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**The Recent Transformation of Chinese Trade Unions
under the New Political Slogan of ‘Creating Social
Harmony’**

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ABSTRACT

This paper aims to identify the recent changing role of Chinese Trade Unions movement under the new political leadership of the current President *Hu Jintao* and the Premier *Wen Jiabao*. Multi-level investigation has been carried out to explore the recent changes of policy from both central Party/State initiatives in the creation of the new slogans of ‘harmonious society’, ‘basic principle of humanity’, and ‘scientific development concept’. Under such policy-shifts towards promoting grass-roots interests, the official trade unions, namely the All-China Federation of Trade Unions (ACFTU), have been under pressure to develop initiatives to realize the new political and social goals established by the central government. For many years, a ‘top-down approach has dominated the unions and there had been increasing criticism both within union movement (and their members) as well as amongst social commentators blaming the top leadership of ACFTU for being ‘out of touch’ and merely behaving as ‘bureaucrats’. Therefore, increasing pressure has been building up from below. Around the whole of China, grass-roots level unions activities have been stressed as increasing important, with many new initiatives such as a new workable industrial relations (IR) system, as well as the human resource management (HRM) framework. Certainly, both positive and negative examples do exist and union engagements have been transformed from a previously more homogeneous structure, pattern and functions to more differentiated activities and functions arising from new initiatives.

KEY WORDS: All-China Federation of Trade Unions (ACFTU); Confucianism; 'harmonious society'; human resource management (HRM) industrial relations (IR); socialism; trade unions; workers' representation.

1. Introduction

A spectre is haunting China, the spectre of ‘Globalization’. The institutions of the People’s Republic (PRC) now face a major challenge in the shape of a ever-internationalizing economy and all it entails. If their past structure and function has been a product of history, they now have to face strategic and organizational renewal as they respond to today’s turbulent economic, social and political environment (see Warner, 2008a. and b.). The Chinese leadership’s answer has been to offer the ‘harmonious society’ as the path to a fairer future.

As a recent commentary (Zheng and Tok, 2007:1) puts it:

‘The present policy discourse ‘**harmonious society**’ (*hexie shehui*), and its foreign policy alter ego ‘**harmonious world**’ (*hexie shijie*) has become the defining discourse of *Hu Jintao*’s reign as Party Secretary of the Chinese Communist Party (CCP) and State President of China’.

This paper aims to identify the recent changing role of the Chinese trade union movement under the new political leadership of the current President *Hu Jintao* and Premier *Wen Jiabao* in the light of the above initiatives. As China enters a new era in the twenty-first century, with economic superpower status, World Trade Organization (WTO) membership and the 2008 Olympic Games host-role, it has to confront not only the rapid change in its environment, but also a set of apparent contradictions (see Huang, 2008) that juxtapose the above contemporary themes with its many yesterday’s institutions, amongst which are its employment/industrial/labour relations structures based on an entrenched

state-dominated union establishment, the All-China Federation of Trade Unions (ACFTU) (*Zhonghua quanguo zonggong hui*), founded as far back as the early 1920s (Ng and Warner, 1998).

2. Background

With the establishment of the CCP in 1921, the Secretariat of the China Labour Association, as it was then called, was set up to launch a nationwide labour movement. In 1922, the first National Labour Congress was held, laying the ground for the establishment of a national trade union body. On May 1, 1925, the second National Labour Congress held in *Guangzhou City, Guangdong Province* announced the founding of the ACFTU. From that date, the Party-led Chinese working class, it was said, could claim a coherent national union entity. This body became the main prop of the Party-Worker nexus after the ‘Liberation’ in 1949, anchored in the new 1950 *Trade Union Law*. It was to become part and parcel of the ‘iron rice bowl system’ (*tie fan wan*), a form of ‘life-time employment’ status that workers were to enjoy, from the 1950s to the 1980s, much of which was derived from the Soviet model (see Kaple, 1994). Although this model came with many variations, it was clearly recognizable as a stereotype. But its days, for better or worse, were to be numbered, as with the end of the Cultural Revolution and the death of *Mao Zedong* in 1976, a dawn was to break, after an interim successor. Two years later, *Deng Xiaoping*, China’s new leader, launched his economic reform programme. He institutionalized the ‘Open Door’ (*kaifang*) and ‘Four Modernizations’ (*sige xiandaihua*) policies in

the years after 1978 and set the scene for the emergence of the ‘socialist market economy’ (Zhu and Warner, 2000).

