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Chinese Working Class and Trade Unions in the Post-Mao Era: Progress and Predicament[+]

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Abstract

This paper is an overall review of the changes and predicaments of Chinese working class and trade unions in China's reform era. The Chinese working class's political and economic privileges have declined significantly since the early 1980s. On the other hand, new economically privileged groups have emerged within the Chinese working class as a result of SOEs restructuring and private enterprises development, leading to a highly heterogeneous and stratified working class. Deteriorating labour relations have not only created political and social instability in China, but also become one of the major obstacles for transforming China's economy from export-driven to domestic-consumption-driven. Chinese trade unions, as one of the state apparatuses expected to be the society stabilizer by the Chinese Communist Party and the government, have tried to consolidate their monopoly of labour issues and representation of workers' interests through unionization, legislation, and labour disputes resolution. However, they basically failed to protect workers' interests due to their institutionalized over-dependence on the government. Social reforms have been suggested by many as the most important way to address Chinese workers' various predicaments, but without necessary political reforms, the effective implementation of progressive social policies is difficult to achieve.

Keywords: *Chinese working class, Chinese trade unions, China's labour issues, China's economic and social reforms*

1. Introduction

In the first half of 2010, a string of worker suicides in Foxconn's Shenzhen plant exposed Chinese working class's various predicaments to the public in an extremely tragic way. While the thirteen workers in Foxconn chose killing themselves as the weapon of the weak to voice their depression, more workers

in some other enterprises in China, such as Honda's Foshan plant, organized strikes for higher payment and better working conditions. Consequently, as China is enjoying its unusual success in dealing with the global economic crisis, the issues of Chinese working class and trade unions have become practically urgent for the Chinese government to tackle and intellectually appealing for the academia to study.

The division of labour among scholars of different disciplines on the study of China's labour issues has been clear: sociologists have mainly focused on the various impacts of a changing working class on Chinese society, especially, on China's social stratification and inequality; political scientists have been more interested in China's labour unrest and movements with a special interest in the Chinese trade unions' development; economists have been concerned about the role of Chinese working class in transforming China's economic development model, which inevitably leads to the wide discussion of national income (re)distribution. This paper provides an overall review of the progress and predicament of Chinese working class and trade unions based on information from a variety of sources, touching on the above major issues studied by different disciplines. Although this multi-disciplinary review of China's labour issues is not aimed at presenting many original findings or suggesting specific policy recommendations, it is hoped that readers may benefit from the review's comprehensive and broad coverage of China's important labour issues with rich and updated data. In the following sections, I first review the major issues in the transformation of Chinese working class, and then discuss the progress and dilemmas of Chinese trade unions in the reform area which has become an increasingly important topic in the study of China's labour issues.

2. Chinese Working Class's Transformation: from "Master of Enterprises" to "Free Labour"

Under the planned economy in Mao years, all Chinese workers worked in public-owned enterprises. These enterprises were owned either by governments at different levels or by government sponsored collective entities. Although the economic advantages enjoyed by workers varied by type and level of enterprises, in general, the Chinese working class as a whole was a politically and economically privileged class under Mao.

Politically, the Chinese working class has been named the nation's leading class in the Constitution since 1949. Under the class label system of social stratification in the Mao years, workers' political status was only inferior to revolutionary soldiers and cadres'. Therefore, workers enjoyed great advantages in joining the Chinese Communist Party (CCP), becoming candidates for promotion in the political hierarchy, and so on. These political

privileges were even extended to their children who enjoyed better chances of getting into universities, joining the army and finding decent jobs. Economically, Chinese workers enjoyed secured jobs, stable wages, and many other benefits such as free housing and medical care. Basically, almost all their typical life needs were taken care of by their enterprises and governments. They were the "master" of their enterprises, and permanently employed by the state without labour contracts. On the other hand, their job mobility was completely determined by the enterprises and governments. Therefore, unlike their counterparts in the market economy, Chinese workers before the reform were not "free" labour.

Since the early 1980s when the Chinese government started to transform its planned economy in the urban areas into a *de facto* market economy, the Chinese working class's political and economic privileges have declined gradually and significantly. Although the Chinese working class's glorious title of being "the nation's leading class" has been kept intact in frequently revised Constitutions of 1982, 1988, 1993, 1999, and 2004, previous political and economic advantages associated with this title have been dwindling. Eventually, the majority of the Chinese working class were trapped in a very disadvantaged position as the economy became fully marketized.

As the Chinese government's reform policies gradually transformed public-owned enterprises into highly independent profit-driven actors whose goals, structures and management strategies are similar to their counterparts in the western world, Chinese workers have also been "liberated" from the state's total control and become free labour who are not much different from their counterparts in the west as well. In the mid-1990s, the labour contract system replaced the permanent job system nationwide (Zhang, 2009b). However, this "liberalization" process had different impact on different type of workers. For those skilled workers who were competitive in the labour market, the labour contract system meant better working opportunity and higher payment; but for those ordinary workers who were seen as redundant labour by the reformed enterprises, it meant the loss of job security. Therefore, in the latter case, "free" is another term for "unemployment". In the late 1990s, Chinese state-owned enterprises (SOEs) launched a series of mass layoff to cut production cost and improve business efficiency. By 2005, over 85 per cent of small and medium-sized SOEs were restructured and privatized,[1] resulting in about 30 million laid-off workers, or almost half of the SOE workers (Qiao, 2007). For those who were fortunate enough to keep their jobs in public-owned enterprises, most of the previously guaranteed benefits have either completely been withdrawn or drastically been reduced. Almost all the enterprises stopped providing free housing to their employees. Major benefits such as medical care and pension were outsourced to government sponsored social insurance agents and employees had to share the insurance cost with their enterprises.

