Labor Relations in Foreign-funded Ventures, Chinese Trade Unions, and the Prospects for Collective Bargaining

Anita Chan

Reality vs. Ideology

In the Asian foreign-invested firms in China, confrontations between management and workers have been increasing at a dramatic rate over the past decade. Incidents of mistreatment of workers and of violence are drawing wide publicity in the Chinese press. In a country that continues to assert that it is a socialist state, this is becoming a national embarrassment. Thus, from the vantage point of both the government and the national trade union organization, it has become an urgent matter to rein in the excesses of foreign capital, both to maintain industrial peace and to present to the outside world a stable investment climate. Taking action to protect workers in the foreign-invested enterprises (FIEs) is also deemed “logical,” for there is a “really existing” adversarial target—capital, personified in the foreign-hired manager, the antithesis of socialism. The contradictory interests between capital and labor here are clear-cut theoretically, unlike in the state-owned enterprises. Trade union officials, too, find it much easier to take a stance vis-à-vis a foreign manager than against state-enterprise managers or Party secretaries who are the trade-union officers’ superiors.

For all these reasons, branches of the government trade unions at all levels—provincial, municipal, district, county and township—were instructed in the latter part of 1994 to plunge into a campaign to set up unions in all the non-unionized FIEs, with the ultimate declared purpose of implementing collective bargaining. Unions in the West would consider it wishful thinking to seek to attain a 90 percent unionization rate of workplaces. Among the OECD countries, even Sweden, which has the highest union density, reached only 84 percent in 1989 (Bamber and Lansbury, 1993, p. 310). In contrast, Chinese trade unions are used to counting nearly 90 percent of state-enterprise workers as formally trade union members, as was also the case with other former socialist states (Pravda and Ruble, 1986). But to have such organs within FIEs is a different matter.

Over the past decade there has been a gradual change in attitude towards accepting the fact that, with the reforms, there exist “capitalists” on Chinese soil; and worse yet, some who mistreat and exploit labor. In the mid-1980s the authorities had taken pains to prevent cases of exploitation from being reported in the news media. Euphemisms were used to side-step the glaring contradictions between ideology and praxis. “Capitalist” (zibenjia) was a term that was discreetly avoided. It conjures up a memory of national humiliation in the mistreatment of Chinese workers by foreign capitalists before Liberation. Thus the foreign capitalists who invest in China today were almost always referred to as “waishang” (foreign merchants).

But in the 1990s, government and social attitudes have shifted. Though the word “capitalist” is still not generally used, reports of exploitation by foreign capitalists began to appear regularly in the press, especially in the press in southern China, which at times has carried horrific details of worker abuse. The term “exploitation” (boxue), which used to be taboo, is now used liberally. It is difficult to trace the path by which this attitudinal change evolved over the decade, but some trade unionists certainly have been trying to force the issue into the open for some time. In a 1985 speech by Chen Bingchuan, one of the vice chairs of the All-China Federation of Trade Unions (ACFTU), who is considered open-minded and daring in broaching sensitive questions, he argued that issues like private appropriation of surplus value and exploitation of labor should be talked about because their existence is no longer refutable. The trade union, Chen argued, needed to adopt a new role. It should take a clear stand in protecting workers’ legal rights; and in joint ventures it should be the trade union’s task to ensure that the Chinese side of management behaves properly (Chen Bingchuan, 1985).
In 1993, Jiang Mingdao, a maverick of the Chinese trade union organization, then vice chair of the Shanghai Federation of Trade Unions, went further. Concerned about the exploitation of Chinese workers in FIEs, he made preparations to set up a “Laborers Research Institute” (laogong yanjiushuo). He specifically wanted to include the word “laogong” in the name of the institute. After the establishment of the People’s Republic, “laogong” had become a pejorative term applying only to workers in an employment relationship with private capital. By re-introducing the term, Jiang was trying to make the point that China should face up to the reality that private capital and all that it entails in Marxist terms has re-emerged.

Collective Bargaining as a Solution

To introduce collective bargaining in China implies a willingness to adopt a fundamental feature of the industrial-relations systems of the developed capitalist democratic countries (including Japan). The practice of collective bargaining varies from country to country due to differences in institutional structures, legal systems and cultural and historical legacies. But whatever the differences, using collective bargaining to regulate the employment relationship between labor and capital entails a common host of assumptions. Essential ones include recognition that each side has entrusted a chosen representative to bargain on its behalf; that both sides have rights and obligations; that there are certain rules of the game set down in the process; and that the government regulates and oversees the bargaining by ensuring that the two parties abide by these rules of the game (OECD, 1979; Clegg, 1978). For decades Western managers in their own countries have been used to contending with adversarial labor representation in such collective bargaining. In recent years, however, many have selectively adopted management practices that contain elements of a Japanese-style consensual management model (Bamber and Lansbury, 1993, p. 4; and McShane, 1994, pp. 52–5). This is the kind of industrial relations that the PRC government and the ACFTU have hoped for—one that is regulated by collective bargaining without being confrontational, and without politically independent unionism (Chan, 1996a).

But most foreign investors in China are not from countries where collective bargaining is institutionalized. The United States, the third biggest foreign investor, only constituted 5 percent of the total foreign capital investment between 1983–93; and Germany, Britain and France together comprised a mere 1.6 percent. The major investors are Chinese from Hong Kong and Taiwan, accounting for 76 percent (Hong Kong-registered capital makes up 63 percent and Taiwan capital 13 percent) (Asia Pacific Economics Group, 1994, pp. 83–84).

Most of this Hong Kong and Taiwanese investment is in south China. As can be seen from Table 5.1, the number of registered FIEs in Guangdong province in 1993 comprised a quarter of the nation’s, followed far behind by Fujian and Shanghai (China Statistical Yearbook, 1994, p. 531).

In all, the two provinces of Guangdong and Fujian plus Shanghai accounted for 39 percent of the total number of registered FIEs in China.

The Hong Kong, Taiwanese and Korean investors, unlike Western investors, do not have a tradition of collective bargaining. The labor force in these countries has tended to be unorganized or, if unionized, the unions are either weak or co-opted (Deyo, 1989, chapter 2). One of the many reasons why capitalists from the Asian NIEs (newly industrialized economies) invest in China is that they want to avoid dealing with recently organized labor movements in their own home territories. Thus the Chinese government, eager to attract Asian NIE capital, is faced with the dilemma of wooing a host of foreign owners who intend to impose harsh labor regimes and are hostile to unions and collective bargaining. In contrast, collective bargaining in China has met with some success in enterprises with capital from the developed Western countries. Let us take a closer look at the industrial relations patterns in these two sets of foreign-invested enterprises.