Another step on the way to a more market-driven system incorporating China’s labour movement into the thrust of reform was *Trade Union Law of 1992* and the *Labour Law of 1994*, the latter implemented in 1995 (see Ng and Warner, 1998). This new *demarche* institutionalized the emerging labour-market at its heart, legalizing individual contracts (*geren hetong*) and collective contracts (*jiti hetong*) (Zhu and Campbell, 2002) and the like, as well as eventually a shift from old-style Personnel Management (PM) (*renshi guanli*) to Human Resource Management (HRM) (*renli ziyuan guanli*) (Zhu and Warner , 2000). The ACFTU was still the linchpin here, in late 2008, with allegedly over 212 million members, in 1.7 million union branches (People’s Daily, 25 December 2008:1; c.f., Tables 1 and 2). The implementation of the new laws might be described as a move towards recognizable ‘industrial relations’ as we know it is the West or what became known as ‘labour relations’ (*laodong guanxi*) in Chinese parlance (see Taylor *et al*, 2003). However, we must be cautious about labelling the Chinese system as akin to Western practice, as yet at least. We do not in any case intend to set out here a detailed history of trade unions in China, as we have already done so elsewhere (see Ng and Warner, 1998; Ding *et al*, 2002; Warner, 2008a. and b.; Zhu and Warner, 2000). Suffice it to say, that their past will inevitably shape their present and no doubt their future.

The ACFTU had long been seen to act as a Leninist ‘transmission-belt’ mechanism linking the central Party/State with the ranks below (see Schurman, 1968; Ng and Warner, 1998) and it would be out of character to expect this ‘top-down’ *modus operandi* to be dispensed with that easily. Recent changes of policy from the Party, however, on the creation of a ‘harmonious society’, ‘basic principle of humanity’, and ‘scientific development concept’ may perhaps herald the opportunity for change.

The Chinese trade union movement, it was claimed, had already prepared the ground for its new role:

‘In July 2005, the ACFTU, at its Sixth Session of the 14th presidium, adopted the resolution on pursuing the trade union development path under socialism with Chinese characteristics, pointing out the way forward for the Chinese trade union movement. At the new stage in the new century, Chinese trade unions have devoted themselves to establishing a protection mechanism for workers, building a new type of harmonious socialist labour-management relationship, mobilizing workers to plunge into national construction, thus contributing their share to the country’s economic growth, the building of a socialist harmonious society and a well-off society’ (ACFTU website: A Brief History of the ACFTU's Development, <http://www.acftu.org.cn/template/10002/file.jsp?cid=65&aid=214>).

Under such a policy shift towards grass-roots interests, the official trade unions, namely the ACFTU, have been under pressure to develop concrete initiatives to realize those new political and social goals established by the central

government. The thinking behind these new steps, such as the 2007 Labour Contract Law recently approved for implementation in 2008 (*see People's Daily*, 9 August, 2007:1) which has now been put forward as the corrective to the imbalances in Chinese economic life, became known as the *'harmonious society'*, (*hexie shehui*) (Warner, 2008b). It is an attempt by the current Chinese dual-leadership, to help resolve a number of the contradictions we adumbrated earlier. It appears to seek to fuse traditional Confucianism with Marxist-Leninism (see Bell, 2008) and to help create *'socialism with Chinese characteristics'* (*juyou Zhongguo tese de shehuizhuyi*). This particular terminology was employed in the post-Mao period in order to reconcile what might appear to be *'foreign'* (even *'capitalist'*) and therefore *'non-socialist'* practices, with indigenous Chinese institutions based on Chinese values, whether traditional or communist - and even appearing to resolve the apparent contradiction. Both Confucianism and Socialism, being in their different ways based on *'collectivistic'* values, would therefore perhaps then be more reconcilable with *'the Chinese way'* of doing things. The dilemma was for those seeking to modernize, on the one hand, not to appear to be *'taking the capitalist road'* (*zou zibenzhuyi daolu*) a term used to refer to *'counter-revolutionary'* policies in Maoist ideology for which many had faced imprisonment even execution, yet on the other hand, not to be seen as excluding the possibility of change. It was a high tight-rope act that reformers had had to perform, with many perils and uncertainties on the way. The phrase, *'socialism with Chinese characteristics'* has been attributed to *Deng Xiaoping* but long before that *Mao Zedong* had observed that socialism had to be adapted to Chinese circumstances. The latter had formally called for the *'sinification'* of Marxism as far back as

