Progress and Dilemmas of Chinese Trade Unions

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Chinese trade unions, as one of the society stabilisers of the Chinese government, have tried to consolidate their monopoly of labour issues and representation of workers’ interests through unionisation, legislation and labour disputes resolution. However, they failed to protect workers’ interests due to their institutional over-dependence on the government. The most recent wave of worker strikes across China has once again demonstrated the Chinese trade unions’ dilemma in dealing with serious labour issues.

SINCE THE 1980s, union movements in most developed countries have generally declined as indicated by the constantly declining union density (i.e., percentage of employees belonging to unions) in each country (Table 1). For example, the union density in the UK and the US decreased by 22.7% and 10.7%, respectively, from 1980 to 2007. In contrast, the union density in China has increased significantly in the last decade. Table 1 shows that it increased by 21.4% from 2000 to 2007. In 2008, the All China Federation of Trade Unions (ACFTU), as the sole legal trade union in

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China, had 212 million members and a union density of 73.7%, which made it the world’s largest union with more members than that of the rest of world’s trade unions put together.

<table>
<thead>
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<th>TABLE 1</th>
<th>UNION DENSITY IN DEVELOPED COUNTRIES AND CHINA: 1980-2007</th>
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<tbody>
<tr>
<td>UK</td>
<td>50.7%</td>
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<tr>
<td>Germany</td>
<td>34.9%</td>
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<tr>
<td>France</td>
<td>18.3%</td>
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<tr>
<td>US</td>
<td>22.3%</td>
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<tr>
<td>China</td>
<td>58.1%</td>
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However, as in many similar development cases in China’s reform and opening era, ostensibly glorious development figures often cannot speak much about the underlying reality. Chinese and foreign labour activists and scholars have unanimously criticised the ACFTU for its inability to protect Chinese workers’ rights. Chinese trade unions function differently from western unions. They are not autonomous labour organisations representing workers’ interests, but one of the state apparatuses that serves 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 referred to by the Chinese Communist Party (CCP) as an important social pillar for its regime stability.

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 unionisation, 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 meeting local GDP targets.
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 governments, workplace unions are usually controlled by the workplace management. 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 of its incapability to protect 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 of 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.

Chinese Trade Unions from “Transmission Belt” to “Society Stabiliser”

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 mobilises them to work hard for a new socialist society; 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. 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 absolutely 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 organisational 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 1), with the ACFTU at the top and 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. 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 leadership of the upper level union and the appropriate industrial union in the same region (Figure 1).

There are two regular sources of union revenue. The most important is the two percent payroll levy from unionised workplaces. About 60% of this levy will be returned to workplaces and the remaining 40% will be allocated among unions at different levels. The union’s second income source is a levy of 0.5% of individual union member’s wage. Moreover, many unions own properties (e.g., cinema, cultural activity centre) and other businesses (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 up 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 privatisation, 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, 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 privatisation since the late 1990s, victimised 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 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 stabiliser and mediator among the government, capital (employers) and workers. The ACFTU fulfills its role mainly through unionisation, legislation and labour disputes resolution.

**Growth of Chinese Trade Unions**

Figure 2 shows ACFTU’s unionisation 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% from 2000 to 2008. Now the ACFTU is the world’s largest union with more members than that of the rest of world’s trade unions put together. Foreign-funded enterprises used to be much less unionised in China. In 2003, only 33% of them established trade unions. Since 2006, ACFTU has achieved great results in its campaign to unionise foreign-funded 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% of foreign-funded enterprises in China had established trade unions.

To improve labour conditions, the ACFTU has also a part to play in drafting labour legislations. From 2001 to 2005, the ACFTU participated in the drafting of 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 laws and regulations on labour affairs. The three most important laws concerning labour rights are the Labour Law of 1994, the Trade Union Law of 2001 and the Labour Contract Law of 2008. In
FIGURE 2 UNION MEMBERSHIP AND UNION DENSITY IN CHINA, 1980-2008


particular, the ACFTU had contributed significantly to the drafting and promulgating of the Labour 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 towards workers, possibly reducing the competitiveness of Chinese enterprises and driving foreign investment away from China. 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. 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% of labour dispute cases.

Chinese Trade Unions in Dilemmas

Although the ACFTU has achieved visible progress in unionisation, 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 high standard law and regulations, promulgating new labour laws 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’ grievances 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% of them received care from trade unions. Another report shows that when workers were unfairly treated by their employers, only 8.2% of them approached trade unions for help. This shows that Chinese workers have very little confidence in trade unions.

On the other hand, labour disputes and unrest have been rising in the past decades. From 1995 to 2006, after the Chinese Labour Law became effective nationwide, the number of labour disputes accepted by the Labour Dispute Arbitrational Committees (LDAC) increased from 33,030 to 447,000, or by over 12 times, and the number of disputes per million workers increased from about 48 to 585, or by over 11 times. The majority of these cases were collective disputes involving more than three workers. In addition to using institutional channels, such as the LDAC, to address their labour issues, Chinese workers have also resorted to non-institutional ways, such as “mass incidents”, to express their dissatisfaction with labour conditions. In 2003, workers were the largest participating group in mass incidents of 1.44 million and accounting for about 47% of total participants in China. From January to September 2008, almost half of the mass incidents in Guangdong were organised by workers to get their back wages from employers. Though the ACFTU and its local unions do not support workers’ unrest, they are unable to significantly improve labour conditions and contain labour unrest.

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 stabilising labour relations and maintaining industrial order. To ensure that the ACFTU does not deviate from this stabiliser role, the ACFTU and its branches have been institutionally tied to the government at the same level to do their work. Both the Labour Union Law and the ACFTU’s Constitution emphasise 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 arrangements work for unionised 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.

Chinese local governments have been driven by GDPism in the past decades. The performance of local government leaders is usually evaluated against the way 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 towards capital. Some local governments even stopped improving minimum wage standard for years to please employers. 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 to compromise.

In 1997, China signed the International Covenant on Economic, Social and Cultural Rights 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-organised labour organisations 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 questionable if the ACFTU can fulfill its role of society stabiliser 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; the relatively independent trade unions are usually believed to be an inherent component of a matured market economy.

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 Foshan Honda plant strike, 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 of the employer. In their letter to the public, the workers severely criticised the government trade union and insisted that a factory trade union be established through elections by all workers.