<table>
<thead>
<tr>
<th>Table 5.1</th>
<th>Number of Registered FIEs</th>
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<tr>
<td></td>
<td>1992</td>
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<tr>
<td>National</td>
<td>84,371</td>
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<tr>
<td>Shanghai</td>
<td>3,635</td>
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<tr>
<td>Fujian</td>
<td>7,423</td>
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<td>Guangdong</td>
<td>26,365</td>
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Western Joint Ventures: The Human Resource Management Pattern

This type of industrial relations is mainly found in joint ventures between large Western multinationals and large Chinese state-owned enterprises. Compared with the Asian NIE-invested joint ventures, these joint ventures generally are bigger, more capital intensive and more high-tech. As noted above, the general trend among these Western firms in recent years has been to adopt a more consensual management style. This management philosophy, taught in Western business schools as “human resource management” (HRM), is premised on the idea that nurturing people as a resource is a precondition to corporate success. Pro-labor sceptics would call it co-optation.\(^5\) Whatever, my interviews in a number of these firms in Beijing during 1994 suggest that Western expatriate managers in Chinese joint ventures operate a comparatively “soft” labor regime with formalized management practices, and try to decentralize authority to middle management. Promotion prospects are based on career ladders and quantifiable achievements (as opposed to most Chinese managers in state-owned enterprises, whose subjective criterion of “good behavior” (biaoxian) tends toward partiality in promotions and, understandably, workers’ disaffection).\(^6\)

As only a few expatriates can be sent to work in a joint venture (paid from the joint venture’s budget at extremely high wages by PRC standards), the expatriates normally comprise a very small leadership corps and, under this, sometimes the heads of the production and quality control departments. Chinese management usually has charge of everything else. These Chinese managers, relieved from responsibilities for production and quality control, channel their main energies into supervising the remuneration systems and personnel matters. In these joint ventures, the personnel department functions, much as in the Maoist tradition, as an organ for political and social control that relies upon particularistic patronage-building, a set-up that arouses great dissatisfaction among the expatriates (China-European Community Management Institute and China Management Association 1990, p. 62–67). The Party committee of the Chinese parent company will ensure that these “management practices with Chinese characteristics” get implanted into the joint venture, if for no other reason than to continue to preserve the Party officials’ long-standing presence and authority.

In these joint ventures, the Chinese parent enterprise ensures that the foreign partner complies with labor regulations. The Chinese side also presses for provision of housing and other welfare benefits for employees. The result is that joint ventures of this type, which require a more stable, skilled and technologically sophisticated work force and are blessed with ample funds, often pay comparatively high wages and provide a cleaner, newer and safer work environment, complete with housing and fringe benefits that are superior to those offered even by large profitable state enterprises (Li Zhaozxi and Xu Zhaohung, 1994, p. 249).\(^7\)

Management-worker relations in these joint ventures generally are not adversarial. Rather, the fault line is usually drawn between the foreigners and the Chinese (management + workers). By regulation, the trade union branch of the Chinese parent company can set up shop in the joint venture. But a Party branch cannot function as an official organ in a joint venture, and so the Party secretary or deputy secretary usually serves instead as the trade union chair. That is to say, the joint venture’s trade union has basically incorporated the functions that are normally performed by the Party branch. At a time when the Party’s power and influence are losing ground inside enterprises and Party secretaries are basically stripped of any managerial functions, to be placed in charge of the trade union might yet be the Party secretary’s only opportunity to regain some prestige and influence. This sometimes provides an incentive for the Party-secretary/trade union chair to take up the interests of the workers.

The trade union branch headed by the de facto Party leaders together with the Chinese manager form a united front.\(^8\) They view the foreign partner in much the same way that state managers view the state, as the source of welfare provisions. The foreign partner, on the other hand, is happy that it does not have to deal with the type of trade union that it faces back home. The foreign partner negotiates with the Chinese management and trade union-cum-Party, which act as mediators between the foreign management and the Chinese work force. (I have also come across only one case where the trade union argued on behalf of workers’ interests vis-à-vis both management partners.)\(^9\) The foreign partner can be assured that the Chinese management will not be too demanding and unreasonable, for it too has a vested interest in making the joint venture a financial success. The end result generally provides for a regulated non-confrontational management-worker relationship.
The Chinese management in this variant of FIEs plays a role in protecting workers from being exploited by the Western foreigner.

However, despite the fact that Western multinational managers are accustomed to an industrial culture of collective bargaining, the number of collective contracts already signed in such joint ventures is small, numbering only 283 out of 6,666 FIEs that contain unions, according to ACFTU’s 1993 statistics. Some of these Western and Japanese managers would prefer not to enter into any formal bargaining process if they can avoid it. But with the Chinese government pushing unionization and with the collective bargaining campaign in full swing, it is very likely that most of the Western and Japanese firms will be amenable to having a union at their workplaces and to introducing collective bargaining.

A Case Study: Beijing Jeep Corporation

Beijing Jeep is not a typical joint venture. Its birth was a high-profile novelty in 1984 both in China and in the international motor industry (Mann, 1989; Harwit, 1992), and the initial negotiations between the two parties, American Motors Corporation and Beijing Automotive Works, involved China’s top leadership. Since then it has been showered with numerous awards by the government. In this context, industrial relations in Beijing Jeep are generally better than at other joint ventures. Several times over the past decade the Beijing Jeep trade union has been appraised an “advanced unit” by the Beijing city trade union federation. Indeed, as early as 1984, when collective bargaining was still an unfamiliar concept, Beijing Jeep had already drawn up a contract with the trade union, and since then new contracts have been signed every four years. According to these contracts the trade union chair has the right to attend all board of directors meetings and all meetings related to workers’ wages, to hold monthly meetings with the manager and deputy manager, and to request wage adjustments in relation to rises in the cost of living. Articles regarding work hours, overtime, paid vacations, welfare benefits, labor protection, penalties and awards, training for staff and workers, and the union’s supervisory role are all spelled out in the contract. The union’s approval is required regarding dismissals. At least on paper, the Beijing Jeep trade union has quite a lot of prerogatives. The enterprise’s collective bargaining system and contract have been upheld as a model.