October 1938 at the Sixth Plenum of the Sixth Central Committee (Schram, 1989: 84). If the assimilation of traditional values provided the bricks, *Deng's* pragmatism offered the cement. *Jiang Zemin* more or less followed in his ideological tracks, with some modifications. Now, *Hu Jintao* has taken the momentum one step further.

As Zheng and Tok (2007:2) further observe:

'Hu inherited an increasingly divided society: widening regional disparities, tattered social and welfare system, massive unemployment, structural poverty, and rising environmental concerns. On the foreign policy front, China was besieged with new externalities, from international terrorism and separatist movements to strategic containment, and massive trade imbalances to those speculative 'hot' monies that flow across international frontiers. The need for a policy re-think spurred *Hu's* 'harmonious society/world' idea. China now needs to adjust its attitude: a more proactive role is now necessary if the country is to shape its own destiny, both internally and externally. 'Scientific development' (*kexue fazhanguan*) and 'harmonious society' serve to provide *Hu's* domestic audience with new developmental objectives; 'harmonious world' sends the signal that China is now moving into a new stage ...'

If taken seriously, this notion of the 'harmonious society' is an interesting one and in many ways a relatively novel one for students of the Chinese economic, political and social system and may in turn shape how Chinese enterprises of all

kinds manage their employment relations and human resources as we move into the new millennium. How *'harmonious'* society has to be, is not laid down and whether harmony can be measured is moot. There is, as yet, no template of *'harmony'*. The notion is relatively broadly defined and has appeared more and more frequently in the last few years. *Hu's* approach tends towards generalizations rather than specifics; the policies the dual leadership promote do not envisage *'bold reform'* according to one source but probably represent *'a compromise between rival factions'*; in his first televised address to the nation, it was noted that he mentioned the word *'democracy'* 60 times but did not envisage Western-style practices (The Economist, 20 October, 2007:78).

Even so, the new approach has promised *'hard results'* on the industrial front. Managers, both in domestic- and foreign-owned firms, will now have to appear to take more seriously into account their employees' interests. In bringing in new labour legislation, the Party has become increasingly aware of emergent social tensions arising from the new power imbalances in the workplace and the less egalitarian income- and wealth-distribution now found in China; since it wants to maintain social harmony, it has attempted in our view to appease the *'losers'*, without penalizing the *'winners'*.

A recent report *'A Resolution on the Major Issues Concerning the Building of a Socialist Harmonious Society'* adopted at the Sixth Plenum of the Sixteenth CCP Central Committee, 11 October, 2006, fleshes out the main concept as follows: *'Social harmony is the intrinsic nature of socialism with Chinese characteristics and an important guarantee of the country's prosperity, the nation's*

rejuvenation, and the people's happiness. The building of a socialist harmonious society is an important strategic task, which was put forward partly under the guidance of *Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory*, and the important thinking on the '*Three Represents*' ... It continues further: 'No society can have no contradictions. Human society has been developing and progressing amid movements of all kinds of contradiction. The building of a socialist harmonious society is a sustained process during which social contradictions are resolved.' After dealing with ideological and institutional considerations, the text goes on to propose the ways of ensuring social equality and improving the income distribution system: for example, 'We should strengthen regulation and control over enterprise wages, increase guidance in this regard and bring the guiding role of information about the wage guiding line, labour-market price, and industrial labour cost into play in the wage level'. It goes on to specify how the Party can act out a greater role in the building of a socialist harmonious society. It continues: 'They should step up the improvement of the party's leadership over trade unions, the Communist Youth League (CYL), Women's Federations, and other mass organizations and support them in playing their role in maintaining close ties with the masses, serving and educating, and protecting their legitimate rights and interests.' (See *Quarterly Chronicle and Documentation*, 2007:261ff; Warner, 2008b).

