

Unions as Countermovement?

New Forms of Union Organisation in China and the Regulation of Market Risk

Youqing Fan
Ph.D. Candidate

Peter Gahan
Associate Professor

Work and Employment Rights Research
Centre

Department of Management
Monash University
900 Dandenong Road
Caulfield East, VIC 3145

Email: Youqing.Fan@buseco.monash.edu.au

Work and Employment Rights Research
Centre

Department of Management
Monash University
900 Dandenong Road
Caulfield East, VIC 3145

Email: Peter.Gahan@buseco.monash.edu.au

Paper prepared for the 'Managing the Social Aspects of Change from a Risk Perspective' conference, Beijing, April 15th-17th, 2008. NOT FOR CITATION

Introduction

Writing near the mid-point of the last century, Karl Polanyi wrote his seminal work, *The Great Transformation* (1944[1957]), which sought to provide an understanding of England's transformation. Central to his analysis was the idea of a 'double movement' in which the expansion of economic liberalism and market based system of economic governance confronted a countermovement in the form of expanding calls for social protection to protect economically vulnerable from market risk. Polanyi's analysis of these processes have proved enduring, particularly over the last decade, as a useful approach to examining processes of globalisation (e.g., Munck, 2002; Standing, 2007) and rise of transnational new social movements seeking to reverse or ameliorate the new risks associated with globalisation (Edelman, 2005; Evans, 2008).

To what extent have Chinese workers developed an effective countermovement to the expansion of markets? There are, of course, stark differences between China's economic transformation and England's industrial revolution. But we would suggest that Polanyi's conceptual framework for understanding the economic processes associated with industrialisation and subsequent responses to it – notably the idea of the double movement and social embeddedness of economic institutions – provide a useful approach for thinking about China's economic transformation and the social responses to this transformation. Here, we do not provide any attempt to analyse the transition from a Polanyian perspective (for an early attempt to incorporate Polanyi ideas into such an analysis, see Nee, 1992; 1996; and more recently Deyo and Ağartın, 2007). Our aim is to sketch briefly Polanyi's key ideas and examine the role of new forms of union organisation in protecting workers against market risks in China's new economy.

Polyani and the Concept of “The Double Movement”

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:

“It can be personified as the action of two organising principles of society... The one was the principle of economic liberalism, aiming at the establishment of a self-regulating market... using largely *laissez-faire* and free trade as its methods; the other was the principle social protection aiming at the conservation of man and nature...using protective legislation, restrictive associations, and other instruments of intervention as its methods (Polanyi, 1944[1957]: p. 132).

Labour unions were one form that the second of these organising principles manifested itself as a ‘countermovement’ to the expansion of markets and free trade as institutions regulating economic life. Unions, along with other groups, 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. This countermovement reflected the inevitably process by which the extension of market relations became “dis-embedded” socially, disconnected from its social and political institutions, thereby generating insecurity and social anxiety (Munck, 2002: p. 18). Counter movements formed a reaction to these effects; and were attempts by social actors to re-embed markets into a more sustainable framework (Dale 2008). These opposing forces, Polanyi argued, co-exist in an uneasy tension, both having the potential to undermine the logic of the other. Just as ‘blind market relations’ resulted in dis-embedded social institutions, social protectionism undermined the efficiency and effectiveness of markets.

Scholars seeking to translate Polanyi’s logic of the double movement to the twenty first century have typically begun with the notion of globalisation (Edelman, 2005; Standing, 2007; Evans, 2008), although as Evans (2008, p.273) in particular has pointed out Polanyi’s critique of industrialism is squarely centred on the role of countermovements within relatively autonomous nation states. Consequently, the scope for countermovement and new forms of protectionism under globalization necessitate social actors mobilising at a transnational level. As such, countermovements against globalisation are more problematic and are difficult to sustain.

China’s Economic Transition and the Role of Unions

Transition to a market economy in China has now extended over a thirty year period. This process has been widely documented by a number of scholars in the research on China’s economic

transition (e.g., Naughton, 1995; 2007; Wu, 2005; Qian, 2003). It has consisted of successive waves of reforms and, in contrast to the ‘shock therapy’ administered to the command economies of Eastern Europe (McMillan 2004), the Chinese approach to transition has been a gradualist one (Child and Tse, 2001).

The transition process has typically been characterized as consisting of two distinct phases (Naughton, 2007). In the first phase, reformers established a ‘dual track’ economic system in which reforms allowed for an increasing level of market activity alongside the planned economy (Lin et al., 1998; Lau et al., 2000). While this phase allowed for growing competition in product markets through the formation of town and village enterprises (TVEs), domestic private enterprises (POEs), joint venture enterprises (JVEs) with foreign multinationals, and wholly foreign owned enterprises (FOEs), the activities of SOEs remained virtually untouched and the development of competitive labor markets was weak. Then, from 1992, a series of reforms were introduced intended to integrate these dual tracks through the strengthening of market institutions, particularly in the area of labor and capital markets, and exposing SOEs to greater market competition through restructuring, privatization and corporate governance reforms (Qian, 2003).

As a consequence of these reforms, China has experienced a transformation in the institutional, technological and organizational foundations of industry (Naughton, 2007). New industries have been created, and existing ones have undergone major structural reform. These reforms included policies and institutional changes intended to promote great labour mobility across sectors and regions, incentives for greater direct foreign investment (DFI), the privatization of state-owned enterprises (SOEs) and the promotion of domestic private firms. These developments have, in turn, been associated with a reinvention of institutions governing industrial relations and labor management, which have inevitably involved the creation of more conventional labour market (Shen, 2008; Frenkel and Kuruvilla, 2002). Consistent with the more general policy orientation toward market liberalization, these policy shifts were aimed at creating a free labour market and enabling individual enterprises to determine a broad range of issues at the workplace level, including recruitment and dismissal, wages and other forms of remuneration, and investments in training –see **Table 1** for a summary of major labour law reforms. These reforms have not only altered the structure and dynamics of China’s economy, but have also profoundly altered the exposure of workers to market risk. In this context our aim is to consider the emergence of new forms of union organisation as a ‘countermovement’ against the extension of the market, providing workers with new forms of social protection.