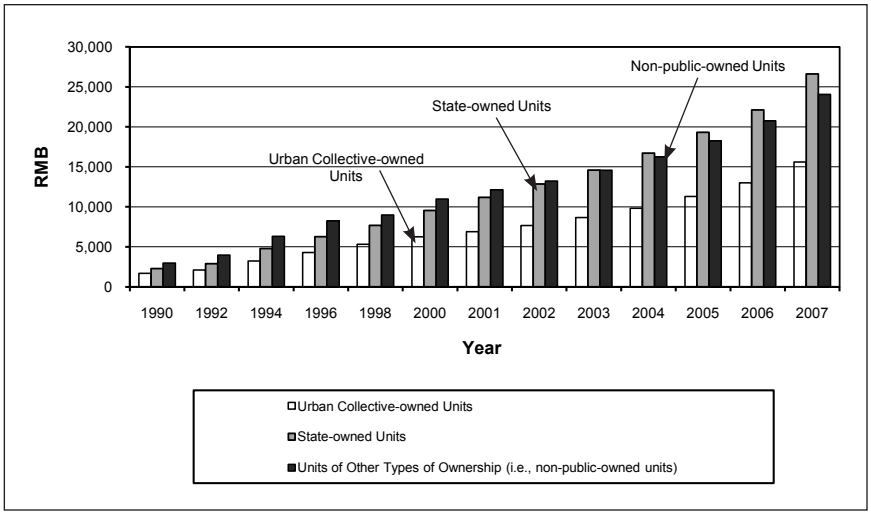
3. Chinese Workers' Economic Conditions: Stratification and Disadvantaged Migrant Workers

New economically privileged groups have emerged within the Chinese working class since the reform, leading to a highly heterogeneous and stratified class. In the Mao years, China had a countrywide standardized wage system for all the ordinary workers and management. Because seniority and skill mastery were the two major factors determining the level of wages then, in a few enterprises some senior and highly skilled workers' wages might be even higher than the enterprise heads'. The general wage gap between ordinary workers and management and among workers was very small. The reform has significantly increased and institutionalized the wage gap between different subgroups of the Chinese working class.

The increasing wage gap between the large SOEs' higher level management and ordinary workers has become a hotly debated issue in recent years. The Chinese media reported many cases of extremely large wage gap in some SOEs. In some cases, the enterprise head's annual wages was 100 times more than workers',[2] which is quite controversial in a country with a long egalitarian tradition. In September 2009, it was reported that the Chinese government passed a regulation to set the maximum gap between the SOE head's wages and workers' to 20 times.[3] Even among ordinary workers, wages vary greatly by region, industry and enterprise ownership. Not surprisingly, workers in more developed regions such as the east coast and the industries monopolized by large SOEs, such as finance, energy, telecom, tobacco, and power industries earn much more than those in other regions and industries. In terms of wage difference by enterprise ownership, as Figure 1 shows, SOE workers' average annual wages had always been lower than non-public owned enterprises workers' from 1990 through 2002. However, since 2003 SOE workers' average annual wages have been higher than non-public owned enterprises workers'. This probably shows the improved competiveness of SOEs as a result of mass lay-off, re-structuring and enhanced monopoly in the early 2000s. Among all the SOEs, those owned by the central government, namely, central enterprises, offered highest wages to their employees in recent years. It was reported in August 2010 that the central enterprise employees' average annual wages was about RMB54,000,[4] much higher than SOE and private enterprise employees' which was about RMB35,000 and 18,000 in 2009, respectively.[5] Workers in collective-owned enterprises have always received the lowest wages since 1990.

Relatively and generally speaking, SOE workers are still the most fortunate subgroup within the Chinese working class, because SOEs have been regulated more strictly by the government on wages, benefits, and other labour rights. In other words, SOE workers' labour rights have been violated less frequently and severely because of the government's closer supervision.

Figure 1 Chinese Workers' Average Annual Wages in Different Types of Enterprises, 1990-2007



Source: Data from *Chinese Trade Unions Yearbook, 2008*, p. 501.