Looking at the above statement, we see the suggestion that 'contradictions' are always there but with human effort can be 'resolved' but it does not say how far so and whether they can be wholly reconciled. In fact, former Chairman *Mao Zedong* (1937) had once penned an essay entitled 'On Contradiction' in 1937 and

that had significant impact on the party policy since then. Contradictions had been intrinsically part of the dialectical process central to Marxist-Leninism. *Pari passu*, dialectical logic had also been part of Chinese traditional thinking, in both Confucian as well as the Maoist canon (see Bell, 2008).

One Party thinker recently wrote:

‘Guided by the scientific outlook of development, the whole country, from the top authorities on down, is on board for building a harmonious society. A harmonious society, in essence, is one that respects the rights of people, sticks to the principles of human civilization and abides by the laws of nature.

With its vast territories and large population, China naturally exercises significant influence on the world politically, economically and culturally. The impact of its bid to bring about a harmonious society will also ripple across the globe. The concept of the harmonious Chinese society is of more than reference value for ushering in a harmonious world - at the core of the "harmonious world" is a shift of the political ideas for handling conflicts.

The fact that the CCP, a party in power in a big country, now names "building a harmonious society" as its basic guiding principle suggests that it has abandoned the concept of "class struggle" as the key link and is also discarding the mentality of confrontation and turning to the ideas of harmony’ (Qin, 2006).

However, only time will tell if the ‘contradictions’ of globalized contemporary China can find a ‘harmonious’ resolution. Specifically, one long-standing

contradiction has been between the ‘democratic’ rhetoric of the Chinese labour movement and its ‘oligarchic’ reality, the ‘democratic centrism’ paradox. For many years, the ‘top-down’ approach of the ACFTU had dominated the union movement and there had been increasing criticism both within the union ranks, as well as amongst social commentators criticizing the top leadership of ACFTU as ‘out of touch’ and merely behaving as ‘bureaucrats’. Therefore, increasing pressure had been building-up from below. Around the whole of China, grass-roots level unions’ activities have been increasingly important, with many new initiatives and seeking to forge new workplace employment relations. We will set out examples of these in the later sections of this paper. Certainly, both positive and negative examples, we will argue, do exist in abundance. Based on these considerations, therefore, we would like to tackle the following proposition as the central theme of this paper: *The greater the rate of change in the economic, political and social environment in China, the greater the likelihood that the homogeneous structure, pattern and functions of its unions will change to more differentiated activities and functions.*

3. Methodology

The methodology we have adopted relies on *historical* and *institutional* analysis and is mostly *qualitative*. Some of the results were based on our previous interviews and survey in different projects, including the National Survey conducted by the China Industrial Relations Institute. Here, we try to identify some new phenomena and movements of trade unions, in particular at the grass-roots level. The key aspects of the paper will be divided into the following

categories: *a) the overall development of trade unions in recent years; b) the emerging role of unions in foreign-owned enterprises (FOEs); c) the development of union membership among migrant workers; d) the trend of direct election of union leadership; e) participating and promoting the development of new labour legislation.*

4. Key Aspects of the Recent Union Development

a) The overall development of trade unions in recent years

Since the 1990s, the overall trade unions in China have experienced *three* key phases of transformation, namely 1993-1999: period of gradual decline, 1999-2002: period of rapid growth, and 2003-now: period of growth and consolidation (see Table 1).

Insert Table 1 here.