The Role of Unions in Socialist China

The peak union organization, the All-China Federation of Trade Union (ACFTU) was established as the formal union movements under the leadership of the Communist Party of Chinese (CPC), and incorporated other union movements. Officially, “the trade unions of China are a voluntarily organized mass organizations of Chinese working class led by the Communist Party of China and formed by the staff and members voluntarily, are the bridges and transmission belt linking the Party and the masses of workers and staff members, are the important social pillar of the state power, and are the representatives of the interests of the trade union members workers and staff” (Chinese Union Charter, 2003).

Historically, Chinese unionism have been viewed as a corporatist interest group in which its interests and roles are defined by the state and subordinate to state interests Chinese unions are typically viewed as state-dependent (Unger and Chan, 1995). The ACFTU formally functions as both a *representative institution* of workers and a *state institution* with responsibility for maintaining social stability. At the workplace level, Chinese unions have not traditionally provided members with an independent voice in the workplace (Ge, 2007, p.2), especially in the burgeoning private sectors in which workplace unions are largely affiliated to the management (Shen, 2007, p.236-237). Under socialist law, Chinese unions assumed three objectives:

- i.) to assist the state-party in an administrative function to retain social and political stability;
- ii.) to collaborate with enterprise management to improve production efficiency; and
- iii.) to represent and protect the interests of employees (Ge, 2007, p.2).

All trade union organisations at the provincial, local and workplace levels are required by law to be affiliated to the ACFTU. As the only legal union in China, the ACFTU and its branches are controlled by the state through a hierarchical system. The president of the ACFTU normally is a member of the Central Committee of the Communist Party of China (CCCPC) and may be a member of the Standing Committee, which lies at the centre of the CPC (Ngok, 2007, p.153). All ACFTU leaders, with the exception of workplace union officials, are appointed by the state. Moreover, the role of Chinese unions – and even their existence – has been always subjected to government influence (Ngok, 2007, p.159). As a consequence, the ACFTU is dependent on the state (governments of different levels) for authority (Taylor and Li, 2007, p.708).

Chinese Unionism in Reform Period

As noted above the economic reforms over the last 30 years have been associated with significant changes in the industrial relations framework in China. The major legal reforms have *formally* provided workplace unions with an expanded role in collective bargaining and greater capacity to represent members in the workplace. What is not clear, however, is whether these developments have been associated with any substantial change in the role of unions at the workplace, or the nature of the relationship between unions and their members.

The available evidence indicated that the restructure of Chinese industry has created a number of adverse effects for unions, most notably in relation to union membership. Figure 1 graphs union membership for the period 1980 to 2005. This figure shows that from the mid 1990s, membership fell in absolute terms before increasing again after 1999. A second major decline in membership is then evident in 2003, after which membership increased again. This decline in membership during the 1990s has been attributed to the effects of the economic reforms, particularly the restructuring of state owned enterprises (SOEs). Taylor and Li (2005) estimate that between 1998 and 2005, SOEs dismissed approximately 60 percent of their workforce, or around 30 million employees. Although there are no reliable statistics, the evidence also indicates that unions have found it difficult to recruit and retain members in foreign invested forms (Chan, 2006).

Following this period of restructuring, the ACFTU sought to reverse the decline member by organise the emerging private sector (Chan, 2006). This is evident in both the union membership figures and the decline and subsequent growth in workplace union organisations. Both of the two indicators are summarised in **Figure 1**. This data likewise reveals the decline in union organisation during the mid 1990s and subsequent recovery after the turn of the century.

Given the limited capacity of organizing foreign enterprises rapidly, Chan (2006) reports that the ACFTU have no choice but to accept management compliant unionism. The main pattern of workplace union branches organizing strategy in foreign-funded enterprises is “top-down”, of which process and basic features has been summarized by Chan (2006) as follows:

“The district-level union would have sought management approval and cooperation to set up a union branch. Once an agreement was struck, management and the local union would have decided together on a mid-level PRC Chinese manager to serve as the union chair, without a union election. After the fact, an announcement would have been made to the employees about the formation of a new union branch, or in some cases, no announcement would have been made at all... [Such union chairs] have no power or independence from management. More often than not, this “union” does not even perform the traditional welfare functions it does in state-owned enterprises... There obviously is no collective bargaining or other actions that we associate with unions.” (Chan, 2006)

This subordinate role has been reinforced by unions’ financial and personnel dependence on the enterprise (Chan, 1998, pp.134-140; Shen, 2007, p.236). As a consequence, unions have not been capable or willing to represent workers, but have generally taken a pro-management or at least not pro-labour when labour disputes happen (Taylor and Li, 2005, pp.3-4). As a consequence, the fast growing in private sector unionism has not been associated with effective representation of workers interests in the workplace.

New Forms of Labour Organisation

While Chinese unions are often 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 to counter the new risks. The aim of this section is to report 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. Often formed by activists, these unions show some signs of operating independently of management. In particular, this 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.

Wal-Mart Unions

One celebrated case of new workplace unions has been the formation of ‘bottom-up’ workplace unions in a number of Wal-Mart stores during 2006. Wal-Mart (the *big box giant*) is the biggest retailer in the world and the largest corporation in the world (Fortune, 2008). Wal-Mart owns 7266 branch stores around the world, which sell products ranging from groceries to clothing to automotive and electronic equipment. Headquartered in Bentonville Arkansas, the company reported sales of \$ 378.799 billion and profit of \$12.731 billion and employed 1.9 million people in 2008 (Fortune, 2008). Wal-Mart is infamous for its determinate anti-union attitude. Such definite stance made it widely accused by union federations (AFL-CIO etc.), government agencies (Equal Employment Opportunity Commission etc.), and general public (a number of anti-Wal-Mart campaigns, e.g. Wal-Mart Watch, Wake-Up Wal-Mart, and End Wal-Mart Sweatshops Campaign) (Green America, 2008).

Wal-Mart entered Chinese market in 1996 through a joint-venture agreement. Up until now, it has opened 227 branches which are located in major Chinese cities such as Shenzhen, Dalian, Kunming, Beijing, Tianjin, Xiamen and Fuzhou etc (Wal-Mart China, 2009). However, due to its anti-union stance, none of its branches is unionized until mid-2006. Taking its remarkable background and status in business, Wal-Mart becomes the most prominent target for unionization in China.

