

**Unions as Countermovement?
New Forms of Union Organisation in China and the Regulation of Labour
Market Risk**

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In his book, *The Great Transformation* (1944), Karl Polanyi described the impact of industrialisation on established institutions that had regulated production and labour markets. Industrialisation brought with it an extension of market-based regulation to new areas of economic and social relations, including the labour market. Consequently, the regulation of labour through the system of guilds and government regulation gave way to a growing reliance on markets and price signals, permitting employers to hire and fire when required, without any broader obligation for worker welfare. While industrialisation and market liberalisation may have improved overall economic welfare, it subordinated all other relationships to economic concerns, increasing worker exposure to risk. The unleashing of market capitalism, Polanyi posited, gave rise a 'countermovement', a movement for greater social protection against market forces. Labour unions were one form in which this new countermovement manifested itself. Unions, along with other collective agents, sought to regulate the terms on which employers could hire and fire workers, as well as to agitate for legislation that afforded greater social protection.

To what extent have Chinese workers' organisations developed as an effective countermovement to the expansion of markets? In this paper, we seek to take the essential insights from Polanyi's analysis of market capitalism to examine the role of new forms of union organisation in protecting workers against market risks in China's new economy. In this context, the paper examines the emergence of new forms of union organisation as a 'countermovement' against the extension of the market, and makes a preliminary assessment of their effectiveness in providing workers with new forms of social protection.

Polyani's analysis of industrialisation presents some striking parallels with the transformation of the Chinese economy since the late 1970s. While China's economic transformation has generated a rapid expansion of the Chinese economy, it has also exposed Chinese workers to a more precarious and risky economic environment. This is evident in the mass destruction of jobs in the state sector, and the growth in precarious employment, particularly among laid-off urban-based workers, and the deteriorating working conditions and wages of rural migrant workers. The growth of risk is more manifested by recent labour reforms, such as the *Labour Contract Law* which took effect in January 2008, and the global financial crisis.

While Chinese unions are typically viewed as ineffective in representing workers due to the dependence on the state and workplace management, there are emerging reports of a number of attempts at 'union revitalisation'. Faced with a new type of capitalism – neo-liberal globalization – the surge of unionism in China shows signs of taking different forms from the past. We find evidence of a number of attempts by workplace activists and regional offices of the All-China Federation of Trade Union (ACFTU) to form workplace union or union-like organisations that differ significantly from traditional workplace unions. These new organisations seek to counter the potential market risks that workers face in a variety of ways. Often formed by activists, these unions show some signs of operating independently of management. There are also a number of studies that have documented the rise of worker protests against perceived injustices and exploitation (Chan, 2001; Lee, 2007; Cooke, 2008). Based on qualitative case studies, the paper examines the role of a number of new union organisations that have emerged since the late 1990s, including 'bottom-up' workplace unions in Wal-Mart, 'XiaoChen' Worker Centres and Community-based Unions, and ACFTU experiments with 'professionalising' and 'socialising' workplace union leaders and professional grassroots union organizers.

To what extent have these new forms of union organisation proved effective in protecting workers against labour market risks? Ultimately, unions may have countervailing effects on workers' exposure to risk. On the one hand, union organisation may provide employees with protection against dismissal and improved entitlements through collective bargaining and their capacity to limit management discretion in the workplace. At the same time, however, by potentially increasing labour costs, unions may make some firms more vulnerable to economic fluctuations, thereby increasing worker exposure to risks of dismissal. These countervailing effects have been the subject of intense debate in the international literature examining union effects on employment and business performance. The paper seeks to provide a preliminary assessment of this question based on qualitative interviews with union members, union officials and managerial employees.