

WORKING PAPER 263

New Democratic Trends  
in China? Reforming The  
All-China Federation  
of Trade Unions

Jude Howell  
March 2006



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## **New Democratic Trends in China Reforming The All-China Federation of Trade Unions**

**Jude Howell**

### **Abstract**

Over the last two decades multi-candidate direct elections for village committees have spread across China, attracting considerable attention both within China and from external observers. Though the Communist Party has resisted the spread of direct elections upwards to township and provincial levels, village committee elections form part of a broader scenario of internal Party reform that aims at enhancing the accountability, probity and representativeness of Party and government leaders. It is against this background that the All-China Federation of Trade Unions (ACFTU) has also joined the fray and initiated direct elections for grassroots trade unionists.

This Working Paper examines the rise of direct elections in the ACFTU, their significance for the reform of China's sole trade union federation and for improving workers' conditions, and their broader implications for processes of governance in China. The first section outlines the diverse pressures on the ACFTU to reform and the various initiatives taken to this end. It then traces the emergence of direct trade union elections at grassroots level in China, sketching the arguments used to promote, constrain and resist their implementation. In the third section the paper focuses on the case of grassroots direct trade union elections in Guangdong province, highlighting both the variations in practice and the political complexities of the process. Finally, it reflects on the implications of these findings for the future development of the ACFTU, workers' rights and broader processes of governance. The paper draws upon documentary research and fieldwork carried out in China between 2003 and 2004.

**Keywords:** China, trade unions, labour, elections, democracy, governance.

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# Contents

Summary, keywords, author note	3
<b>1 Introduction</b>	<b>7</b>
<b>2 Trade union reforms</b>	<b>7</b>
<b>3 Trade union elections in China</b>	<b>11</b>
<b>4 Insights from Guangdong Province</b>	<b>15</b>
<b>5 Implications and conclusion</b>	<b>23</b>
<b>References</b>	<b>26</b>

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# 1 Introduction

With the gradual spread of village elections across China and their permanent legal institutionalisation in 1998, the idea of electing leaders from below rather than appointing them from above has received considerable attention from scholars, urban residents, and the Chinese Communist Party (CCP). In 1998 Buyun county in Suining city, Sichuan became the first township in China to elect its township head (Jakobson 2004), with similar experiments occurring in Shenzhen. However, the Communist Party has resisted the spread of elections upwards to township and provincial levels, not least because it fears that this would undermine its current monopoly on power. Instead the Party has focussed more on internal reform aimed at strengthening accountability, reducing corruption, enhancing the probity of its members, and, as articulated at the 16th Party Congress in 2002, in moving away from 'a revolutionary Party' towards 'a ruling Party'.

Against this background of political reform, the All-China Federation of Trade Unions (ACFTU) has also joined in the election melee and introduced its version of democratic direct elections for trade union leaders at enterprise level. Starting in 1986 in Guangdong province the idea of direct elections for the positions of enterprise trade union chair, vice-chair and trade union committee members has gradually spread to other provinces and cities, mainly in the more economically developed industrial parts of China such as Zhejiang province, Shanghai, Shandong province. Echoing some of the practices adopted in village elections, such as the so-called 'sea elections', direct elections for trade union leadership positions in enterprises are a significant shift in the process of trade union reform, with implications extending beyond their immediate institutional boundaries to broader issues around governance of Party/state-society relations.

This paper sets out to examine the rise of elections in the All-China Federation of Trade Unions (ACFTU), consider its significance for reforming the ACFTU, improving workers' conditions and the implications for broader processes of governance in China. We begin by outlining the many pressures on the ACFTU to change its organisational structures, modes of operation, and interest orientation and the various initiatives taken to address some of these issues. We then trace the emergence of direct trade union elections in China, describe their varied forms and processes, and examine the arguments given to promote, restrain and prevent direct trade union elections. In the third section we illustrate some of the challenges and outcomes of democratic trade union elections by drawing upon field-research carried out in a southern province of China. In the final part we reflect upon the implications of these findings for both the reform of the ACFTU in China and broader processes of governance. This article is based upon documentary research and fieldwork carried out in China in 2003 and 2004, involving interviews with trade union officials at national, provincial and enterprise levels, with relevant government officials, enterprise managers, and workers.