There are much more violations of labour rights in non-public owned enterprises which employ the majority of Chinese working class.[6] In 2009, over 70 per cent of workers worked in non-public owned enterprises including private, foreign funded, joint-venture, other share-holding enterprises, and so on.[7] According to an investigation conducted by All China Federation of Trade Unions (ACFTU) in late 2007 in ten cities including Shanghai, Wuxi and Lanzhou, private enterprises had the lowest implementation level of labour contract system (Han, 2008). The national investigations on the implementation of Labor Law and Labor Union Law conducted by the National People's Congress (NPC) in 2005 and 2009 also showed that labour rights violations, such as extremely low wages, overtime without payment, payment in arrears, lack of major insurances and safety protection, abuse of probationary and short-term contracts, were especially common in non-public owned enterprises.[8]

Migrant workers, who constitute almost half of the whole Chinese working class, are the most disadvantaged subgroup. They were not officially recognized as part of the working class until 2003.[9] In 2008, there were 287 million urban workers, of whom 140 million were migrant workers. In addition, over 85 million peasant workers worked within their respective townships.[10] Migrant workers account for more than half of industrial and service workers in China.[11] But they have been subjected to the most

frequent and severe violations of labour rights: half of them were not employed officially (i.e., without labour contracts), 89 per cent of them had no unemployment insurance, 83 per cent had no pension, 70 per cent had no medical insurance, and finally, 65 per cent had no work accident insurance.[12] In Guangdong province where almost one-third of Chinese migrant workers stayed in 2005, about 76 per cent of them received monthly wages of less than RMB1000 when their basic monthly living cost was about RMB500. Their average monthly wages were only about 55 per cent of Guangdong workers'. Migrant workers' average monthly wages increased by only RMB68 in twelve years from 1993-2005 in the Pearl River Delta, while China's average annual GDP increase rate was about 10 per cent and average annual inflation rate was about 5.5 per cent during the same period.[13] Labour activists thus called China a sweatshop.

4. Chinese Workers' Political Conditions: Rising Population but Declining Political Representation

The population of Chinese working class increased constantly from about 95 million at the beginning of the reform in 1978 to 287 million in 2008.[14] However, the representation of ordinary workers in the highest organ of state power, the National People's Congress (NPC), has declined significantly since 1978. Specifically, as shown in Table 1, the percentage of ordinary worker deputies in the NPC decreased from 26.7 per cent in 1978 to 10.8 per cent in 2003. Peasant representation also has a similar declining trend since

Table 1 Occupation Composition of NPC Deputies, 5th (1978) NPC – 10th (2003) NPC

	Total Deputies	Worker Deputies		Peasant Deputies		Cadre Deputies		Intellectual Deputies	
		No.	%	No.	%	No.	%	No.	%
Fifth (1978)	3500	935	**26.7**	720	20.6	468	13.4	523	15.0
Sixth (1983)	2978	443	**14.9**	348	11.7	636	21.4	701	23.5
Seventh (1988)	2970	Worker and peasant deputies were 684 (23%) in total				733	24.7	697	23.4
Eighth (1993)	2978	332	**11.2**	280	9.4	842	28.3	649	21.8
Ninth (1998)	2981	323	**10.8**	240	8.0	988	33.2	628	21.1
Tenth (2003)	2985	322	**10.8**	229	7.7	968	32.4	631	21.2

Source: Guo (2009).

the reform. Similarly, the percentage of ordinary workers in the Chinese Communist Party (CCP) has also declined. It was 18.7 per cent in 1978 (Wang, 2003), but only 9.7 per cent in 2008.[15] Furthermore, of the newly recruited CCP members in 2008, only 7.5 per cent were ordinary workers.[16]

Chinese workers' economic and political status has thus declined significantly since the reform. A nationwide investigation of the Chinese working class by the ACFTU in 2007 showed that 69.5 per cent of workers and 67.3 per cent of migrant workers were dissatisfied with their social status. Workers' dissatisfaction was especially prominent in restructured SOEs and non-public enterprises (Zhang, 2009a).

5. Labour Disputes and Unrest

Labour disputes seem to be the unavoidable consequence of deteriorating labour conditions and workers' dissatisfaction. From 1995 when the Chinese Labor Law became effective nationwide through 2006, the number of labour dispute cases increased from 33,030 to 447,000, or by over 12 times, and the number of dispute cases per million workers increased from about 48 to 585, or by over 11 times (Wang, 2008). In almost every single year, the majority of these cases were collective disputes which involved three or more workers. These were labour disputes that went through the institutional channel, the Labor Dispute Arbitrational Committees (LDAC), for resolutions.

Chinese workers also expressed their dissatisfaction through a variety of non-institutional channels such as protests and lodging collective complaint to the government. As early as 1989, when the anti-corruption and pro-democracy movement spread across China, workers in many cities participated in the movement actively. Especially in Beijing, workers motivated by the student movement established the Workers' Autonomous Federation (WAF) to express their anger over deteriorating labour conditions and management corruptions (Nham, 2007; Zhang, 2009b). From 1993 through 2003, the number of "mass incidents" (*quntixing shijian* 群体性事件) in China increased from 10,000 to 60,000 and the number of participants increased from 730,000 to 3.07 million. In 2003, 1.44 million Chinese workers participated in mass incidents as the largest participating group, accounting for about 47 per cent of total participants (Qiao, 2007). In recent years, more migrant workers used "suicide show" to call for government's help on their payment in arrears. For instance, the fire department in Wuhan city reported in 2006 that about 80 per cent of public suicide committers were migrant workers who wanted to get their due payment from their employers through suicide shows.[17] Therefore, various labour unrest and other social problems caused by labour rights violations have become one of the largest threats to the construction of a "harmonious society".