From the early 1990s, China started to take certain measures with the gradual introduction of privatization, corporatization and restructuring of public sector and increasing usage of contract management system and allowing troubled SOEs to go bankrupt from the beginning of 1990s, the number of SOEs and collective-owned enterprises (COEs) indeed declined dramatically, while the number of employees in the public sector was also shrinking. In fact, the public sector had the largest number of union branches and membership. However, due to the restructuring and closing down or changing the ownership of SOEs and

COEs, many traditional strong hold of union establishments and members disappeared. In 1998, the number of both union branches and membership reached a very low level in history (see Table 1).

On the other hand, many employees working at Domestic Private Enterprises (DPEs), Township and Village Enterprises (TVEs) and Foreign-owned Enterprises (FOEs) were not union members due to the fact that most of these types of enterprises did not have union organization (the prediction of number of non-union member workforce exceeded 200 million during the 1998/99 period, see Chang and Wu, 2000). The late 1990s was the most difficult period for both the government and trade unions, on the one hand, there was the period of Asian financial crisis, with increasing number of private-owned enterprises closing down, due to lack of export market and restructuring of public sector firms led to less number of SOEs and COEs. On the other hand, the economic down-turn led to increasing cases of labour disputes, such as delay or no payment to workers, no labour contract protection for workers, no compensation for injury and so on. Consequently, many grass-roots workers' protection groups emerged as protecting workers' right movement (*weiquan yundong*) independently from the system of ACFTU; the legitimacy of the official unions was being challenged.

After 1998/99 troubled period, the government started to realise that the ACFTU must take some initiatives at grass-roots level in order to attract more membership and counter the competition from those relatively independent workers' protection groups. In June 2000, the peak body of ACFTU established the new policy of developing new enterprise-based unions as an urgent task. The

then ACFTU Chairman *Wei Jianxing* claimed that ‘without the establishment of enterprise unions, there is no way to talk about trade unions’ role as the protector of workers’ right and the connector between the Party/State and masses’. The ACFTU treated this matter as a political campaign (Zhang, 2003).

Since the campaign started, the number of unions and union memberships had increased. By the end of 2002, the newly established unions reached 1 million with increase of membership of 36 million. The total union memberships reached 130 million. However, the quick expansion led to other problems, such as the rush for creating numbers rather than quality of unions, unions with only name rather than substance, and some unions were formed by the owners/employers of private businesses. By realizing such problems, the ACFTU started to have another campaign to clean up the mess. After one year of adjustment, the number of grass-roots unions was reduced by 50% and membership reduced more than 10 million between 2002 and 2003 (Feng, 2006).

In more recent years, the ACFTU shifted its strategy by emphasizing on the solid and stable development of trade union branches and membership marked by the central theme of the 14th ACFTU Congress in 2003. Since then, the key activities of the ACFTU have been focusing on the representation and protection of union members through grass-roots union organizations. In 2005, all levels of union organizations concentrated on the development of enterprise unions among DPEs and FOEs and organizing migrant workers into official trade union systems (Feng, 2006). As demonstrated in Table 2, in 2007, the private sector including DPEs and FOEs became the largest sector in terms of union branches

with 70% and 10% respectively, and SOEs and COEs became the minority with only 9% and 11% respectively. In addition, the trend of SOEs and COEs indicated a certain degree of decline, with negative growth in recent years.

Insert Table 2 here.

b) The emerging role of unions in foreign-owned enterprises (FOEs)

According to the 'Trade Union Law', organization with more than 25 employees should establish organizational-based union committee; while organizations with less than 25 employees might establish its own union committee, or joint union committee with other organizations, then elect one union organizer to run relevant activities (Trade Union Law, Article 10). However, many leading MNCs operating in China did not have any form of union organizations. In 2004, the ACFTU claimed that they would publish a 'black-list' of those MNCs which did not follow the law to establish unions. In addition, the ACFTU threatened to take legal action against those MNCs if they did not correct themselves within a limited period. This action shocked both the domestic and international media and many MNCs started to think about the way to cope with these pressures. One of the typical examples was the establishment of union branches among the stores of Wal-Mart, a US-based retail MNC.

