions in the planned economy period and trade unions in the developed capitalist countries are two totally different kinds of union movements. Their differences are mainly evident in the following areas:

- 1, In developed capitalist countries, trade unions' existence and development rely on the support of the workers; trade unions are the representatives and guardians of their members' specific interests. In China, however, trade unions are monopolised by the CCP and Chinese Government. Their fate is in the hands of the CCP.

2, The main activities of trade unions in the developed capitalist countries revolve around labour economics, while in China, the main activities of trade unions are concerned with the implementation of the CCP's political policies.

3, Trade unions in the developed capitalist countries play an irreplaceable role in industrial relations, while Chinese trade unions are just a kind of "transmission belt", "bridge" or "school".

4, The trade unions' operations in the developed countries are basically carried out in a programmed and legalised manner, while in China, trade unions' activities have long been carried out in an disorderly fashion and under the command of some individuals. Such activities are administrative in style and along the lines of an "always do as the boss tells you" approach.

5, The trade unions in the developed capitalist countries are in a pluralistic setting while in China, trade unions are a kind of highly centralised organisation structure.

Before the economic reforms began, trade unions in China did not have the right to organise freely, to strike, to participate in or to conduct collective negotiations, and they were critical of western trade unions as 'reformist trade unions' or "capitalist trade unions". Currently, China's trade unions in state-owned enterprises have begun to experiment and adopt approaches such as collective negotiations and various participation methods which are widely used by trade unions in capitalist countries.

The ACFTU and the former All Soviet Trade Union's Central Committee are two most influential trade union bodies in the former socialist states. Prior to the establishment of the People's Republic of China (PRC), since the trade union movement under CCP control did not have a national organisation, the so-called Liberated Area Trade Union Federation only

existed in the Shan Gan Ning Liberated Zone. It did not have a complete organisational leadership structure nor grassroots trade union organisation although they were later included in this Federation. Thus it was a trade union organisation that only existed in name. Precisely speaking, at that time in China, there was no real CCP-led trade union movement.

In 1948, the Sixth National Labour Congress was organised by the CCP. This meeting signified that the CCP-led trade union organisations began their expansion throughout the whole of China. After 1949, ACFTU gradually established itself as a national trade union body. The ten year period from 1956 to 1966 was the period when trade unions in China were most influenced by Stalinist trade union practice. All aspects of the trade union's activities, from their nature and duty to their standing and functions were copied from the former Soviet Union trade unions. In terms of the nature of trade unions in China, it was emphasised that trade unions were an important social pillar for the proletarian dictatorship; in terms of trade unions' duties, it was stressed that production was the main task, production, living, and education, three-in-one, to promote the socialist production competition, to organise workers to participate in various forms of volunteer work; to help the enterprise administration with the logistics, living and working conditions, and to educate workers with pro-Party, pro socialism political propaganda. All these it was said should be the main task of trade unions, In terms of trade unions' standing, it was emphasised that trade unions should be the Party's tamed instrument, to obey the Party leadership absolutely, to do otherwise would be regarded as anarchic syndicalism. In terms of the role the trade union should play, it was emphasised that trade unions were a big "school for communism", they were the "bridge" and "tie" between the Party and the masses.

From 1965 to 1976, the Great Proletarian Cultural Revolution took place in China. In the same time, there were ideological arguments between the CCP and the Soviet Communist Party. In CCP's opinion, their Soviet counterpart's theory was revisionist and was denying the primacy of class struggle. In keeping with these opinions, the Soviet Union trade union models previously copied by China, such as the three-in-one of the functions: production, living and political education, were criticised as things of revisionism. As a result trade unions in China were virtually totally dismantled from top to bottom at this time.

In 1976, after the death of Mao, the CCP ended the Great Proletarian Cultural Revolution. Although Mao was still called the greatest leader of China, in reality his anti-revisionism was thoroughly criticised. Mao's line of "take class struggle as the key link" was considered an historic mistake. After having criticised Mao's Thoughts, particularly after the CCP's Third Plenary Session of the Eleventh CCP Congress which shifted the key task to economic construction, the nature, task, standing and functions of trade unions in China were essentially returned to their pre-Cultural Revolution state.

From 1979, China began to engage in reforms and open door policies. In 1980, the Solidarity Trade Union emerged in Poland. The fact that Solidarity had completely beaten the former Communist-controlled trade unions in just a few days greatly shocked communist ruled countries which felt its effects. Both the former Soviet Communist Party and the CCP felt the enormous danger to their power of such a potential course for trade unions. They felt the need to readjust the relationship between the Party and trade unions and to reassess the nature, standing and role of trade unions in socialist countries.

The reforms in China have mainly been in the economy, while the reforms in the former Soviet Union began with change in its political systems. The political reforms in the former Soviet Union completely followed the Gorbachov's "New Thinking", in that they emphasised political democratisation and pluralisation. If this thinking were to be reflected in the trade union field, it would promote trade union independence, it would suggest a partnership and co-operative relationship between trade unions, the Party and government; and it would suggest that the single, most important duty of trade unions would be to safeguard the workers' rights and interests.

The Gorbachov's "New Thinking" in the former Soviet Union's political reforms have influenced China, including its trade union movement. These influences were felt most evidently and strongly between 1986 and 1989. In July 1987, the Labour Movement Research Institute in Changsha, Hunan, which is within the ACFTU, organised a national conference on trade union theories. It was the only meeting of such kind in the history of China's trade union movement. There were more than 100 participants who were either academics or else were engaged in trade union affairs. The key topic of the conference was how trade unions in China could genuinely become a workers' organisation. They reached the conclusion that trade unions must place themselves in a new and more appropriate relationship with the Party and government; they must change their current government-run nature; they must put the protection of workers' rights and interests as the trade union's number one duty ; they must reverse the trend whereby trade unions were losing touch with workers; they must change their highly centralised internal organisation, and they must implement a real federal representative system.

The 1987's conference on trade union theory had a great deal of influence on the 11th National Representative Congress of Trade Unions which was held in 1988. A number of opinions put forward at the Conference received approval from the CCP Central Committee, when Zhao Ziyang was Party General Secretary. In many of his speeches during that period, Zhao spoke about separating duties among the Party, government and various political groups, about trade union's overcoming of bureaucratisation, implementation of democratisation and mass nature, and the need for trade unions to become true workers' organisations. The following extracts are from two of his speeches between 1987 and 1988 respectively:

China, in the process of reforming its political system, needs to divide the duties of the Party, government, the trade unions and the various social political organisations. Our past political system was too centralised, in fact the Party organisation has undertaken the whole thing, it has replaced all other organisations. The proletariat has taken the power and established its regime, however, the government has not played its role. The working class has become the master of the state, but the trade unions are a mere formality. The fundamental problem is that the Party's leadership system is too centralised. In the proposed political reforms, there is the issue of dividing the functions of the Party and those of trade unions, that is, we should separate the functions of the Party and the functions of trade unions. Trade unions have their own role to play, the Party should not take over nor interfere too much. Only then can trade unions operate independently and become an organisation for workers themselves. On the other hand, the trade union organisation itself should be reformed, it should be democratic, become a mass-based organisation, it should change its government-run flavour,

reduce its bureaucratic tendencies and become an organisation trusted by the masses.¹⁴(Author's translation)

A trade union in a socialist state should make the workers feel that it is an organisation of their own. There are many problems in China regarding this, and reform is needed. One of the important issues in our political reforms is the division of the functions of the Party, the government and the various social political organisations. The trade union is the most important social political organisation in a socialist state. To improve the relationship between the Party and trade unions, trade unions themselves must reform, that is, trade unions must represent workers' interests, speak for the workers and make workers recognise that the trade union is an organisation of their own.¹⁵(Author's translation)

At the 11th National Representative Congress of Trade Unions, Wan Shaofen, despite being recommended by the CCP Central Committee for the position of ACFTU vice president and the First Secretary of ACFTU Party Group, failed to get elected. It was apparent through this action that trade unions in China were moving a historic step closer towards a "repositioning of their relationship with the Party". "A tentative Plan for Trade union reforms", passed during the period of Congress, reflected views expressed by Zhao Ziyang in its official documents, and indicated that trade unions were more determined to gain their independence.

The political turmoil of June 1989 in Beijing was a heavy blow to trade unions in China. Zhao lost his position after this, and the CCP once again strengthened its control over trade unions. The CCP had observed from the drastic changes in the former Soviet Union and other East European

countries that concluded that permitting trade union's independence would destroy the regime. and the No. 12 CCP Central Committee Document in fact ended the "bourgeois" history of trade unionism between 1986 and 1989.

During the two years following the "June 4" events, there were other serious set-backs in the history of relations between the CCP and the trade unions.

Since 1992, along with the deepening of reforms in the ownership system and other various economic systems, China's state-centred industrial relations are gradually becoming an enterprise-centred. The TUC can no longer continue to exist while insulated from labour and economic relations. In view of the deterioration of mass workers' living and working conditions, the increasing intensification of industrial relations problems, the upsurge of autonomous trade unions and the crisis faced by TUC of being abandoned by workers in China, the CCP and TUC may will be forced to give up the bureaucratic, politicised and centralised trade union movement. The TUC is attempting to move gradually from being a purely political instrument to a kind of workers' organisation which will have political and economic dual functions. Since the fundamental transformation of the whole nation's economic system is not yet finished, and the market mechanism has yet to be fully established, everything is still in the process of development and change. To study China's trade unions of this period, one has to observe and analyse them as a part of a dynamic developmental process, and to comprehend the movement of contradictions in order to predict its prospect for development. As Deng Xiaoping said in the 1980's early reform period, "... our reforms are like crossing a river by feeling for rocks, move one step, then look for the next one. ..."16

-
- 1 Warner M. *The Management of Human Resources in Chinses Industry*, St. Martin's Press, 1995, USA.
 - 2 Jude H, *China Opens its Doors: The Politics of Economic Transition*. HarvesterWheatsheaf, 1993, Great Britain. Lynne Rienner Publishers, 1993,USA.
 - 3 Leung W.Y, *Smashing the Iron Rice Pot: Workers and Unions in China's Market Socialism*. Asia Monitor Resource Centre, 1988, Hong kong.
 - 4 Lee, L. T. *Trade Unions in China: 1949 to the Present* , p.159, Singapore University Press, 1986, Singapore.
 - 5 Warner M. *The Management of Human Resources in Chinses Industry*, p. 24, 25, 32, 33, 35, St. Martin's Press, 1995, USA.
 - 6 Warner M. *The Management of Human Resources in Chinses Industry*, p. 24, St. Martin's Press, 1995, USA
 - 7 Warner M. *The Management of Human Resources in Chinses Industry*, p. 34, St. Martin's Press, 1995, USA
 - 8 Lee, L. T. *Trade Unions in China: 1949 to the Present* , p.159, Singapore University Press, 1986, Singapore.
 - 9 Warner M. *The Management of Human Resources in Chinses Industry*, p. 38, St. Martin's Press, 1995, USA
 - 10 Warner M. *The Management of Human Resources in Chinses Industry*, p. 36, St. Martin's Press, 1995, USA
 - 11 Warner M. *The Management of Human Resources in Chinses Industry*, p. 37, St. Martin's Press, 1995, USA
 - 12 An interview with people from the State Statistics Bureau and the Ministry of Labour in April 1994. in Beijing.
 - 13 Engels, Frederick, *The Condition of the Working Class, in England* Preface to First German Edition, Panther Books, 1969, London, p 18.
 - 14 Zhao Ziyang, when meeting a Hungarian Trade Union Delegation in Beijing, 2 Feb. 1988. Chinese Institute of Workers' Movement Sources.
 - 15 Zhao Ziyang, when meeting a Polish government and trade union delegation in Beijing, 12 October 1987. Chinese Institute of Workers' Movement Sources.
 - 16 At a meeting organised by the ACFTU to study the CCP Central Committee's documents in 1982.

Chapter 1

REFORMS IN THE LABOUR SYSTEM AND CHANGES IN INDUSTRIAL RELATIONS

In the thirty year period from 1949 to 1979, the pace of China's economic development was very slow. A view is widely held that the main factor impeding China's economic development was a series of the so-called political movements or campaigns which proceeded under the CCP's guiding principle of 'resolute class struggle' (*henzhua jieji douzheng*). First in the early 1950s, when China was just recovering from many years of war, came the 'three antis' (*san fan*) and the 'five antis' (*wu fan*) movements. In 1957 there was the 'anti-rightist struggle' (*fanyou douzheng*) followed by the campaign waged against rightist tendencies in 1959. In 1963, it was the 'four clean-ups' (*siqing yundong*). And from 1966 until 1976, there was the devastating 'Great Proletarian Cultural Revolution'. All these political campaigns were of national scale and have had a detrimental effect on the country's economic growth. During this thirty year period, more than twenty were occupied with these kind of political movements.

Apart from political reasons, other factors which have also slowed down the development of China's economy stemmed from the very nature of China's economic system itself. The highly centralised and planned economic system in China seriously fettered the necessary incentive for the economic development of enterprises and for the workers' working enthusiasm. The state's entire economic activity was centrally administered and based on a system of public ownership. Workers and peasants, under the title 'masters of the state' (*guojia zhuren*), were

centrally assigned economic activities by the state. Therefore, urban workers had no independence with regard to their employment, distribution of benefits, or social welfare benefits and safeguards.

In order to promote the development of social productivity and to change the existing economic system, CCP and the Chinese Government undertook a series of economic reforms. These reform measures have brought profound changes to the existing industrial relations systems. The economic system reforms which have had direct influence in industrial relations can be summarised as follows:

1. Changes to the system of ownership;
2. Changes to the system of distribution of incomes;
3. Changes to the system of allocation of employment;
4. Changes to the system of social welfare; and
5. Changes to the housing system.

1.1 Changes to the system of ownership

In March 1993, at the First Plenary Session of 8th Chinese Peoples' Congress, Premier Li Peng, in his 'Government Work Report', made the following statement with respect to the system of ownership in China,¹

"Maintain the system of public ownership, which includes the state ownership and collective ownership, as the central principle. The individual, private and foreign investment economies are supplementary. A multi-sector economic system will grow together in the long term".

According to statistics published in the late August 1993, privately-run industrial enterprises numbered 185,000, and privately-run service industry enterprises (*disan chanyie*) numbered 76,000. As well, there were 41,549 private companies and 16,256,000 individually-run businesses

(*getihu*). Persons working in privately run enterprises and in individual businesses has totalled approximately 30 millions. In the foreign investment economy, there were already 90,000 formally registered and operational enterprises, they were employing more than 6 million people. It is estimated that, at the end of this century, the number of workers in the rural township enterprises alone may exceed 120 millions. Also it is estimated that, within a decade, the ratio of workers in the state sector to workers in the collective sector will be 1:1, and the number of workers in the "Three Capitals" and private sector will represent about a quarter of the total national workforce. The combined output of the foreign investment sector, the individual business sector and privately run enterprises represented 15% of the total national industrial output and this is still increasing rapidly. Clearly these sectors were having a significant influence on the development of China's economy both in terms of the number of people employed and the percentage of the total national production output.²

The latest change in the ownership system is the privatisation of state-run and collectively-owned enterprises. In the state sector, the state either sells a certain part of the asset of the enterprise, and becomes a share holder or it sells the whole enterprise and uses the fund to pay its workers wages or factory debts.

1.2 Changes to the system of employment allocation

The employment allocation system in the pre-reform period in China originated in the mid 1950s, and took shape in the mid or late 1960s. The system was gradually established and consolidated over the period when the nation's economy was becoming increasingly highly concentrated and centralised, and, the ownership of production material and the style of

production management were becoming more and more uniform. This employment allocation system had two fundamental features: one was the centralised planning and allocating of labour resources (*tongbao tongpei*); the other being the permanent work posting. A worker or staff could be allocated to a workplace by the government, but he/she would have no right to leave that post without approval from the government.

Centralised planning and allocating of labour meant that:

- 1), The central government would undertake the whole task of arranging employment for all labour (limited to the non-agricultural urban residents);
- 2), The allocation pattern of labour resources was decided by the central labour planning body. In this situation the law of value cannot play the role which it is supposed to play;
- 3), An enterprise had no autonomy in recruiting and/or using its labour resources. it was obliged to follow unconditionally the central government's recruitment plan. Since the total wage fund given to an enterprise was determined according to the total number of its workers, the enterprises only considers the need for labour not the impact on the overall productivity, thus there was a tendency by the enterprise to hoard labour.
- 4), As the identity of a worker was "state worker", the costs of a worker's employment, wage, welfare and protection (*siwei yiti*) were borne by the State. The "Iron Rice Bowl" style permanent post employment system was an extension of the centralised planning and allocating policies (*tongbao tongpei*) to the enterprise micro-labour management level. It meant that once a person was given a job, he/she would remain at that post for all the rest of his/her working life. The movement of labour was minimal. An enterprise was not allowed to lay off its workers neither were workers

allowed to move freely between jobs. Where there was a small amount of labour movement, it was usually the result of a “transfer” (*diaodong*) by the labour personnel department.

Looking from an historical perspective, the pre-reform employment system has played a positive role in providing employment, the stabilisation of social order and the development of the economy during the 1950s and 1960s. However, during the 1970s, this system’s disadvantages have been exposed and its impediments to economic development have become increasingly evident. Its disadvantages were mainly in the following areas:

1). Because of the long period of implementation of central planning and allocation policies, the industrial structure has been excessively shifted towards heavy industry, the type of enterprise ownership structure has become more and more uniform, the avenue for finding employment has increasingly narrowed and unemployment has worsened day by day;

2), Because the cost of a worker’s employment, wage, welfare and security were borne by the State, the financial burden on the government became heavier and heavier. Since the idea of “iron rice bowl” was still deeply rooted in people’s minds, the idea of employment competition and work enthusiasm declined/faded. By the end of 1970s, under the record-high pressure of urban unemployment, the old employment system reached such a stage that it had to be reformed.

From the end of the “Cultural Revolution” to the present day, the labour employment system has experienced three stages of reforms:

(1) The first stage, an employment policy of “combining the three efforts” (*sanjiehe*) was adopted, the three efforts were referred to as:

1) the labour administration department recommends people to particular enterprises;

2) people voluntarily organise themselves (for example, starting a small factory at the street level) to provide employment and

3) people operate their individually run businesses (*getihu*).

At the end of this stage, a new pattern of multi-avenue for employment has been gradually established.

(2) The second stage, the life-long employment system was beginning to change. A system of labour contract was applied to new workers.

(3) The third stage, the so-called "optimal labour combination" was adopted in enterprises. Its main purposes were to reduce the number of surplus workers in enterprises; to increase the freedom of internal labour movement for enterprise workers; and to introduce a competition mechanism into the employment system.

The above-mentioned reforms are breaking through the pattern of centralised planning and allocation, and are moving towards autonomous labour management by enterprises. That is to say, labour resources management is shifting from the state to enterprises. Many enterprises have already achieved a certain degree of autonomy in the management of their labour resources. The labour contract system has redefined the shape of industrial relations. Workers in enterprises will change from being the "workers of the state" to "workers of their enterprise".

However, reform measures or policies discussed above have also created a huge and unprecedented army of unemployed people who are referred to by reformers in China as "enterprise surplus personnel" (*qiye fuyu ren yuan*) or "people waiting for employment" (*daiye ren yuan*). In 1992,

redundant workers represented about 20% of the total workforce in more than 80% of the nation's state-run enterprises³. This figure indicates that there are about 20 million redundant workers.⁴ When they become redundant, their enterprises are neither able to "digest" them (ie to provide them with employment) nor able to "throw them out" (lay them off). There are mainly three reasons for this:

1), The number of the "enterprise redundant workers" is very large, yet a nationwide labour market has not been established. There is no adjustment mechanism for social labour resources;

2), An unemployment insurance system applicable to all workers in the state has not been established;

3), For most social classes in China, but particularly for workers, it is even more difficult to cope psychologically with the loss of employment than to cope with the financial loss.

In fact, China's reforms in the employment system are currently at a difficult stage - unable to advance or retreat. The main reason for this dilemma is that various reform policies are incompatible, especially as reforms in the social security system lag behind (this will be discussed in a later section). If the reforms to the employment system are not carried out together with reforms to wage system and social security system, it is unlikely that any solutions will be found.

1.3 Changes to the system of income distribution

Before the start of the reforms, the system of income distribution adopted throughout the country was a system whereby the differentials in incomes were decided by the government. For instance, cadres salaries were decided on twenty-five levels while workers were divided into eight levels. A university student, after graduating and working for a year might find

himself/herself on the 22nd level of salaries. As workers' salaries were fixed by this process, if the government didn't announce any adjustments, it might be three to five years in some occupations without any change in salary. In others, it might even be as long as ten years. Government institutions, Party organisations and enterprises had no power of their own to adjust wages. For instance, from 1966 to 1978, salaries across the whole country did not change. A university graduate in 1966 earned a monthly salary of 56 yuan. In 1978, this salary was still at the same rate. However, with the economic reforms, a national policy that workers' salaries be linked to the economic efficiency of their enterprises was implemented although this did not apply to public servants.

As a result, workers in enterprises that had a higher level of profit were able to receive a higher income than those from enterprises which were less successful. A bigger salary gap exists between workers in different enterprises which have different systems of ownership.

Up until the present, there have been three major reforms in the wage system since the establishment of PRC.

The first one was conducted in 1950. The old Nationalist Government wage system was abolished and replaced with a new one.

The second wage reform was conducted in 1956, when a unified national wage system was established. This system existed for 30 years.

In 1985, a third thorough wage reform was carried out.

The wage system established in 1956 was the first step, in the field of individual consumer goods distribution, to move towards a highly centralised unified management system in accordance with the overall economic system. Its main characteristics were:

(1) the power of wage distribution was held by the central government. Any wage increase was centrally decided by the state, any distribution system and standards were centrally regulated by the state, control of enterprises by the state was very tight, and enterprises had no autonomy in making wage distribution decisions.

(2) the drawing and distributing of enterprise wage funds were not linked with its production and management performance summed up as “stable yields despite drought or excessive rain” (*hanlao baoshou*);

(3) the wage system and rate standard in an enterprise had to follow those in state or government organisations and institutions. For example, when the state increased or adjusted wage standards, government organisations were always ahead of the enterprises. By the end of 1970s and beginning of 1980s, the problems created by this wage system were becoming obvious. these problems are called by Chinese are Two “*Da guo fan*”. (originated from the fact that people given a free meal which is cooked in a big pot, everybody is ensured that he/she has a share.) One of the two “*Da guo fan*” was at the national level where enterprises received “*Da guo fan*” treatment from the state. In other words, the total wage fund allocated to an enterprise by central government was decided according to the number of its employees, and had nothing to do with the economic efficiency of the enterprise. The other “*Da guo fan*” was at the enterprise level where workers at an enterprise received “*Da guo fan*” from their enterprise. That is, the workers’ wages were the same regardless of whether they did more or less, better or worse, a more difficult job or an easier job, or even if they worked or did not work. These two “*Da guo fan*” were one of the major obstacles which impeded China’s economic development since 1956.

In 1985, implementation of a thorough wage reform was commenced throughout China. A policy that linked the total wage fund of an enterprise

with its economic efficiency and linked the worker's total monthly wage with individual performance was drafted. Since 1987, this policy has been widely implemented. Currently there are 57,000 state-run enterprises nationwide (that is about 35% of the total number of the state-run enterprises) which have already established various mechanisms that link wages and economic performance. There are about 40 million workers nationally in these enterprises and they represent about 55% of the total of state enterprise workers. In the meantime, along with wide implementation of the "management contract responsibility system" (a component of the ownership reforms) by enterprises, some reforms in the wage system have also been carried out. For example, some enterprises are adopting the structured wage system, or the post responsibility wage system, or the floating wage system. Some others have chosen the piece-rate wage system, the work post pension system (a kind of subsidy), etc. These reform policies have created big wage differentials between workers, and also have given some local government and enterprises a degree of autonomy in wage distribution decision making.⁵

Among the reforms in China's economic system, when compared with each other, wage reform has been the least successful. The wage reform has created many inequitable distribution patterns and a chaotic wages system. They are apparent in the following ways:

Firstly, the policy that links the wage increase to workers in the state sector with the profits and tax of their enterprises has proved to be a poor reform measure. The increase of an enterprise's profits and taxes is directly related to external factors such as the scale of state investment and resource conditions. Distorted goods prices can also create a big difference in profits and this leads to over-rapid wage increases in some enterprises. The over-rapid wage increases are in fact unfair competition to workers in other

enterprises. Further more, the rapid rise of wages has made enterprises shift the wage cost to the price of their products and has created a comparison mentality among enterprises thus forcing a total wage increase and so worsening the inflation situation.

Secondly, from the start of the reform till now, the state still hasn't put out a set of standards or procedures for wage increases although it has given pay rises to its staff members working in government bodies and to workers. The conventional way for a staff member or a worker to obtain a pay rise is through promotion and increase in subsidy. The promotion and/or increase in subsidy is decided according to a list of workers' "seniority", "seniority" of a worker being dependent on the number of years of service in his/her work unit. Thus, every time a pay rise is decided, the idea of egalitarianism is strengthened even further.

Thirdly, in the current situation where diversified patterns of personal income are gradually taking shape, the state only controls the wages bill which is included in the central plan, but does not control incomes outside the central plan. The result is that the control of centrally planned wages becomes tighter and tighter; proper wage rise cannot be given while both the number of people having "grey income" (income other than wages) and the portion of "grey income" in their total income are increasing. For example, many people make extra income from having an additional job or using their influence or power to embezzle public money or they accept bribes. All this has intensified the contradiction between inflated consumer demand and unfair social distribution.⁶

Fourthly, the income structure for workers has lost its balance. This imbalance has occurred mainly in the following two ways:

1), the portion of worker's wage as part of the urban resident's income has been decreasing continuously, from 1978's figure of 78.5% down to 53.9% as in 1990, and further down to about 43% in 1992;

2), the proportion of a worker's average basic wage (wage paid according to the state's wage standard) in his/her total wage income has been falling steadily. For workers in state-owned enterprises, the percentage of their basic wage in the total wage income fell from 85.7% in 1978 to 55.7% in 1990, and fell further to about 35.3% in 1992. At the same time, the portion of bonus and subsidies in their total wage income has been increasing steadily. The percentage has increased from 14.3% in 1978 to 44.3% in 1990, and increased again in 1992 to about 64.7%.⁷

Fifthly, the egalitarianism and wide wage gaps coexist. In relation to wages distribution, the current practice is still egalitarian, while in relation to actual individual total incomes, an evident gap exists between individuals. This is because the actual wage percentage in a person's total wage income is becoming smaller and smaller. In fact, these are two different forms of unjust social distribution.

The current economic reforms in China, which include reforms in ownership, employment, wages, social security and housing, and reforms in the planning system, industrial structure, pricing system and the enterprise leadership system, and so on, have been carried out using an approach as mentioned previously of "wading the river carefully while feeling for the rocks". In other words, during the whole period of economic reform, no overall strategy has been developed, and there have been no clear reform goals nor implementation plans to achieve such goals. Rather, the reforms were carried out one step at a time without having decided the direction of the next. The economic reforms in each field were implemented separately, and there was a lack of coordination and

compatibility among them. Even in a single reform measure, there has been a lack of consistency in the policies. For example, all newly-recruited workers are employed under the labour contract system, but on the other hand, large numbers of ex-servicemen, graduates from universities and technical colleges have become permanent workers or staff. As a result, there have been frequent "collisions" between these reforms, contradictions have been created and friction has resulted. The overall effect of the economic reforms have not been very successful. At present, although the old system has been dismantled, it still has some impact. The new and old systems are in a strange state of stalemate and coexistence which is the product of the reforms of the 1980s. It is also the background and basis for the continued reforms of the 1990s.⁸

1.4 Changes to the Social Security System

Prior to the economic reforms of the 1980s, the Chinese social security system modelled itself on that of the former Soviet Union. There was no comprehensive social security system in existence. What the Chinese government adopted was just a labour insurance system. It consisted mainly of benefits such as paid maternity leave, sick leave, retirement and disability pensions and paid medical expenses, all funded by the state and its enterprises. Under the previous centrally-planned economic system, raw production material and finished products from an enterprise were centrally distributed and sold respectively by the state. The enterprise did not have an active role on the market as an independent manufacturing and management unit, rather, the enterprise acted as a producer/manufacturer of certain goods, it followed the state planning orders and was used as a place for arranging employment. Once a worker found employment, he/she was covered by labour insurance. The cost of the worker's insurance was jointly shared by the enterprise concerned and

the state. This type of labour insurance system was suited to the economic system at that time. By the 1970s, it to became common for enterprises to be individually responsible for the costs of labour insurance which accrued in their units. This scheme was known as "enterprise insurance".

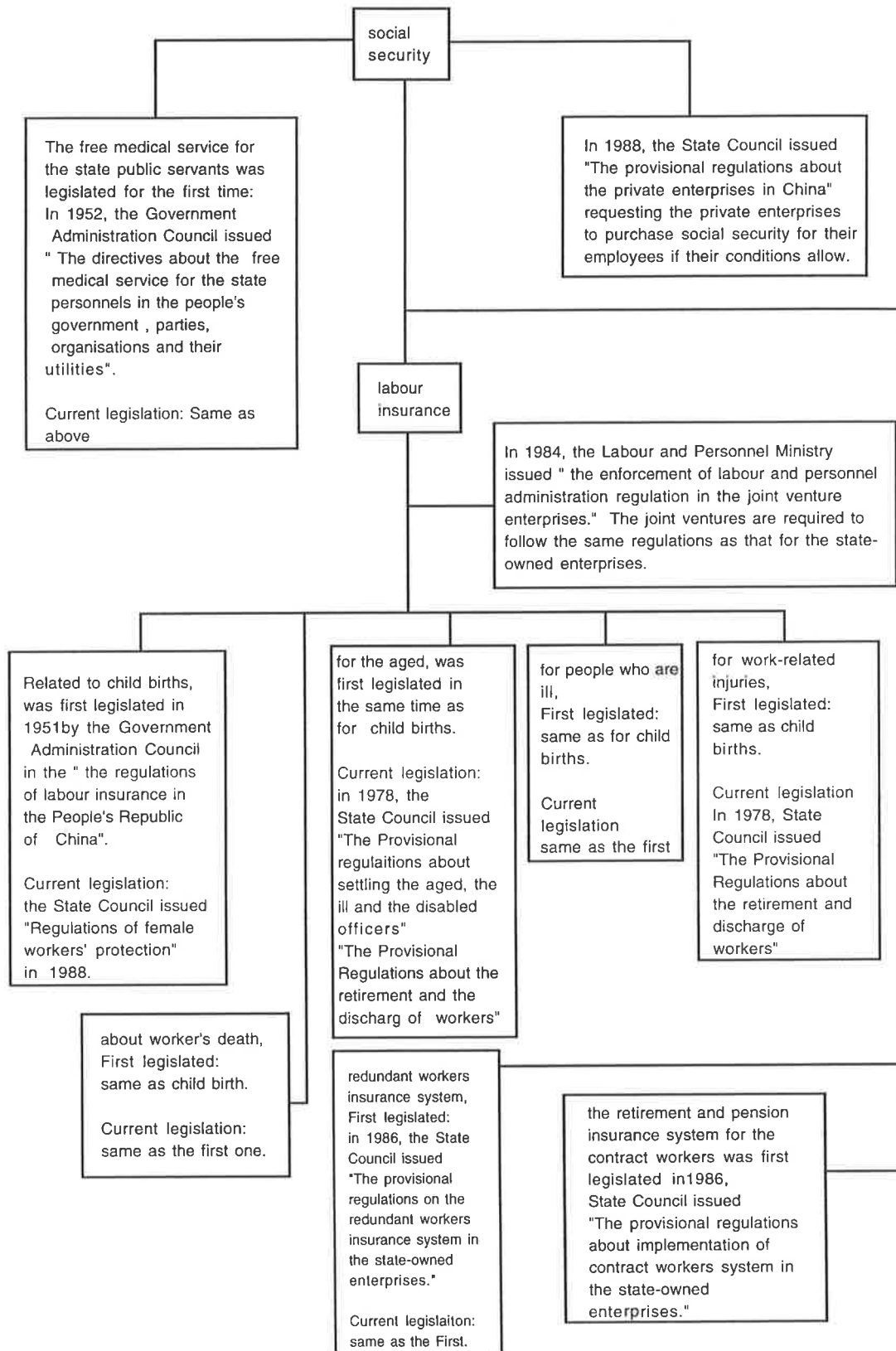
Since the beginning of current reforms to the economic system, the existing labour insurance scheme was gradually transformed into a social security system. From 1984, in state-owned enterprises, the employee retirement pension scheme was gradually implemented through means of pooled resources (or collectively raised funds). By the end of 1990, about 93% of enterprises in the cities and towns nationwide had established collective funds for their employee retirement pension schemes. In 1986, the retirement pension insurance scheme for contract workers was established; and the insurance system for redundant (*dai ye* "waiting for work") workers was commenced. Among more than 380,000 state-owned enterprises nationwide, about 360,000 have joined the redundant workers insurance system. The free public health system is gradually being abolished. Instead of being completely funded by the state and their enterprises as in the past, workers now will have to pay a proportion of their medical bills out of their own pockets. In state-owned enterprises, the percentage of medical expense shared by the workers is about 10% - 30%.⁹

Table 1.1 Various insurance entitlements stated in the "Labour insurance provisions of the People's Republic of China"

welfare items	Type of payment	Existing Pay Regulations	Remarks
Child Birth	Pay during maternity leave	Abortion: 20 -30 days of pay; Normal birth: 56 days of pay; Twin or difficult birth: full pay.	In 1988, the State Council issued "Regulations of labour protection for female workers" which states that maternity leave is 90 days, additional 15 days for difficult birth. The regulations which were promulgated in 1978 state that retirement age for male is 60, for female 50, years of work between 10-20 years, 60-75% of pre-retirement monthly pay. A minimum pay was set.
	Childbirth allowance	A female worker or a worker's wife is giving birth, 4 Yuan per month.	
Retirement	Retirement pension	Age requirement: male over 60, female over 50 Years of service: total, male 25; female 20. plus 5 years in the last employment Amount: 50% - 70% of full wage.	
Sickness (non-work related)	Pay during sick leave	For less than 6 months, 60% - 100% of full wage.	
	Grant for non-work-related sick leave	For longer than 6 months, 40% - 60% of full wage.	
	Medical expenses	The cost of medical treatment, hospitalisation and prescribed medicines are borne by the enterprise.	
Work related injuries	Payment during sick leave	Full wage.	In the regulations published in 1978, disability payment was increased to 80% - 90%, and changed to the name "retirement pension"
	Payment for disability	Total disability: 60% - 70% of full wage; Partial disability: 10% - 30% of full wage.	
Death	Funeral expenses	Work-related death or death after work injury retirement: 3 months of average monthly pay of his or her enterprise.	
	Funeral expense allowance	Non-work related death or death caused by illness: 2 months of average pay of the enterprise.	
	Support for the immediate family members	25% - 50% of the full wage of the deceased, depending on the number of family members. Paid monthly.	
		One-off payment of 6 -12 months of full wage of the deceased, depending on the number of the family members.	

See¹⁰

Table 2.1 Current social security system structure



See¹¹

(Retirement pension system for contract workers was legislated in 1986 for the first time and is still valid to the present day)

In recent years, although the government has formulated some reform policies and announced some reform measures, the current insurance system still has many serious defects. They include the following:

1. There is no legislation underpinning the social security system, no separate national legislation on work-related injury insurance or illness insurance nor for retirement and aged pensions; Provinces, cities or counties can individually draft their own regulations or policies in these areas. In addition, the insurance fund and its management is in an extremely chaotic state.