At the beginning, the ACFTU tried to organize Wal-Mart *as usual*, which means an organizing effort from top-down in new burgeoning private sector aiming to build up a management sponsored union. When the ACFTU applied such organizing strategy to Wal-Mart, the federation met a continuous unprecedented resistance from Wal-Mart China. Firstly, in Shenzhen, the headquarters of Wal-Mart China, the president of Shenzhen Municipal Federation of Trade Union visited the Wal-Mart headquarter for several times for the purpose of unionizing Wal-Mart. At the first time, his proposal was politely declined by Wal-Mart officer; while, at the second time, Wal-Mart officer even refused to meet him with an excuse that: “there is no convention of unionization in Wal-Mart globally”. Second, for a period of time, Wal-Mart was not permitted to invest in Shanghai due to its anti-union stance. Thirdly, other city level union leaders have also contacted with Wal-Mart management for unionization issue constantly, however, all the branch stores adopted an uncooperative attitude and refused to be unionized.

Under such an embarrassed or even humiliated situation, the ACFTU launched an “Inspection of Enforcement of Trade Union Law” jointly with the National People’s Congress. In the final inspection report, Wal-Mart together with other renowned MNCs (e.g. Eastman Kodak, Samsung, and Dell) were charged by the National People’s Congress and the ACFTU for hampering unionization, which is also a violation of the *Trade Union Law of China*. Faced with the attack from the ACFTU and other state organs, Wal-Mart quoted the article 2 of *Trade Union Law of China* that “unions should be set up voluntarily by workers/employees” and argued that there was no employee had ever applied for setting up workplace unions, so Wal-Mart had nothing to do with building up unions. This statement from Wal-Mart indicates a thorough failure of ACFTU’s top-down organizing efforts in Wal-Mart.

Finally, the ACFTU perceived that it was necessary to agitate Wal-Mart rank-and-file employees to apply to set up a workplace union. In order to achieve this, the ACFTU had no choice

but to turn to bottom-up organizing techniques which involves mobilising rank-and-file employees to set up grassroots unions themselves. The intent of “bottom-up” organizing efforts would be kept hidden from Wal-Mart’s management, just as unions elsewhere often operate under hostile management.

This bottom-up organizing strategy was firstly implemented on July 29th, 2006, when the first workplace union in Wal-Mart was established in Jinjiang store, Quanzhou city, Fujian province, Southeast China. Chan (2006) quoted the first bottom-up organizing experience from multiple media reports as follows:

Ke Yunlong, a 29 year old employee in the meat-packing department, together with two colleagues, thought of setting up a trade union branch at their own Wal-Mart store. They went to the local trade union to enquire about the procedure. Secret communications took place between Ke and a special task force set up by the local union. Under the local union’s “guidance,” an expression that is used in the law, Ke and his activist colleagues convinced others to join the cause, and a preparatory union committee was formed on July 28 at a meeting held from 11 in the evening to 3 in the morning at the Jinjiang district trade union office, which was, coincidentally, only one hundred meters from the Wal-Mart store. These activities had to take place in the middle of the night because this was the only time employees from both night and day shifts could assemble. This unusual time and the secretive nature of the founding ceremony were firsts for the ACFTU.

In the following days, 17 branch stores have been established in the same way from bottom up in several major Chinese cities. Some primary features of bottom-up organizing in Wla-Mart store can be summarised from the above reported facts. Firstly, local “upper level” unions approach workers after working hours outside the stores; Secondly, mobilizing workers to submit an application to set up a union branch; and lastly, democratic elections of trade union committees and trade union chairs conducted by rank-and-file workers.

The fast developing unionization wave made Wal-Mart management realized the organizing campaign was initiated by the ACFTU and sponsored by the government and the Party. If this trend continues, Wal-Mart would be faced with tremendous trouble when dealing with the government for business opportunities. As a result, Wal-Mart changed its anti-union stance and decided to work with the ACFTU and negotiated with the ACFTU. A memorandum was signed afterwards which allowed for trade union branches to be openly established in the rest of its Chinese branch stores.

Two months after the memorandums was signed, all the other Wal-Mart branches have been set up, however, by the traditional top-down manner, which has been summarized by Chan (2006) as follows:

[After the memorandum was signed]... no longer did the union need to reach out to employees in confidence and persuade them to take an initiative to sign up. Instead, the founding ceremonies were now held inside the store rather than at the local trade union office; and during work hours instead of after midnight. In some stores, more than two hundred signatures were obtained within a very short space of time, and one brand-new union branch already contained 70% of the workforce. According to the reports, they all held democratic elections. But since there are no further details on the election process, it is not possible to know whether there were any grassroots initiatives involved, how

candidates emerged, whether they were hand-picked by the ACFTU, and if so, based on what criteria, or whether Wal-Mart manipulated the selections from behind the scenes.

Up until the Nov 8th, 2006, headquarters of the Wal-Mart together with all its branch stores are unionized according to the ACFTU's official newspaper *Worker's Daily* (Gao and Li, 2006). Such additional top-down Wal-Mart unions are under high risk of being dominated by the management again. The support from district/city level unions and local governments, together with the capacity of workplace union leadership are critical for these unions to be effective.

After the unionization process, based on several media reports and weblogs/forums, the real effectiveness of Wal-Mart unions varies: there are some evidences that the sense of ownership and accountability for union has been formed and increased among rank-and-file union members, and at least in one workplace union, a capable leader was found to argue for members' interests against management; however, it seems that the entry of local Party branch to the stores made the union useless again (CLNT, 2008a).