Unsurprisingly, worldwide financial crisis in the past two years has only worsened labour relations and led to significantly rising labour disputes in China. For instance, in Guangdong province, there were 669 and 786 cases of absconding employers who failed to pay due compensation to their workers in 2006 and 2007, respectively. In 2008, the number of such cases significantly increased to 1985, involving about 206,000 workers and RMB600 million in arrears.[18] Nationwide, in 2008 there were more than 280,000 legal cases of labour disputes, a 94 per cent increase from 2007. In the first half of 2009, the number of such legal cases had already hit 170,000, a 30 per cent increase from the same time period in 2008. Seventy-nine per cent of labour disputes were largely over wages, social insurance and welfare, and other compensations.[19] As only labour disputes unsolved by the LDAC go through the legal process, there were actually more labour disputes in China in the past two years than indicated by official statistics on legal cases.

Deteriorating labour relations have not only threatened political and social stability in China, but also become one of the major obstacles to transforming China's economy from export-driven to domestic-consumption-driven. Most Chinese workers' consuming power is very low due to the low wages they receive. Wages constitute less than 10 per cent of total cost of Chinese enterprises, while that for developed countries is about 50 per cent.[20] In the Pearl River Delta, productivity is about 17 per cent that of the US, but workers' wages are only about 6.7 per cent that of the US. From 1990 through 2005, labour remuneration as proportion of GDP declined from 53.4 per cent to 41.4 per cent in China. From 1993 through 2004, while Chinese GDP increased by 3.5 times, total wages increased by only 2.4 times.[21] From 1998 to 2005, in SOEs and large scale industrial enterprises, the percentage of total wages/profit dropped significantly from 240 per cent to 43 per cent.[22] Therefore, most Chinese workers' income has not only been low, but also increased extremely slowly. This is partly why it is so difficult for China to depend on its domestic consumption to drive the economy.

There are at least three major reasons for the hard labour conditions, which led to the rise of labour disputes and unrest. At the national level, labour supply in China, especially those low skilled workers, seems to be unlimited. Employers can always find workers who accept low wages and difficult working conditions. In addition, for the Chinese central government, higher employment has always been a more urgent priority than higher wages. The Chinese government believes that to maintain social stability, that 100 people having jobs, even with very low wages and miserable working conditions, is much better than only 50 people having better paid jobs. At the local level, the Chinese local governments have been driven by "GDPism" in the past decades. Local government leaders' performance is usually evaluated by the performance of their economy and the maintenance of social stability.

Since capital (investment) shortage is a major concern to local governments in developing the local economy, local governments tend to favour capital at the expense of labour rights. The long-term labour surplus in almost every Chinese region has exacerbated this capital favouritism. Some local governments even did nothing to improve minimum wage rates for years to please employers. Facing the strong alliance between government and capital, Chinese workers have been an unorganized political force since the reform, and have little power to bargain with employers for higher wages and better working conditions. The ACFTU is the only legal trade union in China to represent and protect Chinese workers' interests. But it has basically been incapable of significantly improving China's labour conditions due to many institutional constraints.

Improving labour conditions has become the consensus among the Chinese government and scholars. The Chinese central and local governments have been taking various measures to address this issue. To improve ordinary workers' wages, local governments in 27 provinces and municipalities have improved or plan to improve local minimum wage rates by ten to over thirty per cent in 2010.[23] Now the highest minimum wage rate in China is RMB1120 in Shanghai and the lowest is RMB560 in Anhui province. It was also reported that the number of ordinary worker deputies increased significantly in the 2008 11th NPC. In addition, for the first time three migrant workers were selected to represent China's 140 million migrant workers in the 11th NPC.[24] The ACFTU has also endeavoured to protect workers' interests more effectively in recent years. It contributed greatly to the drafting and promulgating of the Labor Contract Law of 2008 which is strongly pro-labour. Furthermore, in the 2008 15th National Congress of Chinese Trade Unions, 47 migrant workers were selected for the first time to represent 65 million migrant worker members of trade unions.[25] Nevertheless, Chinese trade unions have been under severe criticism by labour scholars and activists for its failure in protecting Chinese workers' interests.

6. Chinese Trade Unions under Criticism

Since the 1980s, union movements in most developed countries have generally declined as indicated by the constantly dropping union density (i.e., percentage of employees belonging to unions) in each country (Table 2). For example, the union density in the UK and the US decreased by 22.7 per cent and 10.7 per cent, respectively, from 1980 to 2007. In contrast, the union density in China has increased significantly in the last decade. Table 2 shows that it increased by 21.4 per cent from 2000 to 2007. In 2008, the All China Federation of Trade Unions (ACFTU), as the sole legal trade union in China, had 212 million members and a union density of 73.7 per cent, which made it

Table 2 Union Density in Developed Countries and China, 1980-2007 (%)

	1980	1990	2000	2007
UK	50.7	39.3	29.6	28.0
Germany	34.9	31.2	24.6	19.9
France	18.3	10.3	8.3	7.8
US	22.3	15.5	12.8	11.6
China	58.1	59.5	44.5	65.9