2. The coverage given by the current insurance arrangement is very limited. For example, some provisions are only applicable to the employees of state-owned enterprises, government organisations and institutions. The number of people covered by these insurance schemes represents only about 15% of the total population in China. Peasants, individually-operated businesses, privately-run enterprises, joint venture concerns and many collectively owned enterprises are not covered by these insurance schemes. Moreover, redundant workers insurance only applies to some of the workers in the state-owned enterprises. These people represent only 0.2% of the total number of workers in the state sector.¹²

3. The security offered by the "enterprise insurance" scheme is very poor. With further progress of the enterprise reforms, more "double shutdowns" (total shutdown and partial shutdown) and loss-making enterprises are expected to emerge. Thus a large number of workers from these enterprises will be unable to get their survival money. It will be even less likely for this group of workers to be paid for their medical expenses, retirement pension and other welfare benefits.

In short, the reforms in the social security system are apparently lagging behind reforms in other areas and this has become a significant obstacle to the reforms in employment and industrial structure.

1.5 Changes to the housing system

Before the reforms, workers were able to receive material benefits in relation to housing, water, electricity and transport either from the government or from their work unit (ie. the enterprise or business they work with). In most cases, housing was cramped and small, however the rent was cheap. The cost of water, electricity and transport in cities was kept to a minimum. This was a policy adopted at a time of low incomes, low prices and low consumption. The Chinese government claimed this represented the superiority of the socialist system and was disseminated to the world as propaganda.

The current reforms have progressively turned housing in the cities and towns into a commodity. The government and enterprises provided cheap rental accommodation for workers but now, the accommodation facilities needed by the families of workers must increasingly be purchased by the workers themselves. This policy, for the majority who are still on low income, presents goals which are, in reality, unattainable.¹³

1.6 Significant changes to industrial relations brought about by reforms in various economic systems

Reforms in China's various economic systems have inevitably brought many new elements to the field of labour economics. Among a series of changes in production and economic relations, the most direct and prominent changes are those in industrial relations.

First of all, the labour relation between workers and the state has become the one between workers and their enterprises. A Japanese economist, when commenting on China's labour relations in the planned economy era, said that, "The whole nation is like a giant factory, all the enterprises in this country are like various workshops, they (all the enterprises) are responsible to the factory owner (the state), while all the workers are employees of the state".¹⁴ Industrial relations should and can only be a kind of economic relationship in nature. In China however, this relationship has been pasted with a very thick political colour. China's academics in labour economics defined this politicised form of industrial relations as "comrade-styled cooperative labour relations". This kind of viewpoint originated from Stalin's definition of socialist labour relations¹⁵. One of the characteristics of "comrade-styled labour relations" is that its political principles are given emphasis as it is established to a great extent on the basis of political need. Consequently, labour relations are conducted on the principle that politics is the highest criterion and economic matters are subordinated to political matters.

Another characteristic of this form of labour relations is the emphasis on the commonality between the two parties' economic interests. It is asserted that there is no conflict or contradiction of economic interests between the two parties in this relationship and that these two parties are just different divisions of labour. The theoretical basis for this view is: that under socialist public ownership, the interests of the whole of society are represented by the state and the interests of the workers are represented by their "work unit". Thus, the interests of the workers and that of the enterprises or the state are identical. In dealing with industrial relations matters, the Communist Party and trade unions teach workers to defend their common and overall interests — the interests of the state or its enterprises, because, they argue, the specific interests of workers are

included in the state's overall interests, and it is only when the interests of the state and its enterprises are realised that workers' interests will be achieved. The problem is often presented as one where "only when there is water in the big river, will there be water in small rivers; if there is no water in the big river then the small rivers will be dry". Currently, in the process of transition from a planned economy towards a market economy, the nature of the employer-employee relations between enterprise owners and workers is being clarified more and more. Even the government and academics writing on industrial relations have to admit that the "two parties" in labour relations are independent¹⁶. Workers will gradually change from employees of the State to employees of their enterprises (this topic has been discussed in detail in the section entitled "Reforms to the Employment systems").

Secondly, the regulation in industrial relations is moving from administrative control and domination to market regulation. Labour relations in the pre-reform period were essentially bureaucratic in nature, that is, the government managed labour resources through administrative means. The determination of interests between the two sides in labour relations, the allocation and arrangement of labour resources, employment arrangements and wage decisions, labour protection and social security were all dealt with by the state through administrative means. Even trivial matters such as distribution of work protection articles (for example, the monthly quota of pairs of gloves or pieces of soap) were strictly controlled and administered by the state.

As a new kind of industrial system is being formed, demand, allocation and adjustment of labour resources as well as remuneration packages (including the wage standard) will be gradually implemented through the

establishment of the labour market. Inside enterprises, the administrative commands will be replaced by employment contracts.

The above-mentioned reforms in various systems have brought about very profound changes in industrial relations. These changes have presented some new features:

(1) In the past, labour relations between an enterprise and its workers were set up through the state's commanding plans, now they are established through the labour market, contracts and two-way selection;

(2) Labour relations were rather rigid, now they are fairly flexible, their terms of employment can be longer or shorter according to the employment contract;

(3) The industrial relationship took the form of administrative documents, commands, etc. now, employment contracts have become the norm;

(4) In the past, the difference between the interests of the two sides of the industrial relations was not recognised. Now, this difference and opposition between the two sides have become increasingly evident.

(5) The types of labour relations between employer and employee have become more complex due to the diversified economy (state-owned, collectively-owned, township-based, "Three Capitals", privately-owned and individual-operated) and various management patterns.

In fact, the emergence of the labour market has changed the nature of industrial relations in many parts of China. The newly formed industrial relations system has a great deal in common with those in western capitalist countries. Under the conditions of a market-oriented economy, the enterprise and its workers have different ranges of interests. Enterprise management represents the interests of the owner (owners) or the enterprise share holders. Its goal is to maximise the enterprise's profits.

The interests of management are linked to the preservation or increase in the value of the enterprise's assets and to an increase in profits. Management, by every possible means, strives to increase productivity and to reduce production costs, including the cost of labour. While the workers, as suppliers of labour, seek to maximise their wages and conditions etc. The interests of enterprise management therefore are contradictory to those of the workers.

In the face of these changes, the academics and policy makers in China have started to discuss industrial relations. Their focus is the relationship between workers and management in a market-oriented economy. Is the relationship similar to the one between employees and employers? Has labour become a commodity? The Communist Party and the Chinese government still maintain that "workers are the masters of socialist enterprises". At the Twelfth Congress of Chinese Trade Unions, the ACFTU's vice-chairman, Zhang Dinghua, said in his report, "..., in the historic period of reform, our socialist system has not changed, our country's nature hasn't changed, that working class is the leading class of the state has not changed, that working class is the class foundation of the Party has not changed, the master status of working class has not changed. We must not be doubtful or vague on this."¹⁷ and "..., workers in foreign capital-invested and private-run enterprises are equally the masters of the state."¹⁸ Workers are still being told that the only difference in an enterprise between workers and management is the difference in the division of labour and that there is no such thing as hired labour.¹⁹ The government and the CCP have repeatedly emphasised that workers in foreign investment enterprises may be exploited but as a class workers in the state are still masters. However, if the current trend (to privatisation of state-owned companies) continues and non-state sectors take over as the majority employer in the country, can this rationale still be valid?

It is arguable that workers in China have never gained "master" status, not even in the period prior to the reform of enterprise ownership.

The establishment of the Socialist state-ownership system only eliminated contradictions between the classes, it did not eliminate the contradictions between the people who manage and those who are managed. The emergence of the Leninist style "Workers' State", although ended the monopoly by the propertied class in the managing of the nation, has never eliminated the very activity of managing the state. Someone had to take on the task of managing the nation - a task reserved for only a few. The "advanced group" of the working class, ie, the Communist Party, the ruling party, became the "management group" of the state. The ordinary class of the working people became the group being managed by the ruling party. Although both groups are owners of the productive resources in name, in effect their rights to allocate the resources and distribute the finished products are different. There exists antagonism between the two groups' interests.

Under the traditional Chinese socialist system, the conflict between these two groups has intensified gradually. The intensification of this conflict is present in both economic and political forms. Economically, it takes the form of low levels of efficiency (slow growth), severe wastage and poor living standards for the masses. Politically, it takes the form of attacking correct political opinions (or policies), and, persecuting dissidents. Workers, the managed group, are unable to express and realise their political ideas. Eventually, events like "June 4" erupt as a direct result. The conflict between the two interest groups has deepened because there is no legal, widespread and effective supervision or participation mechanisms for workers under the traditional political system.

Because both interest groups get their income from state-owned jointly produced products, and because the "management group" is able to directly command the distribution of productive resources, the interests of the "managed group" may be infringed upon during the distribution. Especially when democracy is debased, there is no rule of law is problematic and the ruling party has problems with serious corruption. The interests of workers and the whole "managed group" are harmed. Since 1949, workers in China, the "managed group", have been kept away from productive resources. They haven't had any control over their own employment, remuneration, welfare or education, etc. Workers have never really become the "masters of their enterprises", much less the "leading class of the state".

Since the start of the reforms, the nature of labour relations has been made even more evident by the reforms to enterprise ownership (if it can be said that the so-called "master status" was just an illusion fed to workers before the reforms started). In foreign-capital-invested enterprises, joint ventures and other types of private enterprises, workers are recruited by enterprises because of the need for labour, they are paid for the work they do. In most cases, employers in these enterprises are in an absolutely dominant position over their workforce. According to a survey of 14 medium to large enterprises by the Hebei Tangshan Workers Legal Service, on the management of the enterprises, in most cases the brothers of the owner become the deputy managers, sisters become the accountants or bookkeepers, and their parents are store managers, thus forming a family group in management area. "Fuzzy wages"(part of the wages given in sealed packages) are adopted as the principal way of distribution to achieve wealth accumulation for the employers. According to the survey results from the 14 enterprises, 87.5%²⁰ of employees thought that workers' rights had been infringed but there was no trade union or arbitral body for the

resolution of industrial disputes. There are about 30 million²¹ workers working in these kind of enterprises nationwide, they are purely commodified labour providers. State-ownership and collective ownership are called public ownership. One of the important economic system reforms in China is the transformation of management mechanisms in the state-owned (public-owned) enterprises, to take enterprise management from complete control by the state to an economic entity able to act independently, to be self-initiating, capable of assuming sole responsibility for profits and losses, and to be self-restraining and self-developing. Although these enterprises still are state assets, management has been given the right to run them independently. The only link that exists between the state and the enterprises is taxation. Except from paying taxes to the state, enterprise management has the power to operate independently. They not only have the final say on production and management, but also on employment and wage distribution. So, under the 'socialist market economy', labour relations in public ownership enterprises still include hiring and being hired, and workers earn their wages by providing their labour and skills to their enterprises.

Nominally at least, Party and bureaucratic officials at the enterprise level are employees of their enterprises. The enterprises don't belong to them but to the state. However, since the start of the reforms, these party and administrative officials assumed the management of the enterprises on behalf of the state. Thus, in too many cases, the ownership of state assets has been transformed into ownership by a few individuals (the management). In effect, they are the owners of the enterprises. These people belong to a class of the very highly paid who have their own special interests and their incomes are much higher than those of average workers. They can get bonuses several times, tens of times, hundreds of times or even thousands of times more than the average worker. Their

families have spacious accommodation, enterprise-paid telephones in their homes, and they may also have cars and chauffeurs provided by their enterprises. They are able to use enterprise money to travel around the country and/or overseas. They can also use enterprise money to entertain guests and friends and for sending gifts.

If labour relations in the foreign-capital-invested, joint venture concerns and private enterprises can be considered as being exploitative, then labour relations in the state-owned enterprises is the same in nature and differing only in form. With the establishment of the market economy, especially the ongoing reforms to labour, personnel and social security systems, the emphasis in labour relations will move from state activities to enterprise activities. With enterprise capital and management diversifying day by day and the right of enterprise management increasing, labour relations will become more and more complicated.

In this chapter, the following topics have been discussed: reforms in the ownership system and reforms in various labour systems as an important field in the overall economic reform, and the reform process in the system of employment, distribution and social security. At present, these three old systems have been broken up but the effect of the reforms is yet to be seen. While the new systems are taking shape, their dominant position has not been established, the new and old systems being in a special state of stalemate and coexistence. Current reforms in various labour systems are not coordinated or systematic, hence they have created many contradictions and "collisions", and the overall effects of the reforms have been poor.

The reforms have had a huge impact on the old industrial relations system. The bureaucratic industrial relationship between the workers and the state has become an employer-employee industrial relationship between the enterprises and their workers. The regulation of industrial relations will

change from being government dominant to market dominant. Along with increasingly intensified industrial relations and the commodification of labour, the realities underlying political slogans such as “The working class are masters of the State” are being cast aside.

-
- 1 *A Collection of Documents of the 8th Chinese Peoples' Congress*, Beijing, People's Press 1993.
 - 2 An interview with a senior ACFTU official in Beijing in March 1994.
 - 3 *Gongyun dongtai* (Labour Movement Study), No.3, 1994, ACFTU.
 - 4 *Gongyun dongtai* (Labour Movement Study), No.3, 1994. ACFTU.
 - 5 Xin, Changxing, *Zhonggou laodong, gongzi, shehui baoxian zhidu gaige yanjiu*, (The Study of China's Reforms in Labour, Wages and Social Security Systems) Beijing, People's Press, 1993.
 - 6 Xin, Changxing, *Zhonggou laodong, gongzi, shehui baoxian zhidu gaige yanjiu*, (The Study of China's Reforms in Labour, Wages and Social Security Systems) Beijing, People's Press, 1993.
 - 7 Xin, Changxing, and Liu, Xiahui, *Zhongguo gongzi zhidu gaige de kaocha yu sheji*, (The study and design of the wage system reforms in China.) Beijing, People's Press, 1993.
 - 8 An interview with an official from the Ministry of Labour in Beijing in October 1994.
 - 9 Ge Man, *Zhongguo Shehui Baoxian Tixi Chubu Yanjiu* (Initial Study of China's Social Security System) p.165-170. Research Institute of Labour Science, People's Publisher, 1993.
 - 10 Ge Man, *Zhongguo Shehui Baoxian Tixi Chubu Yanjiu* (Initial Study of China's Social Security System) p.164. Research Institute of Labour Science, People's Publisher, 1993.
 - 11 Ge Man, *Zhongguo Shehui Baoxian Tixi Chubu Yanjiu* (Initial Study of China's Social Security System) p.166. Research Institute of Labour Science, People's Publisher, 1993.
 - 12 Yu Xin, *Minzhu Yu Fazhi* (Democracy and Legal System), December 1994, p.10-12, Democracy and Legal System Publisher, 'Helping the city's poor, a critical mission'.
 - 13 My research work at the ACFTU.
 - 14 From an interview with a senior ACFTU official in Beijing in December 1993.
 - 15 Zhou Tong, *Gongyun Lilun Zhengce Yanjiu Cankao Ziliao*, (Reference material for the study of labour movement theory), No.12, 1987, p.62, China Labour Movement Research Institute, 'Issues of union movement in socialist states'.
 - 16 An interview with a Chinese labour movement history specialist from the Academy of Social Science, March, 1994.

-
- 17 Zhang Dinghua, *A Collection of Documents of the 12th Congress of Chinese Trade Unions*, p.18, General Office, ACFTU, China Workers' Publisher. 1993. 'Report of the 12th Congress of Chinese Trade Unions'.
 - 18 Zhang Dinghua, *A Collection of Documents of the 12th Congress of Chinese Trade Unions*, p.24, General Office, ACFTU, China Workers' Publisher. 1993. 'Report of the 12th Congress of Chinese Trade Unions'.
 - 19 *Questions and Answers about the study of the Report of 12th Congress of Chinese Trade Unions*, P.76. China's Workers Press, 1993.
 - 20 *Gongyun Dongtai* (Labour Movement Developments), No.32, ACFTU. 1993.
 - 21 An interview with a senior ACFTU official in February 1994.

Chapter 2

DETRIMENTAL EFFECTS OF THE REFORMS ON WORKERS

One of the features of the current economic reforms is the promotion of economic development by the government. On one hand, the national economy as a whole has had unprecedented growth, On the other hand, these reforms have also had a significant impact on the living conditions and environment of workers. The reforms have had many damaging effects on workers' traditional way of life and their working conditions. The effects are most evident in the following seven areas:

2.1. A great number of shut-downs (total suspensions, partial suspensions) have occurred among state owned enterprises, enterprises making losses and workers losing jobs.

Most, if not all, state-owned enterprises have experienced financial difficulties during the reform period. Their most common difficulties have been :

(a) production equipment is outdated; workers' skill level is low; production overheads are high; the quality of product is poor; there is over-production with warehouses full of products, and there are no markets for the products

(b) low salaries; high unemployment and low profits

(c) some enterprises adopt a policy of total wage (*baogan*) and can not avoid reductions in staff. According to the National Bureau of Statistics, in the first half of 1993, 30.9% of State owned enterprises ran at a loss. Moreover, more than a third of the remaining enterprises were likely to record losses. Some enterprises shut down production for more than three years. Less

than 30% were truly profitable. Losses were particularly noticeable among large and medium scale enterprises, as well as Army-run enterprises. The official unemployment rate in the country at the end of 1993 was 2.6%, approximately 5 million people. In addition to this, those who had become unemployed from such failed enterprises were classified as "redundant" (*xia gang*) or "waiting for work" (*qiye fuyu ren yuan*) and double shutdowns (*shuangting*), and their number was probably over 10 million. These two categories constituted China's large army of unemployed. They had practically no income and lived in dire poverty. If we add to these workers their family and dependants we have a figure approaching forty to fifty million. On the basis of the officially announced figures, I computed the national jobless rate at 10.1%,^{1 2} I calculated in the following manner:

Total number of workers in China: 147,900,000

Total number of unemployed in the enterprises in cities and towns is 10 millions,³ The official number of unemployed is 5 million⁴ (this figure doesn't include state owned enterprise workers who have become unemployed)

10 millions + 5 millions = 15 millions

$$\frac{15 \text{ millions}}{147.9 \text{ millions}} = 10.1\%$$

According to a survey of 137 enterprises in Shanghai, 271,820 workers are employed there, and among them 21,885 are retrenched (*xiagang fuyu*), ie 8.1%. Among these workers, 44.8% are aged between 31 and 40 years and females outnumber males. In Wuhan, Hangzhou and Xi'an, the three provincial cities, female workers under the age 35 comprise 59.6%, 73% and 59.4% of the total of retrenched workers respectively.⁵

2.2 Non or Delayed Payment of workers' wages

In many state owned enterprises it is a common phenomenon for the enterprise to be behind in wage payments to its workers (*tingfa*), or for the workers to have had their wages reduced.

In a news broadcast in December 1993, the ACFTU chairman Xue Zhaojun stated that on the basis of incomplete statistics in nine provincial cities 2,250,000 workers had their wages reduced. At the national level, the figure was close to 10 million. Some workers received no wages at all, and some others only received between 60-70% of their wages, and no bonus.⁶

After the reforms, China's workers' salaries were basically made up of two parts: the first was a basic wage, the other part was a bonus, the amount of the bonus far exceeding the amount of the basic wage. It must be noted that even though workers received 60-70% of the wages, this only amounted to just over 100 yuan.⁷ At current high prices, it is hard for workers to maintain themselves, let alone their whole family.

According to a joint survey caused out by China's Coal, Mining and Geological Trade Union and Heilongjiang province Coal Mining Unions, , the total amount of wages owed to workers in Heilongjiang's 5 coal mines was 28,700,000 yuan. Among those workers, 1100 had been on leave for 2 or 3 years and had received no wage payment at all during that period. In Mudanjiang city in Heilongjiang province, workers' wage payments had been reduced or stopped for more than 3 months in 74 enterprises. The number of workers owed wages was 33165 and the amount of the owed wages reached 2,470,330,000 yuan. By the end of 1992, there were 1,216,000 workers who had not been paid, representing 15% of the total work force in that Province. The amount owed to workers totalled 2,170 million yuan, averaging 1,700 yuan per worker.⁸

According to China's Education Union's survey in the first half of 1993, it was extremely common for teachers to have been owed wages. Except for Beijing, Shanghai, Tianjin, Yunnan, Qinghai, Ningxia and Fujian, where teachers are basically not owed wages, teachers were owed wages in 22 of China's 29 provinces and autonomous regions. The total amount of money owed to teachers in wages was more than 20 billion yuan⁹.

2.3 Rapid rise of inflation

China has reformed the old pricing system and prices of goods are, in general, no longer fixed. The prices of necessities are no longer regulated by the state, rather, they are regulated by supply and demand in the market place. One result of this price deregulation has been the steady rise of inflation year by year. Compared with 1992, the cost of living in 1993 went up by 14.7%, the average increase in 1993 was 19.6% among the 35 medium to large cities. Retail prices increased by 13%, including the prices of cereals which went up by 27.7% and fuel which was raised by 35%. These figures are just official statistics. In reality, inflation experienced by the people is far more severe. In Hubei Province, the price of cereals has increased 50.3% and student fees and child care fees by as much as 157.4%. Public transport is too expensive for the average worker. Some workers cannot afford public transport, they have to get up at 4 am. to walk to work, some even have to work two 24-hour shifts a week to save the travel.^{10 11} The annual inflation rate for 1994 is even worse - 24.7%. The huge influx of foreign capital investments is partially responsible for the high inflation level.

2.4 Medical costs have become a heavy burdens for workers

The current public medical system is disintegrating as a result of reforms. Prior to reform, like other benefits, the cost of medical treatment was

largely borne by the State or the enterprise. The State is starting to transfer cost to the enterprise or the workers, Many enterprises have drawn up their own regulations to lighten the burden of medical costs on themselves. A certain percentage of the workers' medical costs is borne by their enterprise, the remainder is borne by the workers themselves. Medical service are already very expensive. If one stays in a hospital or has an operation, one may have to pay thousands or even tens of thousands of yuan. Because some of workers don't have enough money to pay for their medical expenses, medical treatments are often delayed. A small illness may become a major illness and a major illness an incurable one. In one instance a coal miner in Heilongjiang province was sent to a hospital in Beijing for lung cancer treatment, the surgery on his cancer had to be postponed three times because he was not able to pay the cost. In another example, a coal miner hanged himself because he didn't have money to see the doctor. Many enterprises are behind in paying their portion of medical costs. According to a survey in Kaifeng, Qingdao and Xuzhou, 24 enterprises have been behind in payments for more than one year, some are even more than five years behind in their workers' medical expense payments.¹²

2.5 Workers' housing difficulties

Workers' housing has always been a difficult issue. In the pre-reform era, workers' housing conditions were generally not good. In the reform period, the situation has worsened for many. By the end of 1992, nationally, there were 4,405,000 families who lived in the cities having housing difficulties. Among them, 287,000 were extremely badly off, averaging less than 2 square metres per person. According to a survey by ACFTU, about 3.4% of the city workers families live in houses averaging less than 3 square metres per person. The Qing Hai Construction Corporation had 304 employee

families (about 1,000 people including the workers and their family members) who were still living in very basic sheds built in 1965. In every spring (thawing) and rainy seasons, some of the old and poorly constructed houses (or sheds) collapsed. In Qing Hai Province, Da Tong Coal Mine, there were 912 houses considered to be in a dangerously conditions, about 14,000 square meters, in which workers lived. Some old workers, who had joined the workforce before 1958, still lived in very crowded houses averaging about 3.78 square metres per person. Some workers' families (7 people) live in a cave totalling less than 20 square metres. Some were state model workers, but still live under the same roof with other two generations, or, sleep on the floor, or in the attics, etc. Some model workers live in houses that average only 2 square metres per person. Some other model workers live in damp, dark and draughty houses.¹³

2. 6 Unfair wealth distribution and polarisation of the rich and the poor

With the implementation of the various economic reform policies, the period of primitive socialism distribution principles, ie. 'everyone is equal' and 'get rich together', have basically ended. China is now moving towards a society where the rich and the poor are polarised. The problem of unfair wealth distribution has become increasingly serious with income gap between people widening. The gap exists in the following aspects:

2. 6. 1 Socially unfair distribution

For example, the appearance fee charged by a pop star, a movie star or a 'laugh star' is ten or more times that of the yearly wage income of an average worker. Many powerful and influential people, their children and relatives have become millionaires or multi-millionaires by using their power to do business, to deal in property markets, in shares and in import and export trades. Also, there are many individual business traders and

private enterprise operators who have illegally accumulated a large amount of money by evading tax, profiteering and bribing public officers in government departments. These three kinds of people (people in powerful positions, relatives of these people and private business traders) have their own apartments, their own new luxury cars, etc., some others often live in hotels where apartments may cost as much as one thousand yuan a day and one meal can cost as much as half a year's wage of an average worker. Deng Xiaoping once said at the beginning of reform that part of the population should get rich first. At present, it is those above mentioned people who have become rich first.¹⁴

2. 6. 2 Unbalanced regional economic development has created a regional gap between the workers' income

Workers' incomes in coastal areas are much higher than those of inland, and workers' incomes in the eastern regions are higher than those in the middle and western regions. The five regions with the highest income are Guangdong Province, Zhejiang Province, Hainan Province, Fujian Province and Jiangsu Province. In 1992, the per capita average monthly income of workers in these regions were between 2,140 and 3,480 yuan - higher than the national average income and national average growth rate of per capita income. The five regions with the lowest incomes are Inner-Mongolia Autonomous Region, Jiangxi Province, Henan Province, Shanxi Province and Hei Long Jiang Province. The average per capita income in these regions is below 1,630 yuan per person, which is less than the national per capita income average and growth rate average. It is estimated that the income gap between the regions will further increase.¹⁵

2. 6.3 People in newly developed industries are paid higher than those in traditional industries

The average monthly income of a worker in the banking, electricity, commerce, taxation or tourism industries is between 400 to 1,000 yuan¹⁶. While shut-downs and semi-shutdowns happen very frequently in the machinery, coal, military products, textile, building, agricultural, forestry and fishery industries, in some enterprises, workers may get 200 - 300 yuan. In other enterprises, workers may not get paid for several months.¹⁷

2. 6.4 The increasing income gap between enterprises of different types of ownership

According to a survey of about 100 enterprises in 7 provinces by the government labour departments, in 1992, a 'Three Capitals' joint venture enterprise worker's average yearly income was 53%¹⁸ higher than that of a state-owned enterprise worker. In collective enterprises where local government has greater responsibility for workers wages and welfare and also profits of the enterprise, workers receive on average only half the income of workers in state owned enterprises.

2. 6.5 Unfair distribution inside the enterprises

Particularly obvious is that the income gap between management and workers has become too big. For example, in the Xianning Drug Factory, the rules clearly stated that the monthly wages of the General Manager was 800 yuan, middle level management received 400 yuan and the average worker 200 yuan. Sometimes however, the general manager was paid 3,600 yuan monthly 'efficiency wages', and a worker was paid only 310 yuan, less than one tenth of the general manager's wage. In some enterprises, the wage gap between the manager and the workers was 6,000 yuan even on the books. The gap could be much higher, but may not appear on the enterprise accounts. Some enterprises adopted the so called 'invisible distribution', 'fuzzy distribution'. This further worsened the unfair distribution.¹⁹

According to another survey by ACFTU , in 1992, in number of enterprises some individuals' yearly incomes were as high as 44,000 yuan, the lowest annual income was 600 yuan, the highest rate being 73.3 times greater than the lowest. Currently, there are 4,300,000 families whose annual income is above 30,000 yuan, that is about 2% of the total number of families in China. Among workers, the average personal income of the top 10% of families was 4.8 times greater than the bottom 10%.^{20 21}

There are other reasons for these gaps, They are:

A. The bonuses, allowances and subsidies vary from industry to industry.

In Jiangsu Province, the biggest gap in annual basic wages between different industries is just 411 yuan, but the differences in bonuses can be much larger. For example, the average annual wage of a worker in the finance and insurance industry is 1,304.9 yuan, ranking the second lowest in the profession list, but the annual total of bonus is 2,165.4 yuan- 1,063.9 yuan higher than that of a worker in the industrial system. ²²

B. Because of policy, price, market and other non production factors, some industries hold a monopoly. Their product prices are higher, their profit margins are high, supply cannot keep up with demand consequently people in these enterprises are generally paid higher wages. In some other kinds of enterprises, because of their low economic efficiency, although the workers work harder and labour intensity higher, they may not get paid as well as the others, or even less.

C. People engaged in second occupations or the retired engaged in other employment earn more than the single occupation worker's wage.

In 1992, in this category there were people earning 9,034 yuan, that is 3.18 times the average worker's annual wage income.²³

D. Currently, corruption, bribery, travelling and/or dining at public expense, etc. have run rampant.

Some enterprise managers and factory directors see the management authority given by the government as a personal right. They abuse their power and there is little to control their activities. Some reap staggering profits from selling the assets and products of their enterprises and/or dealing in foreign exchange. Some dig into the public purse to buy themselves new houses and new cars regardless of the economic efficiency or otherwise of their enterprises. For example, in the beginning of 1993, at a printing company in Huangshi District, Hubei Province, it was the Chinese New Years, despite the fact that the workers had not received their wages, the factory director spent 400,000 yuan from enterprise funds on a brand new Toyota Crown Deluxe for personal use. According to a survey, in 1993, Huanggang District government departments and enterprises bought 289 new cars. Huanggang City government bought 20 new cars in 1993 although still owing teachers about 6,500,000 yuan in wages.²⁴

Currently, these examples of corruption which started with top bureaucrats and influential officials have become a phenomenon spreading from central to local government and to every industry and every enterprise. To some extent, this has changed the public ownership into a 'power ownership', resulting in further aggravation of the polarisation of the rich and the poor in today's Chinese society.

2.7 An impoverished urban working class is emerging .

While some people are taking the lead in getting rich, others have been thrown onto the poverty line by these reforms. As a result, a new urban, impoverished working class is developing. Currently, the China's Labour Ministry regards an average of 50 yuan a month per family member as the benchmark poverty line. According to a survey conducted by ACFTU, there are between 9 and 10 million²⁵ urban workers whose incomes are around

the poverty line. This figure includes both those who are working and retired workers and they represent about 6% of the total national workforce. If we add the number of people who are dependents of these workers, then the total number of urban poor is about 40 million. There are a number of reasons behind these workers' difficulties. The enterprise may have shut down or its economic efficiency may be poor, the workers' income is very low or even non-existent; the workers or their family members have been ill for a long period, the burden of medical expense is too heavy; the increase in the costs of house rental; food and clothing, children's education and many other essentials across the board. For those workers who work for long periods far away from their families who live in poor regions, the cost of living is too high, particularly where they may have to support a large number of family members. These impoverished workers are mainly from industries which were made non-profitable by the state's reform policies. For example, in the farming, forestry, animal husbandry and fishery industries, 16% of the workers are living below poverty line. There are 260,000 worker's families in the five divisions of the Northern Area of Xinjiang Production and Construction Corps. Among these families, 50% have an average monthly income per family member under 50 yuan. About 13% of the total number receive less than 35 yuan. According to a survey of 6,701 workers among 32 enterprises by Qiuyang City Branch of the ACFTU in Hunan Province, there were 136 families living in extreme poverty, that is about 2% of the total surveyed. In the whole city, there are 1,700 families whose average per capita monthly income is below 35 yuan.²⁶

In Qinghai Mining Construction Corporation and Qinghai Chemical Engineering Construction Corporation, there were 2,957 workers employed. Among them, 744 people were living below the poverty line, that is, 25% of the total number of workers employed at the enterprise.

There were 123 families whose per capita average monthly income was below 20 yuan.²⁷

In Shanxi Province, Tong Chan Mining in 1994 employed 52,773 workers. Among them, 5,057 (9.6% of workforce) workers' families survived on an average per capita monthly income of less than 35 yuan; 1,112 (2% of the total workforce) of them lived on less than 25 yuan. Some have just as little as 16.67 yuan per month per family member. Many families cannot afford three meals a day and often have to allay their hunger with salted vegetables and soups.²⁸

In Henan Province, half of the workers' families in Kaifeng Dye and Textile Factory struggle to live on a monthly total income of 50 yuan²⁹. In the Weaving Section, a woman worker was obliged to go to the blood bank to sell her blood in order to pay for her child's education expenses. There were six people like her in the same factory who did the same thing to survive. Some workers live on relatives' support or picking odds and ends from rubbish heaps. In Wuhan, a retired worker from Qing Shan Linen Textile Factory committed suicide following a domestic dispute which stemmed from poverty.

Many workers' children have had to quit their school because they could not afford the cost of education. In Sichuan Yingshan Mining Bureau, 300 workers' children left school early between 1992 and 1993. Nationwide, including countryside, there are about one million children quitting school because of family financial hardship. The total number leaving from 1983 to 1993 has reached ten millions.³⁰

Among this ever-increasing new, urban, impoverished working class, some are old workers who joined the Communist Party as early as 1944.

Many workers are model workers, even more are workers and their family members who were injured and/or disabled or even killed at work. Many survive by borrowing money or food or selling their furniture and clothes; Some beg in the streets; Others are forced by hardship to divorce or commit suicide or even break the law. In one mining bureau, there were five incidents of workers committing suicide in 1993.³¹

In recent years, various levels of Chinese governments have invested in building many luxury hotels, entertainment centres, up-market shopping centres and public utilities in every large, middle or small cities. However They did not allocate adequate financial resources to help solve the problem of feeding these many millions of impoverished workers and their family members and the enterprises have even fewer financial resources to relieve these workers. Just prior to the 1994 Chinese New Year, some enterprises paid their workers 100 - 200 yuan per head for that holiday but in some other enterprises workers didn't have enough money to feed themselves and their families.³²

The working class in China has departed from the period of "low wages, low prices, and low consumption" only to arrive at a new period of "low wages, high prices, and high consumption". Some impoverished workers have returned to the pre-1949 "no wages, no food" state. The depth of poverty among working class people is increasing with the development of the market economy in China. Many workers regard themselves as the victims of the policies of market economy. Some have expressed an interest in joining a movement similar to that seen at Tian An Men in June 1989, were it organised.³³

2. 8 Current conditions of Chinese workers in "Three Capitals" and private enterprises

Establishing and developing foreign capital investment and privately owned enterprises have been an important part of the economic reforms in China. This sector is a new and rapidly expanding component of the country's economic foundation of particular significance are those enterprises which have received foreign capital investment. They are known as "Three Capitals" in China and include joint ventures, sole foreign ownership and the co-operative enterprises between Chinese and foreign business, are becoming more and more important in the current overall national economic structure of China. In the past 15 years of China's open door and reforms, foreign businesses have invested about 44 billion US dollars in China, and established 153,000 enterprises. The number of foreign countries involved in these investments now exceeds 100. In the first half year of 1993, the total amount of foreign investment in China represented about 15% of the total national assets and capital investment in the same period.³⁴

In the meantime, Chinese workers employed in these enterprises have become a new workforce with a total number of over 6 million. Despite the fact that these workers have contributed substantially in recent years to the economic development of China, their wages are far lower than those of most, if not all, workers in the investors' home countries. In addition the social status, political treatment, welfare benefits entitlements and working conditions of "Three capitals" employees are far behind those of workers in the state-owned sector.

In 1993, ACFTU conducted a survey of monthly wages of the workers in the "Three Capitals" enterprises in Guangdong province. Their findings are shown in the form below.³⁵

Table 2.1

Monthly wages of the workers in the "three capitals" in Guangdong

Items	Monthly Wages Percentage	Monthly Wages (Yuan)				
		Below 99	100 - 299	300 - 499	500 - 799	Above 800
Total Income			31.8%	32.1%	23.1%	13%
Wages	35.1%	25.4%	25.7%	12.5%		
Bonus	80%	12.7%	4.9%	2.3%		
Overtime Pay	80.6%	15.2%	2.7%	1.4%		

Of all the workers doing overtime work, 26.3% did not get any pay for the extra hours; 34.5% of the workers were paid flat rate for the overtime at the normal shift rate; 34% of the workers didn't know the rate of their overtime pay; 28.2% were paid 1.5 times the normal rate for all the overtime worked no matter how long they worked; only 3.3 of the workers were paid 200% for their overtime work. In Guangdong province, most of the workers in the foreign investment sector did not get paid for sickleave, holidays or during factory shut-downs. 72% of workers were not covered by retirement pension insurance; 87.5% had no retrenchment insurance; 58.5% received no medical insurance; 43.8% received no work-related injury insurance and 80.4% of the female workers do not have childbirth insurance.³⁶

It is a well known fact that in the "Three Capitals" sector violation of workers' legal rights by their employers is very serious and widespread. The exploitation of these workers takes various forms. Workers have had their physical and mental health harmed by their employers, and some have even lost their lives.