## 2 Trade union reforms

Over two decades of sustained economic reform and opening up to the global economy have brought about fundamental changes in the structure of the economy and society. The influx of foreign investment,<sup>1</sup> the rise of a dynamic domestic private sector,<sup>2</sup> and the closure of many loss-making state enterprises from the early 1990s onwards have generated many new challenges for the ACFTU.<sup>3</sup> First, the diversification of ownership systems has complicated the nature of China's working class. With the relaxation of controls over rural-urban mobility, migrant workers now form the mainstay of the labour force in China's rapidly developing coastal areas. Lured by the promise of jobs and higher wages millions of migrant workers have made their way from the depths of China's rural areas to work on construction sites and in factories in booming provinces and cities such as Guangdong and

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1 By the end of 2004 China had attracted a total of US\$ 562.1 billion in foreign direct investment and approved the establishment of over 500,000 foreign-invested enterprises (speech by President Hu Jintao at 2005 Fortune Global Forum opening ceremony, 16 May 2005 reported in Xinhuashe WangzhanNews Agency, Beijing, 16 May 2005).

2 By the end of 2003 there were 3 million private enterprises in China with a registered capital of RMB 353 billion, 25 million individually owned industrial and commercial enterprises, and 150,000 state enterprises (Xinhuashe WangzhanNews Agency, 17 October 2004).

3 For further discussion of this see Howell (1997a, 1997b, 2003).

Shanghai.<sup>4</sup> Often working very long hours, without contracts, and in poor working environments, Chinese migrant workers have received until recently minimal attention or protection from the government or the ACFTU.<sup>5</sup> The closure of state-owned enterprises has created a new sub-class of the unemployed, labelled euphemistically as 'stepped-down from their post workers' (*xiagang gongren*).

The changing composition of workers creates challenges for the ACFTU and Party at the ideological, organisational and practical level. At the ideological level it calls for a reconceptualisation of the concept 'working class' that takes on board the weakening of rigid administrative and physical boundaries between rural and urban areas and the diversity of workers in its fold. At the organisational level it requires the ACFTU to develop structures, regulations and approaches that address the diverse needs of multiple categories of workers. At the practical level it requires trade union leaders to develop new functions, skills and tactics in order to negotiate and bargain with managers and owners in the expanding domestic and foreign-invested private sectors.

Second, since the late 1980s the number of strikes, protests and actions in foreign-invested enterprises and ailing state-owned enterprises has increased relentlessly.<sup>6</sup> Following the intensification of state enterprise reform from the early 1990s onwards protests by laid-off state enterprise workers have spiralled, increasing in scale and verocity, the protests in Liaoning province in 2003 being a case in point.<sup>7</sup> For the ACFTU the increasing diversification and fragmentation of Chinese workers along with the rise in spontaneous protest actions poses challenges around how to address the needs and interests of new categories of workers, how to organise in the workplace and how to mediate disputes.<sup>8</sup> In addition such protests undermine any perception of the ACFTU as an organisation capable of stabilising industrial relations. To the extent that workers organise independently or attempt to form alternative organisations themselves,<sup>9</sup> this only weakens the legitimacy of the ACFTU.

Third, and related to this, the decline in the number of state-owned enterprises reduces not only the potential membership base of the trade unions but also the institutional power of the trade union in the political economy. State-owned enterprises pay two per cent of the total wage bill in membership fees to the trade unions. Although current legislation requires all enterprises to pay this to the trade unions, there are indications that this is not easily enforceable. More importantly, the state-owned enterprise has been the prime institutional base for the trade union in the industrial sector. With the trade-union as the lynchpin in the state enterprise the Party had established a key channel for linking the Party to the worker constituency, thereby ensuring stability in production. The weakening of this base fractures vertical institutional links between the Party and one of its key ideological constituencies, thereby undermining further the organisational architecture of the Party-state and leading to less stable and predictable industrial relations.