Notes: 1. Union density = union membership/total employees eligible for union membership
2. Data for the four developed countries from Rampell (2009).
3. 1980-2000 data for China from Metcalf and Li (2005), Table 1. China's union density in 2007 calculated from data in *Zhongguo Gonghui Tongji Nianjian* 中国工会统计年鉴 [Chinese trade union statistics yearbook], 2008.

the world's largest union with more members than that of the rest of world's trade unions put together.[26]

However, as in many similar development cases in China's reform and opening era, ostensibly glorious numbers often cannot speak much about the underlying reality. Chinese and foreign labour activists and scholars have unanimously criticized the ACFTU for its inability to protect Chinese workers' rights. Chinese trade unions function differently from western unions. They are not autonomous labour organizations representing workers' interests, but one of the state apparatuses serving governmental goals through mediating labour relations in China. Together with the China Communist Youth League and the All-China Women's Federation, the ACFTU is defined by the CCP as an important social pillar for its regime stability.[27]

In theory, being an arm of the state and a junior partner of the CCP does not necessarily mean that the ACFTU has no motivation, opportunity and power to protect Chinese workers' interests. Indeed, the ACFTU has placed more emphasis on its role as workers' representative in recent years and tried to protect labour rights through various ways including unionization, legislation and labour disputes resolution. It has become increasingly apparent to both the CCP and the ACFTU that ignoring rising tensions in labour relations would only threaten social and political stability. Nevertheless, as one of the government agencies, the ACFTU and its local branches are able to protect labour rights only to the extent that the government allows. For most local governments, labour relation is of a much lower priority than developing local GDP. If they have to develop local economy at the expense

of labour rights, they usually would not hesitate to do so. Therefore, the major role of the ACFTU and its local branches is to help the governments achieve economic goals through maintaining stable labour relations. The grassroots trade unions at the workplace level are supposedly under the jurisdiction of the ACFTU's local branches. Like ACFTU and its local branches, which are subordinated to the government at the same level, workplace unions are actually controlled by the workplace management. As a result, they also lack motivation and power to proactively protect workers' interests in their respective workplaces.

In summary, Chinese trade unions' over-dependence on the government and workplace management is the root cause for their incapability in protecting Chinese workers' interests. Independent trade unions, although illegal and quickly persecuted, have emerged in China since the 1980s, which challenged the ACFTU's monopoly of the labour movement. The Chinese government and the ACFTU are wary of the possible emergence of a Polish Solidarity-type independent trade union in China; however if they cannot break this institutional framework of over-dependence or find creative ways within this framework to more effectively represent workers' interests, the independent labour movement will gain momentum from the rising tensions in labour relations.

7. Chinese Trade Unions' Transformation: from "Transmission Belt" to "Society Stabilizer"

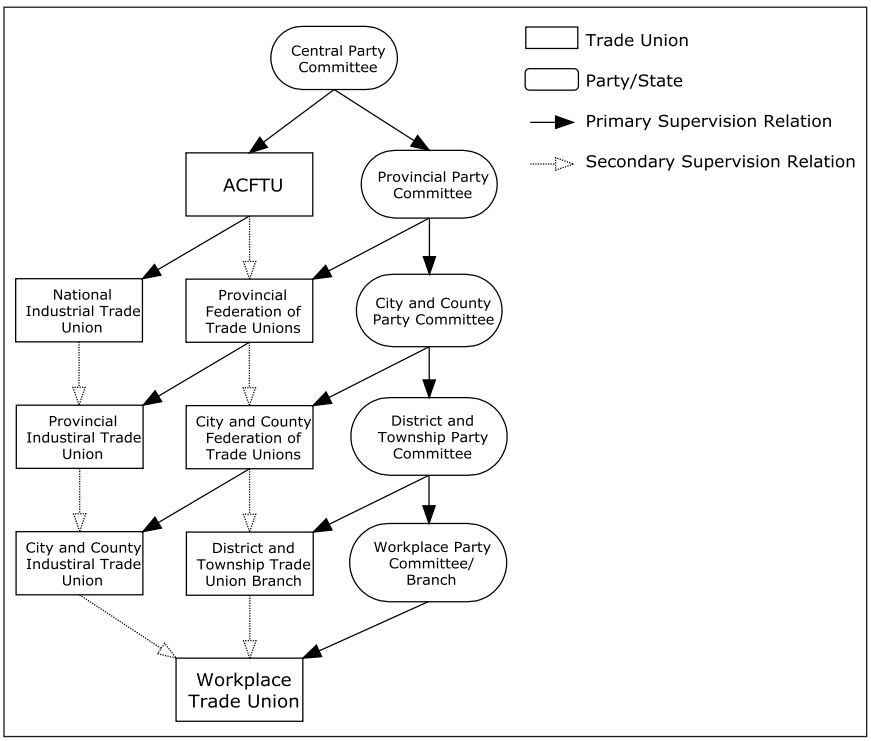
Since the establishment of the People's Republic of China (PRC) in 1949, the ACFTU has been a state apparatus well integrated into China's party-state structure. According to Lenin's idea, the ACFTU was defined as the two-way "transmission belt" between the party and workers. On the one hand, it transmits the party's ideas and orders to workers and mobilizes them to work hard for the new socialist state; on the other hand, it also transmits workers' ideas and interests to the party for its consideration in making policies. However, during Mao years, the top-down transmission of the party's orders to workers had always suppressed the bottom-up transfer of workers' voice to the party (Chan, 2008). During the 10-year Cultural Revolution, the ACFTU completely ceased functioning. According to the socialist ideology, there were no capital-labour conflicts in China and the CCP would fully represent and protect Chinese workers' interests; therefore, having the ACFTU as the middleman for the party and workers was unnecessary.