2. 8.1 As their overwhelming preoccupation is making profits, the employers pay little attention to their employees' lives-or even death.

There are no safeguards for workers' health and lives. According to surveys by the ACFTU branches in Guangdong, Fujian, Shandong and Zhejiang provinces, in many foreign investment enterprises, especially in labour intensive, small and medium sized enterprises, workers' housing conditions are very poor. Their work places are hot and suffocating; the air is polluted and noise levels seriously exceed national safety limits. According to a survey by the Shenzhen branch of the ACFTU, 50% of the workers surveyed live in dormitory accommodation³⁷. The average living area per person is less than 2 square metres. In some enterprises, the average living area per person is only one square metre.

In a toy and clothing factory in Dongwan city of Guangdong province, female workers live in dormitories which are dark and wet. 16 female workers sleep in bunk beds crammed into a 20 square meter room. Some female workers even have to take turns to use the same bed to sleep. Many of the beds are furnished only with a straw mat, a mosquito net and a pillow but are without a quilt. The narrow path between two rows of beds is less than one metre. The toilet is next to their rooms and is full of flies and worms. The toilet sewage flows straight past the front of their rooms. These workers can bathe with only cold water because there is no hot water supply, even in winter. As a result of this, many of them have rashes year after year. Their food is very poor and malnutrition is very common.³⁸

According to a survey of 7 foreign capital investment enterprises conducted by Zhuhai branch of the ACFTU, which measured air and other pollutants, the amount of atmospheric benzene (a poisonous gas) in these enterprises is 8 to 10 times higher than national safety limits. Among the 113 foreign

capital investment enterprises in Xiamen city, Fujian, 48% have noise level exceeding the national safety limit, 67% exceed the dust limit, and 78% exceed the national safety limit on poisonous and harmful gas contents.³⁹

In the crushing section of a non-metal material limited liability company in Fuzhou, Fujian province, an open operation method which has been banned in China was still being used. The dust density was over 100 times higher than the national safety standard limit. In a foreign capital investment business which salvages imported used electric motors in Ningbo, Zhejiang province, of the total workforce of 117, 37 were found to have skin diseases and the majority of workers had red and swollen throats. In June 1992, 585 married female workers from 39 foreign capital investment enterprises in Qingdao, Shandong province, had medical examinations and as many as 76% were found to have various kinds of gynaecological problems.⁴⁰

In the foreign capital invested enterprises along the coastal regions, industrial accidents, big and small, happen everyday. In Xiamen, Fujian province, a tableware manufacturer employs 400 people. There have been 38 recorded work-related injuries since it started business 4 years ago, and 39 workers' fingers have been damaged. On 30 May of 1991, 72 workers were burnt to death after a fire broke out at Xingye Clothing Factory in Shipai, Dongwan, Guangdong province. On 27 August 1992, 14 workers lost their lives during a huge fire at the Hengfeng Leatherwork Factory in Houjie, Dongwan, Guangdong province. On 7 February 1993, 16 workers were killed in a fire at the Baixing Clothing Factory in Shenzhen, Guangdong province.⁴¹

2. 8. 2 Some employers wantonly humiliate, punish workers and infringe upon workers personal rights.

Management in many foreign capital investment enterprise disregard the industrial laws in China, and use illegal and extremely cruel methods to run their enterprises. For example, in some of these enterprises, workers are not allowed to use the toilet, drink water or see a doctor during working hours. Anyone who violates these rules is punished. The punishment may be hanging a placard in one's front or standing for a certain period of time.⁴²

In a fibre manufacturing company in Qingdao, Shandong province, the company rules that the punishment for coming to work late is to run around the factory and standing in front of a wall. In a shoe manufacturing factory in Putian, Fujian province, physical punishments such as standing for long period in the rain or the sun, or jumping like a frog are inflicted on workers.⁴³

In an enterprise in Shenyang, Liaoning Province, a non-Chinese manager thought the glass products of his company were not clean enough. He forced his workers to lick the glass with their tongues.⁴⁴

In 1993, there were further incidents of abuse. In Tianjin and Qingdao, male guards hired by some companies conducted full body search on female workers. In Shanghai, a hotel owned and run by Japanese even conducted full naked body searches on female workers. Some were even molested or raped. A number of foreign investment enterprises specially employ "supervisors" and "foremen" to abuse and beat the workers at will. A sole Korean owned enterprise assigns a "supervisor" to every shop of the factory. The "supervisor" holds a club and patrols the section. He will hit any worker if he or she slightly slows the work pace. On one occasion,

hundreds of workers who could no longer tolerate this violent behaviour, walked out of the shops. Standing in the rain for several hours, they demanded dialogue with the foreign manager and an end to these abusive and illegal management measures. The manager replied arbitrarily, "The workers loaf about at work, what can we do if we don't use the club?"⁴⁵

In Yongqi Shoes Limited, a Taiwanese Chinese owned enterprise in Fuzhou, Fujian Province, some section chiefs of Taiwanese Chinese background and the guards believed that a female worker was stealing shoes from the factory. They tied her up and beat her, put two pairs of shoes around her neck and displayed her to the public. They then locked the terrified woman in a cage with two German shepherd dogs. Management then proceed to dress down the other workers, "In the past, I treated you like human beings, from now on I regard you as dogs." In some other foreign owned or invested enterprises, the treatment of workers is even worse. Methods such as publicly taking away the workers' ID cards, border passes and temporary resident cards to force workers to work in unbearable conditions and become the equivalent of modern slaves are not unusual.⁴⁶

2. 8.3 Forced extended working-hours and extra shifts have led to excessive exploitation of workers.

In quite a number of foreign capital invested enterprises, the working hours are between 10 to 12 hours a day, 7 days a week. According to a survey of about 105 foreign-invested enterprises in Guangdong province by the provincial branch of ACFTU, all the enterprises surveyed had extended hours of work and shift rosters except 7 which had 3 shifts a day. The survey shows that the longest shift roster lasted 11 months without having a single day off for the workers involved. The longest shift was 36 hours of continuous work. In a limited liability textile company in Qingdao,

workers were forced to work continuously for 72 hours. Some employees fainted at the control desk. Foreign owned/invested enterprises are known to threaten workers who refuse to work on extended hours or shifts with pay deduction or dismissal. In one case, in such an enterprise in Xiamen, Fujian province, any worker who refuses to work extended hours or shifts risks either the sack or deduction from wages. In another case, a similar decoration product company in Ningbo rules that it will sack any worker whose monthly total of non-extended working days exceeds Three. Although some foreign capital invested companies do not publicly request that workers work extended hours or shift rosters, they simply increase the workers' production quota, ie. the workload. In a Sino-Japanese joint venture watch company in Zhuhai, the production quota for workers in a section is 4,000 parts per shift, while in Japan, the quota for the same job is only 2,500 parts per shift. That represents an increase of 60% in the production quota for Chinese workers when compared to their Japanese counterparts.⁴⁷

2. 8. 4 Workers' wages are illegally deducted, even embezzled or misappropriated by employers.

Many foreign capital invested enterprises do not follow the minimum wage standard set by the local government. According to a survey of 75 enterprises in three special economic zones, Shenzhen, Zhuhai and Shantou, 41 of these enterprises (55% of enterprises surveyed) had minimum wages lower than the standards set by the local government. Among these 41 enterprises, 27 enterprises paid their workers less than 600 yuan a month, the lowest rate being only 140 yuan per month. Some enterprises make their own rules, the so-called "enterprise regulations and disciplines", and then use this strategy to cut their workers' pay. For example, a worker will lose two days' pay if he/she clocks the attendance

card incorrectly; one day's wage will be lost if the worker goes to the toilet without a pass; two days' pay is deducted for not working extended hours or shifts and 10 yuan is fined for one nodding off at work. Although the workers are extremely careful to follow these rules, they are manipulated by their employer, and they cannot avoid violating these rules. In yet another foreign capital funded enterprise, where there are 1,500 workers, 90% of whom are women, the single toilet block on site can accommodate only 10 people at a time, ie, averaging about 140 female workers per toilet place. Management has ruled that an employee must have a company issued card to use the toilet and each employee is only allowed 5 minutes. Some workers may have to use the toilet without a card or may exceed the time limit, and so their whole day's wage will be lost. In Zhuhai, a contract businessman from Macau misappropriated the workers' wages totalling 1,450,000 yuan, including 252,600 yuan deducted from workers' normal shift wages, 1,158,7000 yuan deducted from overtime payments, and 38,800 yuan from the unpaid wages of those sacked. Even worse, some foreign businessmen fled the country after having deducted workers' wages and fallen behind in wage payments. In another example, the owner of a limited liability clothing company in Shenzhen fled back to Hong Kong owing his workers wages and deposits totalling 210,000 yuan. Another issue is the income gap between the local workers and foreign employees which is huge. In a joint venture enterprise in Wu Han, foreign employees are paid 30 to 40 times higher than Chinese employees; The combined wages of 15 foreign employees equal those of the 500 Chinese employees.⁴⁸

2. 8. 5 Owners privately recruit workers, but do not give them either job security or unemployment safety-net.

According to a survey of 48 foreign capital invested enterprises by Qingdao branch of ACFTU, only 11 of them had signed an employment contract with a number of their employees; 4 had not signed a contract at all.

Among the 280,000 workers of 2,055 enterprises, 17% of them had been employed without going through any of the required employment procedures. Among 20 enterprises in Guangzhou, Shenzhen, Zhuhai, Shantou, Dongwan, Zhongshan, Zhanjiang, Zhaoqing, Huizhou and Fuoshan, 32.8% of their workers had not signed the employment contract; another 7% didn't know what a employment contract meant and did not sign. In total, 39.5% of the workers in these foreign capital enterprises were recruited without going through the employment procedures required by law.⁴⁹

The following may explain why so many workers have not signed the employment contracts:

1. Some enterprises say the new workers need a trial period which is normally 3 months but may be as long as 6 months. This is used as a reason to deliberately avoid signing the contract or to delay signing for as long as possible.

2. These enterprises recruit their workers from the black labour market. In most cases, workers who have already signed the contract recommend their relatives or fellow villagers to management. Management is then able to profit by recruiting "black" labour or child labour without the usual procedures.

3. Many workers are not aware that they should sign an employment contract to work. Others do not believe the contract to be important. To them, having a good employer is more important.

Although some enterprises did sign employment contracts with their workers, in some cases, the provisions were illegal. In one instance, in a big hotel in Shanghai, two versions of the contract were signed, one in Chinese, the other in English. The contents in one version differed from the other. This became apparent when a worker, during the trial period,

wanted to terminate his employment because of the illegal bag search and body search. According to the Chinese version of the employment contract, a 400 yuan deposit would have to be paid by the employee but the employer, quoting the English version, demanded the employee to pay a 5,000 yuan compensation in addition to the 400 yuan deposit.⁵⁰

In many privately owned enterprises, the employers and management are connected by family ties. Their management style is similar to that of a feudal gangmaster. Workers have to sign the so called "Life or Death" contract which states that the enterprise is not responsible for its workers' illnesses, injuries or disabilities. In a privately owned enterprise in Xiamen which employs 400, 60 have broken their fingers during work. The employer simply paid them a tiny amount of money and sent them home. This group of employees are paid less than their counterparts in the state owned and foreign capital invested enterprises. Their average monthly income is only 100-plus yuan per person. Even though such workers' wages are low, many employers still embezzle or deliberately delay payments. In private enterprises along the coastal region in Fujian province, workers normally only get paid for living expenses when they initially become employed. Their wages will be paid only after two to six months. Workers will not be paid at all if they want to terminate their employment.⁵¹

We can probably argue that the severity, universality and diversity of the exploitation and persecution suffered in the late 80s and early 90s by Chinese workers working in the foreign capital and private sectors is uncommon in today's world. Their history, which is made of tears and blood, cannot but remind people of the tragic fate of those industrial workers in the early period of capitalist development in Western countries and of the Chinese workers in the 1920s and 1930s.

2.9 The number and severity of industrial accidents in China have reached an unprecedented height.

On 19 November 1993, an extremely large fire, which not only shocked China but the rest of the world, broke out at the Zhili Toy and Craftworks factory (a wholly foreign-capital-owned enterprise) in Kuiyong Zhen, Longgang District, Shenzhen, China. In this disaster, 82 female workers and 2 male workers died in the blaze, 20 people were severely burned and 25 suffered minor injuries. Among the 82 female workers who were killed, 79 were between 18 and 19 years of age. They were just a group of young girls who were "homesick, missing their mothers, just wanting to go home and not have to work like this any more". This was an exceptionally serious industrial accident which was caused by a management which ignored the lives and work safety of its employees and forced them to work in a dangerous production environment which was full of safety hazards. There were four contributing factors to the disaster. They were:

- (1) Instead of being separated, the production area and the warehouse in the factory were all under the same roof and large quantities of inflammable material were stored there. After an electric wire short circuited, the fire broke out.
- (2) There were 4 emergency exits in the factory but 3 of them were either locked or welded shut by management. The only remaining exit was also mounted with steel balustrade;
- (3) This factory hired an electrician who did not have any formal qualifications to do installation and repair work. The factory also illegally installed electrical circuits which did not meet the required safety standard. The factory had been running on an electrical overload for a long period, causing the main switch board to smoke and burn 3 times. Each time,

when these accidents happened, the workers were frightened and fled their production posts.

(4) The factory not only made no effort to redress or eliminate these high fire risks (which had been identified a long time before), but compounded its bad practises by obtaining its certificate of fire safety through illegal means.⁵²

On 9 March 1993, (about 8 months before the fire) the Fire Prevention and Fire Protection Authority from Shenzhen Public Security Bureau carried out a fire prevention and safety inspection at the site. It found that the problems of fire dangers in the factory were very serious and presented the factory management with 13 recommendations to eliminate the fire hazards. The authority also set a date (9 April 1993) as the deadline for management to fully implement all the recommendations. But the factory owner, by some inappropriate methods, obtained an inspection certificate for correction and safety after having only made minor changes in accordance with 6 of the 13 recommendations. From the time when they obtained the inspection certificate until the fire broke out, the factory management did nothing to redress any of the remaining fire hazards. The factory director from the Chinese side (only an administrative personnel sent by the local Chinese government) was in charge of fire prevention and safety, etc.. Although he was given the authority to supervise such matters, he did not attempt to stop the inappropriate and illegal conduct of the Hong Kong owner. Instead, he assisted the factory owner in lying to the Fire Prevention and Fire Protection Authority to get an inspection certificate of improvement and correction of the fire hazards. When the fire broke out, he was among the first few people to escape without ever thinking about the lives of his workers.⁵³

The local government of Kuiyong Zhen in Shenzhen was only interested in creating an investment environment to attract foreign investors, and has always been excessively yielding to the demands of foreign investors with little attention to the health and safety of the workforce. On 28 May 1993, the mayor sent a letter to the Fire Prevention and Fire Protection Authority of Shenzhen. In his letter, he said, "... If the Zhili Toy and Craftworks factory is not given an inspection certificate, the economic development of the whole of Kuiyong Zhen will be affected. Business investors from Hong Kong will group together and complain directly to the city government." Consequently, due to pressure put on the Fire Prevention and Protection Authority by the local government, particularly because of the approval from the mayor, the local government was able to obtain, through its improper approaches, 22 blank "Certificate of Inspection of improving and correcting hidden fire hazards" from the Fire Authority of the city government. It then directly issued them to the Zhili Toy and Craftworks factory and other foreign capital invested enterprises in Kuiyong Zhen. On its part, the Shenzhen Fire Prevention and Protection Authority has neglected its duties. It gave 22 blank inspection certificates to the local Kuiyong government despite knowing that serious fire dangers existed at the Zhili Toy and Craftworks and that one of the 22 blank inspection certificates would be given to Zhili by the local government. Immediately after the fire, the Shenzhen Fire Authority privately contacted the Zhili director and tried to take back the inspection certificate. It then approached others to give false evidence to show that the Fire Authority had re-examined this factory.⁵⁴

The phenomena of cruel and greedy employers; neglectful, irresponsible and corrupt government; and foreign business investors who bribe government officials and inspection authorities is extremely common in China today. At the enterprise level, not only is the work safety

management in chaos, there is no protection of workers by trade unions. These are the fundamental reasons why serious industrial accidents such as the one at the Zhili Toy and Craftworks occur. These are also the reasons why thousands upon thousands of workers around the country are killed or injured in industrial accidents each year.

When an official from the Labour Protection Department of ACFTU was asked about compensation to the victims and their families and the result of the investigation into the Shenzhen Zhili Toy and Craftworks fire, this official privately said, "The families of the victims were paid a very small amount of compensation. The final arrangements of dealing with this disaster cannot be made public." Many problems and accidents cannot be made public. The reasons are:

- (1) the government fears causing a backlash of political instability;
- (2) it also fears that other foreign business investors may be put off investing in China; and
- (3) it fears that the 'labour boys' and 'labour girls' (usually from less developed inner provinces) will be too frightened to work in foreign capital invested enterprises.⁵⁵

Currently about 10,000 workers die from work-related accidents each year. The statistics on occupational disease and injury reveal that many tens of thousands of new cases are appearing every year. The total number of disabled or injured people resulting from industrial accidents is well over one million. Despite this, there are still some 'three Capital' enterprises which have not participated in any kind of work injury insurance schemes. The absence of this kind of insurance in such enterprises has created and probably will continue to create some difficult long term welfare problems for the injured workers and the families of the workers killed in industrial

accidents in most regions of China, especially the South Eastern coastal regions.

In recent years, in the process of establishing a market-oriented economy on the base of a centrally-planned economy, the governments at various levels have changed their functions and enterprises have been able to change their management mechanisms. However, with regard to industrial production, a set of comprehensive regulations and systems of work safety and protection has not been established quickly enough. Since 1992, the serious industrial accidents which have caused many deaths and injuries, the severity of the occupational health problems and especially the frequency of extremely or exceptionally serious industrial accidents have been rarely seen since 1949. A new peak in work injuries and industrial accidents nationally has emerged. There have been 3 such peaks since 1949. The first one was in 1959 -1960, during the Great Leap Forward period when backyard production and rushed jobs resulted in high death and injury rates from industrial accidents. The second one was in 1970-1972 (1974-1975 China Labour News), the third one was 1977 -1978 (1985-1986 China Labour News).⁵⁶

In some state-owned enterprises, the managers or directors, during their tenure of office or the period of their contract, pay attention to improving the economic efficiency and financial returns of their enterprises but ignore work safety management or investment in improving work protection facilities. In some cases, work safety management has been cancelled or amalgamated into other positions or the number of safety officers has been reduced. Some privately-run and township based enterprises lack the most basic work safety protection facilities. The level of harmful dusts in the air far exceeds the safety limits at many enterprises. Workers are obliged to work while putting their own lives and safety at risk. After accidents have

happened, some enterprise owners try to hide the fact. In some of the worse cases, enterprise owners even sign the so called 'life or death contract' with their workers. This contract states that the workers themselves will be responsible for their work-related injuries or deaths. In some foreign capital invested enterprises, hidden work safety dangers and occupational health hazards are very serious. Some enterprises change their guest workers every year in order to avoid any future liability through workers contracting silicosis from the dusty work environment. In doing so, such employers have actually shifted the potential occupational injuries to society. Some enterprise managers or owners even refuse to allow officers from the work safety authority of the government to conduct inspection. Some enterprises rely on work injury insurance and property insurance to replace the work safety managements.

The following four lists or tables show the national statistics of various industrial accidents in 1992 - 1993. These figures were provided by the Labour Ministry of The Chinese government.

Table 2.2 The rate of increase of industrial accidents in 1993

Fatal	Industrial	Accidents
	Accident & Fatalities	Increase over 1992 (%)
National accident total	19,798	18.5
Mining accidents	9,112	48.0
Mining Fatalities	10,883	12.4

Source: State Statistics Bureau

Table 2.3 National industrial accidents statistics for November 1993⁵⁷

DATE	LOCATIONS	ENTERPRISE	ACCIDENT	DEATH	SERIOUS INJURY
1/11/93	Deyang, Sichuan	Freighter Train	7 Railway carriages exploded, 3 buildings burnt down	5	11
4/11/93	Yibin, Sichuan	Coal Mine	Gas Leak	14	
4/11/93	Jincheng, Shanxi	Coal Mine	Gas Explosion	12	
8/11/93	Hechuan, Sichuan	Truck Freight Company	Bus Over-Turned	17	33
9/11/93	Qujiang, Guangdong	Freight Train	Bus Over-Turned	11	7
9/11/93	Pingxiang, Jiangxi	Coal Mine	Gas explosion	17	
10/11/93	Hetian, Xinjiang	Truck Freight Company	Bus and Truck Collision	7	
11/11/93	Xingren, Guizhou	Truck Freight Company	Bus Over-Turned	5	10
11/11/93	Handan, Hebei	Coal Mine	Gas Explosion	26	17
12/11/93	Danjiangkou, Hubei	Agricultural Vehicle	Bus Over-Turned	5	
13/11/93	Wu Lu Mu Qi, Xinjiang	CAAC Air-Liner	Landing Crash	12	5
14/11/93	Linfeng, Hunan	Cement Factory	Land Slide	9	
14/11/93	Daqing, Heilongjiang	Oil Factory	Underground Oil storage tank exploded	8	
15/11/93	Pingdingshan, Henan	Coal Mine	Gas Explosion	49	2
16/11/93	Xuzhou, Jiangsu	Gas Company	Explosion and Fire	4	
19/11/93	Longgangqu, Shenzhen	Toy Factory	Fire	84	6
19/11/93	Qujing, Yunnan	Coal Mine	Gas Explosion	15	42

21/11/93	RaoHeFarm, HeiLongJiang	Forest Farm	Fire	10	13
21/11/93	Hongxing, Heilongjiang	Farm	Fire	3	6
24/11/93	Dezhou, Shandong	Chemical Plant	Boiler Explosion	10	13
25/11/93	Cangzhou, Hebei	FireworksFactory	Explosion	15	
26/11/93	Dali, Yunnan	Railway Engineering	Electrocution	10	
28/11/93	Rizhao, Shandong	Linxian Building Company	Building collapsed during construction	4	10
29/11/93	Zaozhuang, Shandong	Coal Mine	Leaking Water	29	

Table 2.4 Extremely serious industrial accidents in December 1993⁵⁸

DATE	LOCATIONS	ENTERPRISE	ACCIDENT	DEATH	SERIOUS INJURIES
3/12/93	Siping, Jilin	Air blower manufacture	Factory bus collided with a train	10	42
4/12/93	Xin Xiang, He Nan	Cai Hong Fireworks	Explosion	16	2
4/12/93	Jincheng, Shan Xi	Du Zhai Xiang Coal Mine	Gas Explosion	17	
5/12/93	LoDi, Hu Nan	You Yi Coal Mine	Gas Explosion	17	
6/12/93	Xian Ning, Hu Bei	Mao Ge Shan Coal Mine	Monoxide Poisoning	10	
8/12/93	Hugerguna Inner-Mongolia	Da Lin Coal Mine	Carbon Monoxide Poisoning	16	
10/12/93	Yan An, Si Chuan	Qian Jing Coal Mine	Gas Explosion	11	
11/12/93	Bi Jie, Gui Zhou	Sheng Li Coal Mine	Gas Explosion	25	
12/12/93	Wan Xian, Si Chuan	Shan Shui Coal Mine	Gas Explosion	15	
13/12/93	Fu Zhou, Fu Jian	Gao Fu Textile Factory	Warehouse Fire	61	14
20/12/93	Jian Zhen, Fu Jian		Factory house caught Fire	1	291
22/12/93	Huai Yang, He Nan	The No.3 Fireworks	Explosion	14	3
23/12/93	Lu Liang, Shan Xi	Han Lin New Style Fireworks Factory	Explosion	6	8
23/12/93	Ning De, Fu Jian	Dong Bei Hydro electric Station	Company Bus Collision	13	20
23/12/93	Yi Chun, Jinag Xi	Me Gang Ling Coal Mine	Gas Explosion	10	
28/12/93	He Pu, Guang Xi	Chang Guan Fireworks	Explosion	13	58
30/12/93	Lu Liang, Shan Xi	Miao Wan Coal Mine	Gas Explosion	39	

Table 2.5 Extremely serious industrial accidents in 1993⁵⁹

Date (period)	Location	Enterprise or industry	Accidents	No. of Death	No. of Serious Injuries	No. of people missing	Direct property loss (Yuan)
31/01	Xin Min, Liao Ning.	Railway	A freighter train collided	65	29		
Jan.-Mar.	Liao Ning Province	Railway	Collisions	100	67		
14/02	Tang Shan, He Bei	Department Store	Fire	82	53		4 million
March	Ning Bo, Zhe Jiang	Power plant	Boiler explosion	22	25		8 million
March	Inner Mongolia	Power plant		16			
Jan.-Mar.	Nationwide	non-mining enterprises	29 serious accidents	280			
Jan.-Mar.	Nationwide	Mining enterprises	144 serious accidents	711			
26/06	Zhengzhou He Nan Province	Food additive factory	Explosion	27			
10/07		No.163 passenger train	collision	40			
23/07	Yinchuan airport, Ning Xia	Passenger plane	crash after take-off	59			
05/08	Qingshui he Shen Zhen	Chemical warehouse	Large explosions	15	823	over 80	250 million

12/08	Beijing	LongFu Dept. Store	fire				20 million
27/08	Gou Hou, Qing Hai	reservoir	dyke collapse	288		40	153 million
28/09	He Bei Province	Zhao48 well mine	H ₂ S gas blowout		7460 were poisoned, 226000 were dispersed.		
11/10	Ji Xi, Heilongjiang	Bao He coal mine	gas explosion	70	In Jan. 1991, 53 were killed and 12 injuries in another explosion		
09/11	Qui Yang, Shen Zhen	Zhili Toy factory	Fire	84	20 and another 25 lightly injured		
13/12	Fu Zhou, Fu Jian	textile factory	warehouse fire	61	8		
Jan.-Oct.	Nationwide	various sectors	various kinds of accidents	exceed -ing 60000			

Table 2.6 National statistics of various industrial accidents in 1992⁶⁰

Type of accidents	No. of accidents	Comparison with 1991	No. of death	Comparison with 1991	No. of seriously injured	Comparison with 1991	Direct Property loss (yuan)	No. of vessle sunk
Enterprise work accidents	N/A	N/A	15,146	+3.13%	9,752	-9.78%	N/A	N/A
Fire	39,391	-12.8%	1,937	-5.5%	3,388	-9.7%	960.257 million	
Road Accidents	228,278	-13.8%	58,729	+10.2%	144,264	-11%		
Railway Accidents (traffic)	3,194	-18.8%						
Railway accidents (non-traffic)	15,007	+2.5%	9,083	+3.1%	5,751			
Water traffic accidents	2,460	-3.9%	557	+0.1%			129.604 million	388
Civil Aviation accidents	5(Grade1) in 4 months 2 (Grade2)							
Total national Figure			95,445		160,000			

Table 2.7 Serious industrial accidents in first half of 1994 ⁶¹

DATE	LOCATIONS	ENTERPRISE	ACCIDENT	DEATH	SERIOUS INJURIES
04/02/94 -14/04/94	Heilongjiang Province	Private enterprises	benzine poisoning	5	n/a
18/03/94	Bi Yuan county Shan xi	Wang he coal mine	Explosion	11	4
04/06/94	Shen Zhen	Xie-cheng factory	building collapsed	11	more than 60
13/06/94	He Shan City, Guangdong	Zhengshao Shoe Factory	Explosion	10	over 30
17/06/94	Zhuhai,	YuXin Textile Factory	building collapsed	93	over 100

there are several significant causes for the huge number of serious industrial accidents.

(1) There is no adequate legislation for work safety.

From 1949 to the present day, no fundamentally universal legislation such as an "Occupational Safety and Health Act" has ever been established. Much of the existing labour protection legislation was drafted in accordance with the needs and characteristics of state-owned enterprises during the period of the centrally planned economy. Some of this legislation has become unsuitable as enterprises move into a market-oriented economy. The following are the regulations since 1949 concerning occupational health and safety:

- 1956, Regulations on Factory Safety and Hygiene;
- 1982, Safety Regulations for Mines;

- 1987, Regulations on the Safe Handling of Dangerous Chemical Goods;
- 1987, Regulations for the Prevention & Treatment of Pneumoconiosis;
- 1993, Mining work safety regulations;
- 1994, mid-April, Notice on Strengthening Labour Management in Foreign-invested and Private Enterprises: Realisation of Safeguards of Staff and Workers' Legal Rights and Benefits. (Sources⁶²)

Since the reforms started, large numbers of enterprises based in rural centres and foreign capital invested enterprises have been established. The existing laws have been exposed as inadequate. For example, wholly foreign owned enterprises tend to comply only with legislation which specifically covers their activities rather than existing labour protection legislation. As legislation covering foreign investment enterprises does not include occupational health and safety provisions, there is little protection given to worker in these enterprises.

(2) Current work safety management and administration is in chaos.

All over China, the monitoring and inspecting bodies which oversee legal compliance by enterprises have been inadequate, and as a result non-compliance is widespread and a very serious problem. Currently there are many mining operations which do not have government approval. The safety conditions in these mines are very poor. Many miners are not given the most basic safety training when they start work. Their lives and safety are not protected in any way. In 1992, the mortality figures from rural based and individually operated mining operations represented more than half of the total number of deaths nationally which resulted from mining accidents.

The first comprehensive legislation in labour protection ever issued in the People's Republic of China was the "Mining Work safety regulations"

which formally took effect in May 1993, However, on 11 October 1993, just 5 months after the new law was passed, an exceptionally large gas explosion occurred at a coal mine in Ji Dong county of Heilongjiang province. 70 miners all died in the pit. The cause for this explosion can be directly attributed to the lack of the safety technology. Management of safety in the mine was completely chaotic. Within a two month period, in November and December of 1993, there were 16 serious mining accidents nationwide with at least 10 deaths in each of these accidents. In another two incidents, in June 1994, two factories collapsed in the Special Economic Zone in Guangdong Province. Nearly 100 workers were killed and more than 200 were injured. Industrial safety in China's mining industry has gone from bad to worse.⁶³

- (3) The government, enterprises and trade unions have failed to meet their responsibilities in solving the problems in work safety.

In China's labour protection system, the policy has been a tripartite one; the government being responsible for supervision, the enterprise for the implementation of safety measures and the trade unions and workers playing a monitoring role. But in practice, these three sides have not fully assumed their own responsibilities since there is no clear boundary between the duties of each party. There have been many cases in which each side did not know or understand its own responsibilities. On its part of the government has not provided a set of comprehensive legislation and effective policies and on their part enterprise management has been either incapable or incompetent regarding work safety. On the part of trade unions, there has been only a negligible union presence in foreign invested and country based enterprises, so there is virtually no real or effective monitoring by trade unions and their members. From the central government down to the more local levels of government, one common slogan which has been shouted simultaneously by all officials is - "Establish

and maintain a good investment environment". In the name of establishing and maintaining a good investment environment, some officials only think about what economic benefits the foreign investors can bring to their regions and/or sometimes even to themselves. When they find potential investors, they are prepared to meet unconditionally all the foreign investors' demands in order to attract the "gold phoenix"(ie. foreign capitals) to their regions. What they fear most is that their legitimate requirements might scare off some of the potential foreign investors. In some cases, officials have simply gone out and stopped work safety inspection officers from entering the foreign owned factory. In one case, a government official in a northern city issued a directive stating "We must meet from all directions the demands of the foreign investors no matter what they are."⁶⁴ This kind of directive has in effect legitimised the safety hazards in "Three Capitals " enterprises. In a number of southern provinces, local governments have been excessively yielding to foreign investors. Their justification is found in the saying ""any vegetable that you can pick and put into your basket is a good vegetable; any cat that can catch mice is a good cat". As a result, many old machinery parts and out-dated technologies have flooded into these provinces. In some cases chemicals product which have been banned in foreign countries because they can cause serious occupational disease, have been introduced. In many places in China, the introduction of foreign capital and economic development has been at the expense of the lives and health of a large number of workers.

(4) Inadequate occupational safety training.

Currently, the majority of managers of the rural based and '*san lai yi bu*' (mainly processing material or assembling goods from foreign countries, esp. from Hong Kong) enterprises are from the country. They lack basic knowledge and experience in enterprise management. The

workers in these enterprises are also mainly from the country and were originally peasants. Their work safety awareness is poor and they lack the skill knowledge to protect themselves. There is little or no training and education of these workers on fundamental occupational health and safety. Reforms in the employment system have increased the movement of workers between enterprises. Some workers start to work even without any basic training. Some workers in various trades start their trade job before they are issued trade certificates. At present, many enterprises put untrained and unskilled peasant workers and/or guest workers on posts where the danger level is greater, labour intensity is higher and the working conditions much worse. This has resulted in frequent industrial accidents.

This chapter, introduced and discussed the reforms which have promoted economic growth and the accumulation of social wealth on the one hand, but created many new and serious social problems on the other. The reforms have greatly affected the living standard and working conditions of China's workers. In this Chapter, the current state of China's workers was introduced and analysed from nine aspects. According to recent statistics, problems are many. The number of unemployed workers has reached one hundred million; the majority of workers are living in relative poverty; countless employed workers and teachers cannot get their wages; the polarisation caused by socially unfair distribution is getting increasingly serious; workers in the state sector cannot afford to see doctors and many of them are living in very bad housing conditions. Workers in the "Three Capitals" and private enterprises do not have protection for their rights and interests; and the number and the severity of industrial accidents in recent years is increasing at an extremely rapid rate. Workers in China, especially the new working class, have paved the way for reforms not only with their labour and sweat, but also in many cases with their blood and lives.

- 1 An interview with an official from the National Bureau of Statistics in February 1994.
- 2 *Gonghui Gongzuo Tongxun* (Union Work Update), p.2-3, No.31, 1993. ACFTU.
- 3 *Gongyun Dongtai* (Labour Movement Developments), No.43, 1993. ACFTU.
- 4 Idem
- 5 Idem
- 6 *Gongyun Dongtai* (Labour Movement Developments), No.51, 1993. ACFTU.
- 7 Idem
- 8 An interview with an ACFTU official in April 1994.
- 9 Department of Propaganda, Hubei ACFTU, *Gongyun Yanjiu* (Labour Movement Study), p.40-42, No.23, 1993. ACFTU. 'The state of workers' ideology during the macro adjustment process'.
- 10 An interview with an official from the National Bureau of Statistics in February 1994.
- 11 *Gongyun Dongtai* (Labour Movement Developments), No.18, 1993. ACFTU.
- 12 *Gongyun Dongtai* (Labour Movement Developments), No.51,53, 1993. ACFTU.
- 13 *Gongyun Yanjiu* (Labour Movement Study), p.50-51, No.24, 1993. ACFTU.
- 14 From my own ACFTU experience.
- 15 Department of Propaganda, Hubei ACFTU, *Gongyun Yanjiu* (Labour Movement Study), p.40-42, No.23, 1993. ACFTU. 'The state of workers' ideology during the macro adjustment process'.
- 16 Idem
- 17 Idem
- 18 Social Security Department, ACFTU, *Gongyun Lilun Zhengce Yanjiu Cankao Ziliao* , (Reference material for the study of labour movement theory), No.24, 1993, p.50-52, China Labour Movement Research Institute, 'Some outstanding issues in workers' well-being'.
- 19 Social Security Department, ACFTU, *Gongyun Lilun Zhengce Yanjiu Cankao Ziliao* , (Reference material for the study of labour movement theory), No.24, 1993, p.50-52, China Labour Movement Research Institute, 'Some outstanding issues in workers' well-being'.
- 20 Shanghai ACFTU, A research report on "fuzzy distribution" in some enterprises, China Labour Movement Research Institute, 1993.
- 21 Idem
- 22 *Gongyun Dongtai* (Labour Movement Developments), No.27, 1993. ACFTU.
- 23 Idem
- 24 Labour Division, Social Security Department, ACFTU, *Gongyun Yanjiu* (Labour Movement Study), p.36, No.24, 1993. ACFTU.
- 25 Yu Xin, *Minzhu Yu Fazhi* (Democracy and Legal System), December 1994, p.10-12, Democracy and Legal System Publisher, 'Helping the city's poor, a critical mission'.