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- 4 In 2003 there were 113.9 million migrant workers in China according to a survey carried out by the State Statistical Bureau, of whom 70 per cent were employed in the relatively developed eastern provinces of China (Xinhua News Agency, Beijing, 14 May 2004). For an excellent, in-depth discussion of the situation of migrant workers and the injustices they have faced see Solinger (1999).
- 5 For an excellent account of the factory experiences of migrant workers in China see Chan (2001a and b). For a particularly fine anthropological investigation of the lives of women factory workers see Pun (2005, 1999). Lee (1998a, Lee 1999) provides a unique examination of the lives of women workers in two factories in China and Hong Kong. Other useful work revealing actual working conditions in foreign enterprises in China include Greenfield and Leong (1997); Howell (1993); Chan (2000); Chan and Zhu (2003).
- 6 It is difficult to give accurate statistics on the number of strikes and protests as many of these are not reported in the media. However the level of social protest has caused CCP leaders considerable concern. According to one source in 2003 alone there were over 58,000 mass protests in China (Ming Pao website, Hong Kong, 14 November 2004, BBC Summary of World Broadcasts). Thireau and Hua's article (2003) on workers' expression of grievances through letters and use of arbitration committees reveals that in Shenzhen alone half of all complaints addressed to the Letters and Visits Offices of the municipal government related to labour issues. Chen (2000) finds that in Henan province, 55.7 per cent of protests are caused by wage and pension arrears and 37.7 per cent from bankruptcies and mergers.
- 7 This was a large-scale protest around the closure of a state-owned enterprise that lasted over several months and mobilised sympathy actions in other nearby factories. The leaders of this protest have since been detained. For a detailed analysis of this protest see Weston (2004) and for a closer analysis of resistance by laid-off workers to reform see Cai (2002) and Lee (1998b).
- 8 Indeed so concerned was the government about the rise in labour disputes that in April 1998 it set up a new high-level office on Maintaining Social Stability, a key goal of which was to ensure that the rising number of disputes did not lead to a national crisis. The head of this new office was none other than Wei Jianxing, then President of the ACFTU and also member of the Politburo Standing Committee (Weston 2000:265).
- 9 In April 2005, 10,000 workers in Uniden Electronics Factory, a Japanese-invested enterprise, in Fuyong town, Shenzhen, went on strike to demand the right to form a trade union branch. According to China Labour Action Express (2005), this is the first time workers in China have organised a strike to form a trade union.

Fourth, there is also external pressure to reform, emanating on the one hand from international institutions such as the International Labour Organisation and on the other hand from foreign companies under pressure themselves from consumers and non-governmental organisations to ensure decent working conditions that include, *inter alia*, the right to form a trade union. Many multinational companies sourcing from China such as Reebok and Nike have over the past decade introduced company codes of conduct requiring maximum limits on working hours and overtime, safe working environments, holiday and leave entitlements.<sup>10</sup> Some such as Reebok have experimented with their own workers' elections to workers' councils to strengthen the capacity of workers to demand compliance with existing labour laws and regulations. However, independent monitoring of such codes has proven challenging, as some factories resort to bribing auditors, coaching workers to provide the answers required by clients, and falsifying records of hours worked.<sup>11</sup> These initiatives by foreign companies have exposed the ineffectiveness of the ACFTU to protect the interests of workers in China. Embarrassed by these efforts, some ACFTU leaders have interpreted such codes and initiatives by foreign companies as a ruse to protect their own markets, and ultimately a form of interference in internal affairs.