Three workplace unions have effective leader or rank-and-file activism against management's infiltration and corrupted workplace union leadership. Firstly, it was reported (Li, 2008; Wei, 2008) that, in one Wal-Mart store (August 1st store, Nanchang City, Jiangxi Province), a democratically elected leader, Haitao Gao, has been fighting against the penetration of Wal-Mart management, and bargaining with them over a number of labour issues since the establishment of the union. Once he ran into difficulty, he would resort directly to the ACFTU in Beijing, in order to override the decision made by pro-business city-level union; secondly, "Jiali Centre" branch store (Shenzhen city, Guangdong province) union has rank-and-file activism based on two blogs written by workers from the store, despite it is still unknown that whether the union was built up without management's consent or not. According to the blogs' description, the original union committee was not completely under management control, but has become so after a series of manipulations by management, such as by replacing member-elected trade union committee members with management staff. This is why the weblog contains a cry for help; "It's over! It's over! Come and save this Wal-Mart trade union!" It is likely that Wal-Mart was able to dominate the branch with the silent consent of the local Party, which moved into the store and set up a Party branch on 14th December 2006 (CLNT, 2008a); thirdly, in one bottom-up union, "Hujing" branch store workplace union, democratically elected leader and accountant were suspected by rank-and-file members for graft and embezzlement, which incurred a protest from members for reorganizing the union leadership (CLNT, 2008a). These examples of spontaneous union activism are unprecedented in China, and such sense of ownership among rank-and-file member could possibly be a result of the bottom up organizing strategy and their election experiences at their own choice.

However, there are at least two reported cases of Wal-Mart branches store unions (Jiali Centre branch in Shenzhen city and Taiyuan Street branch in Shenyang city) have been crippled by the Party branch in store which advocates for management needs according to the weblogs (CLNT, 2008a). It seems that such kind of union fall back to traditional Chinese unions' formalistic status and dominated again by the local Party and management, however, we can hear about the rank-and-file members' voice of protest online as mentioned above, which is quite different from the traditional unions.

It seems that all the reported new features of Wal-Mart unions are demonstrating the wake of workers' sense of collective interests and union identity, thus they are willing to fight for such interests through the workplace branches of official union—ACFTU.

After the unionization movement in Wal-Mart, the ACFTU launched another collective contract movement in all Wal-Mart Chinese branches.

On 14 July, 2008, the ACFTU accomplished the first collective union contract with Wal-Mart in both its 2 branches in Shenyang city, Liaoning province. The specific bargaining process is not quite clear. It was reported that the main results of the collective contract is a two-year wage growth rate of 8%, plus social insurance and welfare provisions like paid leave, overtime pay, maternal leave etc.

Another prominent case in the movement is Wal-Mart store in Shenzhen. Collective bargaining process was also carried out at city level with a normal procedure as follows: first, some workplace union officials get elected by rank-and-file employees democratically to conduct collective bargaining with management; second, the elected officials would collect the employees' demands and draft a preliminary contract based on the demands, which would be supplemented by the city level union. A collective bargaining process then would start based on the draft contract. After reaching an agreement, the bargaining results will be notified to every employee for voting to approve (Zhang, 2008).

In real operations, Yixin Li, the union president of BujinDafen (布吉大芬店) workplace store was elected as the chief bargaining representative. He signed a collective contract on behalf of fifteen other outlets in the Shenzhen. Li was reported to have formal bargaining process with Wal-Mart human resource managers, and finally got a results of 9% wage growth rate and other employee welfare provisions in the contract. Finally, the contract was approved with 66% employees voting for the contract.

However, some evidences show the incapability of the collective contract movement to achieve real effectiveness. Firstly, CLNT (2008) refers to the 30% inflation rates of 2007 and 2008 to prove 8% wage growth is not enough, and concludes that there is no genuine collective bargaining by workers' representatives. Secondly, according to media reports, union representatives are not capable enough to bargain for members' interests. Thirdly, displeasing news came on 17 September, that Haitao Gao – the above mentioned Wal-Mart trade union activist ended up with resignation from his position out of frustration over Wal-Mart's refusal to enter into genuine collective bargaining. He was reported to bargain with management for an employee welfare amendment to the contract, regarding overtime pay and employee benefits. Wal-Mart refused to do so and signed the collective contract without his consent.

Despite such negative evidences, this movement did have its significant effects in the following aspects: firstly, signing collective contract in big companies like Wal-Mart has its demonstration effects to other MNCs and domestic firms; secondly, the coordination and assistance from the city level union enhances the ability of bargaining representatives from workplace unions; thirdly, the movement sets up an institution that Wal-Mart should negotiate and sign collective contract with unions regularly, which provides an institutionalized tripartite bargaining framework within Wal-Mart for workplace unions to defend union members' rights and interests, which sits in

the very centre of industrial relations in a market economy; lastly, the process of bargaining involves high level of employee/ union member participation, which promotes the internal democracy and union legitimacy.

However, what we should pay attention to next is how the workplace union representatives bargain for employees' interests in specific provisions like wage and working conditions; what is city level union's role in the bargaining process; what is the gaming process among several levels of unions and the management; to what extent do collective contract reflects the employees' demand and is there any improvement of employee/union member satisfaction on the next annual bargaining?

The ACFTU has promoted its success in building unions in Wal-Mart as a new model for organizing in the face of management hostility. It also set up an interface for union to play its role in a newly formed industrial relations framework. However, the transition towards a satisfactory collective bargaining is still ongoing and far from completion, which leaves many questions to be investigated.

New Citizen's Home Union

The New Citizen's Home Union was established as a derivative of "Xiao Chen" hotline call centre and two New Citizen's Home worker centres in northern and southern Qingdao city, Shandong province. The union was administratively affiliated to the City South district level union and aims at organizing the "New Citizens", who are working in Qingdao while don't have Qingdao urban registered residence (mainly rural migrant workers). In the following passages, we will examine the history and development of the union.

The 'Xiao Chen' hotline centre (小陈在线) is a legal aid agency launched by a migrant worker, Mingyu Chen, in Qingdao (Shandong province, northern China). Mingyu Chen was formally a migrant worker from Xunyang county, Shaanxi province. He has managed to get an undergraduate diploma in law and acts as an amateur lawyer. Chen launched the centre with a primary aim of helping migrant workers claim their back pay and other labour rights through legal procedures (Chen, 2008).

The hotline call centre was also reported to have established a partnership with NIKE, including a long term joint-training program to provide training to NIKE employees on China labour laws, improve worker-management communication and more effective grievance systems. In 2007, NIKE promised to focus on building these principles and promoting workers' access to the hotline (Nike, 2007).