-
- 26 *Gongyun Dongtai* (Labour Movement Development), No.21, 1993. ACFTU.
- 27 General Affairs Division, Social Security Department, ACFTU, *Gongyun Yanjiu* (Labour Movement Study), p.50-51, No.24, 1993. ACFTU, 'Several critical issues in current workers' well-beings'.
- 28 *Gongyun Dongtai* (Labour Movement Development), No.26, 1993. ACFTU.
- 29 *Gongyun Dongtai* (Labour Movement Development), No.52, p.3, 1993. ACFTU.
- 30 An interview with an official from the National Education Committee.
- 31 *Gongyun Dongtai* (Labour Movement Development), No.15, 1993. ACFTU.
- 32 An interview with workers from Beijing Oxygen Factory in .
- 33 An interview with workers from Beijing Glassware Factory
- 34 Grassroots Affairs Department, ACFTU, *Zhongguo Gongyun* (Chinese Workers' Movement), No.2, 1994, p.12, ACFTU. 'The legitimate rights of workers in foreign capital enterprises must not be infringed upon'.
- 35 *Gongyun Yanjiu* (Labour Movement Study), p.44, No.24, 1993. ACFTU.
- 36 *Gongyun Yanjiu* (Labour Movement Study), p.45, No.24, 1993. ACFTU.
- 37 Grassroots Affairs Department, ACFTU, *Zhongguo Gongyun* (Chinese Workers' Movement), No.2, 1994, p.12, ACFTU. 'The legitimate rights of workers in foreign capital enterprises must not be infringed upon'.
- 38 Liu Ping, *Laodong Baohu* (Labour Protection), p.25, No.7, 1993. Ministry of Labour. 'A survey of labour protection for female workers in "Three Capitals" enterprises'.
- 39 An interview with a journalist from the "Workers' Daily" in March 1994.
- 40 Idem
- 41 Grassroots Affairs Department, ACFTU, *Zhongguo Gongyun* (Chinese Workers' Movement), No.2, 1994, p.12, ACFTU. 'The legitimate rights of workers in foreign capital enterprises must not be infringed upon'.
- 42 Grassroots Affairs Department, ACFTU, *Zhongguo Gongyun* (Chinese Workers' Movement), No.2, 1994, p.13, ACFTU. 'The legitimate rights of workers in foreign capital enterprises must not be infringed upon'.
- 43 Idem
- 44 Idem
- 45 *Gongyun Dongtai* (Labour Movement Development), No. 1, 36, 1993. ACFTU.
- 46 Sha Huanyu, *Zhongguo Gongyun* (Chinese Workers' Movement), No.9, 1993. p.13-15, ACFTU. 'The reasons behind collective labour disputes, stoppage and strikes and the way they should be dealt with'.
- 47 Idem
- 48 *Gongyun Dongtai* (Labour Movement Development), No. 51, 1993, No.5,6, 1994, ACFTU.

-
- 49 Research Office, Guangdong ACFTU, *Gongyun Lilun zhengce Yanjiu Ziliao*, (Materials for Study of Labour Movements and Theories), p.43, No.23, 1993, ACFTU. 'A survey of workers' rights protection in foreign capital enterprises'.
- 50 Idem
- 51 Labour Division, Social Security Department, ACFTU, *Gongyun Yanjiu* (Labour Movement Study), p.36, No.24, 1993. ACFTU. *Gongyun Dongtai* (Labour Movement Development), No.32, 1993. ACFTU.
- 52 Economic Affairs Department, ACFTU, *Laodong Baohu Xianzhuang Yu Duice* (Current state of labour protection and the appropriate measures), ACFTU, 1994.
- 53 Nan Yin, *Laodong Baohu* (Labour Protection), No. 223, 1994. p.10. 'An investigation into the fire in Shenzhen'.
- 54 An interview with a Shenzhen Government official, February 1994; *Zhongguo Gongyun* (Chinese Workers' Movement), No. 2, 1994. p.11, ACFTU. 'The extremely serious fire disaster of 11.19 must be dealt with according to law'. Nan Yin, *Laodong Baohu* (Labour Protection), No. 223, 1994. p.10. 'An investigation into the fire in Shenzhen'.
- 55 Interview with an ACFTU official in January 1994.
- 56 Li Boyong (Minister of Labour), *Laodong Baohu* (Labour Protection), No.217, 1993. p.7, Ministry of Labour. 'Current state of safe production and problems that exist'.
- 57 *Laodong Baohu* (Labour Protection), No. 11, 1993. Ministry of Labour.
- 58 *Laodong Baohu* (Labour Protection), No. 12, 1993. Ministry of Labour.
- 59 *Laodong Baohu* (Labour Protection), No. 1 - 12, 1993. Ministry of Labour.
- 60 A speech by the Labour minister at a national telephone conference on industrial safety on 16 June 1993.
- 61 *Laodong Baohu* (Labour Protection), No. 8, 1994. Ministry of Labour.
- 62 *Zhonggou Laogong tongxun*, (China Labour News), July, 1994, p.34, Ministry of Labour.
- 63 Zheng Yi, *Laodong Baohu* (Labour Protection), No. 5, 1994. Ministry of Labour. 'An investigation into the extremely serious accident (70 deaths) at the Baohe Mine'.
- 64 Economic Affairs Department, ACFTU, *Laodong Baohu Xianzhuang Yu Duice* (Current state of labour protection and the appropriate measures), ACFTU, 1994.

Chapter 3

TRADE UNIONS IN CHINA AND THE CHANGES IN ECONOMIC REFORMS

The various economic reforms and the open door policy have brought about drastic changes in China's economy and society. But have Chinese trade unions, the only official workers' organisations in today's China experienced any changes as part of this historic transformation? And if they have, then what changes are they? What kind of future are the Chinese trade unions facing? Will the present Soviet-styled socialist trade union movement survive in China? All these questions have been the subject of wide consideration both in China and overseas. In this chapter, an attempt is made, from the factual and statistical materials gathered, to formulate an objective analysis of China's trade unions in the reform process.

The ACFTU was first established on 1st May 1925 and had its 70th anniversary in May 1995. As an organisation with a long history and a huge membership, despite of its domestic nature, standing and its functions, the ACFTU is indeed a trade union body with enormous influence. Especially to the trade unions in Asian and many other developing countries. The ACFTU not only has a broad contacts with them but also has some influence on the international policies of these trade unions. However, the ACFTU has for a long time been unable to provide real and effective protection to Chinese workers and their rights at work. The position of China's trade unions can be understood by looking first at the conditions of labour rights in China.

3.1 Current Labour Rights Conditions in China

Labour rights are an important component of human rights. Labour rights are composed of both individual labour rights and collective labour rights. Individual labour rights in China essentially mean the right of every individual to work. Collective labour rights, on the other hand, consists of three basic rights. They are: the right to form an association; the right to negotiate collectively and the right to strike. For many years, the belief that "China is a country where people are the masters, working class are the leading class of the state" has always been an unquestioned part of its socialist rhetoric and ideology. In reality, however, the working class in China, "the masters of the state", do not have and have never had the three basic collective labour rights.

3. 1. 1 Freedom of association in China

The question of whether freedom of association exists in China has been a topic of discussion among people in the international labour movement. The Chinese government and its trade union organisation firmly states that workers in China enjoy the full right to freedom of association. In contrast to this, some experts and academics who specialise in Chinese politics argue that freedom of association in China only appears in its official legal articles but in reality is not practised.

Article No. 35 of Chapter 2 of the Chinese Constitution states that:

"Every citizen of the People's Republic of China has the right to free expression, publication , assembly, association and demonstration."

The second Article of Chapter 1 of the "Trade union law of the People's Republic of China" defines unions in the following way:

"Trade unions are mass organisations of the working class voluntarily formed by staff members and workers."

The third Article of Chapter 1 states that:

"Both manual or mental labourers of enterprises, institutions and organs in China who rely on wage income as a main source of living expenses, regardless of their nationality, race, sex, occupation, religious belief and educational level, have the right to participate in and organise trade unions in accordance with law."

From these legal articles, it appears that workers in China should enjoy the right of free association and the right to join and organise a trade union. In reality, workers in China only have the right of "association"-not the right of "free association". Their right is restricted to the one to join a trade union which is completely controlled by the ruling party. It is not the right to join or organise any other trade unions. Since in the same "Trade Union Law", part of Article 12 states that:

"Trade union organisations across the country form the All-China Federation of Trade Unions."

That is to say, no other national trade union is allowed to exist in China except the official national trade union organisation, the All-China Federation of Trade Unions. Part of Article 13 states:

"Establishment of grassroots trade unions, regional trade unions federations at various levels and national or regional industrial trade union organisations must be approved by trade unions at a higher level."

In other words, the establishment of any unofficial trade union organisation is prohibited by the government. This particular trade union law in fact provides the legitimate basis for the existence of the official trade unions. Since the founding of the People's Republic of China in 1949, the ACFTU has always been the only officially sanctioned national general

trade union organisation in China. In the past 40 years or more, the ACFTU had never had any basis in law for its own existence. It was never registered in a government labour department or any authority nor did it ever have a separate legal identity yet it was the only trade union organisation recognised officially. Since the reforms and the open-door policies, the Chinese Communist Party and the Chinese Government vigorously promoted the amplification of laws and the rule of law, Thus the "Trade Union Law" was drafted and promulgated in April 1992, finally giving the ACFTU a legitimate name.

In regard to the laws that regulate the establishment of trade unions by workers, different countries may have different arrangements. In many countries, there are particular pieces of legislation that provide detailed criteria for the establishment of trade unions, such as a "Union Organisation Act" or a "Professional Association Act", etc. So far, there is hardly any country in the world that has a law which clearly states that only certain kinds of trade unions can be established. In China, it is different. Workers do not genuinely have the freedom to form labour associations. Up until now, it is still illegal for any worker from an enterprise or institution to form a trade union without official approval from the local Communist Party and administration. Since the reforms, foreign invested enterprises in China have been developing extraordinarily rapidly to the point where in the first half of 1994, there were already 190,000 registered "Three Capitals" enterprises nationwide. According to a news report of a national conference on the foreign invested enterprises in China held in Shijiazhuang, Hebei, by the end of 1993, 8,260 trade union committees were established in foreign invested enterprises. This is less than 10% of the total number of this type of enterprise¹.

The reason for such a low rate of union organisation in the foreign invested concerns is not because that workers in these enterprises do not wish or need union representation-just the contrary. Because their rights have been constantly violated by their foreign employers, many are desperate to form their own trade union groups. They are not supported by government officials who do not allow or encourage the establishment of trade union organisations in "Three Capitals" enterprises of their region for fear that if trade unions are established in these enterprises, the government's policy of attracting large amounts of foreign investment may be affected that foreign investors may be scared away because their region or enterprises cannot create a "good investment environment". Although these attitudes or reactions are not the policy of the central Chinese authorities, many Party and/or government officials at the local, regional or enterprise levels act in this way. Since 1991, in cities where "Three Capitals" enterprises are concentrated, particularly in Shen Zhen, there have been many occasions when workers formed their own trade unions or workers' organisations. Some of these organisations are called "*Da Gong Zhe Lian He Hui* or workers' federation", some others are called "*Tong Xiang Hui* or associations of fellow provincials or townsmen", [this last is common in a "Three Capitals" enterprise, because many of the workers are from the same village or town]. For example, in Shen Zhen, in 1992, a "*Da Gong Mei* " (labour sister) in a foreign invested enterprise privately mobilised her fellow "*Da Gong Mei*" and "*Da Gong Zai* "(labour brothers) to organise to protect themselves and resist oppression by their employers. In a short period of time, 130,000 of such workers in Shen Zhen joined her organisation. However the Shen Zhen government quickly intervened and the organisation was broken up by force.²

In another example, in Heng Gang Zhen of Shen Zhen, there are several tens of thousands of "Three Capitals" workers who come from Hu Nan

province. During the period from 1991 - 1992, several hundred of these Hu Nan workers organised their fellow workers to form a "Tong Xiang Hui". Although they have failed many times in applying for registration of such an organisation, they still maintained this collective-action workers' organisation and resisted the oppression of their employers through tactics such as the "go slow ". Some even encouraged workers to retaliate against their employers even to the extent of beating them. In 1993, there were a few tens of thousands of "Getihu" (individual business operators) from Chaozhou region of Guangzhou province. They wanted to form a Chaozhou guild and applied several times but failed to get official approval. ³

In Guangdong Province, workers from other regions and non-resident workers are in a very vulnerable position. They are generally paid less and are often subject to illegal abuse and intimidation by their employers or management. The workers responded to this treatment by setting up over 800 unofficial workers' organisations which are said to behave like a 'secret society' and use 'destructive' methods to deal with employers⁴.

In recent years, a number of unofficial labour organisations have been established. Their members are composed of both workers and intellectuals. The fate of most of the leaders has been similar, that is, either being arrested or detained. For example, some key leaders of a newly-formed labour organisation, the League for the Protection of the Rights of the Working People (LPRWP) which is based in Beijing, have been rounded up by the government since May, 1994.⁵

Labour activist Wang Zhongqiu was detained by the Beijing Public Security Bureau in late May, 1994 and nothing has been heard of him since. Another activities, Liu Nianchun, disappeared in Beijing on 27 May, 1994

and was believed to have been arrested (Liu was reportedly released on 17/10/94⁶).

Wang and Liu are both key leaders of the LPRWP. Together with Yuan Hongbing and Zhang Lin, they lodged a formal application with the Ministry of Civil Affairs for the registration of this independent labour rights group. Yuan and Liu were first arrested in March, 1994. Other labour activists, Zhou Guoqiang and Wang Jiaqi were also arrested in the meantime.⁷

So far, nearly all organisers of the LPRWP have been arrested. Although they had all acted within the national constitution and they claimed that they only tried to struggle for the legitimate rights of workers against corrupt officials, they still faced repression from the Chinese authorities.⁸

It should be pointed out that the independent trade unions which are formed in Beijing are more political than those formed in southern China. Events have shown that, under the current political conditions in China, it is not possible nor is it permitted for workers or labourers to freely organise themselves to protect their own rights or interests. In his analysis, Gordon White said, after the Tian'anmen event in 1989, the government's reaction to the emergence of autonomous trade unions had been "to emphasis the role of official trade unions as instruments of political control and ideological education and to deny any moves towards greater independence on their part. As a long-term approach to the problem, this would appear to be doomed from the outset."⁹ "Trade union leaders meeting in Beijing in December 1987,The leaders argued for trade union reform to establish organisations which were formed voluntarily by workers and represented their interests more effectively, admitting at the

same time that thoroughgoing trade union reform would not be possible until overall political reform was set in train."¹⁰

3. 1. 2 Workers' right to negotiate collectively

In China, the right to negotiate collectively is also known as the collective agreement or the collective contract system. In many respects, it is very similar to the enterprise bargaining system in a number of Western industrialised countries. To most of workers in China, this concept is quite new. Before discussing the changes and current state of collective negotiations in China's enterprises and the role trade unions play in that process, It is useful to look at the history of collective bargaining in post-1949 China and some of the contents included in the proposed framework of trial cases, also the changes in enterprise ownership structure.

Historically, the collective negotiation system was the only formal, legal means of dealing with labour relations inside enterprises in the early days of the People's Republic, when the Chinese government was carrying out the task of transforming the enterprise ownership (from private hands to public ownership nationwide). In 1956, when the transfer of enterprise ownership was completed, this system was abolished and did not reappear until 1986.

There are a number of factors which explain the absence of a collective negotiation system over that 30 year period. First of all, the enterprise ownership structure was unified nationally, ie, private ownership of enterprises did not exist. Further, most workers were constantly taught about class struggle as part of Communist Party ideology. To them, collective negotiation was negotiation between the employees and their employer and as such reflected class contradiction, while in the socialist system there is no such contradiction. As workers and management all are

the masters of the enterprise therefore how can negotiations be done between the masters of the same enterprises?

After almost three decades (1956 - 1986) from the disappearance of collective bargaining until the start of reform and open-door policies, this process is once again gradually being resumed in some enterprises on a trial basis. It has also become a topic of discussion among academics and decision makers. The legitimacy of collective negotiation did not exist until the issuing of "Regulations regarding the workers congress in state-owned enterprises" in September 1986. This is the first legal sanctioning ever given to collective negotiation - although only briefly and even though restricted to state owned enterprises. Article 9 of the legislation states the following,

"During the workers congress session, a collective agreement or common agreement may be signed by the enterprise director who represents the management and the union chairman who represents the workers, ... "11

It is also clearly refereed in Article 18 of the new "Trade Union Law" which took effect in April 1992, which states:

"Trade unions may represent staff members and workers in signing collective contracts with the administrative departments of the enterprises or institutions. Draft collective contracts should be submitted for discussion and approval by the respective congress of staff and workers or by all the staff members and workers of an enterprise or institution."

According to current discussions in China, the provisions of the collective agreements are very close to those in some Western countries' enterprise agreements. Agreements may cover areas such as remuneration, working hours, insurance and welfare, working conditions and fulfilling production quotas, etc.

Collective negotiation has been written (however briefly) into the law, but in reality, the concept has not been translated into practice. To date, most discussions are focused on the theory, concept, or proposed framework for such a system but with very little discussion on the practical difficulties. Collective negotiation was trialed in a small number of enterprises and the results have been the subject of debate.

One of the few available cases was that of an enterprise in Lian Yun Gang city of Jiangsu Province. Collective negotiation was implemented on a trial basis in 1987. The enterprise signed a contract with the state on production. As part of this process, the union chairman representing all the workers in this factory signed the contract (*gongbao hetong*) with the enterprise management. The agreement included (1) targets for annual production, workers' working conditions and welfare improvement; (2) a guarantee by both sides that they would fulfil their duties; (3) a method for internal income distribution; (4) details on awards and penalties; and (5) provision for disputes arbitration.

In theory, one may argue that workers' right to collective negotiation is protected because they are represented by their own trade union and this (collective negotiation) is enshrined in legislation (labour law). In reality, the laws merely mention this process without clarifying the details such as: (1) the nature of collective agreement; (2) the conditions under which a trade union may sign a collective agreement with management; (3) the ways in which an agreement can be enforced and (4) the types of provisions which may be included in the agreement. So far, there has been no industrial or labour law nor comprehensive legislative basis in China which has given trade unions a clear mandate to represent workers in collective negotiations.

From the above introduction, it may be seen that trade unions should play, and should have played in the past, a major role in the enterprise negotiation process. Because collective negotiation has yet to be clearly defined by law and hasn't been widely practiced at the enterprise level, it is true to say that at this point, the workers' right to negotiate collectively is virtually nonexistent in China.

While this is the case, it is also worth noting that there has been progress, albeit very slow, in moving towards collective negotiation. Drafts for a comprehensive labour law were prepared by the Chinese Government and a formal labour law has been passed in the People's Congress on July 5, 1994. With the deepening of economic reforms, the coexistence of different enterprise ownerships and especially the fast expansion of the 'Three Capitals' and private sectors, it is likely that in the near future collective negotiation will become one of the important features of industrial relations in China. In this way, the functions of trade unions may be increased and extended.

3. 1. 3 Labour disputes and workers' right to strike

Under its present constitution, there is no right to strike given to Chinese citizens. Any form of strike by organised labour is absolutely banned. Although there is no national law that clearly prohibits strike action, the government's attitude towards the withdrawal of labour by workers has always been very harsh. In the pre-reform era, the government punished workers who withdrew their labour and suppressed their activities. They even banned all news media outlets from carrying any news items about labour disputes or strikes in order to maintain the social and political stability in China and to restrict people's awareness of resistance. As a result, most Chinese do not know that the right to strike is part of his/her own human rights.

In recent years, with enterprise labour relations gradually moving from one where the state is the only employer to one with numerous employers in the public and private sector, a new labour relations structure has emerged. Together with the reforms of various systems in the state owned sector, all these have been the main causes behind the increasingly large number and scale of labour disputes and strikes. According to a survey of 44,000 enterprises comprising state, collective and 'Three Capitals' sectors, the total number of labour disputes in 1992 was 84,286, in which 268,000 workers were involved. Of all the disputes, 7,200 were collective labour disputes; 28,286 incidents (ie 33.6% of the total) were caused by remuneration and welfare insurance payments. According to another survey by the Jiangsu branch of the ACFTU, in the year of 1992, the total number of labour disputes in this Province was 6425 and involved 18,263 workers; and collective labour disputes - 5,148,949 workers were involved.¹² From December 1992 to April 1993, the number of workers' complaints in Wuhan, Huangshi, Jinzhou and Yunyang reached 230 and the number of people involved was 5,300. In the year of 1993, the number of strikes has increased dramatically exceeding more than 900 and involving more than 100,000 workers.¹³

According to a Hong Kong press report, there have been 6,000 illegal strikes and 200 riots in 1993. In 1994, there have been some strikes at an unprecedented scale, for example, 20,000 coal miners at the state-run coal mines in Heilongjiang Province struck at the coal pits protesting against low pay and poor working conditions. In another incident, 6,900 workers at a Japanese-owned auto plant in Liaoning Province went on strike.¹⁴

According to a survey by the Chinese Labour Ministry, the total number of labour dispute cases nationwide in the first half of 1992 was more than 30,000. Among them, those related to the labour contract have increased

noticeably. The 1992 figure is 8.4 times the 1987 figure; the number of collective disputes in 1992 is over 6 times the 1987 figure; the number related to remuneration matters in 1991 has increased more than 4 times higher than 1987; worker's on-job unemployment insurance disputes in 1991 has increased more than twice of the 1987 figure ¹⁵

According to statistics by the Chinese Labour Ministry, in the year of 1993, the number of large-scale labour-management disputes exceeded 12,000. In some 2,500 cases, workers besieged plants, set fire to facilities, staged strikes or detained their bosses or leaders. The local governments did not want to report such events to the higher authorities because assessment of their work performances might be affected. Therefore, the National Federation of Trade Unions only recorded 460 strikes in 1993. However in Zhejiang Province alone, the number of strikes was found to be over 400 in the same year¹⁶. In Shanghai 1992, the Municipal Arbitration Authority handled 111 major labour disputes in foreign-invested enterprises. In Fujian Province 1993, the number of major labour disputes occurring at foreign-invested enterprises was 582 cases more than in 1991, by calculation the total number in 1993 is 1,285. In Shenzhen from January to May 1993, there were 185 cases of large numbers of workers appealing to higher authority for hearing, also 6 strikes with more than 100 workers taking part in each.¹³

On 6th July 1993, the Chinese government issued "Regulations for dealing with enterprise labour disputes in the People's Republic of China" which provides a series of regulations for mediating, arbitrating and court dealing of labour disputes.¹⁷ These regulations deal with disputes caused by employment, transfer and dismissal of staff, disputes about the execution of employment contract; disputes about labour protection and remuneration arrangements, disputes about reward and punishment; and the disputes in labour insurance welfare related matters. Although the issue of this

'regulation' has been a step forward in establishing a comprehensive legal system in dealing with labour disputes in China, it is still unable to adapt to the changes in current labour relations. On one hand, many of other labour-related laws are not complete, and are therefore unable to provide sufficient legal basis to deal with labour disputes; on the other hand, there is no labour arbitration court or arbitration personnel. In normal courts, there is no courtroom for dealing with labour-related matters and there are insufficient personnel to deal with cases of this nature. The majority of current legal personnel are not familiar with this area.

3.2 The Nature of Trade Unions in China

According to a number of authoritative dictionaries on trade union theory, trade unions in China may be defined in the following way: "Chinese trade unions, being the most important social and political institution of the working class, are an important part of the socialist political system and are the fundamental basis and pillar of the dictatorship of the proletariat; they are the strong links between the working class and the Chinese Communist Party, are the communist school where the working class can learn to manage and preside over the economy.... The Chinese trade unions are union organisations under the leadership of the Chinese Communist Party, they represent the main stream and the future direction of the union movement in China."^{18,19}

First of all, definitions of trade unions in China such as those above make clear the distinct political attributes and political characteristics of trade unions in China. They (trade unions) are the power base of the Chinese Communist Party in the industrial sphere. Their creation, existence and development has always been to take power and consolidate the rule of the Chinese Communist Party. Maintaining the CCP's absolute control and

leadership over Chinese trade unions is the most important factor in ensuring the political nature of the 'Marxist union movement'.

Secondly, trade unions in China have a very strong dependency towards the state. Nominally, the trade unions are independent of the government and administration, in reality however, the interests of the unions and that of the government and management are virtually identical. Thus, it is very difficult, if not impossible, for trade unions to carry out their political and economic activities separately. Trade union officers in fact have the same status as that of government officials and management personnel and play a similar administrative role, differing only in their work responsibilities. As a result, workers often call them "the 'bureaucratized' trade unions" or "government-operated trade unions". The generation of trade union dependency, ie, the formation of "government-operated trade unions", is the result of a traditional socialist system in which state power is highly centralised. Under the conditions of highly-centralised state power in the past and the state-owned system, the state, through administrative measures, completely controls the workers' basic labour rights, regulations, movement and allocation of raw materials, distribution and consumption of manufactured products, housing, medical care and retirement welfare etc. Enterprises and workers as individuals are basically in a powerless and dependent position. This has created a tendency for workers to rely on the state and obey the state's administrative and managerial personnel. Trade unions, in a formal sense, reflected the tendency towards bureaucratisation - routine administration of their interests. Thus, we can see that the direct cause of the bureaucratisation of trade unions is that the state organs have taken over from the trade unions in providing safeguard of workers' basic labour rights. Under this circumstance, the workers' need for a union will certainly be reduced, and the trade unions be cut off from its members. The trade unions can survive only by relying on the administration, being

controlled by government and enterprise management and becoming their appendage, or, developing into a club or welfare type trade union.

Thirdly, Chinese trade unions still maintain their occupational attributes and class nature. In the process of socialist industrial production, the difference between labour in industrial production and other social occupations is still quite obvious. Thus, for a trade union which is occupationally based, its occupational attributes still exist, and are still influenced by changes in the division of occupations.

Under socialist state-ownership, the capitalist class no longer exists. Its demise has resulted in the disappearance of trade union's class confrontational nature, however, this does not necessarily mean the trade union's class nature has disappeared completely. In a socialist society, apart from the working class, the peasant class, the individual business operators and private enterprise owners as classes will exist for a long period. This reality also requires that the trade unions must retain their class nature and cannot become an organisation for the whole people, in other words, it does not, by nature, represent the whole people.

Fourthly, trade unions in China still have a broad mass base. In a socialist state, nominally the working class is called 'the leading class'. Although a very few members are admitted into the state power organisation to become the state's administrators, this does not mean that the whole working class can participate in the state management process. To the majority member of working class, they, as individuals, and some of their groups are still in a non-governing position, ie, a position of being managed. Because of their mass status, there are interests that apply only to them. Thus, this group needs protection for their particular interests (and rights) from a corresponding workers' organisation whose central task is

safeguarding workers's interests rather than taking power. It is this need that constitutes the mass characteristics of the trade unions.

Fifthly, trade unions in China still have the nature of a managed group. As we have discussed in the previous paragraphs, socialism has not eliminated the difference between the managing group and the managed group. It is necessary for trade unions, as organisation of a managed group, to continue to exist and maintain their nature as a managed group. This very nature of trade unions has made it necessary for trade unions to represent the interests of the mass of workers, to protect the material and spiritual interests of the managed group and to maintain the relative independence of trade unions.

According to theories on socialism, trade unions under socialism should, by nature, be involved in the supervision of and participation in government and political affairs. But the characteristics of the Chinese trade unions in this aspect are very limited (or poor) when compared with their counterparts in the former Soviet Union and East European socialist countries. Although Article 41 of the Constitution of the Peoples' Republic of China has specifically defined the right of supervision by its citizens towards the state administrations and the people working in these organisations, this only shows the people's subjective acceptance of the idea that socialist state organisations should be subject themselves to the supervision of the citizens and working class, to the supervision of the workers' organisation - trade unions. But in objective reality, the Chinese government and the ruling party has never done so, especially during the period of 1957 - 1978, during which time the characteristic of the Chinese trade unions in supervising and participating in government and political affairs was almost nil.

Since the economic reforms started in China with their accompanying changes in labour relations, the nature of the Chinese trade unions has also begun to change. Prior to the reforms, the trade union movement did not have any active role in the development of economic affairs; it was just a political player, a 'bridge' or 'transmission belt', an industrial arm of the CCP.²⁰ The distinctive characteristics of trade unions have been political and it was not until the reforms started that unions expanded into a more specifically economic field. This change has been reflected in the role trade unions play and the influence they have in the newly-formed and still changing industrial relations arrangement. Despite the slow pace and the relative weak influence, the Chinese labour movement is expanding itself from a bureaucratised one towards the masses.

3.3 The Standing of Trade Unions in China

Looking at modern Chinese history, it is obvious that the social status of China's trade unions has always been relatively low. In no period in Chinese history have trade unions played a major and significant role. The poor social standing of trade unions in China can for the most part be explained by two factors; one is the social context in which trade unions have operated and the other lies within the trade union movement itself. The social factors that affect trade unions' standing are:

Firstly, low level of industrial development in China.

Throughout its history, China has been primarily an agricultural country. In its traditional agrarian society, peasants have always been in a absolutely predominate position, although there exist a small number of workers, these workers can hardly gain any socially predominant position. In ancient China, the professions (or occupations) were allocated a particular position in the social hierarchy in such an order, "officials, farmers,

workers, merchants". The word "workers" is used here not in the current sense of an industrial worker but rather to mean handicraftsmen, tradesmen or artisans. It is still used to reflect the social standing of different occupations in an agricultural society. Till modern times in China, whether it was the peasant revolution of the Taiping Heavenly Kingdom, or it was the revolution led by Sun Zhongshan which overthrew the imperial system in China or the people's revolution led by Mao Zedong which established the People's Republic, all of these important movements which have forced changes within Chinese society, have one common nature: they were peasant movements. To this day, it can be said that the theoretical foundation which guides today's economic reforms in China is still based on Mao's peasant theory. In his theory, Mao concluded that the fundamental problems of the revolution and construction in China are the problems of its peasants. From the aspects such as peasants population, their standing in production, history and the purpose of revolution, Mao systematically argued that the peasant class is not only the principal part of the productive force in the Chinese society but is also the major force in China's revolution. Today, peasants still represent more than 70% of China's total population, and the prelude to the current economic reforms in China was also based on economic reforms in the rural regions. Reformers in China, who are headed by Deng Xiaoping, strongly believe that socialist modernisation in China can be successful only when the peasants' modernisation is fully realised.²¹

Because of China's low level of industrial development, the working class and trade unions have always played a strategically supporting role in the social development of modern China. Therefore, the standing of trade unions is closely related to the degree of industrial developments.

The second factor affecting the standing of trade unions is the policies of the Chinese Communist Party and the Chinese Government.

A common feature among trade unions in a number of other countries and the trade union movement in China is the degree of control exercised over them through the policies of the ruling party and the government of the individual country. In August 1958, an enlarged session of the Political Bureau of the Chinese Communist Party Central Committee was held in Beidaihe of Hebei Province. At this meeting, the Chinese Communist Party announced that, "the realisation of Communism in our country is no longer something in the far, remote future" and reached the conclusion that the capitalist class has been eliminated and the "historic mission" of Chinese trade unions had been accomplished. Shortly after, in September 1958, the then ACFTU chairman, Liu Ningyi and the then vice chairman Li Jiebo put forward a new call - "Let's strive for the withering away of trade unions". A "wind of withering away trade unions" was stirred up throughout China. By the end of 1958, nationally, 230 county-level trade unions, or 39.2% of the total number, had been disbanded. Another 170 county level trade unions, or 30.2% of the total, have been rendered non-operational. All the remainder of the trade unions were waiting to "wither away"²².

On the 11th of January 1967, the Political Bureau of the Chinese Communist Party Central Committee decided that the ACFTU should cease all its operations. The ACFTU was non-operational until April 1978 when ACFTU held the enlarged meeting of the 7th Executive Committee of the 8th Congress²³. This meeting marked the formal resumption of its operations since the ACFTU had shut its doors more than 11 years before. Within a few years during the period of the Cultural Revolution, the whole trade union system in China was completely abolished.

The third factor affecting the status and operations of trade unions has been the health of the economy.

In China, when the economy is running relatively smoothly, the role of the trade unions is often overlooked. Only when the economy slows down or faces enormous difficulties will attention be focused on function and activities of the unions. For example, when the People's Republic was just established, its economy was in serious difficulties: Damages from many years of war, pillage by foreign invaders and neglect and abuse under the previous Nationalist government rule had brought growth in industrial and agricultural production to its lowest level in ever. At that time, late 1940s, with the Communist Government just starting to transfer its attention from the countryside to the cities and the national economy in a recovery mode, the Communist Party needed the unions to take over the privately owned enterprises, to build the economic foundation for a system of state ownership and to organise workers to boost production. At the same time, the Communist Party strengthened and expanded the trade unions, using them to educate workers and assist in establishing the Party's power base in the industrial arena and in seizing control in the cities as quickly as possible.

In many capitalist countries, quite the opposite of the above-mentioned situation has occurred. Usually, when the economy is experiencing growth, business investments become active, the market expands, and the demand for labour increases. Trade union organisations can and do use this time to press workers' advantage by carrying out more aggressive activities, putting higher wage demands and calling for improved conditions, thus directly promoting a better standing and higher profile of the trade union movement among its members. When the country's economy is heading towards recession, the market shrinks, business investments weaken, the demand for labour decreases and trade unions may be forced to adopt a

conservative strategy in their activities by changing the method of their struggle or lowering their demands. As a result of this, the status of the unions will drop.

The factors affecting the standing of the trade unions that are inherent in the unions themselves in China are as follows:

Firstly, for a very long period of time, trade unions in China have not been able to respond to the basic needs of their members, especially in relation to wages and subsidies etc. As a result, over the past few decades, unions have gained scarcely any endorsement or support from their members. The trade union movement has lost its real base as a mass organisation and hence have no real bargaining strength. It has little status or respect amongst the workforce. (This will be discussed in detail in "3.4 The Particularity of Functions of Chinese Trade Unions" of this Chapter)

Secondly, generally speaking, the educational level and work capabilities of the average trade union official are relatively low. The activities of the unions have been so reduced that there is little need seen to supply training. Their activities may be, for example, sending movie tickets to members or organising some kind of recreational and sports activities. Many Party and administrative officers are transferred to trade union offices when they are approaching retirement age or they are retrenched from other positions. Consequently, many full time union workers are regarded as people who have no other place to go.

3. 3.1 The Economic Standing of Trade Unions in China

Closely related to the factors mentioned in the above paragraphs, trade unions in China have never gained any significant economic standing

throughout their history. Since 1949 particularly, trade unions have lost their industrial position and their influence on the direction of the economy has declined. They have become merely an administrative arm of government and one which is of very little significance in the Chinese Communist Party system. They are unable to promote worker's economic interests and the main cause of this paralysis has been the traditional state ownership system. The main factor that has caused the low economic standing of trade unions in China is the traditional Chinese economic system which has been characterised by State ownership. This point can be demonstrated by noting the following issues: (i) the relationship of trade unions to ownership and management of production means; (ii) the influence of trade unions on the systems of production, exchange and consumption; and (iii) the relationship between the trade unions and workers' labour rights and interests.

During the long period of the planned economy, ownership of the means of production was restricted to the State. Workers and trade unions have been separated from the ownership of the means of production. Because of the relationship to the ownership of means of production, the economic standing of the trade unions has been made necessarily lower than that of the State organisations. In recent years, in the process of enterprise ownership reforms, some gradual changes in trade unions' ownership of means of production and their participation in enterprise management are starting to take place. The phenomenon of trade unions directly participating in enterprise activities has emerged. For example, the ACFTU and some of its local branches have established a number of enterprises and institutions. As well, through participating in the reforms of enterprise share ownership system and contract system, some trade unions are involved in the recruitment of specialised management personnel and the democratic election of enterprise management. A few enterprise trade

unions have strived to realise their rights in the management of the means of production. These changes, which may be viewed as a kind of attempts to improve their standings, have had certain effects on changing the economic standing of the trade unions in China. However, not only are there many enterprise trade unions which do not have management rights, but also they are not able to participate in the enterprise democratic management. Further, in some cases, managers of enterprises have abolished the enterprise trade unions under the excuse of having contracted out the enterprises (ie the enterprises are no longer under direct state management).