Faced with these challenges the ACFTU has over the past two decades initiated some gradual changes in its organisational structures, modes of operation and target groups. Following its period of dormancy during the Cultural Revolution the ACFTU had at the start of the reform period begun to revitalise its branches at all levels. The establishment of the Special Economic Zones in the early 1980s required the trade union to address the needs of workers in foreign-invested enterprises, draft new regulations, and alter its organisational set-up.<sup>12</sup> In this spirit it established new legal affairs departments at all levels, providing legal advice to workers and trained trade union cadres in relevant changes in legislation and regulations. It has trained and appointed staff to deal with labour disputes and mediation, reflecting the increasing use of arbitration committees and the law courts to settle labour disputes. Moreover, higher-level trade unions have become more involved in mediating disputes in enterprises, especially in the foreign-invested and domestic private sectors. The trade union has contributed to a raft of new legislation over the past 20 years to deal with the changing situation of workers. This has included, for example, the revision of the Trade Union Law in 2001, the introduction of the Labour Law in 1994, and the 1992 Law on the Protection of Women's Rights and Interests in the Workplace. From the late 1990s the ACFTU has experimented with and gradually extended the idea of collective bargaining, primarily in the state enterprise sector. In order to address the enormous gap of representation around migrant workers and an emerging phenomenon of migrant workers organising themselves,<sup>13</sup> the ACFTU issued a new directive in 2003, permitting migrant workers to join the trade union movement, thereby acknowledging not only the seismic change in the structure of China's industrial workforce but also the breakdown of the rigid rural/urban barriers which governed not only mobility but also social status. In a similar thrust to extend its reach to encompass new categories of workers and the growing numbers of unemployed, it also experimented with the idea of 'neighbourhood trade unions', which would bring into its fold workers employed in the informal sector, in small enterprises, and the laid-off. Finally, it has sought to increase the number of trade unions in the foreign-invested and private sectors. Indeed, in 2005, it succeeded in requiring Walmart, a notoriously anti-union multinational company, to permit the establishment of trade unions in its units in China.<sup>14</sup> At the local level some local trade unions have been particularly innovative in introducing new measures and ways of extending the reach of the trade union. For example, Guangdong Provincial People's Congress passed a local regulation, to be implemented from November 2004, that would allow ten or more workers to establish a factory branch.<sup>15</sup>

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10 In January 1998 some leading retailers in the UK together with development NGOs such as Oxfam, trade unions and DFID established the Ethical Trading Initiative. This initiative encourages companies to adopt codes of conduct specifying minimum labour standards for their overseas suppliers. For a critical perspective on codes of conduct see Asia Monitor Resource Centre (2004).

11 See Harney (2005) for a discussion of the problem of falsification and coaching.

12 For a detailed account of changes introduced by trade unions in Xiamen Special Economic Zone, see Howell (1993) and more generally in O'Leary (1998).

13 In 2002, for example, a village-level and municipal migrant workers' association was established in Zhejiang province in response to ongoing industrial relations problems. This arose spontaneously but was seen locally to be a pragmatic and effective solution to the problems. In April 2002 it was thus formally established. However in July 2002 the association was prohibited on the grounds that only the ACFTU had the legal authority to protect workers' rights. According to the ACFTU the migrant workers' association in question was a "second trade union", that is, a union outside the ACFTU and therefore outside the law (Xie 2002 and Pan 2002).

14 The Chinese government has similarly been putting pressure on Dell, Kodak and other TNCs that prohibit the establishment of trade unions in their outfits in any country.

15 See Article 5 of the new 'Implementing Regulations for the Trade Union Law' (China Labour Action Express 2005).

All these reforms aim to strengthen the capacity of the trade union to respond to the changing needs of an increasingly diverse and fractured body of workers. However the capacity of the trade union to reform faces some key constraints. First, the most fundamental constraint upon the ability of the trade union to reform in the direction of better representing and responding to the needs of an increasingly diversified workforce relates to its structural dependence on the Party. As a Leninist-type transmission-belt organisation, the ACFTU serves the dual function of on the one hand representing upwards the interests of workers and on the other hand of relaying Party directives downwards to workers. In the reform period the dilemmas presented by this dual obligation have become more acute. For instance the closure or downsizing of loss-making state-owned enterprises, or the pressure to attract foreign capital whilst also protecting the conditions of workers, are situations where trade union officials come under pressure to lean either 'upwards' or 'downwards', and responses have varied considerably. Within the history of the ACFTU there has been at various moments a push amongst some leaders at different levels to increase the independence of the trade union from the Party (Lee 1986; Harper, 1969, Howell, 2003, 1997a; Sheehan 1998; Taylor, Chang and Li 2003). At the Eleventh Trade Union Congress in 1988 there was a heated discussion around the issue of independence, with various alternatives proposed. During the democracy movement of 1989 independent trade unions were established across the country. The subsequent crack-down on protesters in Tiananmen Square in June 1989 muted calls for independent trade unions. With a growing number of strikes and protests in foreign-invested enterprises in the 1990s and exposure of poor working conditions, the Party has encouraged the ACFTU to play a more active role in the defence of workers' rights, whilst also rehearsing on many occasions the subordinate position of the trade union to the Party. Managing this double-edged sword is a constant balancing act on a very sensitive and shaky trapeze for trade union officials.