The ACFTU resumed its function after the Cultural Revolution and helped the Chinese government restore industrial order and promote economic reforms. As an important pillar of the CCP regime, its organizational principles and structure have been carefully maintained without profound reforms. The

hierarchy of Chinese trade unions generally corresponds with the party-state hierarchy at each level (Figure 2), with the ACFTU at the top under the leadership of the Secretariat of CCP Central Committee. Under the ACFTU, in addition to 31 federations of trade unions at the provincial level, there are also 10 national industrial unions.[28] Correspondingly, the local branches of these federations of trade unions and industrial unions are established at each government level. At the grassroots level are the workplace trade unions under the nominal leadership of the upper level union and the appropriate industrial union in the same region.

There are two regular sources of union revenue. The most important is the 2 per cent payroll levy from the unionized workplaces. About 60 per cent of this levy will be returned to workplaces and the remaining 40 per cent will be allocated among unions at different levels. The union's second income source is a levy of 0.5 per cent of individual union member's wage. Moreover, many unions own properties (e.g., cinema, cultural activity centre) and other

Figure 2 ACFTU's Dual Structure of Organization and Its Relation with the Party-State



Note: Illustrated by the author.

business (e.g., employment service centre) which can bring extra income. Local governments also occasionally provide financial aid to the unions.

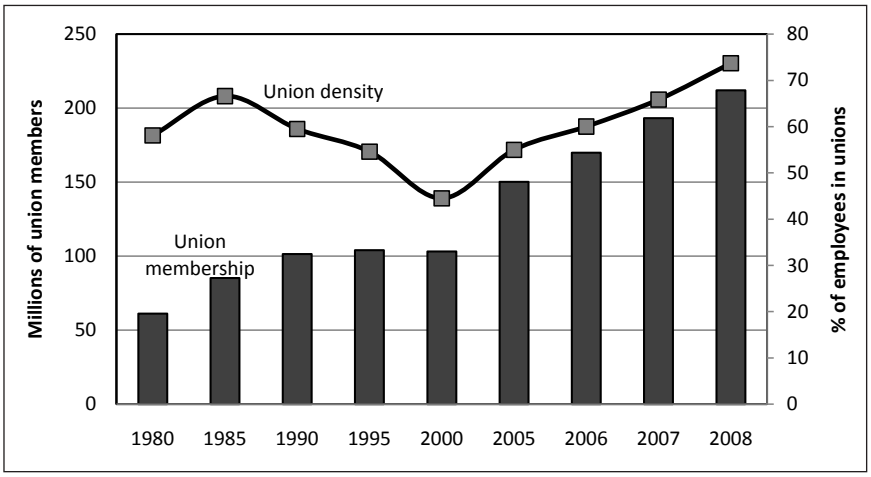
Since the reform and opening in the late 1970s, the ACFTU has gained in importance. The rise of the ACFTU's institutional status may be indicated by the rising level of its chairmen in Chinese political hierarchy. During Mao years and before the Cultural Revolution (1949-1966), the three ACFTU's chairmen were only members of the CCP's Central Committee. When ACFTU was reactivated in 1978, a member of the CCP's Politburo, Ni Zhifu, became the ACFTU's first chairman after the Cultural Revolution. From 1993 to 2002, the chairman was an even higher-ranking official, Wei Jianxing, a member of the party's Politburo Standing Committee from 1997-2002. This was a period of SOE restructuring and privatization, leading to the layoff of 30 million SOE workers. The ACFTU was expected to help the Chinese government survive this critical period of economic reform through addressing laid-off workers' dissatisfaction and protests. Wei Jianxing was succeeded by Wang Zhaoguo, a member of the Politburo and also the vice president of the Standing Committee of the National People's Congress (NPC).

The rise of ACFTU has actually been driven by profound changes in the Chinese working class and labour relations since the reform. First, as mentioned previously, the number of urban Chinese workers increased from 95 million at the beginning of the reform in 1978 to 287 million in 2008. Labour relation has become the most important economic relation with great political implications for the Chinese government. The Chinese government has to use its trade union system to supervise workers' political activities if any. In other words, the ACFTU must consolidate its monopoly of labour issues to stem independent labour movements. Second, the economic reforms, especially SOE restructuring and privatization since the late 1990s, victimized many Chinese workers and created widespread grievance in China, which required the ACFTU to take actions to help the government maintain social stability. China's pro-capital and anti-labour economic regime has also generated more and more labour disputes and unrest, forcing the ACFTU to mediate in various labour issues. In a word, the Chinese government expects the ACFTU to be a stabilizer and mediator among the government, capital (employers) and workers. The ACFTU fulfills its role mainly through unionization, legislation and labour disputes resolution.