A Western trade unionist might dismiss the Beijing Jeep contract as too flimsy, observing that the terms are not specific enough and the language lacking in legalistic sophistication. In practice, the role played by the union has little resemblance to Western unions. The hand-in-glove relationship between the union and the Chinese side of management would not be acceptable in the Western trade union tradition. It is very much of a corporatist structure that is biased towards management. But all the same, there is a common adversary—the foreign Western expatriate, who serves to unify the Chinese management and union. As described by Beijing Jeep’s deputy trade-union chair, “The Chinese side always speaks with one voice vis-à-vis the American side.” Collective bargaining as defined earlier in this paper does take place at Beijing Jeep. In fact, from the Chinese perspective it is reportedly the best collective contract that exists in China today. The Beijing Jeep trade union was able to secure a 38 percent pay rise in 1993 even though production and profits plummeted that year (from a per capita profit of ¥44,943 in 1992 to ¥855 in 1993). Whichever way one looks at the trade unions in this kind of joint venture, they have played a role in stabilizing industrial relations (granted that other factors have also contributed to this stability). This stands in contrast to the Asian NIE-invested firms. The authorities’ hope is that the Beijing Jeep model of collective bargaining can be introduced across the board in China’s 350,000 non-state-owned enterprises. This, as will be seen, is wishful thinking.

The Asian NIE-Invested Joint Ventures: The Authoritarian Management Pattern

The economic success story of the Chinese diaspora in Southeast Asia is well known and has been a very popular subject of study in a number of academic fields (Hamilton and Biggart, 1988; Huo and Steers, 1993; Redding and Hsiao, 1990). In most cases these studies marvel at ethnic Chinese entrepreneurship, tracing its roots to inter-personal trust, Confucian ethics, a much-admired alacrity in adapting to the market, reliance on ethnic social networks, and so on. But these studies do not note that the ethnic Chinese investors often also profit from their willingness to impose harsh and tyrannical labor management regimes—and all too obviously so when they invest in China. It seems that where overseas Chinese-invested enterprises abound, in this case mainly from Hong
Kong and Taiwan, cases of worker abuse also increase. One factor here is that these factories are predominantly in the low-skill, labor-intensive sectors of industry, unlike the joint venture firms co-managed by Western or Japanese executives, which tend to be in the high-skill and highly capitalized side of industry. In this circumstance, the foreign Chinese firms' profits depend far more on wringing that last bit of hard, disciplined work out of their PRC labor force on the cheapest terms possible—and some of them prefer to resort to draconian discipline to keep the workers properly cowed.\(^\text{18}\)

A horror story published by Workers' Daily (April 17, 1996) illustrates the point. Under the caption, “We Can't Take It Any More,” the paper reported on its investigation of a letter received from 24 shoe workers in a Guangdong joint venture, managed by its Taiwan partner. “The company beats, abuses, and humiliates us at will,” the workers wrote. Everyday punishments, the paper found, included workers' being forced to “hop around like a frog” and to stand facing the wall or on a stool or outdoors in the sun. Contrary to law, the employees “are sometimes made to work all through the night to finish a rush order,” the paper reported. Under the 24-hour watch of a live-in security guard of 100 men, the firm's 2,700 employees, mostly women, some under the legal age of 16, were rarely allowed to leave the combined plant-dormitory premises. One worker, his request to quit denied, had died in an escape attempt.

Similar scandals have abounded throughout the southeastern coastal region. Some of the most damning of these have involved workplace health and safety standards. In one Taiwanese-owned factory in Fujian Province that has been mentioned in the Chinese press, nearly a quarter of the 400 workers have been maimed or injured over a three-year period. Unable to get jobs elsewhere because of missing fingers or hands, some continued working under the same hazardous conditions, and sustained injuries a second time.\(^\text{19}\)

The worst disaster occurred in late 1993 when a fire at the Zhili Toy Factory in Guangdong killed 87 workers and injured more than 60, their escape blocked by barred windows and locked doors. In a letter found at the site of the disaster that I acquired and carried out of China, a worker who died had revealed that the Hong Kong manager had rejected her repeated requests to resign. The factory, in collusion with local officials, was not paying the workers and, in effect, was holding them prisoner, hence the locked premises (Yi Fu, 1994).

A less dramatic example of mistreatment is illustrated by a Taiwan shoe factory in Shenzhen, as reported by the Shenzhen Special Economic Zone News in 1994. Not only were 70 percent of the workers paid only ¥200 a month (about US $40), ¥85 below Shenzhen's officially set minimum wage. More than that, those workers were forced to work an average of 150 hours of overtime a month to receive this pay. And worse yet, “workers are not allowed to talk when they have their meals; when walking to and from the factory, the dormitory and the canteen, they are required to follow a specified line en route; if they step beyond the line, they will be punished by being forced to stand at attention for long periods, or suffer a fine. . . A huge sign that hands over an elevated walkway reads: loitering underneath, ¥100 penalty.” In March 1993, 3,000 workers staged a protest strike at the plant.\(^\text{20}\)

Such blatant violations of labor rights have caused the number of labor disputes to shoot up during the 1990s. Wildcat strikes and go-slow have become a commonplace phenomenon in the Special Economic Zones. In Shenzhen alone, 1,100 “collective labor disputes” were officially recorded in 1992–93.\(^\text{21}\)

During two years of intermittent field research, mostly in Beijing and Shanghai, I gained a strong sense that officials and managers see FIEs in “the South” as having a distinct style of management compared to those in the North. They spoke of “the South” in much the same way that some American might speak disparagingly of the Deep South as full of rednecks, or Australian southerners might refer to northern Queensland as the Deep North. The general attitude is that we in North China would not do the terrible things they do to workers in the South. For example, a top Beijing executive with China's National Leather Manufacturing Association remarked in an interview: \(^\text{22}\)

I went to Shenzhen to have a look, tried to see some of their shoe factories. After seeing what's there I felt: it's super-exploitation (chaoguang boxue) down there. That's how they burn people alive [reference to the Zhili toy factory fire of 1993].

Or note this remark by one of the heads of Beijing Jeep's trade union:

No, we are not like them in the South, having trouble all the time; burning so many people alive. No, that should not happen. I feel that it's very important to establish a stable industrial relationship.\(^\text{23}\)
All of the twenty-some shoe factories in Beijing and Shanghai that I have visited felt they are losing out in competition with the South. They complained of unfair competition: they exploit workers, that is why their shoes are so cheap and why they are invading our markets up North. This should not imply that the factories that I visited in the North do not exploit labor, in particular migrant workers who do not have urban residential rights. Excessive overtime, paying migrants less than local workers for doing the same work or for doing the most unpleasant, dangerous and heaviest work, not taking out labor and medical insurance for them, mandatory “deposits” deducted from their monthly pay, all those practices that violate the labor laws were also found in some of the factories I visited in the North (including state-owned enterprises and joint ventures with state-enterprise partners). Managers, officials and trade union cadres talk about such practices casually, as if these are normal management practices. Their attitude is: this is just ordinary exploitation; but there is EXPLOITATION down south. It is all a matter of degree.