Other key constraints on the capacity of the trade union to reform relate to the incentives produced by the personnel appointment and promotion system, the membership structure, the growing power of foreign-invested enterprises, and the history of China's relations with the international trade union movement. In the pre-reform period, as with all state other institutions, staff were assigned to work in the trade union. In this period the role of the trade union was confined to welfare issues, organising entertainment and occasionally to mediating disputes within the work-unit. Though there is now a more competitive system for entering the trade union system, the incentive structures do not encourage active intervention on behalf of workers. Moreover, many trade union officials lack the skills and incentives to negotiate with or challenge management, to enter into collective bargaining or to mediate disputes. There is thus a problem of skills, incentives and leadership which affects the capacity of the trade union to adapt to a globalising industrial world where negotiation, confrontation, and demands for protection are becoming increasingly important. Workers in state-owned and collective-owned enterprises in China do not make a conscious choice about becoming a member of a trade union, as membership is given rather than taken. As a result workers in general do not have any high expectations of the trade union, nor do they have any consciousness about the role it might play in defending their interests. In particular rural migrant workers have little understanding of the role of a trade union, as this is an institution that is particular to urban areas, and similarly have little consciousness of being part of an evolving working class, not least because the urban association thereof has constructed them as apart from this. All this constrains the ability of the trade union both to mobilise amongst new categories of workers and to activate workers in state and collective enterprises. Ultimately this in turn affects the legitimacy of the trade union in the eyes of workers and therefore its constituency of support at a time when it is considerably challenged.

Given that many foreign-invested enterprises in China prohibit the establishment of trade unions, it is difficult for the ACFTU to draw upon its members to lobby for trade unions.<sup>16</sup> Furthermore, the refusal of some foreign enterprises to permit trade unions or even to pay the required 2 per cent contribution towards trade union membership reduces not only the political base of the union but also its finances. Finally China's isolation from parts of the international trade union movement, and particularly the ICFTU, has constrained the pace of reform. Compared to the All-China Women's Federation which has adapted considerably in the reform period, not least because of international exposure and high-profile events such as the Fourth World Conference on Women held in Beijing in 1995, the ACFTU has been much more of a laggard (Howell 2000). The refusal of national and international trade union bodies to engage with China on the grounds that there is no freedom of association has ironically contributed to a tortoise-like pace of reform within the ACFTU.<sup>17</sup>

16 This is despite legislation requiring them to establish trade unions. To re-emphasise this the State Council issued a new Decree, no. 423, on 'Labour Protection Supervisory Regulations' on 14 November, in which the regulations forbid employers to obstruct the establishment and functioning of trade unions (Xinhuashe WJangzhanNews Agency, Beijing, 10 November 2004).

17 It should be noted that informal meetings have taken place between representatives of the ICFTU and other international bodies with the ACFTU and that the ILO has played a key role in introducing new concepts such as collective bargaining and providing opportunities for exchange. However, the extent of potential cooperation has been constrained.

It is against this background of challenges, reform initiatives and constraints that we need to situate the emergence of direct trade union elections. In the next section we explore in greater detail the rise of direct trade union elections and the controversy engendered.

### 3 Trade union elections in China

The idea of direct trade union elections can be traced back to the 1980s when some grassroots TUs began to directly elect their TU chairs (Wang 2003).<sup>18</sup> Shekou Industrial Zone in Guangdong province pioneered experiments with direct elections in 1986. On the basis of these experiences a document entitled 'Basic Thoughts on Trade Union Reform (*gonghui gaige de jiben shexiang*)' was issued at the Sixth Meeting of the 10th Executive Session of the ACFTU on 9 October 1988. Clause 43, chapter 7 of this document proposed that TU leaders at all levels should be democratically elected and that members of grassroots trades unions with appropriate conditions could directly elect their leaders. The direct election system is intended to replace a system where the enterprise Party committee in state-owned enterprises recommends the candidates to be voted upon, the trade union members then elect the trade union committee, which in turn elects the chair and vice-chair, the outcome being finally approved by the higher-level trade union (Xinhuaawang Beijing 2003). However due to the events of 1989 this document was not implemented. In 1992, in the more open context following Deng Xiaoping's southern tour, the 'Implementing regulations for TU Grassroots Organisations Election Work' were issued. Five years later the ACFTU issued 'Opinions on some core issues in advancing trade union reform and construction', in which Clause 15 again stated the regulation that in small and medium enterprises and units, the trade union chair, vice-chair and committee should be directly elected through the workers' assembly or representative assembly.