It is well known that it has been very difficult to set up unions at Wal-Mart outlets, not only in China, but also in other countries, including the US. Under the influence of a national campaign targeting the increasing tension of labour-

capital conflict among FOEs, this was labelled as based on ‘unstable factors’ (*buwending yinsu*) by the central government and the ACFTU was given a ‘green light’ to tackle the problems of non-union FOEs.

Based on the interviews made by one of the co-authors of this paper (Feng, 2007), *Fujian* Province was nominated as the target area for implementing the Trade Unions Law. In 2006, after a period of promotion and encouragement of local governments and trade unions, most Taiwanese investment enterprises had set up unions in *Fujian* Province, but not many Western companies had done so. The Wal-Mart’s store in *Quanzhou* City became the target. The initial step was based on the willingness of the employees of Wal-Mart wanting to form unions under the encouragement of local trade union branches. After the intervention of the local government and trade unions, the local store management was hesitant to allow the union to be established there given the reason of no authorization from their head-quarters. Then the matter went to the top level of the ACFTU. After a negotiation between the ACFTU and the China head-quarters of Wal-Mart, an agreement was reached based on the principles of respecting laws, cooperating with each other, maintaining industrial harmony and so on. Eventually, the first union branch was established at Wal-Mart’s *Quanzhou* store and broke the tradition of Wal-Mart as a non-unionized organization. Since then, all the Wal-Mart’s stores in China had established union branches (*ibid*).

This case reflects some traditional political mechanism of a ‘top-down’ approach to solve sensitive problems. However, given the initial step of grass-roots

activities of workers' willingness for forming union organization and support of local union branches, a 'bottom-up' phenomenon also appeared in this case and it seems a positive direction for the future union movement in China.

This year (2009), the ACFTU has developed an on-going campaign on unionizing FOEs and in particular in the Fortune 500 companies, to reach allegedly 100% unionization (Feng, 2009). One semi-official Chinese magazine the *Beijing Review* reported in January 2009 that the ACFTU published data claiming 483 of the Fortune 500 firms in business in China were signed up, but less than half of them in reality have established trade unions, we found, compared with more than 73% for all FOEs in China. One excuse for MNCs in China not setting up trade unions is that they have other employee welfare groups such as staff welfare unions, workers welfare unions and staff clubs. But the official from the ACFTU claimed that these kinds of welfare unions are not equal to trade unions because they are not 'true' workers' organizations and cannot protect the rights of employees (Feng, 2009). By persuading FOEs to set up unions, the ACFTU emphasized the difference between the Chinese unions and those in foreign countries, by claiming that Chinese unions adopt mutually cooperating and supporting attitudes towards management, and in fact, have largely increased the business efficiency and resolved many disputes between workers and management (ibid). The new tactics of the ACFTU is to communicate with the MNCs foreign headquarters on the formation of unions at their subsidiaries operating in China and hopefully reach an 'ideal' of 100% unionization, by the end of 2009 (ibid).

c) The development of union membership among migrant workers

In 2004, the 14th ACFTU Congress listed another important area as the new task for the union movement, namely the development of union membership among migrant workers (Feng, 2006). It claimed that the migrant workers are the ‘new members of proletarian class’. According to the ACFTU, the registered migrant workers working in the urban areas reached nearly 100 million with increase of more than 5 million each year. They are mainly working in the industries such as the small and medium-sized manufacturing sector, construction, and services sector with the labour-intensive and small-scale characters (ibid). They have made a great contribution to national development and exports but face many kinds of discrimination, such as lack of education for their children, non-payment or delay of payment of their wages, injury without adequate compensation and so on. These discriminations also created anti-social behaviour among many migrant workers who were treated unfairly and had substantial grievances.

As one of the major tasks for the Party/State to maintain the ‘social harmony’, the ACFTU was required to develop new initiatives to support this marginalized workforce and avoid further social conflicts. By extending the union coverage among the migrant workers and providing legal and institutional support for their needs, the ACFTU believes that would be an effective way. New initiatives have been developed at the grass-roots level. Here, we use two examples to elaborate such development.