In relation to economic exchange and distribution mechanisms, since 1957, trade unions in China have not been sufficiently qualified to participate effectively in deciding prices and wages. Their work has been largely confined to conducting social surveys and gathering reactions from the general public, particularly from enterprise workers and staff towards current price and wage policies. The information has provided the government's labour department with a baseline for drafting wage and price policies. In recent years the ACFTU has been allowed to attend many government meetings to discuss price and wage reforms. It has been permitted to make speeches but not to take a decision-making role. It has, on occasions, attended meetings as a silent delegate only.

Where consumption is concerned, trade unions in China follow the command of the State completely in welfare matters. Under the planned economy, all matters ranging from important, such as building a workers' convalescent hospital, or paying pensions to retired workers, to trivial things such as building a small library, or a creche, or a public bathing house must be decided by the State or the administration of an enterprise. Trade unions had no say in the above-mentioned matters. They only

needed to obey the order to use these facilities and follow certain regulations.

The influence and effects Chinese trade unions have had on labour relations in Chinese society have been negligible. Since 1949, state organisations have usurped the social and economic activities of the unions. Labour rights and welfare benefits of workers were implemented not by the unions but by Party organisations and/or the administrative departments of the enterprises concerned. The government's functions include guaranteeing workers' rights and benefits in matters such as employment, wages, free public health care, labour protection, retirement and housing etc. Such an all-encompassing system has eliminated both the worker's dependence on trade unions and the need for trade unions. Under this system, trade unions are deprived of any effective part in safeguarding workers labour rights and benefits, having lost their identity as the representatives of workers. Thus they have lost both the industrial rights they must have in labour relations and the power they need in social economic relations. The overall effect has been to reduce the status and strength of trade unions, and to contribute to the abolition of trade unions in China.

Between the late 1980s and the early 1990s, the economic reforms in China deepened and became more comprehensive. In this process, they brought about many significant changes in labour relations, including providing the social conditions for trade unions in China to rediscover position and exercise their rights in the social and economic sphere. The emergence of new labour relations has brought about the possibility of improving trade unions ability to influence the economy and has the potential to make China's trade unions one of the important participants in the current economic reforms. However, during the transitional period of moving

towards a market-oriented economy, trade unions in China have not yet been able to achieve a status similar to that of their counterparts in some developed countries where the trade union movement has become one of the tripartite balancing forces with capital and government, and where their position and functions are irreplaceable in the social, economic and labour relations.

3. 3.2 The Political Standing of Trade Unions in China

In their studies of the position of trade unions, many Chinese academics and the Communist Party's ideological machine emphasise the political status of the unions. The standing of trade unions is mainly discussed in the domain of politics, namely, it is referred to as the trade union's position in a certain political system and certain political relations, or in other words, it is about the state of political power possession by trade unions.²⁴

Chinese trade unions' Constitutions or books on the theory of socialist trade unions in China have described their status in the following way, "..., under the condition of socialism, there have been fundamental changes in the standing of trade unions in China. Trade unions have become the foundation and pillar of the dictatorship of the proletariat. They have become an important part of the socialist political system and most important political organisation of the socialist period. ... Since trade unions are the greatest mass organisation of the socialist country's leading class - the working class - their position is more important than that of other organisations in the socialist political system."²⁵

But in the current social system in China, the actual political standing of trade unions is much lower than that described in the theory.

From the state system point of view, the difference between Chinese trade unions as socialist-styled organisations and their counterparts in the capitalist countries is that Chinese trade unions are not regarded as economic organisations, rather, they exist inside the political system. They are not quite the same as the trade unions in the former Soviet Union. In the former Soviet regime, the Soviet Union Trade Union Delegation had quite a number of seats, while Chinese trade unions do not have any seats.

From the form of government point of view, even among the socialist countries, the political role of trade unions differs from country to country. For example, the political standing of China's trade unions is different from that of the former Yugoslavia, where a delegation system was adopted, at various levels of people's parliament trade union delegations were able to represent the interests of workers and directly assume on behalf of the trade unions and their members power in the management of social affairs. This is in contrast to China where although the People's Representative Congress System has been adopted, there are no seats for the trade union delegates at various levels of the People's Representative Congress. Representatives from trade unions may only attend the Congress in the name of a local delegate. Thus when they assume their rights, they are there on behalf of the local region not as trade unions. In other words, their primary capacity is not representatives of trade unions, they are representatives for their local regions.

In the "Constitution of the People's Republic of China", there are no provisions or clauses on the nature, status or functions of trade unions. (In the Constitutions of the former Soviet Union and some of the Eastern Block countries, there were chapters or articles specifically referring to the trade unions). Because of this, trade unions at various levels have no legal or constitutional support to carry out their duties independently. They

have few rights to participate in the management of state affairs, social affairs and enterprises, to participate, along with government or management, in the decision making processes which impact upon the fundamental interests of workers. For example, when unions want to involve themselves in decision-making about important reform policies, they are often accused by the Party or government of "scrambling for power and profits". At the enterprise level, when a trade union wants to have a dialogue with the management, it often has difficulty in getting the opportunity because they are either "unable to register" with management or the trade union is "not important or ranked high enough" for them to bother. When the unions want to participate in the discussion of policy or political matters, they are often ridiculed as "interfering in Party affairs". Most noticeably, trade unions hardly have any ability to supervise or constrain the government. Because the structure of trade union organisations in China is horizontal rather than vertical (this topic will be discussed in a later chapter), many trade union workers or officers lack a sense of security. If a trade union officer reports the wrong doings or mistakes by a similarly levelled Communist Party Committee or management member, he/she is likely to be subjected to censure and/or investigation, or even demotion from his/her current post in the name of "promotion".²⁶

On the other hand, the political strength of China's trade unions is also determined by their economic standing. Historically, the transition of trade unions' status from their "high" during the early period of the People's Republic of China to their "low" in the later period was accompanied by their loss of economic power (see the section "The Economic Standing of Trade Unions in China" in this paper). No matter how impressive the titles given to trade unions are in official theory, because of their loss of economic power, their political strength could not but decline. For

example, in 1957, when the economic transformation of socialist ownership was for the most part completed, many trade union officers were criticised or union organisations were abolished. People vividly depicted the fate of trade unions in China of that time as that of "babies' nappies", meaning that just as nappies can be thrown away when the baby has grown up, so unions can be disposed of when the ruling Party grip of power has reached a particular level of maturity.

Because trade unions in China lack solid economic strength as their foundation, and further they lack sufficient constitutional rights as a safeguard, their political power is inevitably low. More importantly, the low political standing of trade unions truly reflects the low socio-political standing of the working class as it is defined in China.

If it can be said that trade unions in China are not independent political organisations, this point may also be demonstrated from both the trade union movement's relationship with the Party and its relationship with the Government or management (this topic will be discussed in a later chapter). In the past four decades, most regional and enterprise trade union branches have been reduced to merely welfare departments, mediation sections, clubs or other kind of administrative apparatus. That is why people often refer to trade unions in China as "Government-run trade unions" or "Party-run trade unions".

During the long period of the centrally-planned economy, the political status of the trade union movement received relatively more attention from the Chinese government than did its economic standing mainly because of the major role played by the trade unions as part of the political power structure of the Chinese Communist Party. Since the start of 1980s, as a result of the wide-spread reforms in the economy, the issue of labour

relations has become more prominent and subsequently, the position and functions of the trade unions have received more attention than they did previously. Evidence of this change can be found in internal documents of the Chinese Communist Central Committee in recent years. In those documents, it is proposed that trade unions be allowed (1) to participate in the process of drafting, discussing and amending of laws and regulations which may affect workers' rights and interests and (2) to attend meetings of some government departments and state organisations which deal with labour issues and to express their political opinions.

On 5th November, 1985, An ACFTU Communist Party Group's submission (to the Communist Party Central Committee) - "A submission for instruction regarding the participation of Party and Government meetings by the trade unions" was circulated to Party and State organisations nationwide by both the general office of the Chinese Communist Party Central Committee and the general office of the State Council²⁷. This Submission stated that the ACFTU Communist Party Group had been approved by both the CCP Secretariat and the State Council. The main points made in the Submission were the following:

- (1) When the CCP Central Committee, State Council and the relevant Ministry are examining or deciding on state economic and social development plans or/and significant policies, the ACFTU will be notified to attend such discussions and participate if these plans or policies impact upon the rights and interests of workers;
- (2) The ACFTU will be admitted into the various leadership organisations concerned with reforms which are related to workers' rights and interests;
- (3) All industrial ministries and local governments should follow the above principles, and admit industrial trade unions and local trade unions into these discussions and activities.

In December 1987, the CCP Central Committee held its 13th national congress. At the end of this congress, it announced that "the relationship between the Party and trade unions and other social mass organisations needs to be smoothed (adjusted and improved) so that these groups can perform their functions independently". It also agreed that "mass bodies be allowed to participate in the social consultative dialogue, democratic management and supervision".

On 9th October 1988, a resolution titled "The basic plan for the reform of trade unions" was passed at the sixth executive Committee of the 10th ACFTU Congress. This plan stated the following:

In this present period, the trade union movement should play its part in democratic participation and social supervision during the process in which the government assumes its state bureaucratic rights; The trade union movement has the right of democratic participation and should bear its corresponding responsibilities when the government drafts economic and social policies and/or regulations which are related to workers' rights and interests²⁸.

In October 1988, the 11th ACFTU National Congress was held. In this Congress, the smoothing of the relationship between trade unions and the government was emphasised. Part of the report from this Congress went as follows:

" Democratic participation and social supervision (of the government by the unions on behalf of the masses) is the most important aspect of the relationship between the unions and the government. Trade unions' rights and duties in democratic participation and social supervision need to be defined through legislation and establishing of certain systems. ...

There is a need to gradually establish a system of consultative dialogue between the various levels of trade unions and different levels of government, and to speedily solve all the important problems relating to the rights and interests of workers. "

At the provincial level, the 8th ACFTU (Shānxi Province) Congress was held in August 1988. At that Congress, Hou Zongbin, the provincial Governor, proposed a joint conference system between trade unions and the provincial government. Subsequently, a joint conference between the government and the provincial branch of ACFTU was held on 20 December 1988. The event was highly significant. It was the first joint meeting ever held between the ACFTU and a government body throughout the entire history of the PRC. Following the conference, similar meetings were held one after another in many provinces or cities including Henan, Shandong, Shānxi and Jiangsu provinces, Shanghai, Qiqihar, Qinhuangdao and Taiyuan cities.

At the national or ministry level, joint meetings were also held between the ACFTU and the administrations of Party or government bodies such as the Ministry of Culture of the CCP Central Committee, Ministry of Broadcasting and Television; and the Ministry of News and Publishing.

The style of these joint meeting is similar to the collective negotiations held in the capitalist countries between unions and employers or employer groups. In content, however, they are not quite the same. For example, the topic for discussion at the joint meeting between ACFTU (Shānxi Branch) and the provincial government was "Mobilisation and organisation of workers to actively participate in socialist construction and reforms, to do well in establishing and administrating rules, to promote socialist work competition, to launch a movement for increasing production and

practising economy, and to ensure the successful completion of the '8th five year plan' and the '10 year plan'.

Most of the joint meetings at the local government, enterprise or institutional level have solved virtually none of workers' problems such as the specific difficulties in working conditions, wage distribution, social security, housing and price rises. Thus, although the unions in recent years have been involved in so-called "participatory political activities", these activities essentially remain superficial or are mere formalities. From the above-mentioned events, we can see that the social and political prestige of trade unions has undergone some initial although incomplete changes and the circumstances of the union movement may further improve along with the on-going reforms in Chinese society and its economy.

3. 3.3 The Legal Status of Trade Unions in China

In China, the legal position of Chinese trade unions is determined by both their political standing and economic standing. And unions' legal position changes along with the change of their political and economic standing. In the early period of the People's Republic of China, the trade union movement had taken an important role in the country's political life. At that time, trade unions assisted the Chinese Communist Party in taking control of cities and enterprises; in resuming and developing the country's industrial production; in transforming the nation's capitalist enterprises into socialist enterprises; in organising re-employment arrangements for unemployed people; and, in participating in political movements such as "putting down the counter revolutionaries" and supporting the "Resisting-the America and Aiding-Korea" war.

While carrying out those activities, the unions conducted their work relatively independently. During this period, because of their considerable prestige, the union movement gained substantial legal status suited to their actual status. In June of 1950, "The trade union law of the People's Republic of China" was passed at the 8th Session of the then Committee of the People's Central government. This legislation was drafted under the leadership of the then ACFTU vice president Li Lisan, and it was promulgated by Mao Zedong himself, Chairman of the then People's Central Government. This "Trade Union Law" was one of the first few laws which were promulgated by the CCP after it came to power in 1949. In this legislation, the nature, status, rights, duties and the organisational principles of trade unions and their relationship with the government and its enterprises were laid down. That three period, from 1949 to the end of 1951 is often referred to as the "golden age" for unions in Chinese labour movement history. However, from the first enlarged session of the ACFTU Party group (held in Beijing 13th - 22nd December 1951), leaders of the ACFTU, one after another, were criticised and/or sacked from their posts by the CCP. They were accused of "attempting to win too much independence for the trade union movement" and of being "opposing the Party".²⁹ From that time, up until the early 1980s, the standing of the unions has been in steady decline as the never-ending class struggles constantly escalated. During that 30 years or so, the Chinese political system with its central concentration of state power linked with a highly centralised economy, deliberately reduced the standing of trade unions in China and it restrained and controlled their activities and functions .

Under the political slogan - "The Chinese Communist Party is the vanguard of the working class and the representative of their highest interest",³⁰ trade union officers neither were allowed nor dared to suggest that trade unions should have an independent right to protect their

members' interests and rights. Among people who were born in or after 1950, few of them know of the existence of Mao's "Trade union law" For a long period of time, there has been a huge gap between the unions' titular legal standing and their ability to put those legal entitlements into effect.

The gradual establishment of the new market-oriented economy in China, has brought about changes and new combinations among the various social strata and different social interest groups. Under these newly emerged labour relations, working people need social organisations which can truly represent their interests. Legal safeguards are also needed for workers themselves. The labour relations in enterprises which have different ownership structures are becoming diversified and complicated and this has highlighted the importance of trade unions in coordinating the various kinds of labour relationships within it. It has also highlighted the urgent need for new labour laws to enshrine workers' employment rights. To the Chinese Government, the need is greater that the trade union movement becomes a multi-functional organisation with both political and economic attributes to adjust the balance of interests between the various social groups and to maintain social and political stability. In the face of three needs, the old "trade union law" has become unsuitable. Thus a new law, "The Trade Union Law of the People's Republic of China", was adopted and made effective at the 5th Session of the 7th National People's Congress on 3rd of April, 1992.

Compared with the old "trade union law", the new legislation is more extensive. It has added further provisions detailing how trade unions should be organised, what trade unions have the rights to do and what trade unions are responsible for. The following paragraphs will examine several aspects of the new articles.

1. Politically, the 1992 law has tightened the government's control over trade unions, and placed limitations upon them. Trade union pluralism is strongly opposed.

The first article in the first chapter of the old 1949 "trade union law" is written as ...

"All manual or mental workers employed in enterprises, state organs or schools who rely on wages or salaries as their only or main source of income, and those who work as hired labour who do not have a fixed employer, have the right to participate in and organise trade unions."³¹

The No. 3 article in the first chapter of the 1992 "Trade union law" is written as ...

"Both manual and mental labourers of enterprises, institutions and organs in China who rely on wage income as a main source of living expenses, regardless of their nationality, race, sex, occupation, religious belief and educational level, have the right to participate in and organise trade unions in accordance with the law."³²

Comparing the above two paragraphs, it can be seen that, the new law has just added a few words "according to law". However, these few words have made people realise that no wage or salary worker has the right to organise or to join a trade union organisation except the ACFTU because in the new "trade union law", article No. 12 clearly stipulates that "The All-China Federation of Trade Unions shall be established as the single national organisation." This indicates that the ACFTU (and its local branches at various levels) is the only officially approved trade union body in China and that only one trade union body, namely the ACFTU, will be allowed to exist in China.

The Article 4 of the latest "Trade Union Law" stipulates that:

"Trade unions must abide by and uphold the Constitution, use the Constitution as the basic form for their activities and conduct their work independently in accordance with trade union regulations. The national congress of trade union members may revise the 'China Trade Union Constitution'. This constitution must not contravene the nation's Constitution and the law."³³

This article clearly emphasises the obligation of trade unions to accept and strictly follow the principles defined in the country's Constitution, ie, trade unions must conduct their activities under the leadership of the CCP. On the other hand, trade union's constitution must not include any provisions relating to trade union rights except those written in the Constitution. For example, neither in the nation's Constitution nor in other national laws, are there any articles mentioning the right of any citizen or any organisation to strike or the right to freely organise trade unions. Thus, strikes or the formation of unofficial trade unions are prohibited and such rights cannot be written into a trade union's constitution or involved in its activities.

2. According to the new law, trade unions have the right to participate in the administration of state affairs.

The Articles 28 and 29 of the new law are written as follows:

"Economic and social development programmes drawn up by people's governments at the county level and above, and laws, rules and regulations drafted by cities that are the seats of provincial and autonomous regional people's government and by relatively large people's governments at the city level and above, approved by the State Council, should hear the views of trade unions at the same level when they involve major issues relating to workers' interests."

"People's governments at the county level and above and relevant departments should invite trade unions at the same level to their deliberations and listen to their suggestions when they discuss and formulate important policies and measures such as those on wages, prices, production safety, labour protection and labour insurance."

"Local governments at the county level and above may adopt suitable ways of notifying trade unions at the same level of important government work plans and administrative measures related to trade union work, and of discussing solutions to the issues of complaints, workers' demands and people reported by the trade unions."³⁴

3. According to the new law, trade unions have the right to put forward their opinions on inappropriate administrative punishments meted out to a worker or staff member by enterprise management.

Article 19 of the new trade union law is written as follows:

"Trade unions have the right to voice their opinions if they deem that staff members or workers are inappropriately dismissed or penalised by enterprises or institutions."

"Before enterprises in public or collective ownership decide to expel staff members or workers or to remove their names from the rolls, they should inform their trade unions of the reasons for their decision. If enterprises administratively violate relevant laws, regulations or contracts, their trade unions have the right to ask enterprises to restudy the cases."³⁵

This article does not apply to trade unions in the "Three Capitals" enterprises. As a result, workers employed in these foreign capital invested or joint venture enterprises are not protected by their trade unions from harsh or unfair treatment, including dismissal.

4. According to the new law, trade unions have the right to put forward their opinions and suggestions concerning workers' working conditions, facilities and the conduct of management where it is related to the practical protection of the worker's health and life.

Article 23 in the new "Trade Union Law" says,

"A trade union has the right to submit suggestions, in accordance with state regulations, on working condition as well as the safety and public health facilities in an enterprise that is newly-established or undergoing expansion, and in technical transformation projects. The enterprise or competent department should earnestly deal with these suggestions."³⁶

Article 24 of the new law is written as follows:

"The trade union has the right to suggest solutions when it discovers that management has issued illegal orders and compelled workers to do dangerous work, or when there is obviously a hidden danger of serious accidents and vocational hazards in the process of production. When it discovers situations that endanger the lives and safety of workers, it has the right to suggest to the management that the workers be evacuated from dangerous sites, and management must promptly make the decision to deal with the situation."

"A trade union has the right to participate in the investigation of accidents resulting in injury or death, as well as in cases where the health of workers is seriously jeopardised, and forward suggestions to deal with them to relevant department. It also has the right to demand that management cadres directly responsible as well as relevant responsible personnel be held accountable."³⁷

The inclusion of the above two articles has been very helpful to trade unions in carrying out their duty of ensuring work-safety protection - an issue which is of increasing significance as the number of industrial accidents around the country continues to grow. Unfortunately, commonly in China today, many factory buildings are old, much of the equipment is outdated and workers at these enterprises are forced to work in hazardous and dangerous conditions, as noted in the previous chapter. If a trade union does not have the right to evacuate workers from a dangerous site immediately, (the trade union will notify the enterprise management afterwards) then the union will not be able to effectively exercise its right to protect the worker's life and safety.

5. According to the new law, trade unions have the legal right to protect workers' legitimate rights and interests.

Part of Article 6 of the new law states:

"In addition to safeguarding the overall interests of the people of the whole nation, trade unions shall safeguard the legal rights and interests of staff members and workers."³⁸

This article stipulates that trade unions educate workers to put the interests of the CCP and the interests of state before their individual interests, and, to put the local or regional interests after the whole. Since, by the CCP's definition, the Party and the State represent the "overall interests of the people of the whole nation", the first sentence of Article 6 is actually saying that maintaining the Party's leadership and implementing the Party's policies are of a higher priority than safeguarding the legitimate interests of the workers.

In the past 40 years or more, trade unions in China have always had a dual identity and will have to maintain this feature for a long time in the future. For example, Article 25 of the new law states the following:

"When there is a work stoppage or a slow-down in an enterprise, the trade union should work with the management or relevant parties and consult on setting those workers's demands that are reasonable and can be resolved, and restore production to normal as soon as possible."

In the above-quoted paragraph, trade unions in enterprises are required to, through every means, help solve workers' problems while at the same time they are required to persuade workers to restore production as quickly as possible. In reality however, trade unions can only persuade workers to restore production first and meet their demands as workers as a secondly priority, because the former is "integral to the interests of the people of the whole nation" and must be protected first. On the other hand, since there is no mention of workers' right to strike in the nation's Constitution, trade unions cannot encourage or support workers to adopt means such as strikes or go-slows in resolving conflicts with their employers.

6. According to the 1992 law, trade unions have the right to participate in the mediation and arbitration of work-related dispute cases.

Article 20 includes the following provision:

"Trade unions take part in enterprises' mediation of labour disputes."

"Trade unions should be represented at regional labour dispute arbitration organisations at the same level."³⁹

Article 21 states as follows:

"If enterprises infringe upon staff members and workers' labour interests, their trade unions may voice their opinions on mediation. If staff member or workers file lawsuits at People's Courts, their trade unions should give them support and assistance."⁴⁰

According to two articles, above where a worker's interests is infringed upon, a trade union has the right both legally and morally to provide the worker with support and assistance. A trade union also has the right to support a worker wishing to take legal action through the court. However, in the case of a labour dispute between the employees collectively and their employer, and where consultation and mediation have failed to resolve the issue between the parties, the new "Trade Union Law" falls short. It does not contain any provision setting out the legal means by which unions may safeguard the workers' interests. In addition Article 54 of the "Civil law of the People's Republic of China", states that a trade union cannot lodge a law suit against an employer in its own name and directly represent the worker concerned.

Although this new trade union law indeed has limitations in many respects, it is arguably progressive in some significant ways:

- (1) it re-establishes the legal status of trade unions;
- (2) it strengthens legal safeguards for trade unions; and,
- (3) it brings the Chinese trade union movement once more into the economic system.

For China, a country whose legal system usually considers that "Power is bigger than law" and "Personal relationships are more important than law", this new trade union law is very useful for safeguarding workers' interests and rights and preventing the workers' working and living conditions from worsening.

The "Labour Law", which became effective in January 1995, further demonstrates trade unions' legal status in labour relations and provides certain legal foundation for trade unions' activities. For example, in relation to trade unions' being representatives of workers' interests, the "Labour Law" stipulates, "The trade union of an employing unit shall have the right to air its opinions if it regards as inappropriate the revocation of a labour contract by the unit. If the employing unit violates laws, rules and regulations or labour contracts, the trade union shall have the right to request for reconsideration. Where the labour applies for arbitration or brings in a lawsuit, the trade union shall render him support and assistance in accordance with the law." (Article 30, Chapter 3 Labour Contracts and Collective Contracts, "The Labour Law")

"... The draft collective contract shall be submitted to the congress of the staff and workers or to all the staff and workers for discussion and adoption. ..." (Article 33, Chapter 3 Labour Contracts and Collective Contracts, "The Labour Law")

In mediating labour disputes, Article 80 of Chapter 10 of "The Labour Law" states, "A labour dispute mediation committee may be established inside the employing unit. The committee shall be composed of representatives of the staff and workers, representatives of the employing unit, and representatives of the trade union. The chairman of the committee shall be held by a representative of the trade union.

Article 81 of the same Chapter states, "A labour dispute arbitration committee shall be composed of representatives of the labour administrative department, representatives from the trade union at the corresponding level, and representatives of the employing unit. The chairman of the committee shall be held by a representative of the labour administrative department."

This "Labour Law", compared with "The Trade Union Law", has given more clarified regulations to trade union's collective labour rights. These rights include: trade union's right in determining labour conditions and employment conditions, the right to represent, safeguard and participate in adjusting labour relations, and, the right to collective negotiations.

At the same time, however, we must consider that the passing of a law and its actual implementation are two entirely different things. The promulgation of the new "Trade Union Law" and "Labour Law" has only raised the titular legal status of the trade union movement. In reality, it is a very difficult task to actually improve the real standing of the Chinese trade union movement. For example, according to the "Trade Union Law", a trade union should be given the status of a legal representative. However, most of the enterprises trade unions do not have such status and who is going to give them such status? Amongst the "Three Capitals" enterprises labour disputes and industrial conflicts are both common and acute. Many of them do not have trade union organisation established, or if they do, the organisation is inadequate incomplete. In the promotion and practice of the "Trade Union Law", the state has show little concern about the reality that trade unions are either non-existent or ineffective in the "Three Capitals" enterprises. Despite incidents such as annexation and/or abolition of trade union organisation and the refusal of the payment of trade union subscriptions by some enterprises, a practice which is against the "Trade Union Law", usually no action is taken by the government or the relevant authority. In addition, many regional trade unions have established their own enterprises or institutions, and, in doing so, a large portion of them have become victims of fraud, including the loss or disappearance of funds. These trade unions were unable to take appropriate legal actions because of the lack of a rule of law, ie. they couldn't protect themselves as stated by the "Trade Union Law". This

shows that the "Trade Union Law" has been poorly drafted and illustrates the difficulty in improving the legal standing of the unions. The factors most directly responsible for this reality can be summarised as follows:

(1) Up to the present time, there has not been any comprehensive mediation and arbitration legal procedure in place to deal with the rapidly growing number of labour disputes. The lack has made it difficult for trade unions to rely on a legal basis when faced with labour disputation.

(2) At both the central and local level, there is a lack of labour dispute arbitration bodies.

(3) Some of those in charge of enterprises or institutions have either a very poor understanding of labour law or a great disregard for it. Consequently they often violate the legitimate rights and interests of trade unions and workers. They frequently ignore the trade union's equal status as defined in the law, and use their power or influence to override legal procedures.

(4) The capacity of some trade union workers to carry out legal work is poor. Consequently these workers are powerless when dealing with illegal conduct by management.

(5) Trade unions are severely understaffed and underfunded.

Apart from the direct factors as discussed above, there is another important economic factor which has prevented trade unions' actual legal standing from improving. During the transition period from state-owned enterprises towards collectively-owned, private individually-owned and joint-venture capital enterprises, trade unions have faced many new difficulties. Their ability to organise has been seriously weakened in many regions and enterprises, and the "Trade Union Law" has proven ineffective during the drastic changes of the economic reforms. A detailed introduction and an analysis of these changes will be included in the section "Trade Unions in the Changes of Economic Systems".

3.4 The Particularity of Functions of Chinese Trade Unions

Prior to the economic reforms, trade unions in China never mentioned its "functions". The activities of trade unions were only referred to as the "tasks" and "roles". These so-called "tasks" are the long term "trinity" (*sanwei yiti*) of guiding principles for trade unions in China. The "sanwei yiti" referred to the three tasks of trade unions as production, living and education, and that trade unions' tasks be centred around the task of "production". The so-called three "roles" played by the trade unions are: "transmission belt", "pillar" and "school". During the period of the planned economy, the three "roles" actually referred to the political roles of the trade unions. "Transmission belt" refers to the role of trade unions as a link between the CCP and the workers; "Pillar" refers to the role of trade unions as consolidating the political power of the CCP; "school" refers to the role of trade unions in educating the workers. (Education here means political education, ie teaching the workers about Mao Thoughts, the Party line and its policies). These political functions reflect the requirements on trade unions by the politicised and bureaucraticised union movements.

When the urban economic reforms in China started towards the end of 1984, academics in Chinese trade unions proposed a new theory:⁴¹ that unions should possess the following four "functions": safeguarding, educating, constructing and participating. These four social functions were officially recognised at the 11th national congress of Chinese trade unions in 1988.⁴² The "Trade Union Law" and the "Constitutions of Chinese Trade Unions" have also stipulated the four social functions of trade unions. They are, 1), the function of safeguarding the legitimate rights and interests of workers; 2) the function of participating in state and social affairs and democratic management of enterprises; 3), the function of

carrying out the construction of socialist modernisation; and 4), the function of the political and technical education of workers.

3. 4. 1 The "Safeguard" function of trade unions has special meaning

The "safeguard" function of trade unions in China does not mean the normal safeguard function of a trade union. It has special meaning, and is present in the following two aspects.

Firstly the "safeguard" function of Chinese trade unions is a dual safeguard.

It is derived from the nature of the state and the nature of trade unions in China. The major function is to safeguard the overall interests of the whole people, this is seen as the "duty" of trade unions. The minor function is to safeguard the interests of workers; this is said to be the "right" of trade unions. Thus when dealing with labour matters the unions may deny the interests of the workers by using excuses such as "not conforming to the interests of the Party and the State". This can be demonstrated in the relationship between the trade unions and workers since 1949.

1), From a political point of view, degree of security provided by the trade unions to workers in China is insignificant. The union movement cannot protect workers, their basic human rights, freedom of speech, right of association, assembly and demonstration, the right to form trade unions to take strike action or freedom of choice in employment. Despite the "safeguards" in law, unions cannot protect their members from violation of their personal freedom nor can they guarantee their members the right to sue their boss or employers for violation of their rights. Furthermore, in the past, trade unions in China had hardly played a public supervisory role

over politically powerful organisations. In addition, since 1949, because of the absolute control of the political power by the CCP, workers normally place their hope of meeting their political demands on the Party organisation directly, not their trade unions.

2), From an economic point of view, the safeguard function (in employment rights) of the trade unions has long been taken over by the Communist Party and the state, that is because, employment was centrally planned, the workers did not need to demand trade unions to safeguard their employment. As workers' wage levels were strictly controlled by the national wage system, workers did not expect to get wage rises through the activities of their union, workers' retirement benefits were governed by the state retirement pension system. For a young worker, or a senior one, a technical or non-technical worker, there was no need for trade unions to fight for their retirement pension security. Thus, control by the state of these three major security items in labour rights has deprived trade unions of a basic economic function and increased workers' dependence on the state in economic interest matters.

Under these circumstances, trade unions maintain their relations with workers by dealing with less significant matters such as assisting workers to buy goods which are in short supply or obtaining cheaper living necessities. Unions also maintain contact with workers through organising activities such as entertainment, sports or short tours etc. These activities are regarded by the enterprise management as non-production-related. Management is thus unwilling to organise. From the overall society point of view, this weak relationship between trade unions and workers can only be rated as "third class", ("first class" relationship is with one's friends and relatives, the "second class" is the relationship with the Communist Party and administration). This is unlike the "first-class" dependent relationship

between workers and their unions in some capitalist countries where unions have greater control over the wage fixing process.

In China's enterprises, when workers' rights are violated, workers always go to the Party or bureaucratic organisation instead of relying on their trade unions. A survey conducted by a provincial branch of ACFTU in 1992, asked workers the question "To whom would you go to get help first when you have difficulties?" The responses were as follows: 57.82% would choose their relatives or friends, 28.68% would choose the Communist Party or administrative departments, and only 10.6% of those surveyed would choose trade union cadres⁴³.

Despite compulsory membership for almost all enterprise workers, most do not know why they should join trade unions nor are they aware of the benefits of union membership. In their opinion, the trade union in an enterprise or factory is established by the Communist Party, and whether they join the trade union will be seen by their enterprise leaders as an indication of their loyalty for the Communist Party. Thus, union membership becomes a question of an individual's political stance. Even though they become union members, workers' ties are not primarily with the union, and so are not close.

Secondly, the special nature of the union's roles is determined by the fact that trade unions in China have always centred their major tasks and works around the Chinese Communist Party.

The Communist Party's leadership over the unions comprises many aspects, one of them is that the guiding principles of trade unions should reflect the central tasks of the Communist Party. Thus, whenever the CCP's policies changed, the guiding principles of China's trade unions usually altered emphasis in different periods to accommodate that change. For

example, in the early 1950s, the central tasks of the trade unions were to ensure that factories were open and operational and to assist actively the government in reducing unemployment and resuming production. During the period of the socialist planned economy, trade unions were required, under the leadership of the Communist Party, to implement the policy of “production, living and education as a trinity”. Production and accomplishment of the state’s production plan became the union’s central task.

In another example, after the Third Plenary Session of the Eleventh Congress of the Communist Party in 1978, when the so-called “Great Cultural Revolution” ended, the Party’s central task became “Realising the Four Modernisations”. In response, the trade unions also drafted a new policy at the Tenth National Congress of Trade Unions held in October 1983. Their new policy was “To centre around the realisations of the four modernisations; to speak out for the workers; to safeguard workers’ legitimate rights and interests; to provide workers with both political, cultural and technical education; and to build a workforce which is idealistic and moral, educated and disciplined”.⁴⁴ With further economic reforms, the trade union’s policy changed to a new one: “Centering around the building of the economy, and based on the overall development of reforms, to increase the activities of trade unions; to implement the mass participation and demarcation of trade unions; to unite the mass of workers and struggle for the building of socialism with Chinese characteristics”.⁴⁵

From these trade union policies at different historical periods, it can be seen that the primary function of trade unions is to carry out the central economic policies of the Communist Party. There has been no fundamental changes in this condition (Communist Party's policy is the

central task of trade unions) even in the economic reforms period. In recent years, the question of whether trade unions in China can fulfil their functions in safeguarding workers' rights and interests has become a concern for Chinese society. It is also a question of international interest. However, the basic function (safeguarding) remains in second place and the building of the economy is still the most important function for China's trade unions.

This position was reaffirmed in the Work Report delivered on 24 October 1993 at the Twelfth National Congress of China's Trade Unions which stated that, "the guiding principles for trade unions in foreign-invested and privately-run enterprises is to safeguard workers' legitimate rights; to cooperate with the investors; to seek together with them the development of the enterprise; to serve the workers and the popular masses; to promote reforms and the Open policy, and to progress economic construction". At the same time, an official publication entitled "The Question-and-Answer book for the study of reports at the Twelfth National Congress of China's Trade Unions" emphasised that "the activities of trade unions in foreign-invested enterprises must be conducted according to the characteristics of foreign-invested enterprises. The trade unions' policy for the new period must be implemented. They must persist in centering their activities around the building of the economy, they must thoroughly fulfil the four trade unions' social functions. They must actively mediate any labour disputes in the workplace. They must establish a stable enterprise labour relations, and, work hard to create a good investment environment."⁴⁶

The above stated policies have caused trade unions in China to actually become coordinators in the current complex labour relations environment. The trade unions assist enterprise management and stabilise the order of

enterprise production and basically play no role in the protection of the workers.

Some of Jude Howell's studies⁴⁷ on the role of trade unions in many of the foreign-invested enterprises in Xiamen also demonstrate these points. In her analysis, these trade unions' functions are summarised as follows:

Firstly, the role of the trade union is different from that in a state-owned enterprises. As an official said, 'In a dispute, a trade union must pay its attention to the interests of the foreigners.'