But references to who exactly these “foreign” investors are in the South necessarily remain vague. They all come under the rubric of “foreign capital” (waizi), which, in the Chinese language, conjures up the image of white big-nosed Westerners rather than fellow ethnic Chinese. The majority of the southern investors, from Hong Kong and Taiwan, officially have been honored with the designation of “compatriots” (tongzhi), closer in blood than the diaspora of Chinese in other parts of the world. They are to be welcomed back to the fold of the motherland. But when “compatriots” are the perpetrators in cases of worker mistreatment that appear in the mainland press, only the phrases “foreign capital” (waizi) or “three types of capital” (sanzi) are used. In fact, in such circumstances the official Chinese discourse deliberately chooses to manufacture a non-Chinese “foreign” out-group so as to maintain the myth of the greatness and goodness of the Chinese. The PRC authorities and the press would prefer to keep alive the decades-old image of the white man as slave driver. The Beijing magazine Liaowang (Outlook), for instance, has carried a scathing report on the mistreatment of workers by foreign bosses, and it was obvious from the cases cited that these were all Asian, with Taiwanese bosses topping the list. Yet the accompanying illustration, showing two helpless female workers in tears, focused on a smug-looking fat white “foreign devil” with the typical high nose, and the backs of two thick-set figures, one with a raised truncheon and the other holding a dismissal notice. Surely, intelligent readers in the PRC cannot but be aware that in the present day it is not the Western employers who most often are the guilty parties. But few would want to contest the regime’s nationalist view of Chinese ethnicity and thereby lay themselves open to seeming unpatriotic. As a consequence, the consensual and paternalistic HRM industrial relations pattern in the joint-venture Western-PRC state-enterprise partnerships does not normally surface as a commendable illustration of a “three capital” firm.

I am averse to attributing a cultural explanation to this phenomenon, that ethnic Chinese are somehow prone to tyrannical management practices. An excellent in-depth study by Ching Kwan Lee (1995) of a Hong Kong firm that operates two factories, one in Hong Kong and one in Shenzhen, shows how a single company establishes very different labor regimes in these two factories. Such a case study helps to dispel the “cultural” explanation. My own argument is based on a general premise that foreign capital seeks to cut labor costs, and the extent to which wages can be depressed is dependent on the constraints that deter management. In the case of South China, these constraints are either lax or missing. The reasons for this laxity are:

1. Absence of a Socialist Welfare-State Mentality in the Southern Firms

Unlike Western investors, Hong Kong and Taiwan investors do not operate in a joint-venture welfare-state employment environment. Neither do their PRC partners, who tend to be either local county, township or village governments, or indigenous capitalists. Many of these local government officials and factory managers are former rural officials who until recently had no dealings with industrial wage labor. Their charges, the peasantry, have never enjoyed the luxury of welfare socialism either. Thus these local cadres see little necessity to pay the immigrant peasant-workers from poorer regions more than is absolutely necessary, feeling that these peasants should count their blessings for having acquired a non-agricultural job. Why put pressure on investors who have come for the cheap labor?

2. Economic Development as a National Priority

The government’s message since the commencement of the economic reforms has been loud and clear—economic development is the
nation's number one priority. The special economic zones were set up for the express purpose of attracting foreign investment to help develop the nation. And a quote by Deng Xiaoping, "Let a handful of people get rich first," has been regularly cited. The trickle-down philosophy provides the tenet for the government's economic policies. In fact, Su Shaozhi, the former director of the Marxism-Leninism-Mao-Zedong-Thought Institute of the Chinese Academy of Social Sciences, the once authoritative ideologue of the reform faction in the 1980s, argued in 1988:

Under the violent stimulation of the mechanism of market competition, the emergence of great disparities in income is inevitable. The disparities are natural. As long as the majority of society's members are benefiting from the reforms (although the speed at which prosperity is attained varies), we should not be afraid of this kind of disparity. [italics added] (Su Shaozhi, 1988)

In other words, social justice can stand by the wayside for the time being, if not for the rest of history. Deng Xiaoping's famous "southern tour" in 1992 reaffirmed the message.

### 3. The Trade Union as a Weak Bureaucracy

The number of labor disputes recorded in these southern regions is higher than in other parts of the country. Most of them occur in the foreign-invested firms, especially those which do not contain trade unions. In Shenzhen City alone in 1993, 20,000 complaints were processed by the government agencies that deal with labor disputes. Among them, collective disputes numbered 1100 cases in 1992 and 1993. For the past few years, the trend of rising numbers of labor disputes and collective industrial actions has been worrying the government. The Chinese trade union federation, which has traditionally been assigned the benign role of taking care of welfare functions in the state firms, has been allocated an additional task in keeping labor peace—"order goals," in the term coined by Dorothy Solinger (1995, pp. 155–183). More recently, that task has been expanded to include representing workers in collective bargaining.

During 1995, Chinese trade unions in South China were overwhelmed with activity. Since the implementation of the new labor laws at the beginning of the year, they had been urged by the central government and the ACFTU to sign collective contracts with management in the foreign-funded enterprises. Article 33 of the new law reads:

The staff and workers of an enterprise as one party may (keyi) conclude a collective contract with the enterprise on matters relating to labor remuneration, working hours, rest and vacations, occupational safety and health, and insurance and welfare. The draft collective contract shall be (yingdang) submitted to the congress of the staff and workers or to all the staff and workers for discussion and adoption.

A collective contract is to be concluded by the trade union with the enterprise on behalf of the staff and workers; in an enterprise where the trade union has not yet been set up, such a contract is to be concluded by the representatives elected by the staff and workers within the enterprise.

That enterprise-level trade unions are allowed by the authorities to sign collective contracts on behalf of staff and workers is not new. But collective bargaining can take place only when there is workers' representation inside the factories. Since only 33 percent of the FIEs contained unions as of September 1994, the first step was to set up new union branches in the non-unionized workplaces. By the end of 1994, the percentage had jumped to 40.6 percent of the 100,000 FIEs in operation. In 1994, 17,293 new enterprise union branches came into existence, doubling the cumulative number that had been established during the past decade.