These Opinions encouraged more local trade unions to experiment with direct elections and throughout the 1990s direct trade union elections gradually spread in more economically developed provinces such as Zhejiang, Shandong, Guangdong and Fujian (Xinhuashe Wangzhan 2003). In this spirit Yuhang Zone in Hangzhou City, Zhejiang province, for example, began in 1999 to experiment with direct elections. By September 2003, 341 out of 900 trade unions in Yuhang Zone, Hangzhou City, Zhejiang province (Xinhuashe Wangzhan, 26 September 2003) and 70 per cent of all large and medium private enterprises had conducted direct elections for grassroots trade union leaders (Xinhuaawang Beijing, 25 September 2003). Prior to this most trade union chairs in non-public enterprises were administrators, or relatives of the owner, or in large enterprises, appointed by management (Feng and Shi 2005). In July 2002 Yuhang Zone established an end-of-year, anonymous appraisal system for grassroots TU chairs, whereby the members' assembly could appraise and criticise trade union chairs, leading possibly to their removal (Xinhuashe Wangzhan 2003).

The issue of democratic direct elections generated considerable debate at the 2002 14th Trade Union Congress and divisions within the central leadership and lower levels continue to influence the trajectory of the elections. Advocates of direct elections at national and provincial levels have promoted the idea as a response to the perceived failure of many grassroots trades unions to protect workers' rights and interests. In allowing workers to directly elect their trade union leaders protagonists of direct elections in the ACFTU leadership hope to address several key issues in trade union reform. The first of these relates to the competence and popularity of trade union cadres. By widening the pool of candidates there is more scope for able and popular leaders to be elected, thereby enhancing the legitimacy of the trade union in the eyes of workers. Given that numerous past surveys<sup>19</sup> have revealed that workers in state enterprises have not had great faith in the unions to address their needs, then creating a more dynamic leadership through direct elections can stimulate both interest and confidence in the trade unions. Advocates claim that the newly elected grassroots trade union leaders as seen in Yuhang Zone, Zhejiang province, tended to be younger, more capable, approachable and energetic and workers' interest in who their leader was had increased because of the potential role of trade union leaders in resolving problems and improving working conditions.

18 According to Zhang Zeren, trade union representative from Heilongjiang province the idea of direct elections by members of grassroots leaders was already written into TU work documents in the 1980s (Xinhuaawang Beijing, 25 September 2003).

19 For example, only 10.6 per cent of respondents in a survey on workers and trade unions stated that they would go to the trade union to resolve differences with their superiors (White, Howell and Shang 1996: 58–9).

By nurturing a more competent and dynamic trade union leadership at enterprise level, advocates of direct elections argue that this will increase the accountability of the grassroots trade union to workers. The fact that these new leaders are directly elected by workers will put pressure on trade union leaders to pay attention not only to the demands of higher authorities but also to the needs of workers. In an American enterprise, Haofu Taigu Yuhang Company, in Xiamen, for example, workers voted out of office the incumbent trade union chair and elected a new leader.<sup>20</sup>

As a senior cadre in the grassroots section in the Department for the Construction of Grassroots Organisations of the ACFTU put it: 'these chairs have changed from being in the past '[they] want me to do' to 'I want to do' (*zhe xie zhuximen, you guo qu de 'yao wo gan' zhanbian wei 'wo yao gan'*). In this way direct elections go some way towards resolving the dilemma of having to prioritise between the interests of the Party and those of workers, and in particular to redressing the balance in favour of workers.