Based on the hotline call centre, two worker centres were established under the guidance of Mingyu Chen.

- i. *Organisation in Northern Qingdao - New Citizen's Home (新市民之家)*. The 'Xiaochen' hotline was established in 2005 with 3 staff and 128 volunteers (2008). There are more than 700 factories with 120 thousand workers in the organisation's surrounding area (within 10 minutes' bicycle ride). The factories located in this area span electronic, textile, machinery processing and seafood processing industries. The centre provides services such as legal consultancy, legal awareness workshop, industrial safety and prevention, library,

reproductive health service and recreational activities.

- ii. *Organisation in Southern Qingdao– Home for New Citizen (新市民之家)*. This centre was established in August 2006 with an aim of helping the new citizen get familiar with city life. Offices and venues are provided by the government with a fund of 500 thousand Yuan. It has 3 staff and more than 30 volunteers. Located in an area with the service sector as its main industry, the organisation has more than 80 thousand relevant target group of service. Services provided by the organisation currently include legal service, training on labour laws and policies, life skill in urban cities and job agency (Chen, 2008).

A community-based grassroots union, *New Citizen's Home Union (新市民之家工会)*, was established based on the New Citizen's Home in southern Qingdao. According to Taylor (2008), a group of workers in the *New Citizen's Home (Southern Qingdao)* were inspired by Chen, and came to him for advice on how to apply for a union. Then, Chen and other applicants approached local ACFTU office to apply a grassroots union, and be registered as a branch of the ACFTU afterwards. All the organizing process took only about one month from late July to late August, 2006.

The main tasks of the union are quite similar to the New Citizen's Home worker centre, which mainly includes trainings (legal knowledge, entertainment, etiquette, reproductive health and IT etc) and legal aids. Since this grassroots union is regional based rather than workplace based, so it mainly resorts to legal procedures to solve labour disputes after the dispute rather than conduct proactive collective bargaining. It also provides various trainings almost the same with the New Citizen's Home. On 2nd of November, 2008, a new leadership has been elected to take office.

The New Citizen's Home Union is a community-based union. It makes its best endeavours to organize rural migrant workers and try to protect their interests through proactive trainings and afterthought legal aids.

However, there are still some questions to ask. Firstly, it is still not clear that whether the function of the union differs from its origin--the worker centre *New Citizen's Home*. If there is no significant difference, then what is the motive of setting up such a union? Secondly, the nature of the union is a worker representative who bargains with management in a specific industrial relations framework. While, this union doesn't get involved in workplace and production process, thus it cannot represent the workers and conduct collective bargaining. Therefore, how to incorporate this regional-based union into the tripartite collective bargaining process is another topic to be investigated in the future.

Experiments of 'professionalising' and 'socialising' workplace union leader and organizers

Since 2002, the ACFTU has endorsed two top-down trials aiming at **organizing workplace workers** and form **independent leadership** from management in workplace/local unions. The critical innovations are:

1. recruiting leaders from outside the workplace who are paid by various levels of unions rather than by management; and

2. recruiting and training organizers to agitate rank-and-file workers to establish workplace/local unions themselves.

Such trials have been institutionalized in recent years by the ACFTU, which is reflected in two of its regulations: firstly, in July 2006, the *Regulations on Enterprise Union Working (proposed)* stipulates in the provision no. 13 that “In according with the working needs and funding permits, trade union may recruit officials from the general public, in order to set up a working team of full-time and part-time staffs”; Secondly, in October 2008, an amendment of the *Constitution of the All-China Federation of Trade Unions*, Chapter 6, provision 34, two more clauses were added to further stipulate the personnel and financial independence from the management, which are “county level unions and union branches above the county level should set up a fund for union leadership rights and interests protection”, “county level unions and union branches above the county level may select and employ union officials for grassroots unions”.

In the following paragraphs of this section, we will briefly introduce the development and problems of the two trial practices:

Professional Leaders

Professional leader program was firstly undertaken as an experimental initiative by the municipal level unions of Kunshan, Shanghai City and Huangshi, Hubei province during 2002-2003. The potential workplace union leaders are normally recruited outside the workplace, professionally trained, sent by the upper level union (normally district level union) to workplaces, and finally elected as workplace union leaders through a formalistic election. They are normally recruited from individuals with some experience as union cadres or manager in the SOEs or passionate social activists and paid by upper level unions (Huang and Ji, 2006). For detailed comparisons by several attributes among different trial cities, see Table 2 at the end of the paper.

1. Major problems associated with the trials

Despite its effects of making grassroots union leadership independent from the management, the program still has some defects which may threaten the practice’s primary aim of pro-labour according to a number of media reports.

Firstly, the top-down way of selecting union officials cannot guarantee workplace union’s pro-labour nature. Professional presidents/officials are still selected by upper level union from top down rather than democratically elected by rank-and-file members from bottom up. This practice transfers the nature of workplace union from management-dependent to upper level union/local government dependent, which would possibly make the union hold a pro-management stance under a context of local governments taking economic growth as their overarching priority.

Secondly, management still tries to bribe professional leaders to be pro-management. The management bribery to the newly elected professional union leaders from management is also a challenge for these leaders to be pro-labour.

Thirdly, low wage level and low quality of the selected leaders limits the leaders’ willingness and capacity of protecting labour. The practice has been considered as a reemployment solution for SOE laid-off workers. Thus, the recruited leaders/officials are paid at a relatively lower level compared to the average wage level of relevant city. Some of them do not have enough capacity and

knowledge to cope with management and organize union activities. Sometimes, some of the professional leaders even derelict their primary duties.

Lastly, union democracy is restricted by lacking of evaluation from rank-and-file members. Performance evaluation system for the practice is mostly upper level union oriented, while lack of evaluations from workers, which will also help cultivate bureaucracy and oligarchy within such workplace union and hinder the progress of internal democracy.