8. Growth of Chinese Trade Unions

Figure 3 shows ACFTU's unionization efforts. In 2008, there were about 1.73 million grassroots trade unions and 212 million union members in China – both doubling the numbers in 2000. The union density also increased by 29.2 per cent from 2000 to 2008. Now the ACFTU is the world's largest union

Figure 3 Union Membership and Union Density in China, 1980-2008



Source: 1980-2000 data from Metcalf and Li (2005), Table 1; 2005-2007 data from *Zhongguo Gonghui Tongji Nianjian* 中国工会统计年鉴 [Chinese trade union statistics yearbook], 2006, 2007, 2008 and 2009.

with more members than that of the rest of world's trade unions put together (Metcalf and Li, 2005). Foreign enterprises used to be much less unionized in China. In 2003, only 33 per cent of them established trade unions. Since 2006, ACFTU has achieved great results in its campaign to unionize foreign enterprises. The most successful was the establishment of a trade union for world leading retailer, Wal-Mart, a staunch anti-union believer; this trade union for its Chinese store was actually its first trade union in the world. By the end of 2007, 80 per cent of foreign enterprises in China had established trade unions.[29]

To improve labour conditions, the ACFTU has also a part to play in drafting labour legislations. From 2001 to 2005, the ACFTU participated in drafting over 100 national laws and regulations, and together with other governmental agencies, it also issued more than 30 circulars on the protection of workers' rights. The ACFTU's branches at the provincial level also produced 1,264 local regulations on labour affairs (Chen, 2009). The three most important laws concerning labour rights are the Labor Law of 1994, the Trade Union Law of 2001, and the Labor Contract Law of 2008. In particular, the ACFTU had contributed significantly to the drafting and promulgating of the Labor Contract Law of 2008 with its strong pro-labour position. Both foreign and Chinese business communities strongly opposed the issuance of this law for its bias toward workers, possibly reducing the

competitiveness of enterprises in China and driving foreign investment away from China (Wang, 2008). The ACFTU's local branches have also established many legal service centres to assist workers in labour disputes. From 2000 to 2007, legal service centres increased from 2,363 with 4,960 staff to 6,178 with 18,433 staff in China.[30] Trade unions' legal consultation has contributed to a high percentage of workers winning in labour dispute cases. In 2008 and the first half of 2009, workers completely or partly won 85 per cent of labour dispute cases.[31]

9. Chinese Trade Unions in Dilemmas

Although the ACFTU has achieved visible progress in unionization, legislation and labour disputes resolution, it still has a long way to go in protecting workers' interests. Labour scholars and activists pointed out that the progress made by the ACFTU could not substantively improve labour conditions in China. First, a higher union density does not necessarily mean that more workers are protected; if the unions are not on the side of the workers, union membership is just a game of numbers. Second, as the ACFTU does not have sufficient power, resources and capability to enforce those high standard law and regulations, promulgating new labour law and regulations are only good for the ACFTU's image building. Finally, labour disputes resolution is a reactive way to solving labour issues. The ACFTU's more important role is to act proactively to address workers' grievance and avoid conflicts in labour relations. A study of work accidents in Pearl River Delta shows that among 582 injured workers surveyed, only 1.9 per cent of them received care from trade unions.[32] Another report shows that when workers were unfairly treated by their employers, only 8.2 per cent of them approached trade unions for help.[33] This shows that Chinese workers have very little confidence in trade unions. On the other hand, as previously discussed, labour disputes and unrest have been rising in the past decades. For example, from January to September 2008, almost half of the mass incidents in Guangdong were organized by workers to get their back wages from employers.[34] Though the ACFTU and its local unions do not support workers' unrest, they are unable to contain labour unrest through significantly improving labour conditions.

The problem with the ACFTU is that although it has many grassroots unions and members, high standard labour laws, and the provision of legal aid to workers, its primary goal is not to protect workers' interests but to consolidate the CCP's regime through stabilizing labour relations and maintaining industrial order. To ensure that the ACFTU does not deviate from this stabilizer role, the ACFTU and its branches have been institutionally tied to the government at the same level to do their work. Both the Labor Union

Law and the ACFTU's Constitution emphasize CCP's leadership in Chinese trade unions. The ACFTU has a bureaucracy that is well integrated into the Chinese government structure at each level. To ensure that the ACFTU's local branches are subordinate to the government and the party at the same level, its chairman is usually a relatively higher-ranking official in the government and the party of the same level. Similar institutional arrangement works for unionized workplaces. Party or management officers have been assigned to chair their workplace trade unions to ensure trade unions' subordination to workplace management. As workplace trade union is usually on the side of capital (employer), workers cannot expect it to protect their interests in a conflict with the employer. For those government trade unions above the workplace level, their officers are government staff who have no direct and common interests with workers. These officers' job performance is evaluated by government leaders at the same level, and as a result, they are not accountable to workers but to the government. Therefore, government trade unions work to protect workers' interests to as far as the government allows.