Since the early 1990s, once the problem of worker abuse in FIEs had become obvious, the ACFTU had been setting a yearly unionization target, but the results invariably fell short of expectation. With the promulgation of the new labor laws, the ACFTU reaffirmed its commitment. "We want to establish unions in 80 percent of all foreign firms in China by the end of 1995," declared the chief of the ACFTU Grassroots Union Department. Setting up enterprise unions in FIEs has become the number one priority, in particular in Guangdong and Fujian.

But the assigned mission to establish collective bargaining is a self-contradictory one. As stated in Article Six of the Trade Union Law: "The trade union protects the staff and workers' legal interests, while
protecting the overall 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 union official who tries to protect workers' rights will suffer the risk of being criticized for undermining the country's investment climate.

The trade union is a weak bureaucracy compared to others, in particular those which play key roles in economic planning and development. All bureaucracies are subsumed under the Party's tutelage, but the potentially "subversive" nature of the union's role accords it closer Party/state supervision. Nor is the trade union federation well-endowed with resources. While calling on the local trade unions to take up the difficult job of setting up new trade unions in foreign-invested enterprises, a task in any capitalist economy would invite intimidation, harassment, and even physical danger for both union organizers and worker activists, they are not given adequate staff and resources.

For example, in the Pudong Development Zone to the east of Shanghai, slated as one of the country's foremost development districts, the newly established trade union organization has been assigned (bianzhi) only 38 staff by the local government. Yet this rapidly industrializing zone, which only a few years back contained only villages and farmland, now contains 210,000 people in non-agricultural employment. The trade union chairman complained that even though the Shanghai Municipal Trade Union Council is understaffed (reduced from 210 to 150 in the last seven years), Pudong is far worse off. As a consequence he has had to amalgamate departments and to have the staff take on multiple their responsibilities. The same applies to the township trade union offices, where 98 percent of the trade union chairs are actually administrators of other bureaucracies taking up trade union duties part time. The trade union system that comes under the charge of the Pudong Economic and Trade Bureau (Pudong Jingmaoju) is entitled by bureaucratic regulation to 12 union staff, yet is allocated only one position. The Bureau deputy director has personally assumed the post of trade union chair, which in reality means the trade union bureaucracy has been absorbed by another bureaucracy whose role is contradictory to the union's. To be blunt, the union has been effectively all but eliminated. A local government which concentrates its efforts on economic development and on attracting foreign capital has little incentive to allocate resources to its trade unions.

In cases where the trade union chair of a local administrative region is still a full-time position, the chairperson usually has been transferred from some other bureaucracy. For example, in Nanhu County next to the Pudong New Development Zone, the county trade union chair was, until recently, the manager of the local government's industrial company (gongye gongsi), and as a trade union chair he is also simultaneously the deputy director of a county joint-venture shoe factory. This admixture of roles in a single individual is an effective means of diluting any trade unionist identity.

The physical layout of office buildings similarly reflects this problem. Officials of nouveau riche counties which have made money from industrialization projects in recent years have been housing themselves in impressive modern office buildings, and dispersed administrative offices have now come under one roof. Thus a visit to the Shanghai Minhang District trade union office turns out to be a visit to the District's government building. A variety of government department signboards decorate the building's main door, but the signboard for the trade union was not in sight. Instead the huge signboard that used to hang outside the old trade union office building now stands on the floor where the new union offices are located. Why is the signboard not placed outside? The trade union chair explained that the union's status is not high enough to be placed side by side with the signboards of the People's Congress, the Consultative Committee, the government and the Party.

In short, in these rapidly developing new zones, the trade union bureaucracy is dominated by other government bureaucracies, absorbed or even eliminated. But it is precisely in these zones that FIEs are springing up in large numbers and where the rights of workers are urgently in need of protection. Here, the local unions are not even allowed to carry out their traditional bureaucratic function, less still the new difficult one of collective bargaining vis-a-vis hostile foreign investors. It may not be the central government's nor the ACFTU's intention that this should happen. But with regional and economic decentralization and the overriding stress on local economic growth and maintenance of a good investment climate, these local governments basically do as they please. There is widespread collusion among bureaucrats either for their personal or their bureaucracies' interests (Solinger, 1995) to keep the trade unions in an entirely weak state.
4. Setting Up New Trade Unions as a Bureaucratic Exercise

Having met a few dozen trade union officials at a range of hierarchical levels, I have come across quite a number who are genuinely concerned with the mistreatment of FIE workers and believe that something should be done. They welcome the new policy of collective bargaining and the establishment of trade unions in these enterprises. But theirs is the perspective of bureaucrats who want to do a good job as government functionaries. The conception of a union that is independent and responsive only to its constituents and to no one else is weak or non-existent. Their hope is that if they can lobby successfully for Party or government backing, they can more effectively perform their duties. In other words, they hold a state corporatist perspective in seeking a solution to their dilemma.

The rate at which the new trade union campaign plowed ahead in 1995 was impressive. In a district that comes under the jurisdiction of Shenzhen City, the local union had basically completed its mission of achieving a unionization rate of 86 percent during 1995 by setting up 30 new trade union branches in enterprises. In a nearby township, a rate of 95.7 percent was attained in a few months. In Shanghai’s Minhang District, mentioned above, the rate was 67 percent by early 1995. In Pudong District, about half of the approximately 200 FIEs contained trade union branches by early 1995, at least on paper, with another 46 slated to be officially established by the middle of the year. Invariably, trade union chairs cited these figures with pride.

How did these understaffed local unions set up so many enterprise-level trade unions within such a short span of time? The procedure was described proudly by the trade union chairs of Pudong and of Xili Township near Shenzhen. As a first step, an official from the union’s Grass-roots Union Department seeks the approval of the foreign managers. Sometimes this is done by the time-consuming method of door-to-door visits; other times by inviting a group of managers to attend a meeting to explain to them that it is now the government’s policy to set up trade unions in all FIEs; the reassurance of good will sometimes is reinforced by a sumptuous meal. Meanwhile the union officials will try their best to allay the foreigners’ fears, explaining that they are not introducing a Western type of adversarial union into the workplace, and that theirs will be trade unions with “Chinese characteristics.” These new enterprise unions would help managers to get the workers to work better and harder by organizing labor competitions; they would help management to resolve problems; they would organize evening social activities for the workers. The union-official's tactic is to present to the managers a best-case scenario of a docile, benign, pro-management union. Trade-union interviewees observe that the issue of collective bargaining as the ultimate aim of the exercise is not brought up. Even then, many investors resist:

The Japanese and Western managers are much more amenable and agree easily. But not the Taiwanese, Korean and Hong Kong managers, or those who were originally emigrated from China and come back as investors. They are the most adamant. These are the people who want to make money fast and to squeeze the most out of the workers. We can't persuade them to set up unions. We go to talk to them time and again, but they still refuse.