A second motive concerns the lack of familiarity of migrant workers with the trade union. Through the preparatory work for direct elections the ACFTU can raise awareness amongst migrant workers about the functions of a trade union in the workplace and thus create a demand for establishing and maintaining an effective trade union that protects workers rights. Furthermore, advocates argue that direct elections can increase workers' consciousness of being both a trade union member and part of the working class, and thereby improve the work environment of trade union leaders. In particular developing working class consciousness would dilute the tendency to identify with other workers along the lines of place, which ultimately undermines solidarity based on class interests. Third, both the absence of trade unions in many non-public enterprises as well as the ineffectiveness of existing trade unions in protecting workers' rights can lead to spontaneous unrest in the workplace. By strengthening trade unions at grassroots level through direct elections it is hoped that this will provide a way of stabilising labour relations and promoting enterprise reform and development.<sup>21</sup> Finally, and at a more general level, protagonists justify direct elections of trade union cadres as part of a broader trend towards 'democratisation' and 'massisation' (*qunzhonghua*) of state and quasi-state structures in China. The idea of trade union elections thus forms part of a larger process of reform and modernisation that includes village elections across China, the spread of elections for community bodies, experimentation with elections for village Party branches and for township leaders. All these are aimed at enhancing the downward accountability and legitimacy of Party-state institutions through extended participation, and when convenient, at bolstering China's diplomatic armoury to counter external criticism of its democratic integrity.

A key protagonist of direct elections has been the head of the ACFTU Department for the Construction of Grassroots Organisations, Hao Wen Cai. Hao has maintained that the experiments with direct elections in foreign-invested enterprises are in line with TU policy, with the democratisation and 'mass-isation' of China, and that direct elections are the future path for trade union elections in China. Other key supporters of direct elections are some provincial-level trade unions leaders, particularly in coastal provinces such as Guangdong, Zhejiang and Shandong. Indeed, the practice of direct elections has so far been led from the provinces rather than from the centre. As a senior official in the Department for the Construction of Grassroots Organisations in the ACFTU commented, 'it is the localities that are pushing the elections'.<sup>22</sup> Trades unions in these provinces have initiated and encouraged direct elections. For example, in 1999 Kangxi Car Factory in Yuhang Zone, Hangzhou City, Zhejiang province was one of the first enterprises and cities to introduce democratic direct trade union elections in that province. It was deemed so successful that in 2000 Yuhang Trade Union and the Organisational Department of the City Party Committee issued a joint document and promoted direct elections. In support of elections the vice-secretary of the Zhejiang Private Enterprise Trade Union federation argued not only that these are according to the Trade Union law but also that they are necessary in an increasingly open and globalised economy. Directly elected trade unions are, he claimed, better equipped to bargain with foreign capital and offer an alternative model of a trade union.<sup>23</sup> As of 2004, over 70 per cent of private enterprises in Yuhang Zone have had direct trade union elections. Similarly a leading cadre of Guangdong Provincial Trade Union supported the direct elections of trade union chairs and committee members, arguing that they expressed the democratisation and

20 See also A1, 29 March 2004, senior trade union official in *Department for Construction of Grassroots Organisations, ACFTU*.

21 Interview, A2, 30 March 2004, trade union official in *Department for Construction of Grassroots Organisations, ACFTU*.

22 Interview, A2, 30 March 2004, trade union official in *Department for Construction of Grassroots Organisations, ACFTU*. See also Feng and Shi (2005: 27), who state that the main pioneers of direct elections are county-level cities.

23 Interview, A1, 29 March 2004, senior trade union official in *Department for Construction of Grassroots Organisations, ACFTU*.

'massification' of trade unions in China<sup>24</sup> and thus a way forward for the trade union. Protagonists of direct elections dispute the argument that the 'quality' of migrant workers is too low for them to participate in direct elections. Arguing that villagers already hold direct elections for their leaders, then it is only logical that migrant workers, too, should be capable of voting for their leaders. Those in favour of direct elections also envision these taking place in all enterprises, regardless of their ownership structures.

However Hao's enthusiasm for direct elections is not shared by all within the ACFTU, hence the anxiety at national, provincial and local levels amongst trade union leaders when media coverage is given to the success of direct elections in the provinces.<sup>25</sup> It is rumoured that before the 14th ACFTU Congress Hao was criticised for promoting direct elections.<sup>26</sup> At the 14th Trade Union Congress in 2002, Hao referred to the drafting of a document on direct elections, namely, 'Regulations on Direct Elections of Grassroots Trade Union Chairs', which endorsed the idea of direct elections and demonstrated the support of the ACFTU for this idea. Stating that the TU constitution allowed workers to directly elect their trade union leaders, Hao reported that these new regulations would furnish the necessary detailed guidelines on basic procedures, requirements for candidates and other matters.<sup>27</sup> As of June 2005, the regulations are still being drafted.