Secondly, it has to coordinate relations between labour and capital within the enterprise. And, trade unions have the right to attend board meetings as non-voting delegates in matters concerning rewards, punishment, wages and labour protection.

Thirdly, in foreign-invested enterprises trade unions put particular emphasis on educating staff and workers about the Open Policy.

Fourthly, the trade unions in foreign-invested enterprises are responsible for implementing each government policy, thus in effect performing the work of the Party, rather than being organs for pursuing workers' interests.⁴⁸

In regard to the limitation and speciality of the functions of China's trade unions, Christine Casati wrote in her article "Satisfying Labour Laws - and Needs"⁴⁹ that, "The official function of the union is to protect the rights and interests of the workers. Though technically considered an organ of political education, the union more often tends to focus on employee welfare, recreation, and labour discipline issues in production enterprises. Union-organised strikes familiar in the West are almost non-existent in China but may become more common as the economy becomes more market oriented."⁵⁰

Grassroots Trade Unions' Routine Duties

In state-owned or collectively-owned enterprises, The main task for grassroots level trade unions is to assist the enterprise administration in production, to promote technical innovation and cooperation, to call on workers to put forward rationalisation proposals, and to organise workers to participate in "socialist work competition". The promotion and assessment of "Advanced Model Workers" is also undertaken by unions. The second most important task for trade unions is to assist enterprise management in dealing with workers' welfare matters. These matters range from issuing the living subsidy to running the workers canteen and kindergarten. The third task is organising the political and cultural education of workers. Political study is normally done by organising union group meetings and passing on the documents or policies of the Party and the government. Cultural study is usually done through the union-organised workers' night school. (This only exists in large enterprises). The fourth task is to organise sports and entertainment activities for workers. In some of the larger enterprises, there are sports and club facilities for workers and in recent years some "Karaoke" dancing facilities for workers have appeared. However, the above activities have a profound political colour. The activities often have a strong element of political propaganda revolving around such topics as "Love the Chinese Communist Party and Socialism". In the eyes of most workers,⁵¹ a trade union is just a welfare organisation. The workers' attitude towards the union is basically decided by the amount of welfare provided by the union. Generally speaking, larger enterprises are able to provide their workers with more welfare benefits as the financial capability of unions in these enterprises is stronger. Some of the unions in medium and small enterprises lack funding (Union funding will be discussed in a later chapter) or facilities and consequently are not in a position to provide welfare benefits to their members. Some are not able to purchase cheap foods for their members at festival times. In the eyes of

most workers in state or collective enterprises, this is the most important task of their trade unions. Where the union is unable to do this, workers can see no point in membership.

For a long time, even though the trade unions in state or collective enterprises provided their members with the above-mentioned welfare benefits, the majority of their members were unhappy with their services. In his speech at a national trade union personnel meeting which was organised by the ACFTU in April 1984, the current president (then vice-president), Mr. Wei Jianxing, spoke on the performance of grassroots trade unions and made the following remarks, "Fuxin City in Liaoning Province is the best city in terms of trade union services. Even here however, the percentage of trade unions which perform very well is only 15%, the medium performance ones are 55%; while 20% of trade unions function just a little and another 10% don't function at all." Even by Mr. Wei's standard on the performance of grassroots trade unions, putting the best possible interpretation on the data, only 15% of them are good.⁵²

3. 4. 2 Workers Representative Congress in Enterprises

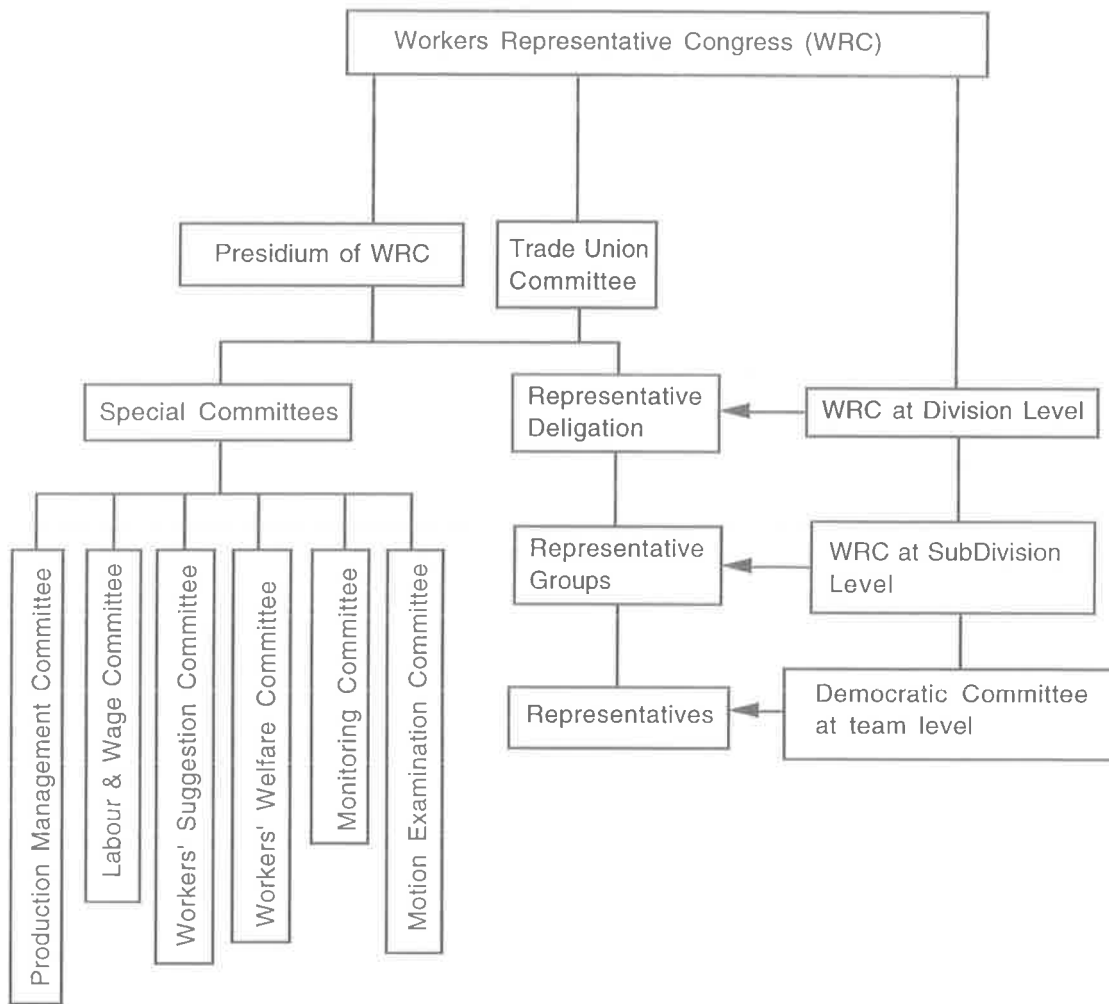
Since the implementation of reform and open policies by the CCP and the Chinese government, trade unions in China have been given a new right - that of participation. In enterprises, this new right is expressed in the form of the establishment of the Workers' Representative Congress. It has been said loudly and clearly by the CCP and the government that in terms of the worker's democratic participation, the workers Congress is not only the best approach but is also the most powerful proof that workers are the masters of the state and their enterprises. In September 1986, the CCP Central Committee and the State Council issued "Regulations Regarding the Workers Representative Congress in State-Run Industrial Enterprises".

Not long after, CCP and the government requested that Workers Representative Congress be established in all state-run enterprises as a form of democratic worker participation.

In many of the state-owned enterprises, in addition to the administrative departments, WRC is another kind of administrative organisation. Permanent representative system is employed in WRC. During a WRC meeting, the Presidium presides over the meeting. An enterprise's Trade Union Committee is in charge of everyday operation of WRC. Under WRC, there are a number of special committees. Workers' representatives from each division form their delegations. There are three layers of democratic management organisation, namely, factory, shop and team.

Table 3.0

Structure of Workers' Representative Congress



The Regulations defined the following five rights of the Workers' Congress:

- 1). Listening regularly to the work report by the enterprise director; Examining and approving or disapproving their enterprise's management policy including: long term and annual development plans; plan for important technological change and the introduction of new technology; workers' training plan; financial budget plan and the plan for the use of the enterprise's own funds and their allocation. Putting forward their comments and suggestions and making decisions on the implementation of the above policies;

2). Examining and approving or disapproving the director's plans for: the enterprise economic contract responsibility system; wage adjustment; bonus allocation; labour protection measures and reward/punishment methods and other important regulations;

3). Examining and approving or disapproving the plan for: the use of the workers' welfare fund, housing allocation plan and other important issues related to the workers' livelihood and well beings;

4). Assessing and monitoring the performance of various enterprise cadres and putting forward suggestions about rewards, punishment, appointment or dismissal; and

5). According to the plans of the department responsible, democratically recommending director nomination, or electing the director democratically and reporting to the responsible department for approval.⁵³

According to an ACFTU's survey,⁵⁴ by early 1993, the number of enterprises or organisations which had established Workers' Congresses totalled 370,000, which is about 60.4% of all the state-run enterprises in this country. The Workers' Congress system was born in the early 1980s. After more than a decade, particularly 6 years after the official promulgation of the regulations, the percentage of Workers Congress establishment has only reached 60.4%. The percentage of workers among the workers representatives has been decreasing steadily. In Jilin province, for example, the percentage has dropped from 60% in 1980s to 49% at present.⁵⁵ Among enterprise workers representatives, Party officials, management, engineers and technical staff members are majority, Workers' Representative Congress has become something similar to a joint meeting between the Party officials and management members. This indicates that, although the government has issued Regulations, the administrative departments in many enterprises either do not accept or have not implemented this law. Many of the established Workers' Congresses actually play no real

role in the enterprise at all, since the Workers' Congress is not an organisation with any enuine authority in an enterprise, but instead just a consultative body. As Greg O'leary pointed out, "Since, however, there are no legal requirements that plant managers carry out Congress decisions, work in practice often falls short of the ideal."⁵⁶

In Chapter 3, the current condition of the three labour rights in China have been discussed. Also systematically discussed were the nature, standing and functions of China's trade unions, their social and historic background and the political and economic environment which determined it. At the same time, changes in current trade unions' nature, status and functions were also introduced and evaluated.

-
- 1 Editor, *Zhongguo Gongyun* (Chinese Workers' Movement), p.1, July, 1994, ACFTU.
 - 2 An interview with an officer from Shenzhen Government, February 1994.
 - 3 Idem.
 - 4 SWB, FE/1955 G/9, 25 Mar 94.
 - 5 *China Labour Bulletin* p.3, No.5, July 1994, Hong Kong.
 - 6 *South China Morning Post*, 18/10/94.
 - 7 *China Labour Bulletin* p.3, No.5, July 1994, Hong Kong.
 - 8 Idem.
 - 9 White, Gordon. *Riding the tiger, the politics of economic reform in post-Mao China*, p.222, Houndmills, Basingstoke, Hampshire, the MacMillan press. 1993.
 - 10 White, Gordon. *Riding the tiger, the politics of economic reform in post-Mao China*, p. 221-222, Houndmills, Basingstoke, Hampshire, the MacMillan press. 1993.
 - 11 An, Miao and Cui, Yi. *Gong-ren Jie-ji xian-zhuang yu Zhi-gong Dai-biao Da-hui Zhi-du de Yan-jiu* (A study of current condition of working class and the system of workers' congress). 1990. Liaoning People's Publisher.
 - 12 *Gongyun Dongtai* (Labour Movement Development), No. 50, 1993. ACFTU.
 - 13 An interview with an ACFTU official in April, 1994.
 - 14 *Christian Science Monitor*, June 3-9,1994.
 - 15 Guan Huai, *Zhongguo Gongyun* (Chinese Workers' Movement), No. 10, 1993. p.8, ACFTU. "To put labour dispute mediation and arbitration further into the legal path".
 - 16 SWB, FE/2011 G/4, 01 June 1994.
 - 17 Guan Huai, *Zhongguo Gongyun* (Chinese Workers' Movement), No.10, 1993. p.9, ACFTU.

-
- 18 China Workers' Movement Research Institute and Chinese Institute of Workers' Movement, *Gonghuixue Cidian*, (A Dictionary of Union Movement Studies) p.8, Liaoning People's Press, 1988.
 - 19 Chang Kai, Du Wanqi, *Zhongguo Gongyunshi Cidian*, (A Dictionary of the Chinese Workers' Movement History), p.37. Labour Personnel Press, 1990.
 - 20 Greg O'Leary, *Trade Unions: China and the Eastern European Experience*, The Center for Labour Studies, The University of Adelaide, 1993.
 - 21 Quote from my research work experience in China.
 - 22 Du, Wanqi, *Xinzhongguo Gongren Yundongshi* (The History of Workers' Movement in New China), p.p.122-124, China Railway Press, 1991.
 - 23 Du, Wanqi, *Xinzhongguo Gongren Yundongshi* (The History of Workers' Movement in New China), pp. 168,214, China Railway Press, 1991.
 - 24 My own research work at ACFTU.
 - 25 Chang Kai, Du Wanqi, *Zhongguo Gongyunshi Cidian*, (A Dictionary of the Chinese Workers' Movement History), p.63. Labour Personnel Press, 1990.
 - 26 My own research work at ACFTU.
 - 27 Ma Zifu, *Zhongguo gongyun Xueyuan Xuebao* (Journal of Chinese Institute of Workers' Movement), p.36, No.4, 1991. Chinese Institute of Workers' Movement. "Review of the joint meeting system between the trade union and government".
 - 28 Idem.
 - 29 *Reference for Study of Documents from 11th Trade Unions' Congress*, vol.4, November 1988. Chinese Institute of Workers' Movement.
 - 30 Gu Changsheng, *Workers Daily*, 26 April 1990. 'Leadership of the Party and Independent Operation of Trade Unions'.
 - 31 Zhang Chunsheng, *Journal of Chinese Institute of Workers' Movement*, No.5, 1992, p.3, Chinese Institute of Workers' Movement. "Two fundamental legal relationships in the 'Trade Union Law'".
 - 32 *Trade Union Law of the People's Republic of China*, p.3, Legislative Affairs Commission of the Standing Committee of the National People's Congress. 1992.
 - 33 Idem.
 - 34 *Trade Union Law of the People's Republic of China*, pp.10-11, Legislative Affairs Commission of the Standing Committee of the National People's Congress. 1992.
 - 35 Ibid. p.8.
 - 36 Ibid, p.9.
 - 37 Ibid, pp9-10.
 - 38 Ibid,p.6.
 - 39 Ibid, pp8-9.
 - 40 Ibid, p.9.

-
- 41 Du Wanqi, *Xin Zhongguo Gongren Yundong Shi*, (History of Workers' Movement in New China), p.376, China Railway Press.1991.
- 42 *A Collection of Documents from the Eleventh Congress of Chinese Trade Unions*, p.6, Beijing, ACFTU, December, 1988.
- 43 *Gongyun Dongtai* (Labour Movement Development), No. 29, 1993, p.3-4, ACFTU.
- 44 Du Wanqi, *Xin Zhongguo Gongren Yundong Shi*, (History of Workers' Movement in New China), p.275, China Railway Press.1991.
- 45 *ibid.* p. 390.
- 46 Document Drafting group of the ACFTU for the 12th National Congress. *The Question-and-Answer for study of reports at the Twelfth National Congress of China's Trade Unions*, p.78, China workers prees, 1993.
- 47 Jude Howell, *China Opens its Doors*, p.228-229, Harvester Wheatsheaf Lynne Rienner Publishers, 1992.
- 48 Jude Howell, *China Opens its Doors*, p.288, Harvester Wheatsheaf Lynne Rienner Publishers, 1992.
- 49 *The China Business Review*, , July-August 1991.
- 50 *Idem*
- 51 From my personal experience in the ACFTU.
- 52 ACFTU, *Xin Zhong-guo Gong-yun Da-shi Ji* (A history of significant events in Chinese workers' movement), p.596. 1993. Published by Zhong-gong Zhong-yang Dang-xiao(CCP Central Party Training School).
- 53 An, Miao, and Cui, Yi, *Gongren Jieji Xianzhuang Yu Zhigong Daibiao Dahui Zhidu Yanjiu*, (Current state of the working class and the study about the Workers' Representatives Congress System), Page 183, Shenyang, Liaoning People's Press, 1990.
- 54 *Gonghui Gongzuo Tongxun*, (Trade Union Bulletin) No.2, ACFTU, 1994.
- 55 *Gongyun Dongtai* (Labour Movement Development), No. 10, ACFTU, 1993.
- 56 Greg O'Leary, *Chinese Trade Unions and Economic Reform*, Centre for Labour studies, The University of Adelaide, 1992.

Chapter 4

THE RELATIONSHIP BETWEEN CHINESE TRADE UNIONS AND CHINESE COMMUNIST PARTY

The relationship between the CCP and the trade union movement in China is a complex one. Not only is it similar to a general relationship which normally exists between trade unions and the ruling party, but it is also unique in many aspects. The most obvious characteristic of this relationship is the high degree of interdependence. The trade union movement needs the CCP to consider unions' political and economic interests in the country's political and economic decision-making process. At the same time, the CCP needs the support, co-operation and compliance of the unions. Although this relationship is an unusual one, however, it has been maintained in China over a long period. The special nature of this relationship can be considered in the following two aspects: Firstly, prior to 1949 the CCP exercised its leadership over the trade unions mainly in political matters. It was a relationship where the CCP provided guidance and used persuasion to obtain the agreement and co-operation of the unions. Since the CCP took power, its relationship with the union movement has evolved into one where the CCP exercised its leadership in a wide range of matters such as economic, personnel, activity and organisational establishment and so on. This relationship also has evolved into a relationship with the union movement dominated by mandatory orders with persuasion and guidance used only as a secondary means to obtain compliance. As a result of this evolution, the CCP has been able to monopolise trade union affairs. In other words, since the CCP became the ruling party, it has used a heavy hand in its dealing with the trade union movement and has exerted leadership by mandate over the union movement. On the other hand, unions have derived benefit from

the relationship with the Party. Between the end of 1940s and the late 1980s trade unions in China were workers' organisations which existed in a public ownership economy and thus had a wide range of common grounds with the 'management group' of the economy - the CCP. The trade union movement not only accepted the political leadership of the CCP but also accepted the CCP's leadership in economic matters, activities, organisational and personnel matters. The existing economic and political system potentially provided a large space for the CCP and trade unions to negotiate their relationships. A range of options existed - from one in which the CCP would run the whole show for the unions to another where one party is the "management class" while the other is the "class being managed" to yet another where the two are independent of each other. The relationship between the CCP and the trade unions belongs to the first option, especially after the CCP took power. The CCP was no longer in the oppressed position as they were together with the working class in the past. The pressure on the CCP to struggle was greatly reduced and the means by which it maintained its dominant position was strengthened by the state dictatorship machine. Given this strength, the CCP is unlikely to face any threat to its power from the union movement even though the CCP's leaders and cadres may not safeguard the interests of the workers and the trade unions.

In the following pages, the relationship between the CCP and the Chinese trade union movement will be discussed in terms of political, organisational and leadership, and financial control.

4.1 Political control over the trade unions by the CCP

The Chinese trade union movement does not have an independent guiding principle, policy, system of organisation or system of revenue and

raising or spending. Its fate is totally in the hands of the CCP. Whether it lives or dies, whatever it does or doesn't do utterly depends on the needs of the CCP. It is well known that Chinese trade unions are "run by the government" (*guanban gonghui*). It is more accurate to say they are "run by the Party" (*dangban gonghui*). The existence of trade unions is not related to workers' needs but to the needs of the party.

From a theoretical point of view the CCP propagates Lenin's theory on socialist trade unions. Trade union cadres and workers are told to uphold the fundamental principle that the Party's leadership over the trade unions be integrated with the trade unions' independent operations. Some of the major opinions from Lenin's theory is "Trade unions should be the closest and indispensable collaborator of the state power."¹ and "Working class party should often organise joint meetings with the active participants of local legal workers organisations (trade unions)."² according to Lenin "Our building of socialism will face catastrophe if the transmission device between the Communist Party and the mass, ie trade unions, is not properly established or if it makes mistakes."³

However, between the 1950s and early 1990s the CCP followed the Stalin-style former Soviet Union trade union model. This model was suited to a Stalinist social system which was highly centralised both politically and economically. Consequently, Stalin repressed the trade unions. He wrote that: "the more effective the social groups are, the more apparent the pressure they exert on the Party, the harder they try to reduce the leadership of the Party, the stronger their resistance to the Party."⁴ He accused the trade unions' leadership of "anti-Party tendencies", "depoliticising tendencies". The CCP not only totally accepted Stalin's highly-centralised political and economic policies, but also his complete set of trade union model - apparently unquestioningly. In terms of politics,

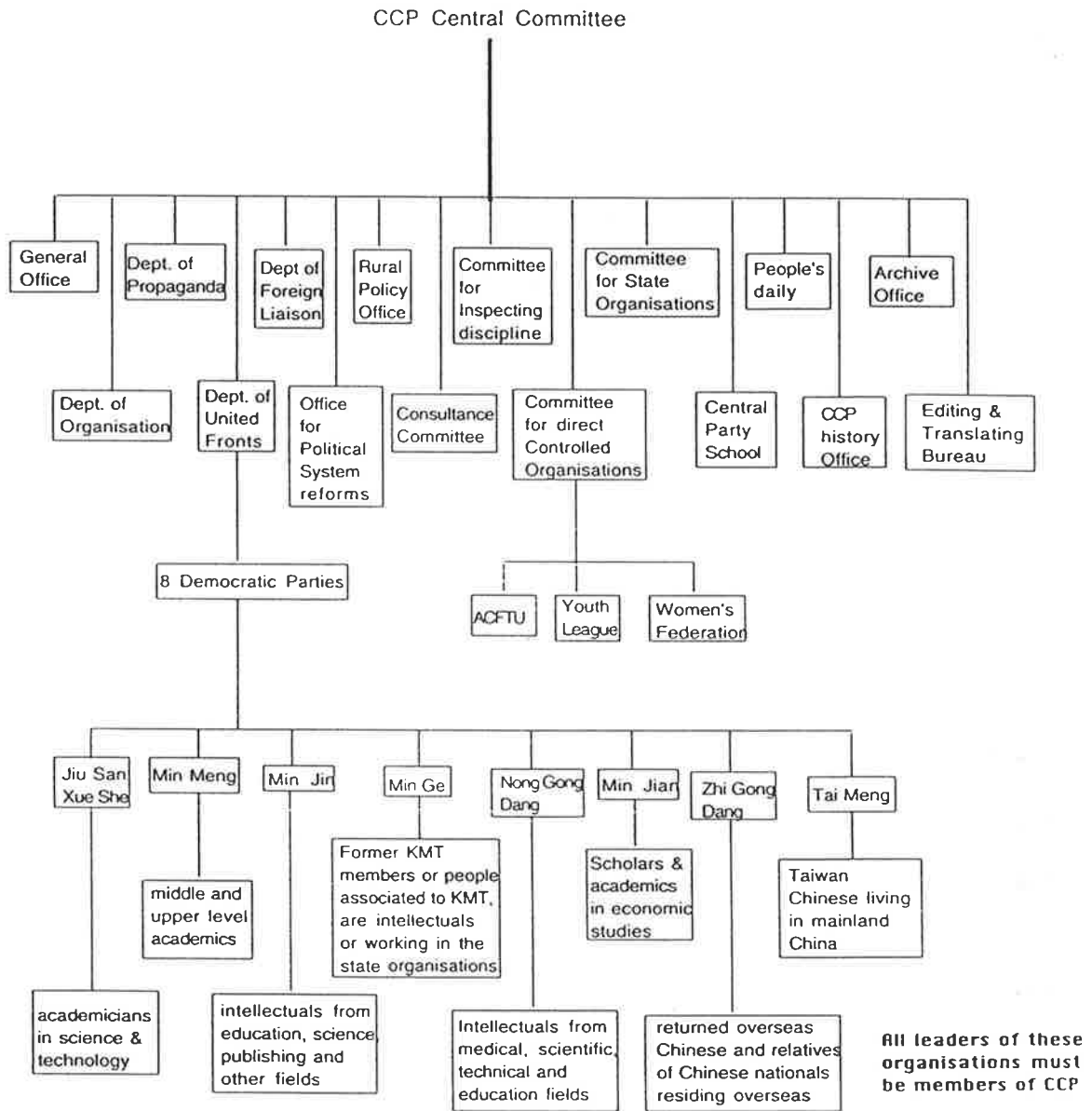
organisations, social impacts and functions, trade unions are merely an accessory of the CCP and its administration. Trade unions do not have their own image or voice, and have no right to represent and protect the interests of workers. Excessive bureaucratisation of trade union organisations has made the trade union movement a bureaucracy which is only responsible to the CCP. Similar to Stalin's actions in the 1950s, the CCP removed and consistently attacked two senior, somewhat independent labour movement leaders, Li Lisan and Lai Ruoyu. Then the CCP installed a number of compliant model workers with no background in the union movement as the ACFTU leaders. Among this group, were Ni Zhifu, Wang Chonglun and Zhang Ruiying, who were in the President and Vice President positions for a long time.

4.2 Organisational control of trade unions by the CCP

The conclusion that the ACFTU is not an independent workers organisation rather a working department of the CCP can also be proven by the CCP's organisational structure. The state political power structure is composed of two systems. One is the Communist Party system, the other is the State Administration System. These two systems have been shown in two pictures as Figure and Figure. The pictures describe the relations between the CCP's highest political organisation, the CCP Central Committee, and the organisations which are under its direct control (including ACFTU and other political organisations).

Table 4.0

CCP's organisational structure



As shown above, the ACFTU, Youth League and Women's Federation are similarly ranked as sub-organisations of the CCP Central Committee. However the ACFTU is under more strict control than either of the other two. This is because the stability of trade unions has some effect on the stability of the CCP power system which cannot be substituted by any other organisations and even more important strategic significance. On this topic, Greg O'leary has noted: "Any threat to the authority of the

Communist Party since 1949 would have required the involvement of the industrial workforce to succeed. While there have been no challenges of a direct and substantial kind to the fact of Chinese Communist Party rule, none of the numerous challenges to the manner in which it has ruled has been able effectively to mobilise the organised workforce. On the contrary, the dominant leadership group within the Party at the time has been able, with relative ease, to mobilise workers in defence of its position whenever challenged. The events of 1989, were but the most recent example and illustrate well the important role played by the trade union organisation in cementing the Party - worker alliance. In 1989, it was quickly brought into line despite initial wavering and the intransigence of some individuals within its organisation."⁵ The historic experience of Solidarity in Poland and the Autonomous Workers Trade Unions during the "June 4" event in China sounded alarm bells to the CCP which has never relaxed its control over the ACFTU during any of the reforms in recent years.

The above analysis was from a vertical angle. The following is an horizontal analysis of the ACFTU's subordination to the CCP.

4. 2. 1 CCP's direct leadership over the trade unions

Since its inception, the ACFTU has always been under direct control of the CCP's Central Committee. One of the members of the CCP's Central Committee Secretariat is especially given the task of leading the ACFTU. Currently, the CCP leader responsible for ACFTU matter is Mr. Hu Jintao, who is a member of the Standing Committee of the CCP Politburo and the Secretary of the CCP Central Committee Secretariat. A CCP Party Committee has been established within the ACFTU itself by the CCP Central Committee. This Party Committee is in charge of decision-making on important ACFTU working guidelines, the drafting of important

policies and the appointment or dismissal of trade union officials. None of the important activities of ACFTU are allowed to proceed unless the ACFTU is given approval by the Party's Central Committee Secretariat. For example, the Twelfth National Congress of China's Trade Unions was held in October 1993. Before this Congress began, many meetings were held by the CCP Central Committee to discuss how the Congress should be held, to study the contents of the proposed report for the Congress and to organise some people to modify it. Before the names of the candidates for Chairman, vice-Chairman and members of the ACFTU Secretariat were presented to the Congress delegates for election, their names had to be reported to the CCP Central Committee Secretariat for approval.⁶

4. 2. 2 Local trade unions are under a dual leadership system

ACFTU branches in provinces or cities are under a dual leadership system. They operate under the leadership of their higher level trade union body but also under the leadership of the Party Committee of the same level. The Party Committee is the dominant one of the two. An example of this can be seen in the Beijing branch of ACFTU which is a subordinate branch of the national ACFTU. In theory, this branch should carry out its activities under the leadership of the national ACFTU. In reality, all the important work, plans or policies, of ACFTU Beijing branch must be approved by the Beijing Committee of the CCP before they are valid. As well, all the candidates for the major leadership positions of this ACFTU branch are recommended by the Beijing Committee of the CCP. Without the approval from the Party Committee, it would be impossible for someone to be elected leader of the Beijing ACFTU at the city level trade union congress.⁷

4. 2.3 Grassroots level trade unions are under the leadership of the party committee of their enterprises

In all of China's state or collective-owned enterprises or institutions, Party branch or committees are established according to the size of the organisation. Trade union leaders in these enterprises are elected either by the full membership or by representative meetings. However, all the candidates are nominated at the Party branch meeting. The grassroots Party organisation has the authority to move the trade union leaders from one position to another or to dismiss them if the Party branch regards them as incompetent.⁸

4. 2. 4 Party leaders are appointed to join the trade union organisations of the same level

For a long time, it has been impossible for a non-member of the CCP to become chairman of any trade union body. In recent years this has changed somewhat. In order to represent the mass nature of the trade unions or to put some distance between the Party and the unions, the government usually appoints one or two non-members of the CCP as members of the trade union leadership structure. For example, around the time of the 12th Congress of the ACFTU, one of the vice-Chairmen was a non CCP member. Usually, however, the Chairman of the ACFTU is a member of the CCP Politburo. A former ACFTU Chairman, Ni Zhifu, was a member of the Politburo, current Chairman, Wei Jianxing, is a Politburo member and also the secretary of the CCP Central Discipline Inspection Committee. Most of the chairmen of the ACFTU branches in provinces or autonomous regions are members of the provincial CCP Committee. A few of them are even members of the Standing Committee. The cadres in China are classified into three categories, the first category is the Party affair cadres, the second one is the administrative cadre and the third is the technical cadre. Among the three groups, Party affair cadres are all CCP members, the majority of administrative cadres are CCP members, but only a minority of the

technical cadres have CCP membership. Party affair cadres are regarded as the most "firm" elements. Thus, the CCP has in recent years sent large numbers of these people to take up important leadership posts in the trade unions. At present, the composition of top level leadership of China's trade unions is drastically different from that of the 1950s or 1960s and it is also quite different compared with that in the 1980s. Most of the trade union leaders in the 1950s and 1960s had been leaders or unionists of the underground trade union movements in the Goumindang-ruled areas before the establishment of the People's Republic of China. Although they were CCP members, their long experience in the trade union movement enabled them to consider some of the workers' interests. Of the trade union leaders in the 1980s, (except a small number of leaders of near-retirement age who were engaged in the labour movement,) most were promoted from trade union works soon after the establishment of PRC. The current trade union leaders are almost one-hundred-percent former Party affair cadres. They have very little direct union experience. Among the current four major ACFTU leaders, one is a former provincial Party committee vice-secretary, the other is a former Party committee secretary of a big state-owned enterprise. The CCP's control of the unions is made easier with these people in leadership positions in the ACFTU.

At the CCP Central Committee level, ACFTU is an organisation under direct control of the CCP. At the Provincial level, the ACFTU branch is controlled by the CCP's provincial Committee. At the grassroots and enterprise level, trade unions are a subordinate department under the local Party Committees. In appearance, every state-run or collectively-owned enterprise or institution is comprised of three organisations; the Party Committee, the Administration Department and the Trade Union Department. (The Party Committee may include working bodies such as organisation and propaganda offices; the administration department may

include offices such as technical matters, finance and sales. Normally under the Trade Union Department are the union organisation office and the propaganda office). From outside, it seems that these three bodies are parallel to each other, and each has its own established staff. However in fact, all the cadres from these three establishments are appointed and administered by the organisation department of the local Party Committee.

The size and use of staff working in the various offices of the trade union department are also decided by the personnel office of the local Party Committee. In the meantime, these staff can be transferred by the Party Committee at will according to its needs. In the aspect of the grading system, trade union cadres have their equivalent ranking which is comparable to those of the cadres in the state organisations. For example, the ranking of a vice president from ACFTU is equivalent to that of a vice minister; a president of a provincial ACFTU branch is given the same seniority of a departmental head of the provincial government; and the ranking of a vice-president of a provincial ACFTU is equivalent to that of a deputy provincial departmental head. Thus, a provincial ACFTU president can be transferred, by the Party's organisation department, to a Party organisation or an administrative office of equivalent ranking, and becomes a head of that organisation.

Similarly, a leader of a Party organisation or administrative office can also be transferred to trade unions and becomes the leader. For example, the current vice president of the ACFTU and first Party Secretary, Zhang Dinghua, was a vice Party Secretary of Inner Mongolia Autonomous Region. In 1992, the reform in personnel system was started in China. The focus of this was to streamline the state-run enterprises and institutions. As a result of this streamlining, many enterprises and institutions put trade unions as the first target and many trade union organisations were

cut. Some enterprises or institutions merged three mass organisations, trade unions, youth league and women's federation, into one body and put it directly under the Party Committee control. For example, in 1993, many enterprises or institutions in Shijiazhuang, Hebei Province, have merged trade unions into the Party's Politics Department, or Mass Work Department or Administration Work Department; some even sent out formal documents or instructions saying, "the trade union office is under the control of the Administration Office"; Some enterprises not only annexed the trade union organisation, but also seized the property of the trade unions.

In 1993, in Nanjing of Jiangsu Province alone, 32 grassroots trade union organisations were either removed or annexed.⁹ Thus, it is arguable that, whenever or in whatever form the trade union exists, it can only be a working department of the CCP.

4.3 The Financial Dependence of China's Trade Unions

In the above discussion, I have argued that Chinese trade unions are just part of the CCP's organisational system, and are not independent. This point can also be comprehensively proven by examining the trade unions' source of financial revenue.

According to Article 36, Chapter Seven of the Trade Union Law of the People's Republic of China, the permitted sources of financial revenue are as follows:

- (1) membership dues paid by union members;
- (2) a contribution equivalent to two percent of workers' monthly payroll paid by the enterprise or institution owned by the whole people or collective or paid by the state organ where the trade union is established;

- (3) income derived from enterprises and undertakings run by trade unions;
- (4) subsidies provided by the people's governments; and
- (5) other incomes.¹⁰

Among the five income sources for trade unions, the first and the second sources (membership dues and the two percent payroll) are fixed. Currently, the members dues represent 0.5% of unions' monthly income. All of this particular part of union revenue is kept by the grassroots unions for their own use. The two percent payroll of total staff and workers from enterprises or institutions is a substantial amount and constitutes the main income source for trade unions' funds. Only part of this income is kept by the grassroots trade unions and the rest is given to the superior union bodies. Distribution of the funds among the various union hierarchies is as follows,

- 60% is kept by the grassroots unions;
- 20% is given to the county level union organisation;
- 15% is kept by the provincial trade union body; and
- 5% is sent to the ACFTU.

The ACFTU receives an annual fund which is equivalent to 5% of the two percent of the total wages of its members. From 1988 to 1992, the total funding for the ACFTU was 895 million yuan, while the 5% of the two percent of the total payroll for the same period is 883 million yuan.¹¹ Therefore, it is clearly seen that the contributions from enterprises and institutions are the major funding sources for the ACFTU. At the grassroots level, unions rely almost exclusively on this source of income to fund their activities. Consequently, in small work units which employ only a few hundred workers and where the payroll funding is very small, unions are able to do very little. In these enterprises or institutions,

workers and staff are not interested in trade unions nor are they aware of union's activities.

In recent years, since about sixty percent of the state-owned enterprises have been making losses. Many enterprises are unable to pay wages and are thus unable to contribute funds towards unions. The result is a funding crisis for unions.

In Chapter 4, the relationship between the ACFTU and the ruling party, CCP, have been discussed. The subordinate relationship of the ACFTU to the CCP was demonstrated in its political, organisational and financial aspects. Both horizontal and vertical approaches were taken to discuss these organisational relationships of the ACFTU as a working department of the CCP, with no independence.