Once the foreign manager consents, then preparatory work gets under way to find a few “capable” (you yiding shuiping) people to fill the slots for trade union committee members, who might be acceptable to the foreign manager. In the case of joint ventures, without exception the firm’s PRC-hired manager nominates the candidates after consultation with the foreign partner. There might be a pro forma announcement to the workers about the establishment of a new union branch, accompanied by a pro forma election of a union committee. A usual result is that either the PRC-hired manager personally becomes the trade union chair, or someone else of managerial rank. Other committee members invariably are members of the managerial staff.

The Pudong trade union balks at this and prefers that the local enterprise union chairs not hold simultaneous positions. But in Xili, all of the newly installed trade union chairs are the PRC-hired managers of the firms, and the union branch is run by management without any worker involvement. In Xili, there are instances in which workers do not know of the existence of the new union in their factories and are not invited to join, with union membership deliberately restricted only to managerial staff. The trade union chair explained that this is because they only want members of “high quality” (gao zhiwu). In Shanghai’s Minhang District, described earlier in the paper, the situation is slightly better. Thirteen percent of union chairs are managers or deputy managers, 20 percent are enterprise Party officials, and 67 percent are mana-
gential staff. In Shenzhen's Shekou Industrial District in 1993, of the 250 enterprise union branches, 13 percent were headed by managers or deputy managers, 44 percent by department managers and 46 percent by managerial staff. Despite the predominant managerial presence in the Shekou union federation, it is held up as a national model by the ACFTU for having attained a 98 percent unionization rate over the past few years, entirely disregarding the phoney character of the unions.

The extent to which the new set-up can become a front for management is exemplified by one of the Guangdong factories that I have visited. The factory director there embodies the blessed trinity with Chinese characteristics. He is at once the manager on behalf of Hong Kong investors, the branch secretary of the Communist Party, and the chair of the new union branch.

What is surprising and disturbing is the optimism and pride expressed by the trade union cadres who have been setting up these new union branches. They do not seem to be aware of what genuine trade unionism entails. Even those who know that a problem exists in the phenomenon of a firm's managers heading its union branch see it only as a bureaucratic problem. Their worry is that when trade union chairmen hold other jobs full-time, their heavy workload prevents them from concentrating on their trade union work. Their perspective does not recognize the inherent contradiction of one person playing two completely contradictory roles—that an individual cannot "collectively bargain" with oneself. There are a few who do see the absurdity of the exercise, but their own personal interest as bureaucrats to achieve their assigned "new trade union" quota takes priority. Self-deception gets expressed as misguided optimism that the problem will ultimately correct itself.

The Prospects for Collective Bargaining

As illustrated above, two quite distinct patterns of industrial relations are discernible among China's FIEs. The first, found in FIEs jointly owned by big Western corporations and big Chinese state enterprises, entails a rather consensual industrial relationship, but one in which bargaining is premised on a contradictory country-of-origin relationship rather than on a contradictory capital/worker relationship. It is the model that the Chinese government and ACFTU hope will spread to all NIE-invested FIEs. But based on the evidence presented above, the industrial relations pattern of the latter kind of enterprises are developing along a completely different tangent. In the name of achieving collective bargaining, the ACFTU in Maoist campaign style is setting up new trade union branches in these enterprises at a breakneck speed, as if under pressure to surpass a campaign quota. What is being established is a new expanded network of social control institutions within enterprises. Obsessed with social stability, the government and trade union have capitulated to a short-sighted solution. To allow managerial administrative functions to gobble up trade union functions in these development zones and FIEs is a recipe for further exploitation and in turn labor unrest.

There exists another difference between the two sets of FIEs. In the large Western-invested firms, the state enterprise's structure, mentality, and ethical standards get implanted into the joint ventures. There is at least a diluted sense of social justice and of labor rights and a separation of bureaucratic functions. But in the new development zones where Asian NIE capital has been pouring in, where county, township and village governments are setting up so-called "development companies" (kaifa gingzi) to attract foreign capital and to license new FIEs, collusion between capital and bureaucracies is becoming obvious. At this level a tripartite industrial relationship does not exist. The local government as the state's representative is either too weak to act as a neutral arbitrator, or has thrown in its lot with capital and management, and the union gets converted into a tool for management's social control. This was vividly revealed in the case of the Zhili toy factory fire, where an investigative report after the tragedy exposed an extensive network of bureaucratic corruption where officials had easily been bought off and where, as in so many FIEs today, the Chinese manager had assumed the post of trade union chair (Yi, 1994).

Some academics and labor advocates are aware of the problem. But their writings get enfolded in "theoretical" issues over legal rights and ownership. There is an over-reliance on the legal system to protect labor rights. Their criticisms are confined to violations of existing laws and regulations, which in themselves reflect the fact that enforcement of the laws is an urgent problem. Few strike at the core of the problem—that is, the need for genuine structural reforms of the union and of the union as a bureaucracy within the entire state machine, and collusion at the local levels between the local state and capital.

The labor laws were finally promulgated in January 1995 after years
of haggling among various organs. It is the product of a compromise
(Chan, 1995, p. 54–56). These of course are not particularly progres-
sive labor laws, but unions could use them to the workers’ advantage.
Yet several years after the laws’ promulgation, infringements of labor
rights have not abated.

The right to strike is not included in the new laws. But it is signifi-
cant that strikes are not criminalized—and they have become common-
place.52 Put in a comparative perspective, it is the ultimate balance of
power among the different interests involved that makes the real differ-
ence in how strikes get resolved, and in China that balance is currently
absent. Almost all of the industrial actions in the FIEs are unorganized,
spontaneous wildcat strikes by desperate workers at their wits’ end.