2. Primary features of the practices in several cities

The typical features of the practice can be summarised as follows: Firstly, the practice was initiated by several cities, institutionalized and promoted by the ACFTU. Upper level union (normally city and district level) leads the selection process with a formalistic election by rank-and-file workplace union members; secondly, there are three main forms of grassroots union established under this practice, namely the town/sub-district level unions, non-public ownership grassroots unions in relatively big firms and joint regional/industrial non-public ownership grassroots unions; thirdly, salary payments tend to be shared by provincial, city, and district level unions; lastly, contracts are normally a 1 year contract with 3 months probation period signed between the recruited persons and city/district level unions, except for Yiwu (selected persons with the labour dispatch company).

3. Solutions and future prospects

Firstly, in order to secure pro-labour stance of the professional grassroots union leaders, upper level union should go into the rank-and-file members and agitate them to set up grassroots union. The next step is to make them elect their own union leaders, and make evaluation for the elected leaders according to their own criteria.

Secondly, in order to prevent the possible management bribery, professional union leaders should shift their work to other workplace unions regularly.

Thirdly, to address the problem of low payment and quality of the union professional officials, upper level union should raise the status of grassroots union leaders, which means to recruit them as public servant and make them share the same wage and benefits level with other union officials. This measure will not only make the practice more formalized, but also will encourage more people to compete for this job opportunity and guarantee quality of the selected staff.

Professional Grassroots Organizers Program

Professional organizers' initiative was first launched in Shijiazhuang, Hebei province at the beginning of 2004 as an experimental program by the ACFTU (Huang and Ji, 2006). This initiative firstly aims to train and employ professional union organizers, who are supposed to persuade management to set up grassroots unions. But according to the report, it seems that the organizing method has been gradually transferred to agitate rank-and-file employees to form grassroots unions which run by workers from the bottom up; another aim of the initiative is to pave way for the above mentioned professional leadership program (Wang, 2007). Special committees and regulations have

been set up by municipal governments in Hebei to reinforce this initiative. After a three-year trial period, this program has been implemented in all major cities in Hebei province. The ACFTU claims it has contributed significantly to union membership in the Hebei province, which has increased from 6.28 million to 9.33 million during 2003-2007 (Wang, 2007).

The success of this program is said to have inspired other cities to follow suit. For example, it is reported that Guangzhou (capital of Guangdong province) government has transferred its organizing strategy directly from top-down to bottom-up, which means to go among workers and agitate them to set up grassroots unions themselves (Sang, 2007), which is another outstanding deployment of the professional organizing team in organizing campaign. The municipal government organized and trained a 250-people organizer team aiming to organize all the 324 'World Top 500' ranked firms located in Guangzhou with an expectation of achieving the goal by 10th of September, 2008 (Ma and Wu, 2008).

Fund for grassroots union president rights and interest protection in foreign-funded firms

This protection fund is established as an auxiliary measure to the professional leadership and organizer program. It was initiated in Kunshan city aiming at protecting the interests of those union presidents who do have employment relations with their firms. This measure, together with several others, has been prescribed in *Regulations for Firm Union President Rights and Interests Protection*, with an aim to provide support to firm union presidents' pro-labour actions.

Concluding Comments

The new forms of union organizations emerged within Chinese official unions suggest a clear response to the market liberalization process in the last 30 years reform in China. This response involves more independence of grassroots unions from management, and more rank-and-file participative activisms, which may represent a future direction for Chinese unions' transition in the coming years.

The emerging new forms of unions also have their subtle implication that Chinese unions do have their potential to act as social actor being able to set up a countermovement against market risks exerted by globalized capitalism, like other social actors mentioned in the Polanyi's theory, e.g. farmers and consumer groups.

According to union renewal/revitalization theory developed in the recent 20 years, labour unions in the industrialised economies have developed a set of strategies to counter the market risks brought by global capitalism and also to revive themselves. Consequently, if we take Chinese unions' potential of initiating countermovement into account, international labour movements (e.g. ILO and other labour confederations from industrialised countries) should assist Chinese unions to form a countermovement against multinational firms within Chinese context of economic and social transition.

REFERENCES

- ACFTU (2003). *Chinese Union Charter* (Vol. General Principle, Paragraph 1).
- Chan, A. (1998). Labour Relations in Foreign-funded Ventures. In G. O'Leary (Ed.), *Adjusting to Capitalism: Chinese Workers and the State* (pp. xviii, 181 p.). Armonk, N.Y. London: M.E. Sharpe.
- Chan, Anita (2006) "Organizing Wal-Mart: The Chinese Trade Union at a Crossroads," *Japan Focus*, September 8, 2006, <http://japanfocus.org/products/topdf/2217>
- Chen, M. (2008) *The Impact of Labor Contract Law*. Paper presented at the Labor Law Reform in China Opportunities and Challenges for Improving Workers' Lives Fair Labor Association Stakeholder Forum, from http://www.fairlabor.org/var/uploads/File/FLA%20Stakeholder%20Forum%20presentation_Chen%20Mingyu.pdf
- CLNT (2008) "The Emergence of Real Trade Unionism in Wal-Mart Stores" <http://www.clntranslations.org/article/30/draft> , last access on Jan 27th, 2009.
- Dale, Gareth (2008) "Karl Polanyi's *The Great Transformation*: Perverse Effects, Protectionism and *Gemeinschaft*." *Economy and Society*, 37(4): 495-524.
- Deyo, Frederic C and Ağartan, Kaan (2007) "Reforming East Asian Labor Systems: China, Korea and Thailand." In Ayşe Buğra and Kaan Ağartan, eds., *Reading Karl Polanyi for the Twenty-First Century: Market Economy as a Political Project*, Palgrave Macmillan, New York, pp. 191-219.
- Edelman, Marc (2005) "Bringing the Moral Economy Back in...to the Study of 21st-Century Transnational Peasant Movements." *American Anthropologist*, 107(3): 331-345.
- Evans, Peter (2008) "Is an Alternative to Globalization Possible?" *Politics and Society*, 36(2): 271-305.
- Fortune (2008) http://money.cnn.com/magazines/fortune/global500/2008/full_list/.
- Gao, Zhucheng and Li, Hong (2006) "Headquarters unionized: all the 63 branches of Wal-Mart have been unionized (Woerma Zongbu gonghui Chengli: 63 Jia Jigou Quanbu Chengli Gonghui), *Worker's Daily (Gongren Ribao)* Nov 20th, 2006.
- Ge, Y. (2007). *What Do Unions Do in China?* : SSRN Working Paper.
- Green America (2008) <http://www.coopamerica.org/programs/responsibleshopper/company.cfm?id=306#campaigns>
- Huang, X., and Ji, L. (2006, May 11st) Report on Trade Unions in Foreign-invested Companies (Waiqi Gonghui Shengcun Diaocha), *Southern Weekly (Nanfang Zhoumo)*, May 11st, 2006.
- Li, Jingying (2008) "Gao Haitao: Holding on His Position in Embarrassment (Gao Haitao: Zai Ganga Zhong Jianshou)," *China Youth Daily (Zhongguo Qingnian Bao)*, Jan 14th, 2008
- Ma, H., Wu, D. (2008) Guangzhou Trade Union Organizers Officially Appear Today (Guangzhou Gonghui Zuzhiyuan Jinzao Liangxiang) *Yangcheng Evening News (Yangcheng Wanbao)*, August 6th, 2008.
- Munch, Ronaldo (2002) "Globalization and Democracy: A New "Great Transformation"?" *Annals of the American Academy of Political and Social Science*, 581(May): 10-21.
- Nee, Victor (1992) "Organizational Dynamics of Market Transition: Hybrid Forms, Property Rights and Mixed Economy in China." *Administrative Science Quarterly*, 37: 1-27.
- Nee, Victor (1996) "The Emergence of a Market Society: Changing Mechanisms of Stratification in China." *American Journal of Sociology*, 101(4): 908-949.
- Ngok, K.L. (2007) *Chinese Labor Policy: A Market and Globalization Perspective*, Beijing: Social Sciences Academic Press.
- NIKE (2007) *Innovate for a Better World: Nike FY05-06 Corporate Responsibility Report*.
- Polanyi, K (1944[1957]) *The Great Transformation: The Political and Economic Origins of Our Time*, Beacon Press: Boston.