One typical example is called '*Xinyang Model*' based on the new initiative developed in *Xinyang, Henan Province* (Feng, 2006). *Xinyang* is one of the key regions for supplying migrant workers with about 2 million workforce moving out each year. The income of these migrant workers sending home funds comes to about one third of total income in that region. In the past, many cases of unfair treatment happened among these migrant workers and this became a major social issue in the region. The local government and trade union branches tried to find way to protect their own migrant workers working in other places. By using the local union branch as the central organization, they started to recruit the local migrant workers to become local union members before sending them to various parts of the country. Then the local union branch would contact other union branches in other major designated industrial locations such as *Shanghai* and *Zhejiang Province* and transfer these migrant workers' membership to the new locations. Both locally-based unions could provide support and protection for these migrant workers. In addition, the *Xinyang* government and local union branch worked together to set up 96 'Migrant Workers' Protection Service Centres' in different industrial regions to help these workers signing the labour contract, seeking un-paid wages, providing legal assistance for labour dispute and injury cases and so on. They also helped developing migrant workers school for training these workers, as well as educating their children.

Another example is called '*Yiwu Model*', which was developed based on the local trade unions' initiatives in *Yiwu, Zhejiang Province* (Lou, 2007). For many years, similar discrimination and unfair treatment happened among the migrant

workers working in the *Yiwu* region. In order to protect themselves, these migrant workers started to organize themselves based on the form of '*Tongxiang Hui*' (association of workers from same village or region). However, these kinds of organization could sometimes possibly adopt violent methods to solve dispute by 'taking the law into their own hands'. This phenomenon was seen to disturb the possible 'social harmony' in *Yiwu* region and made the local authority rather worried about possibly 'out of control' groupings and threats to the social order. Therefore, the local government and trade union branches worked together to 're-organize' these workers' 'self-defence' groups and transform them into local union branches. Under formal union representation, these migrant workers were thus to be organized and protected by the local union branches who established migrant workers service centres.

d) The trend of direct election of union leadership

One of the weaknesses of Chinese unions in the past was that unions were less independent from management at enterprise level - due to the fact that many grass-roots union leaders were nominated by higher union authority or enterprise leaders. The 'vote' by union members became a 'window-dressing' process and has had mixed fortunes (see Howell, 2008).

The early effort of direct election of union leadership occurred in *Shenzhen Shekou* Industrial Zone in 1984, and the process was open and independent among union members without authority nomination and intervention. Those being 'mass-elected' union leaders demonstrated their strengths and

responsibility towards union members. Since then, the direct election of union leadership has gradually developed its momentum. For example, there were 120,000 grass-roots union leaders in *Guangdong* Province, and one third of these leaders were elected by the members directly in 2003 (Zhang, 2003). Most grass-roots unions among the private owned enterprises allegedly did adopt so-called ‘direct’ elections with nearly 70% in some industrial regions, such as in *Zhejiang* Province (ibid). This trend maybe reflects a positive direction toward self-determination and self-management of trade union activities among workers who now increasingly have an increasing awareness of legal rights and a way of engaging in more ‘robust’ industrial relations.

e) Participating and promoting the development of new labour legislations

One of the effective efforts of the ACFTU for representing and defending workers’ right was its involvement in the drafting and formation process of new labour legislation. From early years of drafting the first Labour Law in 1994 to the amendment of Trade Union Law in 2001, and more recently the debate on the new Labour Contract Law, Employment Promotion Law, Labour Dispute Settlement Law and Social Insurance Law, the ACFTU was actively participating in the discussion and drafting these laws. The most important contribution was made towards the formation of the Labour Contract Law when both governments and trade unions were facing tremendous pressures from the employers’ groups, including the American Chamber of Commerce (AmCham), threatening withdrawal their capital - if such favourable conditions to workers was passed as legislation. In particular, with the recent financial crisis, there has been increasing ‘noise’ from employers’ groups about the negative impact of the

Labour Contract Law and asking for further amendment of it by the government. Indeed, 20 million jobs have been lost largely in export-related foreign-owned firms in the coastal regions by the end of 2008. So far, the trade unions have been strongly arguing that this Law is not at the root of the issue and both the governments and the trade unions have made very clear point that there is no need for further changes in labour legislation.