-
- 1 Lenin's Selected Works, (In Chinese) Vol. 4, p. 587. Naitonal Editing and Translating Bureau of Marx and Lenin's Works. 1965.
 - 2 Lenin's Selected Works (in Chinese), Vol. 19, p.425. Naitonal Editing and Translating Bureau of Marx and Lenin's Works. 1965.
 - 3 Lenin's Selected Works (in Chinese), Vol. 4, p. 589. Naitonal Editing and Translating Bureau of Marx and Lenin's Works. 1965.
 - 4 Stalin's Selected Works (in Chinese), Vol.7, p.142. Naitonal Editing and Translating Bureau of Marx and Lenin's Works. 1965.
 - 5 O'Leary, Greg , *The Chinese Labour Market*, p.p. 1-2, Centre for Labour Studies, the University of Adelaide, Mime, 1995.
 - 6 From my personal working experience in ACFTU.
 - 7 Idem
 - 8 Idem
 - 9 Zhang Ruibai, *Zhongguo Gongyun* (Chinese Workers' Movement), No.12, p.45, ACFTU, "Gongyun Xinxi (Union Movement Information)", 1993.
 - 10 *Trade Union Law of the People's Republic of China*, p.8-9, Legislative Affairs Commission of the Standing Committee of the National People's Congress. 1992.
 - 11 Interview with an ACFTU official in April 1994.

Chapter 5

THE CURRENT STATE OF CHINESE TRADE UNIONS AND THE PROBLEMS FACING THEM

In 1978 the ACFTU was restored and its operations were resumed, starting a new historic period. From the end of the Cultural Revolution until the present day, trade unions in China have developed along with the changes and needs in the country's economic system. During the past sixteen years or so, trade unions have been gradually strengthened and their works have been carried out in many aspects. The following sections are a summary of the state of the organisations and operations of trade unions in China since the end of the Cultural Revolution. They are based on surveys by the ACFTU on the organisation, operation and developments in trade unions in the 1978-1992 period and in 1993.

5.1 The state of organisation and operational developments of trade unions in China in the 1978 - 1992 period

According to a survey by the ACFTU in 1992, the number of grassroots trade union organisations had reached 616,000 - an increase of 87.4% compared with the number in 1979. There had been an increase of 205,000 since 1981. Among them, there were 105 trade union establishments in the private sector, 4,274 in the "Three Capitals" enterprises and 19,313 in township enterprises. Among the 616,000 grassroots trade union organisations, there were 687,000 shop floor trade union committees, and 658,400 trade union cells. These figures represent increases of 40.2% and 31.2% respectively when compared with these figures in 1981. In recent years, some grassroots trade union organisations have established within their enterprises so-called "workers' homes", a kind of service organisation

for workers. In the early part of 1993, there were about 445,000 of these nationwide.¹

By the end of 1992, the membership rate among the state-run and collectively-owned enterprises nationwide was 69.8%. The trade union establishment rate was 92%, an increase of 17.3% from 1979. In the unionised enterprises (mainly state run or collectively-owned), there were about 112,240,000 workers, an increase of 43,270,000 workers, or 62.7%. The number of trade unions reached 103,230,000, an increase of 51,750,000 from 1979, or a 100% increase. Nation-wide, there are about 5,140,000 full-time trade union staff, among them 160,000 are women, representing 31.2%.²

Trade unions established various kind of schools or training schemes as well

According to the survey, in 1992, various local trade union organisations established 76 workers' universities, 98 workers' high schools and 1138 workers' schools. These establishments had 4,900 full-time teachers among them 2,400 or more qualified for higher education. At the time of the survey, about 7,270,000 workers were enrolled, and about 590,000 had graduated or finished their study. This represents about 82% of the total number of people enrolled. Since 1988, 2,420,000 workers have come out of these schools or universities, among them 120,000 have studied at associate diploma level; 92,000 have received single subject training; 1,120,000 on job training; and 520,000 from other types of training; 63,000 have participated at middle school level classes, 440,000 high school level, and 56,000 associate diploma or higher level.³

Trade unions organised sporting and cultural events

According to the same survey, in 1992, there were about 33,000 workers clubs - doubling the number of 1979. The number of full-time trade union

staff has increased 171%, 15,000 movie screening units, 43,000 amateur performing groups with 920,000 participants; and 214,000 various hobby groups with 4,560,000 people participating. The number of sporting organisations was 83000, among them 36000 were sports associations, an increase of almost 4 times from 1980. There were 1,093 sports gymnasiums, 12,000 fields (including soccer fields), the number of basketball or volleyball courts has increased from 120,000 in 1980 to 180,000 in 1992; 3,500 swimming pools, 2,800 more than 1980, 505,000 various sports teams with about 7,200,000 person-time.⁴

Trade unions established cadres' training schools

In 1992, various trade union organisations (including the China Trade Union Movement Institute) established about 112 such trade union cadres' training schools - 65 more than in 1981. Among these schools, 12 were at associate diploma level, 13 were technical schools, and more than 1200 full-time teachers were involved. These training organisations and local trade union bodies have trained about 127,000 people, about 100,000 passed and 70,000 have received single subject certificate. In 1992, 4,310,000 participated in the training.⁵

Trade unions established economic enterprises

By 1992, about 200,000 enterprise or institution trade unions have established about 26,000 enterprise identities, a three fold increase from the previous year. About 21,000 of these enterprises are solely organised by trade unions; 3,500 were jointly established and 85 were joint ventures with foreign business, and 1,600 others. They represent 79.9%, 13.4%, 0.3% and 6.4% of the total respectively. These businesses have provided about 238,000 jobs, among them, 56,000 were family members of the workers or about 23.7% of the total; about 98,000 were people made redundant by their previous enterprise or 41.3%; another 22,000 were retired or 9.4% and

61,000 others or 25.6%. These ventures, with total capital of 32,900,000,000 yuan, have produced 4.5 billion yuan in 1992, 2.4 billion yuan or a 113% increase from the previous year, Total profits were 4,700 million yuan.⁶

Trade unions have established links with trade unions in other countries and this has promoted international exchange

There are 70 international liaison organisations among the various trade union levels (including the ACFTU), and there are 409 full-time staff. In 1992, 194 delegations were invited and sent overseas, involving 1,196 persons. 648 foreign delegations visited China after being invited by their Chinese counterparts.⁷

5. 2 The Organisational and Operational Development of Trade unions in China in 1993

1. Trade union organisations

At the end of 1993, according to a survey, there were 627,000 grassroots trade union organisations nationwide. That is an increase of almost 10,000, or 1.6%. Included in these increases are trade unions in the "Three Capitals" enterprises. Their number has almost doubled from 4,274 in 1992 to 8,260. About 19,566 township (or village) collective enterprises have established trade unions, slightly more than the previous year. In the state sector, there were 478,753 grassroots trade unions, an increase of 0.5% when compared with the previous year; In the collectively-owned sector, the number was 116,591, a drop of 14.4% from the year before; In the private sector, 244 more grassroots unions appeared an increase of 113.3% from 1992's figure. Among the unionised state and urban collective enterprises, 3,272 of them have become share-capital enterprises. Under the 627,000 grassroots unions, 707,000 shop-based trade union bodies have been established, and 6,558,000 union cells. In 1993, 466,000 "workers homes"

have been checked and accepted, an increase of 21,000, or 4.7%, from last year. In 1993, there were 494,000 full-time trade union workers, a drop of 21,000 from last year. In respect of their educational level, they have continuously improved. About 147,000, or 29.8%, of them are tertiary educated, that is a 2% percent increase from last year. About 106,000, or 21.4%, of the others are only educated at middle school level, representing a drop of 3%.

During 1993, a large number of enterprises suffered financial losses or ceased production resulting in the number of unemployed workers steadily increasing. This caused a reduction in trade union' membership and the number of workers they were able to organise. In the same year, the total number of workers working in the unionised grassroots enterprises drop by 1,201,000 to 111,038,000; the number of trade union members declined by 1,464,000 to 101,761,000. In these unionised workplaces, 43,599,000, or 39.3%, of the total workforce was female. Female membership was about 39,496,000 - 38.8% of the total. In 1993, in enterprises managed by the state labour and statistical ministries, the rate of trade union establishment was 72.1% and membership rate among the workers was 66.4%. (Figures in this section are from⁸)

2. Workers' Democratic Management

In 1993 nationwide, there were about 359,000 grassroots workplaces where Workers' Representative Congress (WRC) have been established, that represents 57.3% of all the unionised grassroots workplaces. Among them, 269,000, or 74.8%, were state-owned, 78,000, or 21.7%, were collectively-owned, more than 8,000, or 2.3%, were township or village collective enterprises; and more than 2,200, or 0.6%, of them were share-capital enterprises. Nation-wide, there were about 11,729,000 workers representatives in the enterprises where WRCs exist, 5,385,000

representatives were trained last year, representing 45.9% of the total number of the workers' representatives.

By 1993, 300,000 grassroots level trade unions organised workers to participate in democratic management activities. This is equivalent to about 83.6% of all unionised enterprises. During this process, 2,581,000 proposals have been put forward to the WRC for consideration and 1,897,000, or 73.5%, have been passed. WRC put forward about 3,439,000 proposals during last year, 2,003,000 of them have been implemented. (Figures in this section are from⁹)

3. Organising workers to participate in popular economic and skill-related activities

In 1993, in 191,000 work units, trade unions have organised skill competitions among workers, and 2,510,000 person-times were involved, an increase of 60,000 person-times. From these competitions, 1,847,000 participants were given the titles of "good hands at the fields", 211,000 were qualified for the title of "technician", representing increases of 3.4% and 7.7% over the previous year respectively. 41.5% of the grassroots enterprises carried out the socialist work competitions and 88,785,000 people participated, an increase of 49.9% from the previous year. The economical benefits from the increase in production, efficiency and savings were 36.5 billion yuan. During the 1993's "advanced workers and model workers competitions" were organised by trade unions at various levels. 1,301,000 groups were chosen as models, among them 812,000 were work groups and 7,346,000 were individual model workers.

In 1993, 254,000 grassroots work units promoted campaigns encouraging workers to put helpful suggestions to their managements. 19,188,000 suggestions were put forward by 18,766,000 workers, and 8,297,000 (or

43.2%) of all the suggestions were accepted. 5,238,000 (or 27.3%) of the accepted suggestions have been implemented. 2,478,000 of the accepted suggestions were calculated to bring benefit of 22,720 million yuan. Until the end of 1993, 67,000 workers' technical associations had been established, an increase of 4,000 from the previous year. Their membership was 4,340,000, with the number of full-time staff being 60,000, representing increases of 332,000 and 8,000 people respectively. 235,000 technical know-hows were obtained and 5.8 billion yuan worth of benefit was generated from these know-hows; 64,000 new techniques were extended and a benefit of 3 billion yuan was created; 163,000 technical training courses were held and 9,060,000 person-times were participated. 1,281,000 paid technical services were carried out and the transactions were estimated to be worth about 3,730 million yuan.

In 1993, nationwide, grassroots trade unions established 134,000 labour protection monitoring and inspection committees, 378,000 workshop level labour protection committees, an increase of 11,000 from the previous year. 2,917,000 workers were given the duties as labour protection inspectors while the number of full-time officers in charge of labour protection matters reached 70,000, an increase of 16,000 from the previous year. 142,000 safety training sessions were held and 6,197,000 workers were trained. (Figures in this section are from¹⁰)

4. Workers' social welfare - Collective Welfare Facilities Established

In 1993 among the 627,000 grassroots workunits, 100,000 of them established child-care centres or kindergartens, 4,673,000 children were looked after; 371,000 canteen and 665,000 bath facilities were built. The conditions for female workers' health and hygiene also continued to improve. In 1993, there were 104,000 female shower rooms, an increase of 21,000 over the previous year.

Trade unions organise workers' mutual assistance insurance schemes on a voluntary basis. In 1993, there were 42,000 various workers' mutual assistance insurance schemes in the unionised state-owned, collectively-owned and other kind of ownership enterprises. There were 698 such insurance schemes in the other kind of ownership sector. This is an increase of 1.8 times over the previous year. In 1993, 1,325,000 worker-times, or 12.8% of the members, claimed various kinds of insurance entitlements. During that year, 110 million yuan was paid to workers and the end of year balance was 320 million yuan.

Trade unions participate in reforms in the wage system. In 1993, there were 292 county or higher level trade unions which established wage task groups and involved 181 full-time staff and 883 part-time staff. In 1993, trade unions at the county level or above established 59 job introductory agencies which employed 187 staff and received 46,000 job seekers. Among these job seekers, 25,000 were unemployed, 17,000 were employed but had been made redundant. More than ten thousand (21.7%) of the job seekers were found jobs by the trade union employment agencies. In addition, they provided skill training to 5,137 people.

Trade unions have been active in establishing enterprises to help or assist workers in financial difficulties. In 1993, trade unions at various levels, together with government, have carried out "helping the poor" campaigns in 63000 grassroots workunits. They established 71000 "helping the poor" foundations, gathered more than one hundred million yuan and established 146000 enterprises or institutions to help the poor. These unions also provided assistance in many forms such as funding, technological aid and information to 706,000 poor workers. In 1993, 296,000 workunits carried out schemes for assisting workers with livelihood difficulties. The amount of money for this assistance was 960 million yuan,

20% above that of the previous year. During the whole year, 1,062,000 workers with livelihood difficulties were given regular financial assistance totalling 240 million yuan. Another 630 million yuan was given to 9,197,000 persons who had temporary livelihood difficulties. (Figures in this section are from¹¹)

5. The Trade Unions' Democratic Participation and Democratic Monitoring

In 1993, 2,504 of the nation's county or higher level local the ACFTU branches and industrial unions held joint meetings with the government (or departments of government) of the same level, an increase of 19.7% from the pervious year. During these meetings 21,000 proposals or suggestions were raised and 15,000 (71.4%) of them were processed or implemented.

In 1993, 7,575 trade union bodies at various levels joined government organisations related to the interests of workers, 604 more unions than the previous year. 7,717 trade union workers have been employed in such government departments or organisations, 2,248 more than the previous year. In this whole year, 26,000 issues covering workers' wages, social welfare, work safety and housing were jointly discussed between trade unions and the governments at various levels, 19,000 (73.1%) of these issues have been solved. (Figures in this section are from¹²)

6. Female workers' Issues

In 1993, 262,000 female workers' committees were established inside trade union organisations of various levels, up 3.6% from the previous year. Among the 291,000 grassroots trade unions which should set up such committees, 252,000 (or 86.6%) have already done so, 1.9% up from the previous year. There are 267,000 chairmen or vice-chairmen in these

committees, 69,000 (or 30.2%) of them were concurrently held by chairmen or vice-chairmen of trade unions, an increase of 30.2% from the previous year. There are 1,131,000 trade union cadres working on female workers' issues, up 6.6% from the previous year. 86,000 of such cadres are full-time workers, up 4.9% from the previous year.¹³

7. Coordinated and Improved enterprise industrial relations

In 1993, 291,000 labour disputes mediation committees were established in enterprises of various management or ownership type, a 1.1 times increase from the previous year. Among the 8,260 unionised "Three Capitals" enterprises, 2,467 have established such mediation committees, 1,836 more than the previous year, or a 2.9 times increase. In terms of the composition of these committees, 44% are representatives of workers, 28.1% are enterprise management, and 27.9% are trade union representatives. The percentage of workers' and trade unions' representatives have slightly increased from the previous year.

Among the enterprises where labour dispute mediation committees had been established, 44,000 grassroots trade unions participated in the mediation process and processed 85,000 disputes. Of all the disputes, 14,000 (16.5% of the total) were collective disputes, increasing 7.9% from the previous year; 60,000 of them (or 70.6%) were settled through mediation. 2,949 (3.5%) applied for arbitration after failure in mediation. The enterprises which had the highest success rates of mediation, in terms of enterprise ownership or management type, were mainly in the following order: 72.7% - state-owned enterprises, 72.5% - "Three Capitals" and 71% - share-capital enterprises. (Figures in this section are from¹⁴)

8. Training of Trade Union Cadres

In 1993, trade union cadre training school and trade unions at county or higher level conducted standard training with 112,000 trade union workers. 101,000 workers successfully finished the training. Also, 4,063,000 trade union cadres were given short training. Among them, 45,000 were full-time non-grassroots trade union cadres, 399,000 were full-time grassroots union workers and 3,619,000 were trade union activists.¹⁵

9. Establishing links with trade unions in other countries and promoting international economic and technological exchanges

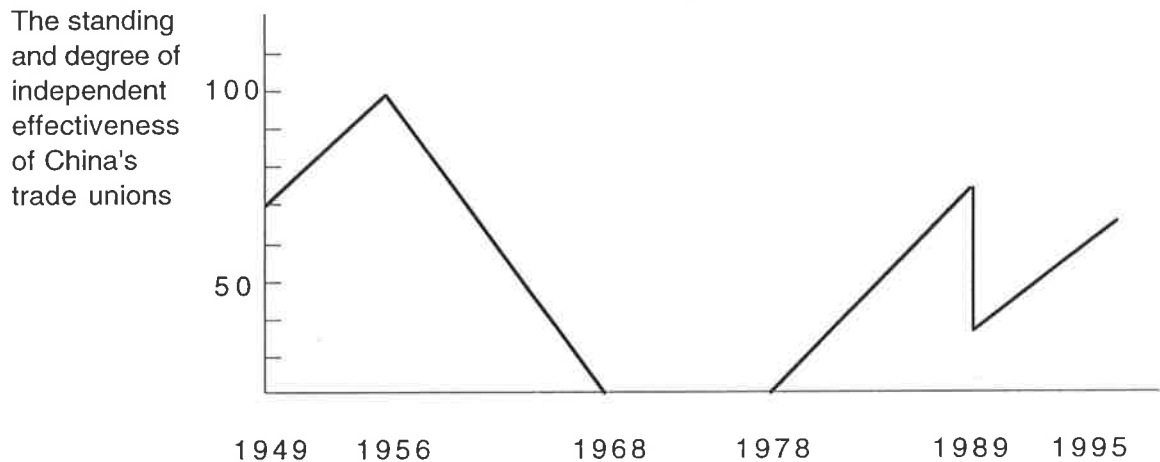
There are 83 international liaison organisations in provincial trade unions around the country (including the ACFTU) and 448 full-time officers. In 1993, 323 delegations consisting of 6,473 delegates visited other countries on invitation. 391 foreign delegations (7174 people) visited China on invitation.¹⁶

It can be seen from the large amount of survey materials cited above, on one hand, that the function and status of trade unions after the Cultural Revolution have gradually improved as the need for economic reform increased. Although these statistics are mainly used for public propaganda, or for educating workers (most of their members were being obliged to join rather than join voluntarily), it can be argued that the trade union movement in China is still expanding its range of functions compared with its situation prior to 1978. On the other hand, the series of changes and expansion of China's trade unions' functions has not changed their nature nor their political role and standing. These changes in that trade unions activities have simply extended their activities into economic fields. There are also changes in their operation style, with some enterprise trade unions being able to report workers' economic demands from bottom to top. Within trade union organisations, they began to raise the issue of paying serious attentions to the rights and interests of their subordinate unions

and trade union members. If we put trade unions' current developments in the whole modern history of China's union movement, its trajectory could be indicated by the following chart.

Table 5.0

Trade Unions of China status between 1949 and 1995



If a general analysis on the current upward movement of the trade unions is done, it can be concluded that the reasons are as follows:-

The reforms have had a great impact on the living and working conditions of workers in China. Workers in enterprises of various ownership all desperately need and indeed seek organisations which represent and protect their interests. Their situation has only highlighted the importance of the trade unions' safeguarding function.

The management style of the CCP and the government is gradually changing. In the past they had thorough, strict and systematic control over enterprises at both the macro and micro level. Now, they are gradually moving towards macro level adjustment and control. Thus, during this current gigantic industrial revolution, they have to rely on the trade unions to function as their political "pressure relief valve", "shock

absorber" and "lubricant". It is impossible for any organisations, except the trade unions themselves, to replace the role of trade unions. The CCP and the government have given trade unions greater attention and support than ever.

About 90% of the figures in the above surveys are based on the condition of trade unions in the state-run enterprises. Particularly for unions in medium to large enterprises, their working policy, activities and sources of funding etc. remain dependent on the cooperation and support of the CCP. Trade unions can not independently organise any activities without direction or approval from their superior department. As mentioned in the surveys in recent years trade unions have established enterprises. This is a part of the government's policy of developing tertiary industry in an effort to adjust its economic structure. Government at various levels, both central and local, not only provides funding or loans to trade unions in the state sector, but as well drafts specific operation policy, gives instructions to trade unions, provides trade unions with others' experiences, and provides trade unions with specific enterprise or institute models and so on. All the important activities of trade unions are still monopolised by the CCP and the government.

In the above-mentioned surveys, it was revealed that membership in 1993 had decreased. This is one of the very serious problems facing trade unions. Prior to the Cultural Revolution, union establishment and membership rate was as high as 90%. Since the economic reforms started, both the union establishment rate and membership rate have dropped. The workforce is expanding as the number of foreign capital companies, private capital companies and township enterprises increases. According to a survey by the State Statistics Bureau, by the end of 1994, apart from 147,000,000 workers in state-owned enterprises, there was an increase of

120,000,000 workers from township enterprises, 14,000,000 from foreign capital enterprises, 5,000,000 from private enterprises. Only half of all the workers are organised. Especially in most of the township, private and foreign enterprises, no trade union was established. Even in the state sector, the establishment rate of trade unions only reached 70%, (according to survey by the ACFTU in 1995.) this is because: in the large number of state-run enterprises which have either suffered losses, or closed or ceased operations, unemployment, loss of trade unions membership and the subsequent demise of some unions is common place.¹⁷

According to some articles of the "Trade Union Law of the People's Republic of China" and the "Constitution of China's Trade Unions", no legally established trade union organisation can be removed or annexed regardless of the size of its membership, and regardless if there are full-time or part-time union cadres. Since the union body belongs to social organisations established within enterprises by law, not an organisation established by the enterprise itself for meeting its production needs, the enterprise concerned has an obligation to follow the "Trade Union Law" and cannot decide whether to establish a trade union or how it should be established. However, there have been many cases in which enterprise management failed to abide by its obligations. Between July and August, 1993, according to a survey of 24 state-run small and medium business and enterprises in Baotou, Huherhaote and Wumeng of Inner Mongolia Autonomous Region by Inner Mongolian branch of ACFTU, a number of these enterprises were leased or sold to collectives or individuals. The operation of the unions in these workplaces was seriously affected by the change in ownership arrangements. Some unions were removed and some others were annexed.¹⁸

In the early 1990s, China implemented the so-called "transform, lease and sell" reform policies in previously state-owned small businesses or enterprises. To carry out these policies, the following eight schemes were adopted:

(1) Implement share ownership. Old enterprises were to be transformed into share owned or limited liability companies, or shared partnerships;

(2) Lease out assets. Under the condition that the existing enterprise relationship with the state, their ownership nature and status of their workers be maintained, the enterprise was to become "state-owned but self-run", or leased out to individuals, groups or all the workers in the enterprise;

(3) Implement a contract responsibility system. Some of these contract systems are, capital and management agreement, contract on the overall production input and output, or contract that links profit and the production cost etc.;

(4) Transfer or auction assets and capital. This involved capital and asset transfer including taking over debts with the transfer, working out the value of the shares for the assets or looking for bidders and consultation etc. The auction or sale of capital mainly included direct purchase or purchase through a property trading market or an evaluation of the share worth of the enterprise and selling the shares to the workers at the enterprise;

(5) Merger. This involved allowing mergers between different industries and different type of ownership or regions;

(6) Allowing workers to become individually employed while keeping their state worker status. Under this scheme, workers did not work in their original enterprise in stead they were able to gather funds and find premises and run an individual business while remaining their employee status at their original enterprise;

(7) A combination of enterprise lease, contract system and share ownership. Internally, an enterprise is managed at many levels, and each level took one or more of these forms;

(8) Allowing an enterprise to become bankrupt, deregistered or exist in other forms allowed by the state.¹⁹

According to a survey by the Inner Mongolian Branch of the ACFTU, up till the end of 1993, 340 of the 657 (51.7%) state-owned small businesses or enterprises in Baotou had introduced individual management mechanisms or had implemented lease management. 12 others (or 1.8%) had implemented share management schemes, and one enterprises had been merged and another had been auctioned. In Wumeng region, of the 1,463 businesses or enterprises surveyed, 347 (23.7%) had implemented a transfer of management. The new forms were mainly: share, lease, auction, bankruptcy merger and independently-managed.²⁰

Since the implementation of the so-called "transform, lease and sell" reform policies, some of the previously state-owned small and medium-sized businesses or enterprises have become new interest groups and their relationship with their previous superior administration department has altered to become a contractual relationship. This has brought about a profound change in the enterprise management pattern, industrial relations and the pattern of distribution within the enterprise. The changes have also had a considerable impact on the old union organisations within these enterprises.

The effects on the trade unions have been mainly in the following areas:

(1) The trade unions standing and influence in enterprises have commonly suffered a decline to the point where many have been annexed or dismissed.

According to an ACFTU survey in 1993, trade union organisations in some enterprises were abolished during the process of property right transfer. In the Yiyang Region of Hunan Province for example, of eleven property right transfers, six enterprises abolished their workplace trade union organisations. In Chaling county of the same province, all the 6 leased enterprises abolished trade unions. In some other enterprises, although trade union establishments still exist, they are not complete. Some enterprises use the "One-man system" or "Concurrent post system" to replace the existence of a trade union and in other enterprises trade unions only exist in name and have become "paper organisations". One instance of this occurred after an embroidery factory in Wuling District, Changde region of Hunan Province was sold by auction to an investor from Hong Kong. Although the trade union's office still exists, the Chairman has left and all trade union activities at the enterprise have ceased. Some enterprise trade unions disappeared through no particular anti - union action and situations where "people leave and organisations break up" have occurred. In some enterprises, although there are some trade union activities there are no union organisations, while in some other enterprises there are union organisations but no activities. As well, some government departments seized trade union properties and their activity place. (e.g. office theatre hall, etc.) Many trade union cadres complained that trade unions had sought to develop their organisation but were now faced with the problem of sheer survival.²¹

(2) The number of full-time trade union cadres has been in slow decline. Cadres were reported to be in low spirits and unable to keep their minds on their work.

In the retail business system in Huhehote, Inner Mongolia, there used to be 62 full-time trade union staff but the number has now declined to less than 30. In Tou County of the same Province there is only one full-time union official in the whole business system. In the Jining County business system the trade union has been abolished and its staff have been transferred. In some regions, the working and housing conditions for trade union staff are very poor, and these people's entitlements are below the state's standard.²²

(3) Management at many enterprises did not follow the "Trade Union Law" in providing its share of trade union funding. Trade union funding had been drastically reduced posing great difficulties for the unions. According to an ACFTU survey, only very few of the enterprises surveyed were able to provide the trade union with their share of the funding (as required by "Trade Union Law"), and those loss-making enterprises were even less able to do so. In addition, after the enterprise's ownership had changed, the previous revenue and expense management system was discontinued. The amount of trade union funding from the enterprise often varied and this has made it difficult for the unions to maintain a consistent and reliable source of funding. In some sole foreign capital enterprises, the funding payment to the trade union had been stopped. For example, in the embroidery work mentioned in the previous paragraph, the management refused to pay any trade union funding in violation of the "Trade Union Law". In some areas of Hunan province, some retired trade union workers were unable to get their retirement pension and medical benefits which are guaranteed by law.²³

(4) Since the transfer of enterprise ownership, the Party organisation in some of the small-size enterprises is not complete. Usually it is the manager or boss who must give approval before the establishment or improvement of the trade union organisation. The trade union staff are

under the leadership of the boss and trade union activities must also be approved and funded by the manager.

5.3 The State of Trade Unions in the "Three Capitals" Enterprises

Since the beginning of the 90s, the foreign sole capital invested companies, Sino-foreign joint ventures and Sino-foreign co-operative businesses have developed at an exceptional rate. According to an official survey²⁴ at the beginning of 1994, the number of registered foreign-capital-invested enterprises had exceeded 190,000. Of these about 68,000 companies employing around 8,800,000 have already been operational. At the end of 1993, the number of unionised "Three Capitals" enterprises was only 8,260 and the rate of trade union establishment among these businesses only 10%. The membership was 1,321,400, approximately 15% of the total workforce in this sector.²⁵ Of the 8,260 trade unions, 5,269 were established in 1992 and 1993, - 1.8 times the total number of trade unions established in this sector prior to 1992. Up till October 1994, the number of registered "Three Capitals" enterprises has exceeded 200,000. Among them, 100,000 enterprises were operational. Negotiated foreign investment was 291.8 billion US dollars, 91.9 billion has already been in use. These "Three Capitals" enterprises employed about 12 million workers at the time of survey.²⁶ At the same time, there has been rapid development in trade unions in "Three Capitals" enterprises. Until September 1994, 25,699 trade unions have been established, the rate of establishment rate was 36%.²⁷

In terms of the regional distribution of trade union establishment in "Three Capitals" concerns, several coastal provinces were the highest, especially the Special Economic Zone or Special Development Region. For example, the rate of union establishment among "Three Capitals" in Tianjin is 72%, 85% in Dalian and 98% in Shekou where the percentage of

workers' membership is 92%. Shekou is the region where "Three Capitals" enterprises have the highest unionisation rate.²⁸ However, very few trade unions have been established among similar concerns in other coastal regions or Special Economic Zones, and especially in the "Three Capitals" in the inland regions. For example, in Zhejiang Province, 8,035 businesses of such type have registered and 3,039 of them have become operational. By the end of 1993, only 930 (or 30%) of these operational enterprises had established trade unions. In Hebei Province, 2,910 such enterprises were registered and 869 of them had become operational, but only 228 (or 25%) of these operational concerns had established trade unions. At Ningbo, another important Special Economic Zone, the trade union establishment rate among the "Three Capitals" enterprises was only 20%. In many other provinces, hardly are there any trade unions established within "Three Capitals" enterprises. In some regions trade unions are totally nonexistent in such enterprises.²⁹

In the past ten years or more, the establishment of trade unions in the "Three Capitals" enterprises has been far lagging behind the rapid development and increase in number of these businesses. Even if trade unions are established, they may find it very difficult to function effectively. Their lack of power and influence is evident in the following:

1. Trade unions do not have the right to participate in the management as representatives of workers; nor may the trade union chairman attend a board meeting as a non-voting delegate;
2. Trade unions do not have the right to sign collective contracts on behalf of the workers and there are no specific provisions regulating this issue;
3. Trade union cadres often receive unfair treatment from employers for carrying out their function of protecting workers' interests;

4. These enterprises often do not provide any funding at all or they provide less than the required as stipulated by law; Neither do they provide trade unions with premises or facilities for their activities.³⁰

According to a survey by Hebei branch of ACFTU, most trade unions in the "Three Capitals" enterprises do not have full-time staff. In some enterprises, union chairmen were temporarily appointed by the enterprise Party Committee without any form of election or recommendation and the majority of these positions were held concurrently by the deputy manager or middle management staff. Subsequently, there is little or no monitoring or restraining mechanism in these enterprises. Workers often complain privately that; "our wages are low, our conditions are poor, we cannot complain to anyone since there is no trade union here."³¹ In Qingdao, Shenyang and Tianjin development regions, some foreign investors have joined together and developed a unified policy to resist the establishment of trade unions in their enterprises and to obstruct any trade union works. Management in some enterprises does not allow trade union cadres to enter their business premises to help workers establish trade unions. For example, a Taiwanese investor in Xiamen Special Economic Zone, not only prevented for 7 years a trade union from being established in his business, but also, by drawing on connections at a higher level, forced the local government to transfer the chairman of the United Council for Trade Unions in Sole Foreign Capital Enterprises to other another city.

Some trade unions have always been "underground". Trade union workers in some other "Three Capitals" enterprises have been sacked because they spoke for the workers. In some cases, some trade union chairmen issued membership cards to its members and the managers have intervened.³²

The current difficulties in establishing trade unions in these "Three Capitals" are the following:

1. Lack of interest or concern by the central government. Although the "Chinese and Foreign Joint Venture Law", "Chinese and Foreign Co-operation Law" and the "Foreign Capital Invested Enterprises Law" state that, "all the foreign capital-invested enterprises are required to establish trade unions according to 'trade union law', to provide trade unions with the necessary funding, premises and time and to respect the trade union's legitimate rights as stipulated by law. However, since there is no system to oversee or enforce the compliance with these laws, no government department bothers to intervene and consequently many of these enterprises have no trade unions.

2. Many workers do not understand the purpose and function of trade union. Urban workers have relied very little on trade unions in the past and new workers from rural areas lack any knowledge about trade unions and their functions. Thus the demand for establishment of trade unions is not strong among workers in these foreign capital invested enterprises.

3. Employers resist the push for establishment of trade unions (as discussed in the previous paragraphs).

Those trade unions already established in the "Three Capitals" enterprises experience great difficulty in carrying out their operations. The main reasons are considered to be the following:

1. The working policies drafted by the CCP and ACFTU require that trade union cadres co-operate with investors in seeking a common goal, i.e. the development of the enterprises. These policies have put trade union cadres in a very difficult position when defending workers' specific

interests. Union workers cannot offend foreign investors because these investors may be scared away. They must look after the interests of three parties, the government, the employer and the workers. The conflicting roles of these trade unions are even harder to play than those of their state-run counterparts.

2. The majority of foreign investors are experienced in dealing with trade unions in their home countries while Chinese trade union cadres do not have any experience in dealing with foreign employers. "Trade union law" stipulates that employers must provide the trade union with funding equivalent to 2% of its pay roll but many foreign investors don't accept this. They argue that, "all over the world, trade unions get their funding from membership fees, why are you asking our business to pay your union fund?" In such situations, trade union cadres dare not insist.³³

3. In order to attract foreign investment, the Chinese government at various levels often does not provide a great deal of support to trade unions. Often, they attracted foreign investment at the expense of workers' rights and interests. (as discussed in the previous chapter).

4. Trade unions are understaffed in these enterprises and the control of union personnel is in the hands of management or government. Many of "Three Capitals" enterprises do not have full time union staff, the union workers are employed and controlled by the foreign employers.

5. The cost of labour in China is cheap and the supply is abundant and some government officials and China-side managers often yield to foreign investors' demands. All this has caused the foreign investors to raise their demands when negotiating with trade unions.

Since the 1990s, the number of workers employed in the "Three Capitals" sector has increased rapidly. Lack of protection by the government and

trade unions has resulted in appalling working conditions and desperately low living standards. A constantly rising number of fatal industrial accidents in 1992, 93 and 94 have caused people to be concerned both in China and overseas. Under pressure from both domestic and international media to stabilise the political situation and the order of economic development, during 26th - 30th August 1992, the Chinese government and the ACFTU held a "National conference of trade unions in the foreign capital invested enterprises" in Dalian. In that conference, an ACFTU-drafted "Proposals for speeding up union establishment in foreign invested enterprises and strengthening trade unions" was discussed.³⁴ In June, 1994, another similar conference was held in Shijiazhuang of Hebei Province. At this conference, a plan for speeding up the establishment of trade unions and some working policies and principles on strengthening trade unions in these enterprises was drafted.

5.4 Trade Unions in the Privately-owned Enterprises

Workers in China's private enterprises are currently the least organised. At the end of 1993, only 224 of all the private enterprises nationwide (excluding the sole foreign capital invested enterprises) had established trade unions. However, according to estimates by a government department, the number of private enterprises (including sole trader businesses) is set to grow rapidly. They are estimated to reach between 25 to 30 million by the year 2000, their capital will reach 200 billion yuan, annual output will be over 350 billion yuan, (20% or more of the GDP), their annual national retail will reach 600 billion yuan, about 30% of the total annual national retail figure.