- Sang, W. (2007) Guangzhou: 100 Union Organizer Entering the Firms (Guangzhou: Baiming Gonghui Zuzhiyuan Jin Qiye) Retrieved 18th Oct, 2008, from <http://www.acftu.net/template/10004/file.jsp?cid=731&aid=78071>
- Shen, J. (2007). *Labour disputes and their resolution in China*. Oxford: Chandos.
- Standing, Guy (2007) "Labor Recommodification in the Global Transformation." In Ayşe Buğra and Kaan Ağartan, eds., *Reading Karl Polanyi for the Twenty-First century: Market Economy as a Political Project*, Palgrave Macmillan, New York, pp. 67-94.
- Taylor, B., and Li, Q. (2005). *Review on ACFTU's Union Organizing Practice*. Paper presented at the Globalization and Labour Turnover in India and China, Monash University, Australia.
- Taylor, B. (2008). Does China Have a Labour Movement? Prospects for Industrial Relations Reform in China. Montreal: CRIMT.
- Taylor, B., and Li, Q. (2007). Is the ACFTU a Union and Does it matter? *Journal of Industrial Relations*, 49(5), 701-715.
- Unger, J., and Chan, A. (1995). China, Corporatism and the East Asian Model. *Australian Journal of Chinese Affairs*, 33, 29-53.
- Wang, W. (2007) Union Organizer System Initiated in Our Province (Wosheng Zai Quanguo Shouchuang Gonghui Zuzhiyuan Zhidu), *Hebei Daily (Hebei Ribao)*, June 20th, 2007.
- Wei, Libing (2008) "A Grassroots Union's Struggle with Wal-Mart (Yige Jiceng Gonghui Ruhe Yu Woerma Doufa)," *Southern Weekend (Nanfang Zhoumo)*, 17 September 2008."
- Zhang, Wei (2008) "Wal-Mart signing collective contract with its employees (Woerma Yu Yuangong Qianding Jiti Hetong)", *Southern Daily (Nanfang Ribao)*, 2008-07-25.

Table 1 Summary of Main Labour Law Reforms in China, 1992-2008

Law/Regulations	Major Contribution
<i>Labour Union Law (1992)</i>	Stipulating the status, obligations and rights of trade union in new economic system
<i>Regulations On Settlement Of Labour Disputes In Enterprises (1993)</i>	Setting up framework for labour dispute resolution in new economic system
<i>Labour Law (1994)</i>	Basic legal rules for labour market and of labour relations mediation
<i>Labour Union Law (2001)</i>	More emphasis on unions' role of worker representation and participation in labour process
<i>Labour Contract Law (2008)</i>	More pro-labour provisions: -Workplace and occupational health provisions; -Work time and holiday provisions; -Compensative payment for pre-maturity contract termination.
<i>Labour Dispute, Mediation and Arbitration Law (2008)</i>	Provisions to make arbitration procedures more accessible: -Arbitration terminated in the first instance; -Free of charge for arbitration; -Employers have more 'burden of proof' responsibilities in arbitration.

Figure 1: Chinese Trade Union Organization and Membership Change Trend (1980-2005)