In addition, the trade unions have been involved in monitoring the implementation of new legislation. For many years, China passed many new kinds of legislation but lack of enforcement was always a problem. By working together with the grass-roots union organizations, industry-based and locality-based union branches might better carry out detailed investigations of the implementation of labour legislation at the enterprise level. Then, working together with government labour bureaux, administrative intervention and legal sanctions could be applied to those enterprises that disregard the new laws. Given the reality that many workers are injured and even killed at workplaces every day and even a large number of workers were not paid adequately, continuation of law enforcement by the trade unions working together with other NGOs and the government agents has become crucial for the well-being of working men and women in China. But it is hard to see how fast improvements in enforcement will be implemented, given the vast size of China's workforce.

Other activities include legal aid to union members for labour dispute cases, training and promoting awareness of new labour legislation among workers and participating in enterprise-based labour dispute mediation committees. Given

there are increasing number of labour dispute cases in recent years, the grass-roots unions have been actively engaged in these important activities to reduce conflict and tensions at enterprise level, and then tone down the social tensions at society level. It is clear that the grass-roots unions seek to become an important force for more robust worker representation but also maintaining ‘social harmony’, a possible contradictory role. It is likely that such disputes will increase as the global recession deepens and this will increase the stresses Chinese society and its unions will face.

5. Discussion

It is clear that the PRC is now going through a period of economic, political and social change, as it adapts to a globalized world, tendencies enhanced by the recent 2008-2009 financial crisis. Social tensions have accumulated as income and wealth inequalities have burgeoned.

From our preliminary interviewing, a number of significant changes have occurred, especially arising from the new Trade Union Law of 2008 and its attendant consequences. Important campaigns have tried to improve the representation of workers in foreign-owned enterprises and among the migrant labour working population, albeit with mixed results.

Certainly, both positive and negative examples do exist and it may be plausibly argued that union engagements have been transformed from a previously more

homogeneous structure, pattern and functions to more differentiated activities and functions arising from new initiatives, subject to a number of caveats.

There have always been ‘straws in the wind’ but the opening up of China’s economic, political and social space has been a slow and pragmatic one. It remains to be seen what the ultimate consequences of the demarches described and analyzed above will lead to, whether intended or unintended.

6. Concluding Remarks

We can therefore conclude that trade unions in China have recently seen some major steps in the direction of ‘opening-up’ of its industrial relations (IR) and human resource management (HRM). ‘Social harmony’ has been used as a mobilizing slogan to achieve much of this change as well as constituting a way of reconciling tensions between the *status quo* and the ongoing global changes the PRC is now facing. Additionally, the main thrust of our earlier proposition has been sustained, although with qualifications. Some progress has been seen in widening their representation and activities are more differentiated but at the same time political clout still remains with the higher echelons. In China, contradictions and paradoxes always abound!

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Table 1: The development of trade unions in China in recent years (Unit: 10,000)

Year	No. of union branch	No. of union membership
1993	62.67	
1994	58.29	
1995	59.31	10400
1996	58.59	10212
1997	51.03	9131
1998	50.35	8913
1999	50.86	8690
2000	85.86	10362
2001	153.80	12152
2002	171.30	13398
2003	90.55	12340
2004	102.00	13695
2005	117.40	15029
2006	132.40	16994
2007	150.80	19329
2008	172.50	21200

Source: China Labour Statistical Year book 2008; China Trade Unions Statistical Yearbook 2008; Workers' Daily, 30/12/2008, p.3.

Table 2: Union development among different ownership enterprises (Unit: 10,000; Year: 2007)

Sector	No. of Union	% of Total	Change %
SOEs	9.4	11	-1.9
COEs	7.3	9	-1.2
DPEs	57.1	70	2.3
FOEs	8.0	10	0.8

Source: The ACFTU Research Office, 22 May 2008.