Private ownership, after having disappeared for more than three decades in mainland China, is now reborn and is experiencing an enormous growth. From 1956 when the socialist transformation of productive

materials finished, private ownership was non-existent. It had become synonymous with capitalism and was thus totally incompatible with the socialist system. By the mid 1980s, private enterprises were rising again and the private economy was able to develop amid a strong public ownership economy. This was matched by the growth of a huge new work-force. However, the social status, working conditions, wage and welfare provisions of this workforce are not as good as those enjoyed by their state or collective sector cousins. Neither are they as good as those in the "Three Capitals" enterprises. They cannot enjoy the benefits and protection of a socialist system, nor do they have the right to freely organise trade unions like workers in capitalist countries. They do not have access to welfare such as health care, retirement pension, housing, unemployment insurance and so on. Some of them work with no work protection, some were severely exploited by working extended hours. In 1990, average monthly income for private enterprise employees was 188.7 yuan. In 1991, their average annual income was 3018 yuan. Among these enterprises, 7% of them pay their employee annual wages under 1,000 yuan, 9.9% of them pay over 4000 yuan.³⁵ In current private enterprises, labour relations are dominated by employers. It is a countryside, family and feudal labour relation. It is a product of the process in which China's natural economy is transforming into an industrial market economy.

Party organisations do not exist in the private sector generally. Many trade union cadres at both the national and provincial levels think that trade unions should remain a working department of the party and should therefore not be established in enterprises where no Party organisations exist. Even for the very few trade unions that do exist in private enterprises, trade union workers are still used to waiting for Party documents on direction for further action. Without these documents, they would not know what to do, or how to deal with the employer. They

indeed lack experience in this aspect and depend on the party to supply that skill and knowledge.

Because workers in the private sector tend to move from one workplace to another, some of the trade unions refused membership applications by some workers on the basis that these workers' years of service in that enterprise were not long enough. In addition, because many private enterprises are owned and run by families, workers normally dare not speak out or put forward their nomination for trade union cadre election in front of the employer's relatives.

5.5 Trade Unions in the Township-based Enterprises

During the economic developments of the past ten years or so, workers in the township-based enterprises have rapidly developed into a giant new work force. In early 1993, the number of workers in this sector had reached 105 million, almost equal to the combined number of workers in the state sector and urban collective enterprises. Tens of millions of these workers have become "career workers" - totally engaged in industrial production although they live in the countryside. At the end of 1993, the number of wage-earners in township enterprises has reached 123.45 millions, about 44.5% of the total number of wage workers and has surpassed the number of workers in the state sector. Hundreds of millions of peasants are gradually leaving the countryside with its agriculture-based economy and are joining the socialised mass-production and market economy. More and more farming people are leaving the land and turning to the industrial production and service industries. They are becoming a new component of the working class in China. Currently, the number of township-based enterprises is over 20 million and this section of the economy is playing an vital part in China's transition from an agricultural country to an industrialised country. During the 15 years between 1978 and 1993, the total

product value from township enterprises has increased 60 times. In 1993, their total product value reached 290.22 million yuan, about one third of the total value of the national product.³⁶

The experiment of establishing trade unions in China's township-based enterprises started in 1984. The establishment of trade unions in township enterprises was first raised at the Second Executive Meeting of the Tenth ACFTU Congress in 1984. In the past ten years, the pace of its development has been very slow. According to current state regulations, trade unions may be established in township-based enterprises and large-scale village-based collective enterprises. There are currently 400,000 such enterprises nationwide where unions have been established, (2% of the total number of the township-based enterprises), and they employ 25 million workers (25% of the total number of workers in township enterprises nationwide). However, their output is about 40% of the total output from the country and township enterprises. In early 1993, more than 19,000 trade unions were established in township enterprises nationwide and have had a new membership of 2 millions.³⁷

Due to their very limited number, trade unions in township enterprises face many difficulties in carrying out union operations. These difficulties are as follows:

- 1, The majority of trade union cadres work part-time for the unions;
- 2, Many workers have to work both in the factory and on the farm therefore it is very difficult for trade unions to organise them;
- 3, Most of these enterprises are newly established and the majority of the workers are young, recent arrivals from the countryside who are poorly educated and lack the strict discipline required by socialised mass production;

4, Management-skill levels are low, various management systems are not complete, labour protection conditions and welfare facilities are poor;

5, These enterprises are small and scattered thus it is difficult for trade unions to exchange experience and information with each other. In some regions, some medium trade union bodies, such as township trade unions or township working committees, have been established to overcome this difficulty. For example, in Cang county, Hebei province, a trade union has been established at its Township Enterprise Bureau. 30 or so township enterprises in this county have established trade unions. Thus a network of three layers consisting of Township Enterprise Bureau Trade Union, Township Trade Unions and Enterprises Trade Unions, has been formed and the ties between the unions at various levels and in enterprises have been strengthened.

In 1993, a conference, entitled "National Conference on Township Enterprise Trade Unions' Operations" was organised by the ACFTU in Wuxi, Jiangsu province. At the conference, the guiding policy for township trade unions' operations was clarified in the following way, "Trade unions must, considering the characteristics of township enterprises, fulfil their duties in safeguarding, constructing, participating and educating. Centring around the vigourness and development of enterprises, trade unions must mobilise and organise mass workers to carry out socialist work competition, work post training and putting forward productive proposals etc., and extend the advanced experiences, commend model workers, and arouse the enthusiasm of mass workers, striving to improve the product quality, to reduce the production cost, increase productivity and ensure the realisation of enterprises' production targets."³⁸

The activities and changes of the current ACFTU and the problems it faces have been discussed in this chapter. The operation of the ACFTU in the state sector between 1978 and 1993 was introduced and the organisation and the status of trade unions in the "Three Capitals", private and township etc. and various kinds of ownership enterprises were also discussed. The trade unions' tasks in "Three Capitals", private and township-based enterprises are different from those in state-run enterprises-more complicated and more difficult. The Party requires them to be "shock absorbers" and "pressure relief valves" in ensuring social stability, not "transmission belts". This indicates that, even in private economy, the main function of trade unions is still in the political domain.

-
- 1 Research Office of ACFTU, *Gonghui Gongzuo Tongxun*, (Trade Union Bulletin) No.12, p.38-40, 1993, ACFTU. *Gongyun Lilun Zhengce Yanjiu Ziliao*, (Materials for Study of Labour Movements and Theories), No.7, p15, 1993, ACFTU. *Xueshu Dongtai*, (Academic Updates), No.10, 1993, Chinese Academy of Social Science.
 - 2 Idem
 - 3 Idem
 - 4 Idem
 - 5 Idem
 - 6 Idem
 - 7 Idem
 - 8 *Gonghui Gongzuo Tongxun*, (Trade Union Bulletin) No.13, p.13-16, No.18, 19, 23, 1993, ACFTU. *Xueshu Dongtai*, (Academic Updates), No.1, 3, 1994, Chinese Academy of Social Science. *Zhonggou Gongyun*, (Chinese Workers' Movement) No.5 and No.7, p.1, 1994. ACFTU.
 - 9 Idem
 - 10 Idem
 - 11 Idem
 - 12 Idem
 - 13 Idem
 - 14 Idem
 - 15 Idem
 - 16 Idem

-
- 17 Chang, Kai, *Laodong Guanxi, Laodongzhe, Laoquan* , (Labour Relations, Labourer, Labour Rights), p.470-471, China Labour Press, 1995.
- 18 *Gonghui Gongzuo Tongxun*, (Trade Union Bulletin) No.3, p.11, 1994. ACFTU.
- 19 *Gongyun Dongtai* , (Labour Movement Developments),No.37, p.2, 1993, ACFTU.
- 20 *Gongyun Dongtai* , (Labour Movement Developments),No.37, p.2-3, 1993, ACFTU.
- 21 *Gongyun Dongtai* , (Labour Movement Developments), No.13, p.2-5,No.42, p.4-6, 1993, ACFTU.
- 22 *Gongyun Dongtai* , (Labour Movement Developments), No.37, p.4, 1993, ACFTU.
- 23 *Gongyun Dongtai* , (Labour Movement Developments), No.42, p.4-6, 1993, ACFTU.
- 24 Editorial, *Zhonggou Gongyun*, (Chinese Workers' Movement) No.7, p.1, 1994. ACFTU.
- 25 *Zhonggou Gongyun*, (Chinese Workers' Movement) No.7,8, 1994. ACFTU.
- 26 Chang, Kai, *Laodong Guanxi, Laodongzhe, Laoquan* , (Labour Relations, Labourer, Labour Rights), p.154, China Labour Press, 1995.
- 27 *Gonghui Xinxi* , (Trade Union Information), April, 1994. ACFTU.
- 28 A speech by Zhang, Dinghua, vice Chairman of ACFTU, at the "National Conference of Trade Unions in the Foreign Capital-invested Enterprises" in June 1994.
- 29 *Gongyun Dongtai* , (Labour Movement Developments), No.3, p.4, 1994, ACFTU.
- 30 A speech by Zhang, Dinghua, vice Chairman of ACFTU, at the "National Conference of Trade Unions in the Foreign Capital-invested Enterprises" in June 1994.
- 31 *Gongyun Dongtai*, (Labour Movement Developments) No.3, 1994. ACFTU.
- 32 Editorial, *Zhongguo Gongyun*, (Chinese Workers' Movement) No.2, p.13, 1994, ACFTU.
- 33 An interview with an official from ACFTU's Beijing branch, March, 1994.
- 34 *Journal of Chinese Institute of Workers' Movement*, p.64, No.5, 1992. Chinese Institute of Workers' Movement. "National conference on trade union operations in foreign capital enterprises was held in Dalian".
- 35 *Jingji Yanjiu Cankao Ziliao*, (Reference for Economic Studies), Labour Personnel Press, No.158, 1993. 'An Economic Survey of Private and Individual Business'.
- 36 Chang, kai, *Laodong Guanxi, Laodongzhe, Laoquan* , (Labour Relations, Labourer, Labour Rights), p.p. 124 -125, China Labour Press, 1995.
- 37 Zhang Ying, Wang Jinsheng, Hao Long, *Zhongguo Gongyun*, (Chinese Workers' Movement) No.5, p.24, 1994, ACFTU. "Speeding up the pace of setting up township-based enterprise trade unions".
- 38 Quoted from documents of "National Conference on Township Enterprise Trade Union's Operations", ACFTU , 1993.

CONCLUSION

In China's current historic transformation from a socialist public ownership economy to a state capitalist economy, trade unions in China also face a grim historic transformation. During this transformation, trade unions in China will have to change from being purely socio-political organisations to a social group with both political and economic attributes; They will transform themselves from being an administrative, centralised and politicised wing of the Party into a relatively democratic and politicised trade union movement. This is the basic trend of development for China's trade union movement. In the face of this historic transformation, crisis and hope co-exist, challenge and opportunity are next to each other. Trade unions in China must decide which course to follow. The crisis and challenges mainly arise from the following sources:

1. In a market economy, labour as the principal factor in the social production process is part of the market process. A direct requirement of trade unions as a result of their market involvement is that they clarify their status and position in social and economic relations, particularly industrial relations. However, in the case of China's trade unions, their status and position in economic and industrial relations is far from clear.

2. Since the start of the reforms, the pluralisation of economic and social interests has increased. The interests of the state can no longer be regarded as identical to the interests of workers. In these circumstances, trade unions as an interest group must declare their nature and their positions in the relations between different interests. However, China's trade unions are only seen presently as a socio-political organisation not as an interest group with economic attributes.

3. After enterprises have entered the market economy, they began to possess various management rights and independent economic interests. At the same time, industrial relations have also become complex and diversified. In these circumstances, each enterprise (or grassroots) level trade union should be able to, based on its own particular environment, set its own tasks and make decisions on the content and the format of its operations freely and without interference. Trade union practice, which, under the planned economy dictated identical and simultaneous operative styles and strategies nationwide, is no longer effective or appropriate.

Generally speaking, during the current historic transformation in China, the representation, the content of operations, the style of operations and the organisational principles and many other aspects of trade unions must change. If trade unions fail to undertake this transformation voluntarily, they will be abandoned by China's working class within a few years. However, this transformation will make the functions and the role of China's trade unions more complicated, difficult and even contradictory. Since, the existence of trade unions is to serve the needs of the CCP and the government, under the planned economy, their three functions, (namely, "transmission belt", "pillar" and "school"), were put in place to suit the interests of the Party and the government. But at present, the interests of the workers, the enterprises and the state are gradually diverging. In such a state, to whom should trade unions be primarily responsible? The workers or the government? Currently, trade unions are required by the Party to unify the interests of the three parties. But how is this going to be done? This is not an easy task ahead for unions.

In fact, whether it is in the past, at present or in the future, trade unions in China have never been, nor will they be able to achieve this. In her criticism of China's unions as weak bureaucratic organisations, Anita Chan wrote,

"The Chinese trade union federation which has traditionally been assigned the benign role of taking care of welfare functions in its state firms, has been allocated an additional task of keeping labour peace--'order goals', More recently, the task has been expanded to represent workers in collective bargaining. But this assigned mission is an impossible self-contradictory one, as stated in Article Six of the Trade Union Law: 'The trade union protects the staff and workers' legal interests of the entire people.' The very nature of the trade union's bureaucratic mission is diametrically in contradiction to the nation's emphasis on economic development. A conscientious trade union which tries to protect workers' rights will suffer the danger of being criticised for undermining the country's investment climate."¹

In the past, when trade unions were only serving the public ownership economy, they could not put the interests of workers on top of that of the Party. Now, trade unions have to serve an economy with various ownerships. In "Three Capitals" and township enterprises, they have to look after the interests of the investors and owners. Thus, trade unions have never sat on the side of the workers. Their important mission is to maintain both production and social order. This is why on one hand "trade unions in enterprises protect the Party's interests by suppressing workers' interests",² on the other hand, in order to appease workers and reduce their protests, trade unions have to appeal to the Chinese government and the public for the care for workers' difficulties and hardship and the protection of the main production force.

Nonetheless, the current China's only legitimate trade union organisation has, under the new economic structure and new industrial relation, conducted some reform on itself, for example, it has expanded its organisation, increased its functions and improved its style of work.

However, the thorough remoulding of the trade unions and the genuine autonomy of the labour movement are beyond the current economic reforms, They await a future agenda of political reform. In her comment on the reform and the future prospect for China's trade unions, Jude Howell said that whilst the trade unions have clearly moved some way in trying to address the challenges posed by foreign capitals, their pace has been slow. She also commented that, "whichever way the unions turn, the options are neither clear-cut nor easy."³

China is at present still among the developing countries and the trade union movement in China, correspondingly, is also in a state of under-development. Compared with Western countries where the international labour movement originated, China's trade union movement is still very young, but it has entered an historically unprecedented reform period. Although both the consciousness of the Chinese workers and their independent interests are still in a primitive stage, the potential is huge. Behind the one hundred million or more urban workers, there is a big industrial reserve of a few hundred millions. This gigantic new workforce which is totally different from the existing one, will not only have a direct, enormous influence over the trade union movement in China, but also a great impact on the changes in China's economic system. However, changes in the economic system will impact fundamentally on the more than one hundred million trade union members who rely on the state economy for survival. Without the establishment of a new trade union system to suit the new style economy, there will be no direct and independent means to safeguard workers' interests. This will necessarily affect the political system reforms in China. This is the logic of the trade union movement in China.

The growth and strengthening of the workers' movement and trade union movement rely on the emergence of China as an industrial nation and the

ending of its agricultural age. During this foreseeable and approaching period, China's workers' movement and trade union movement will move on to a modern, relatively independent and brand new stage.

-
- 1 Anita Chan, "Setting up new trade unions and collective negotiations in southern China", at the "Workshop on the Development of Labour Resources and Economic Development in China's Coastal Regions", P.11-12, Shantou, China, December 8-11, 1995.
 - 2 Jude Howell, "China's trade unions, challenges from foreign capitals", at the "Workshop on the Development of Labour Resources and Economic Development in China's Coastal Regions", P.23, Shantou, China, December 8-11, 1995.
 - 3 Idem

BIBLIOGRAPHY

Advances in Chinese industrial studies 1990, 1991. Greenwich, Conn., JAI Press.

Ahern, Emily Martin 1981. Chinese ritual and politics. Cambridge; New York, Cambridge University Press.

Alcock, Antony 1971. History of the International Labour Organisation, London, Macmillan.

An, Jian-hua and Cao Yan-ping. 1993. Quan-zong gong-ren jie-ji dui-wu zhuang-kuang diao-cha ban-gong-shi, "Guan-yu gong-ren jie-ji nei-bu jie-gou yu nei-bu guan-xi zhuang-kuang diao-cha de chu-bu fen-xi bao-gao" (Analysis Report of Statistics and Investigations among the Working Class), in ACFTU 1993 Report.

Andors, Stephen (ed.) 1977. Workers and workplaces in revolutionary China, White Plains, N.Y., M.E. Sharpe.

Ash, Robert and Kueh, Y.Y. 1994. Chinese Economy in the 1990s. Oxford University Press.

Asia labour monitor 1986 - . Kowloon, Hong Kong, Asia Monitor Resource Center.

Asian Affairs. London, Royal Society for Asian Affairs.

Essenberg, Bert 1985. The interaction of industrial relations and the political process in selected developing countries of Africa and Asia: a comparative analysis, Geneva, International Institute for Labour Studies.

Bishop, John L. ed. 1968. Studies of governmental institutions in Chinese history Cambridge, Mass., Harvard University Press,

Blecher, Marc. 1986. China: Politics, Economics and Society.

Brugger, W. 1976. Democracy And Organisation In The Chinese Industrial Enterprise, 1948-1953

Burns, John P. 1994. "Civil Service Reform in China", in Asian Journal of Political Science, December, 1994.

Campbell, Nigel [and] Henley, John S. ed. c1990. Joint ventures and industrial change in China . Greenwich, Conn.; London, JAI Press.

Campbell, Nigel, Plasschaert, Sylvain R.F., Brown, David H. ed. 1991. The changing nature of management in China, Greenwich, Connecticut, JAI Press.

Cao Yong (1992) Impact of market-oriented reforms on the Chinese iron and steel industry , Canberra :, Naitonal Centre for Development Studies.

Cao, Run-fang, Pan, Xian-ying 1988. Zhong-guo gong chan dang ji guan fa zhan shi Cao Run-fang, Pan Xian-ying bian zhu, Beijing, Dang an chu ban she(Archives Publisher).

Chan, Anita 1993. "Revolution or Corporatism? Workers and Trade Unions in post-Mao China". in The Australian Journal of Chinese Affairs, January 1993.

Chan, Anita 1995. "Setting up new trade unions and collective bargaining in south China". Paper for "Workshop on the Development of Labour Resources and Economic Development in China's Coastal Regions" at Shantou University. Australian National University.

Chan, Ming K. c1981. Historiography of the Chinese labor movement, 1895-1949: a critical survey and bibliography of selected Chinese source materials at the Hoover Institution, Stanford, Calif., Hoover Institution Press, Stanford University.

Chang, Kai. ed. 1995. Laodong guanxi, laodong zhe, laoquan - dangdai zhongguo de laodong wenti (Labour Relations, Labourer, Labour Rights.) Beijing: Zhongguo Laodong Chubanshe (China Labour Publishers).

Chen, Peter Kar-Nin, The Labour Movement in China 1840-1984, Swindon, Kowloon, Hong Kong: The Chinese University of Hong Kong.

Cheng, Joseph Y.S. ed. c1989 China : modernization in the 1980s, Hong Kong: Sydney: Chinese University Press, Allen & Unwin.

Child, John [and] Lockett, Martin ed. 1990 Reform policy and the Chinese enterprise Greenwich, Conn.; London, JAI Press.

Child, John. 1994. Management in China during the age of reform. Cambridge [England]; New York, NY, USA: Cambridge University Press.

China briefing 1991, 1992, Boulder, Colo., Westview Press,

China's economic dilemmas in the 1990s : the problems of reforms, modernization, and interdependence, 1992. edited by the Joint Economic Committee, Congress of the United States Armonk, N.Y.: M.E. Sharp.

Coble, Parks M. , Jr 1980. The Shanghai capitalists and the Nationalist government, 1927-1937 Cambridge, Mass., Council on East Asian Studies, Harvard University : distributed by Harvard University Press.

Davis, Deborah. 1988. "Unequal Chances, Unequal Outcomes: Pension Reform and Urban Inequality", in The China Quarterly, No.114, 1988.

Ehrenfeld, Alfred trans. 1974 Cultural revolution and industrial organisation in China : changes in management and the division of labor, New York, Monthly Review Press.

Epstein, Israel. 1980. Notes on labor problems in Nationlist China, New York, Garland Pub.

Falkenheim, Victor c. , Arbor, Ann ed. 1987. Citizens and groups in contemporary China, Center for Chinese Studies, University of Michigan.

Fang, Fu-an 1980. Chinese Labour, New York, Garland Pub.

Feuchtwang, S. and Hussain, A. 1983. The Chinese Economic Reforms, Croom Helm, London & Canberra, St. Martin's Press, New York.

Fewsmith, Joseph. 1994. Dilemmas of reform in China: political conflict and economic debate. Armonk, N.Y.: M. E. Sharpe.

Findlay, Christopher; Watson, Andrew and Hurry X. Wu, 1994. Rural enterprises in China, Houndmills, Basingstoke, Hampshire: New York, MacMillan, St. Martin's Press.

Fletcher, Merton Don. 1974 Workers and Commissars: trade union policy in the People's Republic of China. Bellingham, Washington. Washington State College.

Goodman, David S. G. and Segal, Gerald ed. 1991. China in the nineties : crisis management and beyond , Oxford, England : New York, Clarendon Press ; Oxford University Press.

Goodman, David S.G. (ed.) 1984. Groups and politics in the People's Republic of China , Cardiff , University College Cardiff Press.

Granick, David. 1991. "Multiple Labour Market in the Industrial State Enterprise Sector", in The China Quarterly, June 1991.

Griffin, Keith and Zhao, Renwei, ed. 1993. The distribution of income in China. New York, NY : St. Martin's Press.

Harrison, James Pinckney 1972. The long march to power : a history of the Chinese Communist Party, 1921-72 New York, Praeger Publishers.

Hinton, Harold C. 1973. An introduction to Chinese politics, New York, Praeger.

Hoffmann, Charles 1974. The Chinese worker, Albany, State University of New York Press.

Howards, Pat. 1991. "Rice Bowld and Job Security: the Urban Contract Labour System", in The Australian Journal of Chinese Affairs, January, 1991.

Howell, J. 1993. China opens its doors: the politics of economic transition, Harvester Wheatsheaf, Hemel Hempstead and Lynne Rienner Publishers Inc. Colorado.

Howell, J. 1995. "Trade unions in China: the challenge of foreign capital", paper for Shantou conference on trade unions. University of East Anglia, UK.

Howell, J. "Refashioning State-Society Relations in China" in The European Journal of development Research, Vol. 6, No.1, June 1994.

Howell, J. "The Impact of China's Open Policy on Labour" in Labour, Capital and Society, vol. 23, no.2, November 1990.

Hussain, Athar, Peter Lanjouw, and Nicholas Stern. 1991. "Income Inequalities in China: Evidence from Household Survey Data", Research Program on the Chinese Economy, STICERD, London School of Economics, CP No. 18, Nov. 1991.

Jackson, Sukhan and Craig R. Littler. 1991. "Wage Trends and Policies in China: Dynamics and Contradictions", in Industrial Relations Journal.

James Watson. ed. 1984. Class and Social Stratification in Post-Revolution China. Cambridge University Press.

Jan, George P. ed. 1969. International politics of Asia : readings, Belmont, California, Wadsworth Pub. Co.

John Andrews 1991 The Asian Challenge , Quayyt Bay, Hong Kong : Longman Group (Far East),.

John P. Burns, Stanley Rosen (editors) c1986 Policy conflicts in post-Mao China : a documentary survey with analysis , Armonk, N.Y., M.E.Sharpe.

Khan, Azizur Rahman, Keith Griffin, Carl Riskin, and Renwei Zhao, "Household Income and its Distribution in China", in China Quarterly, December 1992.

Klintworth, Gary ed. 1989. China's crisis : the international implications. London; Canberra: Strategic and Defence Studies Centre, Research School of Pacific Studies, Australian National University.

Kojima, Reeisu. 1990. "Achievements and Contradictions in China's Economic Reform, 1979-1988", in The Developing Economies. December, 1990, XXVIII-4

Kornai, Janos. 1980. Economics of Shortage. Amsterdam: North-Holland.

Korzec, Michael. 1992. Labour and the Failure of Reform in China. London: MacMillan.

Labour and industry : a journal of the social and economic relations of work
Brisbane, Griffith University 1994

Lee Lai To, 1986. Trade Unions in China: 1949 to the Present, National University of Singapore.

Lenin, V. I. 1979, Collected Works, Vol. 42, Supplementary Material, October 1917 - March 1923, London, Lawrence & Wishart.

Leung Wing-yue 1988. Smashing the iron rice pot : workers and unions in China's market socialism, Hong Kong , Asia Monitor Resource Center.

Lieberthal, Kenneth. 1994. Governing China. New York: W.W. Norton & Co.

Lin Qingsong. 1990. in Byrd, William and Lin, Qingsong. eds. 1990. China's Rural Industry: Structure, Development and Reform, Oxford: Oxford University Press.

Lin, Shujuan 1991. Estimation of the shadow price of labour in China, Canberra, National Centre for Development Studies.

Logan, John. 1978. "Growth, Politics, and Stratification of Places", in American Journal of Sociology.

Lozovsky, A. 1970. Marx and the Trade Union, Westport, Connecticut, Greenwood Press.

Lu, Ping (researched and compiled) 1990. A moment of truth: workers' participation in China's 1989 democracy movement and the emergence of independent unions, Hong Kong, Asia Monitor Resource Center.

Luo, Xiaoping. 1990. "Ownership and Status Stratification", in William A. Byrd and Lin Qingsong, eds. China's Rural Industry: Structure, Development and Reform. Oxford: Oxford University Press.

Ma, Mou, Huang Ming-han, Wang Han-sheng, and Yang Mu, eds. 1994. Jiu-shi Nian-dai Zhong-guo Xiang-zhen Qi-ye Daio-cha (Survey of the China's township and Village Enterprises in the 1990s). Hongkong: Oxford University Press.

MacFarquhar, Roderick ed. 1993. The politics of China, 1949 - 1989. Cambridge [England]; New York: Cambridge University Press.

Mackerras, Colin. (ed.) 1992. Eastern Asia : an introductory history , Melbourne; Longman Cheshire.

Michael, Franz et al. 1990. China and the crisis of Marxism-Leninism, Boulder, Westview Press.

Mosse, John A. 1990. Trade Union Theory from Marx to Walesa. New York: St. Martin's Press.

Nathan, Andrew J. c1990 China's crisis : dilemmas of reform and prospects for democracy , New York, Columbia University Press.

O'Leary, G. 1992. Chinese industry: From the working class to classes of workers, Centre for Labour Studies, University of Adelaide.

O'Leary, G. 1995. "The Making of a Chinese Working Class", paper for Labour Workshop in Shantou University, Shantou: University of Adelaide.

O'Leary, G., 1992. 'Redefining worker's interests: Reform and the trade unions', in Watson, A., Economic Reform and Social Change in China, Routledge.

O'Leary, Greg. 1992. "China Trade Unions and Economic Reforms", in Edward K. Y. Chen et al. eds. Labour Management and Industrial Relations in Asia-Pacific. Hongkong: Center of Asian Studies, University of Hongkong.

O'Leary, Greg. 1993. The development of a Chinese labour market, Centre for Labour Studies, University of Adelaide.

Peng, Yu-sheng. 1992. "Wage Determination in Rural and Urban China: a Comparison of Public and Private Industrial Sectors", in American Sociological Review. Vol.57, April 1992.

Peter C.W. , Leiden, Gutkind ed. 1988 Third World workers : comparative international labour studies, New York, E.J. Brill.

Poole, M. 1987, Industrial Relations: Origins and Patterns of National Diversity.

Pravda, Alex, and Blair A. Ruble. eds. 1986. Trade Unions in Communist States. Allen & Unwin.

Price, J. 1945 International Labour Movement : 1945 , London, Oxford University Pr.

Pye, L.W. 1990. The Authority Crisis In Chinese Politics ,

Rawski, Thomas G. c1979. Economic growth and employment in China, New York, Published for the World Bank [by] Oxford University Press.

Robert Benewick and Paul Wingrove (editors) (1988) Reforming the revolution : China in transition , Basingstoke ;, Macmillan Education.

Roger Southall (ed.) 1988 Labour and unions in Asia and Africa : contemporary issues , Houndmills, Basingstoke, Hampshire, Macmillan.

Rosenbaum, Arthur Lewis, (ed.) 1992. State & Society in China: the Consequences of Reform. Boulder: Westview Press.

Sabin, Lora. 1994. "New Bosses in the Workers' State: the Growth of Non-State Sector Employment in China", in The China Quarterly, no. ? 1994.

Saich, Tony. 1981. China: politics and government. London: Macmillan.

Schurmann, Franz 1968 Ideology and organization in Communist China 2nd ed., Berkeley, University of California Press.

Seldon, Mark. 1988. The Political Economy of Chinese Socialism. New York: M.E. Sharpe.

She-hui fen-pei wen-ti yan-jiu ke-ti zu (Study group on social distribution), "She-hui fen-pei bu-gong ji qi dui zhi-gong dui-wu de ying-xiang (Unfair social distribution and its impact on the workforce). ACFTU 1992 Survey Report

Shirk, Susan L. 1993. The political logic of economic reform in China. Berkeley: University of California Press.

Solinger Dorothy J. 1995. "Employment Channels and Job Categories Among the 'Floating Population'", a paper for "Workshop on the Development of Labour Resources and Economic Development in China's Coastal Regions" at Shantou University. University of California.

Southall, Roger (ed.) 1988, Trade unions and the new industrialization of the Third World, Ottawa, London, University of Ottawa Press; Zed Books, Ltd.

Stephen Deery and Richard Mitchell eds. 1993, Labour law and industrial relations in Asia : eight country studies, Melbourne; Longman Cheshire.

Stranahan, Patricia c1990. Molding the medium : the Chinese Communist Party and the Liberation daily, Armonk, N.Y., M.E. Sharp.

Sturmthal, Adolf and James G, Scoville (eds.) 1973 The international labor movement in transition : essays on Africa, Asia, Europe, and South America , Urbana, University of Illinois Press.

Tang, Xue Bao 1989. Some major progress in China's public administration the Hague, Institute of Social Studies.

Terrill, Ross 1978. The future of China after Mao Adelaide, Rogby.

Thomas, S. Bernard and Arbor, Ann 1983. Labor and the Chinese Revolution: class strategies and the contradictions of Chinese Communism, 1928-48 , Center for Chinese Studies, University of Michigan

Tidrick, G. and Chen, Jiyuan, 1987, China's Industrial Reforms.

Townsend, James R. 1967. Political participation in Communist China Berkeley, University of California Press.

Tung, Rosalie L. c1982 Chinese industrial society after Mao , Lexington, Mass, LexingtonBooks.

Wagner, Augusta 1980. Labor legislation in China, New York, Garland Pub.

Wagner, Augusta B. 1980. Labor Legislation in China. New York: Garland Pub.

Walder, Andrew G. 1986, Communist Neo-Traditionalism, Work and Authority in Chinese Industry, Berkley, Los Angeles, London, University of California Press.

Walder, Andrew G. 1991. "Workers, Managers and the State: the reform Era and the Political Crisis of 1989", in The China Quarterly, September 1991.

Walder, Andrew G. 1992. Popular Protest in the 1989 Democracy Movement: the Pattern of Grass-Roots Organization, Hong Kong: HK Institute of Asia-Pacific Studies, the Chinese University of Hongkong.

Walder, Andrew G. 1992. "Urban Industrial Workers: Some Observations on the 1980s", in Arthur Lewis Rosenbaum, ed. State & Society in China: the Consequences of Reform. Boulder: Westview Press.

Walder, Andrew. 1987. "Wage Reform and the Web of Factory Interests", in The China Quarterly, No. 109, 1987.

Wang, Zong-zhou ed. 1989. Zhong guo lao dong fa gui quan shu, Wang Zong-zhou zhu bian, Shandong, Huang he chu ban she (Yellow River Publisher).

Warner, Malcolm. 1990. "Chinese Trade Unions: Structure and Function in a Decade of Economic Reform, 1979 - 1989". Research paper No. 8/90. Management Studies, Engineering Dept. Cambridge University.

Warner, Malcolm. ed. 1987. Management Reforms in China, London: Francis Pinter (Publishers).

Watson, Andrew (ed.) 1992. Economic reform and social change in China, London; New York, Routledge.

Watson, James L. ed. 1984. Class and Social Stratification in Post-Revolution China. Cambridge University Press.

White, Gordon. 1993. Riding the tiger : the politics of economic reform in post-Mao China Basingstoke, England, MacMillan.

White, Gordon. 1976. The Politics of Class and Class Origin: The Case of the Cultural Revolution. Canberra: Australian National University Press, Contemporary China Centre.

White, Gordon. 1987. "The Politics of Economic Reform in Chinese Industry: The Introduction of the Labour Contract System", in China Quarterly, September 1987.

White, Gordon. 1995. "The Decline of Ideocracy". In Robert Benewick and Paul Wingrove, eds. China in the 1990s. London: MacMillan.

Wilson, J., 'Labour Policy in China: Reform and Retrogression' in Problems of Communism, Sept.-Oct., 1990.

Wilson, Jeanne L. 1987. "The Institution of democratic Reforms in the Chinese Enterprise since 1978", in Worker Participation and the Politics of Reform, ed. Carmen Sirianni, (Philadelphia: Temple University Press)

Wright, H. M. 1968. The Chinese labor movement, 1919-1927 Translated from the French [Mouvement ouvrier Chinois de 1919 a 1927. Chesneaux, Jean], Stanford, Calif., Stanford University Press.

Wu, Harry X. 1991. China's labour force sectoral transformation and economic growth in 1953-1989 Adelaide, Chinese Economy Research Unit, University of Adelaide,.

Wu, Harry X. 1992. The industrialisation of China's rural labour force since the economic reform Adelaide, Chinese Economy Research Unit, University of Adelaide.

Xia, Ji-zhi. ed. 1992. Zhong-guo Lao-dong Li-fa Wen-ti (Issues of Labour Legislation in China). Beijing: Zhong-guo Lao-dong Chu-ban-she (China Labour Publisher).

Xiao, Liang. 1991. "Suo-you-zhi Xing-shi de Gai-ge (The Reform of Forms of Ownership)", in Zhang Zhou-yuan and Huang Fan-zhang, eds. Zhong-guo Shi-nian Jing-ji Gai-ge Li-lun Tan-suo (Exploring the Theories on China's Decade of Economic Reform). Beijing: Zhong-guo Lao-dong Chu-ban-she (China Labour Publisher)

Yearbook of Labour Statistics of China, 1994, 1994. Beijing: Zhongguo Tong-ji Chu-ban-she, China Statistics Press.

Yu, Qing-he (ed.) 1987. Zhong-guo zhi gong dui wu zhuang kuang diao chao : 1986, Zhong hua quan guo zong gong hui(ACFTU); Zhu bian Yu Qing-he Beijing , Gong ren(Workers Press).

ZDZW Zhong-guo Di-er Zhi-ye Wen-ti (The Question of Secondary Job in China), 1991. Lao-dong-bu Zheng-ce Fa-gui Si (Department of Policy and Legislation, Ministry of Labour), ed. Beijing: Zhong-guo lao-dong chu-ban-she (China's Labour Publisher).

ZGSJ Zhong-guo de Ge-ti he Si-ying Jing-ji (China's Individual and Private Economy), 1990. State Council's research Bureau- Individual, Private Economy Investigation Team, ed. Beijing: Gai-ge Chu-ban-she (Reform Publisher).

Zhang Zaiping, 1995, 'Social Stability or Enterprise Efficiency: China's New Labour Law', in China Review.

Zhong hua ren min gong he guo lao dong zheng ce fa gui quan shu, 1990. Lao dong bu zheng ce fa gui si, Ji-lin sheng lao dong ting bian [Changchun]: Ji-lin ke-xue ji-shu chu ban she (Ji-lin Science and Technology Publisher).