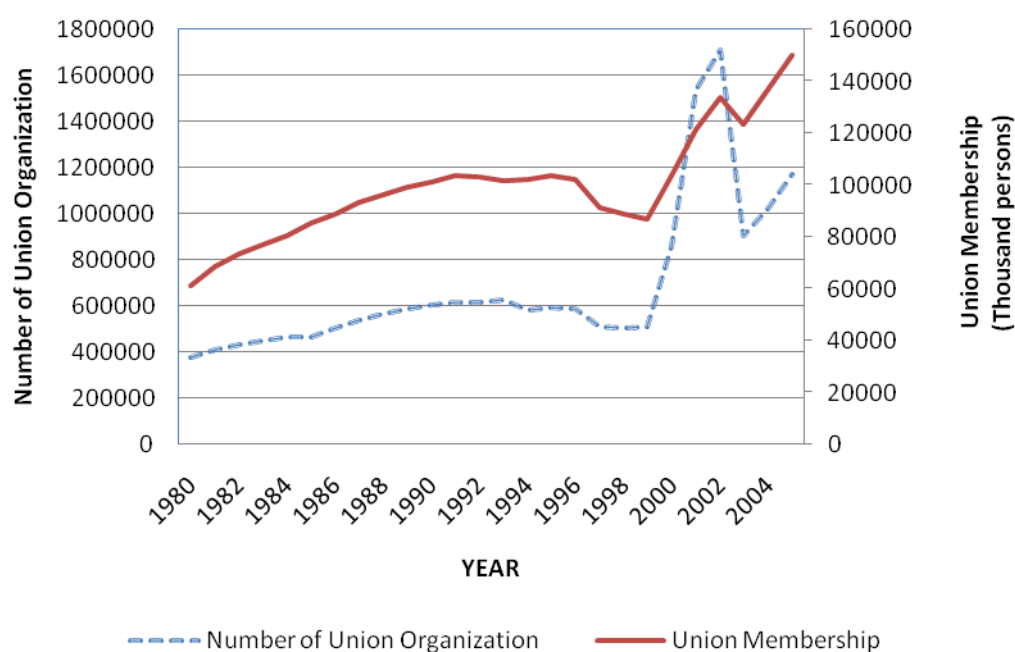


Table 2 Main Reported Cases of Professional Grassroots Union Leadership Practice

City (district)	Province/Municipality	Trial Beginning Time	Grassroots Union Presidents/officials	Form of Grassroots Union	Selection Procedure	Wage and Contract
Huang Shi (Tieshan)	Hubei	2002	Union President	Regional joint small non-public ownership firms grassroots union	<ul style="list-style-type: none"> District level union recruit candidate; Candidate elected as grassroots union leader. 	Not clear
Kunshan	Jiangsu	2003.3	Union official	Regional or industrial joint small non-public ownership firms grassroots union	<ul style="list-style-type: none"> Various channels for recommendation of union president candidate from: employees; upper level unions; and possible candidate themselves. 	Not clear
Changchun (Chaoyang)	Jilin	2005.4	Union president	Regional or industrial joint small non-public ownership firms grassroots union	Former party committee, government and SOEs cadres	<ul style="list-style-type: none"> ¥600-800 /month; Provincial union: 1/3; Provincial SME bureau: 1/3; City/county level union: 1/3; city/county government: Welfare benefits Working place: sub-district level government
Yiwu	Zhejiang	2006.8	Union official	Town and sub-district level unions	<p><i>"Union CEO"</i></p> <ul style="list-style-type: none"> Leaders are recruit from the society; Leaders sign contract with labour dispatch companies; Leader get trained by upper level unions; Upper level union set up goals for performance evaluation 	Not clear
Qingdao	Shandong	2007.3	Union official	Town and sub-district level unions	<ul style="list-style-type: none"> City and District level union select union presidents from the society; Get the selected union presidents elected through a formal election by rank-and-file union members. 	<ul style="list-style-type: none"> Salary was disbursed from the grassroots union fund which are supposed to be turned in to the upper level union (¥500/month); Welfare benefits and social insurance covered by city and district level unions
Pingguoyuan	Beijing	2007.8	Union president	Regional joint small non-public ownership firms grassroots union	<ul style="list-style-type: none"> District level union recruit candidate; Candidate elected as grassroots union leader. 	<ul style="list-style-type: none"> Municipal government: 1/3; District government: 2/3
Shenyang	Liaoning	2007.9	Union president	<ul style="list-style-type: none"> Town/sub-district level unions; Non-public ownership grassroots unions in relatively big firms; Regional/industrial joint non-public ownership grassroots unions. 	<ul style="list-style-type: none"> Age: Male: 40-55; Female: 40-50. Education: undergraduate diploma or above; Selected by city level union and then elected as union president through a formalistic election. 	<ul style="list-style-type: none"> Signing work contract with city-level union (1 year contract with 3 months probation period); Salary paid by the city and district level unions. (¥1200/month; probation period 1000/month)
Linfen	Shanxi	2007	Union president	Joint industrial grassroots union (steel, mining, coking, and casting industry)	<p><i>"Public election" to secure a employee-recognized president to be elected:</i></p> <ul style="list-style-type: none"> Various channels for recommendation of union president candidate: employees; upper level unions; and possible candidate themselves. 	Not clear

					<ul style="list-style-type: none"> Relatives of management and other management related persons cannot be the candidates 	
The whole province	Hebei	2008.4	Union president	Regional or industrial joint small non-public ownership firms grassroots union	<ul style="list-style-type: none"> 200 former registered excellent grassroots-union organizers are selected to be nominated by provincial union; Nominees are elected to be leaders by the rank-and-file union members 	<ul style="list-style-type: none"> Provincial union: 1/3; City union: 1/3; District/county level union: 1/3
Shenzhen	Guangdong	2008.6	Union president	Non-public ownership grassroots unions in relatively big firms	<ul style="list-style-type: none"> District level union recruit candidate; Candidate elected as grassroots union leader through a formalistic rank-and-file member election. 	<ul style="list-style-type: none"> Signing contract with who (not clear); Upper level union pay the salary.
Wuxi	Jiangsu	2008.9	Union president	Joint industrial grassroots union	<ul style="list-style-type: none"> District level union select union presidents from the society; Get the selected union presidents elected through a formal election by rank-and-file union members. 	District level union pay the whole salary
Yinchuan	Ningxia	2008.11	Union vice-president	Regional joint small non-public ownership firms grassroots union	<ul style="list-style-type: none"> Age: 30-45; Sub-district level party committee vice-secretary as union president (part time); The elected professional person as union vice president. 	<ul style="list-style-type: none"> ¥ 1500/month Provincial government: 1/3 salary plus welfare benefits; District
Chenzhou	Hunan	2008.11	Union president	Regional joint small non-public ownership firms grassroots union	<ul style="list-style-type: none"> District level union recruit candidate according to the <i>Working Regulation of Selecting and Appointing Party Leaders and Cadres</i>; Candidate elected as grassroots union leader; Average age 37; have management experience; 	<ul style="list-style-type: none"> Signing contract with district union with 2 months probation period; District level union pay all the salary and fringe benefit;