As previously discussed, Chinese local governments have been driven by GDPism in the past decades. The performance of local government leaders is usually evaluated against the success they develop their local economy and maintain social stability. Since capital (investment) shortage has been a major concern to local governments in developing local economy, local governments tend to favour capital at the expense of labour rights. The long-term labour surplus in almost every Chinese region has exacerbated this bias toward capital. Government-business alliance is common in many Chinese regions and putting workers in a very disadvantaged position. As long as there is no serious labour unrest, government trade unions usually do not take the initiative to fight employers for workers' interests. When labour unrest emerges, government trade unions usually play the role of a moderator to pressure both the employer and workers for a compromise.

In 1997, China signed the International Covenant on Economic, Social and Cultural Rights (ICESCR) which provides workers with the right to strike. However, Chinese workers' right to strike, which was removed from the 1982 Constitution, has yet to be restored. Although the Constitution grants Chinese citizens freedom of demonstration, applications for demonstration and mass gathering are rarely approved by the police bureau. Leaders of unapproved labour demonstrations were charged and jailed. Self-organized labour organizations such as independent trade unions have always been banned and their leaders arrested by the government. The ACFTU is the only legal channel that Chinese workers can rely on, but it is still a question whether the ACFTU can fulfill its role of society stabilizer when it is always on the side of the government. The Chinese government faces a dilemma in its handling of the

Chinese trade unions. While the Chinese government is wary of the growth of potential political forces such as independent trade unions generated by the market economy, it sees the well-functioning market economy as the major source for its legitimacy; on the other hand, the relatively independent trade unions are usually believed to be an inherent component of a matured market economy. Is a well-functioning market economy without autonomous trade unions possible? This is still a serious question for the Chinese government. The most recent wave of worker strikes across China in May-June, 2010 has once again demonstrated the Chinese trade unions' dilemma in dealing with serious labour issues. For example, in the strike of Foshan Honda plant, the trade union staff from the local government clashed with the striking workers, apparently due to the workers' anger with the union staff's support for the employer. In their letter to the public, the workers severely criticized the government trade union and insisted that the factory trade union should be established through elections by all workers.[35]

10. Concluding Remarks

While the historical transformation of Chinese working class in the post-Mao era may indicate how much China's economic system has changed, the dilemma of Chinese trade unions in contrast show us how much China's political system has remained the same as before. The great transformation from the planned economy to the market economy in China during the past three decades has been constantly generating unprecedented challenges to the CCP's authoritarian regime, and to deal with these challenges and maintain regime stability, the CCP has repeatedly announced that profound reforms in the political system is necessary as well.[36] However, as this paper shows, although problems and challenges from the Chinese working class have been accumulating, the major political apparatus supposed to address all these problems and challenges, that is, Chinese trade unions, has not initiated substantial reforms to break conventional institutional constraints and better fulfill its role of society stabilizer. Obviously, we cannot simplistically say that the reforms are delayed because the Chinese working class's problems are not serious enough and challenges not strong enough to the Chinese government. Then what factors account for the delayed reforms in Chinese trade unions? This is a question unanswered by this paper but deserves further studies. A systematic study of this question may provide some important clues for us to understand why political reforms in China are so difficult to start.

In the past several years, the Chinese government and many scholars seem to pay more attention to social reforms as an alternative to political reforms for addressing China's various social problems and challenges. It is believed

that the essential issue underlying most of these problems and challenges is the issue of Chinese people's livelihood. Specifically, addressing Chinese people's livelihood issues mainly includes reducing social inequality through a better income and wealth (re)distribution system, providing every Chinese people with fair access to housing, education, healthcare and other social welfare programmes, and so on. It is suggested that social policy reforms are the most effective way to address all these issues of people's livelihood. Additionally, social reforms are also important for China to transform to a more sustainable economic development model. It is argued that significantly improved livelihood with higher income and better social welfare system for ordinary Chinese will greatly improve people's consumption power and tendency, which will in turn help transform China's economic development model from export-driven to domestic-consumption-driven. Finally, social reforms will harmonize and stabilize state-society relations, and as a result, enhance Chinese top leaders' confidence in introducing more profound political reforms at various levels. Therefore, the era of social reform will be the necessary transition period for China to move from its current economic reform to future political reform.

Social reforms are certainly imperative for China, and practically speaking, they are much easier than political reforms to be initiated. However, it is hard to believe that social reforms would succeed without political reforms. For example, in the case of Chinese working class and trade unions, we have seen that China has already established a series of high standard and progressive laws, such as Labor Contract Law of 2008, and numerous trade unions to help implement these laws, but the reality is that neither these laws nor trade unions function well to protect workers' interests. Therefore, the problem is not that China does not have good social policies, but that the Chinese government is not able to implement these policies to a full extent. China certainly need more progressive social policies, but if without effective implementation, all the good policies will be only good for the Chinese government's image building. To better implement social policies, China needs wide reforms in its political system. On the other hand, there is almost no social issue without political implications, especially in authoritarian states like China. Essentially, social policies are the way to balance conflicts of interests among different social groups, which inevitably involve struggles among different political forces. The political system provides a set of "rules of the game" to regulate who can participate in the struggles and how to perform these struggles. To a large extent, the policy outcomes of these struggles are determined by these rules. Therefore, to change the conventional policy outcome, it is often necessary to change the "rules of the game". In other words, political reforms are usually needed to successfully initiate and carry on profound social reforms.

Notes

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