In China at this juncture, the national trade union federation needs
the willpower to extract itself from the present organizational
constraints which are marginalizing it as a bureaucracy. It should have
the vision to strive for industrial unionism to revamp the existing frag-
mented structure, a fragmentation which has in fact been aggravated
with economic decentralization. Thus the present campaign to institute
collective bargaining at the enterprise level would not be very effective
in protecting workers’ rights even if the establishment of enterprise
unions were always genuine. But as seen, they often are not genuine.
Enterprise unions by their nature are weak and can easily be co-opted.
As one district trade-union chair told me, there are now a lot more
workers coming to his office to seek help because the enterprise union
chairs are part of management or do not want to get involved.53

At the same time, foreign investors are beginning to collaborate
with each other to strengthen their interests. Japanese investors in the
electronics industry have met to develop a joint policy on wage levels,
and so on.54 So, too, the domestic capitalists, together with some state-
enterprise managers, are being encouraged by the government to par-
ticipate in employers’ associations (shanghui or gonghui) along the
lines of trades or kinds of products manufactured.55 A similar kind of
encouragement has not been extended to the ACFTU. Unfortunately
the ACFTU does not seem aware of any need to grant its own pres-
ently inactive industrial unions some genuine responsibility and power,
or to set up new unions by trade, so as to counteract the emerging
offensive of organized employers.56

Currently, at the municipal, provincial and national levels the trade
unions are relatively uncoopted by capital and management. It is at
these levels that genuine collective bargaining might yet take place
along industrial and trade lines. The present campaign of implanting
pseudo-unions in FIEs only serves to inject a new complication into an
already fragmented structure that will be difficult to undo if ever the
ACFTU wants to restructure itself. My prediction is that unofficial
collective industrial actions by disgruntled workers will continue to
escalate in number and violence because the new enterprise union
branches are in no way serving the function of protecting workers’
rights and because the peasant-workers are becoming increasingly
aware of their rights. Certain clauses in the new labor laws work in
their favor, but the mechanisms to protect their interests—especially in
terms of genuine union representation in the Asian-invested firms—are
as yet totally inadequate.

Notes
1. But in the United States and France the densities were only 16 percent and
11 percent respectively in 1989 (Bamber and Lansbury, p. 310). A few compar-
able figures in Asia for 1989 are: Thailand, 6 percent; Korea, 23.7 percent; Hong
Kong, 25 percent respectively (Stephen Frenkel, 1993, pp. 90, 142, 205).
2. However, in Beijing in 1995 as a foreigner I was advised by friends that
this is still not a word to be used casually on formal occasions.
3. I was able to get hold of a draft copy of Jiang’s speech opening the Labor
Research Institute.
4. Of course, when the owner is also the manager then no representation is
required.
5. At the same time, some of these corporations do not abide by international
labor standards.
6. On this, see China-European Community Management Institute and China
Enterprise Management Association, 1990, pp. 83–89. On a good overview of
Western management in state-owned enterprises see John Child, 1995; and for the
differences in management styles between Western and Chinese managers in joint
ventures, see John Child, 1991, pp. 92–107. For a graphic case study of the
difference between Western and Chinese management style see Purves, 1991.
7. Beijing International Switching System Corporation [BISC] (German Siemens),
Pacific Dunlop (Australian), Beijing Jingao Wool Co. Ltd. (Australian) and
Beijing Jeep (American Motors), all of which I visited in 1994, provide
examples of Western joint ventures which provide reasonable working conditions
and welfare benefits. This observation, based on anecdotal evidence, is supported
by a study of 140 joint-ventures conducted by Li Zhaoxiu and Xu Zhaohung
(1994), which discovered that 72 percent of the sample provide housing subsidies,
88 percent provide medical insurance and 92 percent provide retirement/unem-
ployment insurance.
8. As one trade union chair in a joint venture said in an interview in 1994, the
Chinese management and trade union always met to arrive at an agreed position before attending a formal meeting with the foreign partner. At no time would they betray any differences in front of the latter.

9. At the Siemens plant (BISC) in 1993 all three sides (German management, Chinese management and the trade union) had different opinions on how to allocate the year’s profits. The Chinese management wanted to spend less on the workers than the Germans. The trade union wanted to double the percentage to be used for workers’ welfare and build more housing. But the Chinese management did not agree because this would increase the welfare gap between BISC workers and workers in the Chinese parent company. This incident illustrates that trade unions sometime do play a role in such matters.

10. Zhongguo gonghu tongji nianjian 1994 (Chinese Trade Union Statistical Yearbook 1994) p.153. Because of the way national statistics are treated, it is impossible to tell the total number of Western-firm-invested FIEs. But the fact that only a tiny number have signed collective contracts can be shown up by the fact that in Shanghai alone, in 1993, 467 American firms had signed investment contracts, bringing the cumulative number of American firms to 865; for Australian firms, the figures are respectively 42 and 82. Shanghai Statistical Yearbook 1994 (Shanghai tongji nianjian 1994), p. 101. In the same year in Guangdong there were 291 American firms and 50 Australian firms. Guangdong tongji nianjian, (Guangdong Statistical Yearbook, 1994, p. 315).

This information comes from a report put out by the Beijing Jeep trade union, “How we defend staff and workers’ legal rights through signing collective contracts in a joint venture,” March, 1994. This report was used as background material in a conference on “Beijing City Democratic Management.”


13. It is considered as a model because, for example, in the contract the power of the BJU trade union is much greater than that delineated in the Shanghai Volkswagen collective contract of 1988.

14. For example, the collective contract of Australia’s Sunbeam Corporation, which manufactures electrical appliances and lawn mowers, is a hefty 24-page legal document drawn up with the help of legal experts from both parties. The BJU collective contract is less than 8 pages printed in large fonts.

15. The BJU deputy trade union chair proudly claimed credit for having achieved this. (Interview conducted in 1994.)

16. The figures are taken from BJU’s Tenth Anniversary report of 1994.

17. I have made a point over the past two years of making enquiries of anyone who might have some contact or professional knowledge of the NIE-invested factories, and there is a consensus that Korean and Taiwanese managers treat Chinese workers the worst, followed by Hong Kong investors. My respondents included PRC trade union officials, ILO officials based in Beijing, Western managers working in China, PRC workers, and independent union researchers in Hong Kong. The same impression also emerges from newspaper reports on cases of exceptionally tyrannical management practices. I have not heard of any complaints against Singapore-funded factories, which are largely established by Singapore government-owned corporations, nor to the best of my knowledge, have any such complaints about Singapore managers been cited in the Chinese press.

18. The strict discipline and the abuse of workers in Asian NIE-invested joint ventures have been documented by several Western scholarly studies (Howell, 1993; Solinger, 1995; Gao, 1994; Chan, 1996b; Chan and Senes, 1997).


21. This figure is mentioned in a speech whose transcript I have acquired, “Mediating labor conflict and improving the investment climate,” made by Huang Jingrong, when representing the Shenzhen Municipal General Trade Union at the city’s People’s Congress in 1994. It should be noted that the ACFTU grossly under-reported the number of conflicts in its yearbook, according to which only 1,078 cases of collective conflict were officially processed in 1993 in the FIEs of all of China. Zhongguo gonghu tongji nianjian (Chinese Trade Union Statistical Yearbook 1994), pp. 306-8.

22. The interview took place in the association’s Beijing headquarters in 1995. The association is a reincarnation of the former bureau in charge China’s leather goods industry under the Light Industries Ministry. Today it is a semi-official national association which is self-financing, with the function of coordinating the entire industry’s hundreds of leather goods manufacturing enterprises. In practice, though, its members are solely state-owned enterprises and it has no authority over them, less still non-state-owned enterprises.


24. The footwear industry has been selected as a case study for a bigger project on patterns of industrial relations in China. In mid-1995 I spent six weeks in Shanghai and Beijing to carry out a pilot study of the industry. The qualitative data used in this paper includes interim findings from the case study.

25. “Three capital” (sanzi) enterprises stands for the three different forms of foreign capital: equity joint ventures, contractual joint ventures and fully-funded joint ventures.


27. On this, see Shenzhen ren (Shenzhen People), May, 1993, pp. 23-25. According to this article, in Shenzhen 90 percent of the strikes in FIEs took place in plants without unions. It is extremely difficult to know the exact number of labor disputes in China because the statistical figures released are not standardized. Some are listed as “labor dispute incidents,” some as cases processed by the trade union, others as cases processed by the arbitration committees, some as collective labor disputes, some include all disputes including letters of complaints. The figures are not comparable. To illustrate roughly the scale of disputes, here are some figures: The number of disputes taken to arbitration in 1993 was 12,358, a 52 percent jump from 1992 (International Herald Tribune, May 10, 1994). According to another report, in Guangdong province in 1992, there were 7,892 disputes, and in 1993, in Shenzhen alone, the reported disputes jumped to about the same number as had been reported for the entire province the previous year. Dangdai yuekan (Contemporary Monthly), May 15, 1994, p. 42.


29. This figure was released by Huang Jingrong, a local Political Consultative committee member representing the Shenzhen city trade union in a speech she gave in 1994. But it is not clear whether the 20,000 cases of complaints cited above
came from the same set of statistics as these 1,100 cases of collective disputes.

30. Article 6 of the Trade Union Law of 1950 stipulated the trade unions' right to represent staff and workers to collectively bargain in private firms.


33. For example, in 1993 the ACFTU and the government declared that all the FIEs should have unions by the end of the year (Chicago Tribune, September 11, 1993). In 1994, the target was set at 50 percent (Japan Economic Newswire, February 21, 1994). Later in the year the target was revised to 100 percent by the end of the year. (Zhanghua gongzhang shibao (Chinese Industrial and Commerce News), October 21, 1994. So, too, the Fujian People's Congress stipulated that because of worker abuse, all FIEs should set up unions at the same time that an enterprise is being established (Ming bao, October 28, 1992).


36. For a vivid example of how a Hong Kong investor in Fujian refused to allow a union to be established in his enterprise, and how he threatened to publicize "China's poor investment climate" if the union continued to pressurize him, see Shanghai gongyuan (Shanghai Workers Movement), no. 2, 1995, p. 45.

37. As an example, trade union staff members have more difficulty getting approval to go abroad for training (as opposed to investigation tours) than functionaries from other bureaucracies.

38. The information on Pudong that follows is based on an interview with the Pudong New District Trade Union chair conducted in May 1995.

39. A similar downsizing of Pudong firms has been occurring at the Shenzhen City General Trade Union. The rights and benefits protection department's staff has been reduced from 20 to 8, with not even one full-time staff member today in charge of legal matters.

40. Information based on a day's visit in May 1995 to Nanhuie County organized by the county trade union. A very similar phenomenon exists in the Guangzhou Huangpu Technical Development Zone. Here the Zone's former deputy trade union chair was promoted to become the Zone's planning and construction director. (The information is based on a visit to the Zone in September 1995.)

41. The Minhang District until recently was a small industrial district under Shanghai City. It was amalgamated with an agricultural county and now contains a lot of farmland for industrial development.

42. A very common saying among trade union functionaries is that they need "to fight for support from the Party and government in trade union work."

43. These figures were obtained from interviews with union chairs in September 1995. It should be noted that only enterprises which employ more than 25 people are required to have an enterprise union. Those employing less than this number are not included in the statistics.

44. Shanghai gongyuan (Shanghai Labor Movement), no. 2, 1995, p. 15.

45. Based on an interview carried out in May 1995.


47. For example, how difficult it is to set up unions in some of these NIE enterprises, see Shanghai gongyuan (Shanghai Workers Movement), no. 2, 1994, p. 45; Gongren ribao (Workers Daily), March 23, 1995, p. 1.


49. A document circulated by the Guangdong Province Trade Union Research Department, June 1993, "Inquiry into Successful Trade Union Work Under Market Economic Conditions—Investigation and Research into the Shekou Industrial Zone Trade Union's Work."


51. This is based on my attendance at the "Conference on Industrial Relations Under a Market Economy" held in Guangzhou in September 1995, attended by both PRC and foreign labor experts. This comment was made by Hideo Totsuka at the conference.

52. Strikes in China are in a state of legalistic limbo. This situation is actually not that unique. Australia, well-known for its powerful unions and its strikes, is a country where all the states outlaw some or all strikes (Clegg, 1976, p. 75). Legalizing strikes may not always work to the advantage of labor if the law is not drawn in labor's favor. For example, in Vietnam, the new 1995 labor laws, put into effect at the same time as the Chinese, legalize the right to strike, but the cooling off period is so long that all the strikes that took place in 1995 can be considered technically illegal (Agence France Prese, Hanoi, July 5, 1995; also Chan and Norland, forthcoming).

53. 1995 interview in Shanghai's Nanhuie County.

54. Interview with Beijing ILO director, 1994.

55. The footwear industry provides a very good example. Refer to Zhongguo xiuye yuebao (The China Footwear Industry Monthly), published in Hong Kong. This magazine serves an important function in rallying together all employers of the industry be they from Taiwan, Hong Kong or the mainland of China. Neither does it betray a bias against any particular kind of ownership. It helps to disseminate information, articulate the interests of the footwear employers and even maps out preferred political policies in its editorials.

56. I was told by one of the deputy chairs of the Shanghai Municipal Trade Union Federation in May 1995 that it was not the time to talk about industrial unions. Actually in 1990 the ACFTU had briefly brought up the issue of strengthening industrial unions Zhongguo gongzhi zhengzhi wenjian huijian (Collection of Important Chinese Trade Union Documents), Beijing, Hite Gongye Chubanshe Machine Industry Press, 1990, p. 174.

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CAPITALISM

Chinese Workers and the State

Edited by Greg O’Leary

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