Concerns about direct elections revolve around four issues: foreign interference; global competition; stability; pace of reform. One argument runs that foreign companies requiring direct elections of trade union leaders as a condition for receiving their orders, or following audits of labour rights, are interfering in China's affairs. Su Weiqing, ACFTU head, referred to such phenomena in his speech in July 2003 and suggested that these were not in accordance with the Trade Union Law or Constitution.<sup>28</sup> Whilst maintaining that the spirit of trade union members voluntarily and democratically electing their leaders was correct, this in turn was unrelated to the actions of foreigners. Underlying Su Weiqing's concerns is the issue of political interference by external actors, and whether there is an underlying attempt to establish a 'second' trade union, and in particular a union that would be independent of the CCP. In his July speech in 2003 Su Weiqing refers to some foreign enterprises proposing that workers participate in or organise trade union elections by making this a condition for their orders or in their contracts and declares such activities to be in violation of China's laws and the trade union constitution, which permits members to voluntarily elect their leaders.<sup>29</sup>

The second concern relates to China's competitiveness which rests to a large degree on cheap labour. Hence any actions which might increase the price of Chinese labour and thereby undermine China's competitive edge pose a dilemma for the ACFTU. A third issue revolves around political stability. A fear of some ACFTU leaders is that direct elections will lead to a vacuum and/or to instability. In particular it is argued that there is no guarantee that a directly elected trade union is no less controlled by enterprise managers than an appointed trade union leader. In an interview the vice-head of the ACFTU Department for the Construction of Grassroots Organisations cited the case of a Taiwanese enterprise in Dongguan, Guangdong province, which supported the establishment of a trade union.<sup>30</sup> According to one interpretation the Taiwanese boss had some differences with Dongguan city government around various fees and increases in rents and encouraged workers to demonstrate against the government. For some within the ACFTU this case raises issues around stability and foreign interference, bolstering their position with the argument that migrant workers are vulnerable and easily manipulated, thereby making direct elections too risky. Others fear that direct elections will produce weak, incompetent or politically risky leaders or lead to clan or place-based factional strife.

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24 Interview, C01, 19 May 2004, senior official in *Guangdong Provincial Trade Union*.

25 Interview, A1, 29 March 2004, senior trade union official in *Department for Construction of Grassroots Organisations, ACFTU*.

26 Ibid.

27 Ibid.

28 In his interview with *Worker Daily* reporter Wang Jiao Yin, Su Wei Qing states that '... jiben tan bu shang ye bu keneng shi juezhuyu waili liang de tuidong cai shi xiande' (basically we cannot say that and it is not possible that this [trade union direct elections] was only realised after promotion by external forces) (Wang 2003).

29 See Wang (2003), where Su Wei Qing states 'muqian you yixie waishang huo waizi qiye tongguo dingdan, hetong deng fujia tiaojian, tichu canyu huo zuzhi gonghui de xuanju deng deng, dou shi bu fuhe we guo youguan falu ji gonghui zancheng guiding rang huiyuan qunzhong minzhu, ziyuan xuanju gong hui lingdaoren de jingshen de' (currently some foreign business people or foreign-invested enterprises propose participation in or organising trade union elections through additional conditions in orders or contracts; all this is not in accordance with national laws and the TU constitution which allow the spirit of members mass democracy and voluntary election of their leaders). A TU representative from Shandong province expressed a similar view in an interview (*Xinhuashe Wangzhan*, 25 September 2003).

30 Interview, A1, 29 March 2004, senior trade union official in *Department for Construction of Grassroots Organisations, ACFTU*.

For the moment the ACFTU has taken an intermediate position towards direct elections, suggesting that direct elections are appropriate in small and medium-sized enterprises, state enterprises and public units, but less appropriate in private enterprises or foreign-invested enterprises.<sup>31</sup> Furthermore, Su Weiqing and other leaders in the ACFTU seek to consolidate this position by claiming ownership of the idea of direct elections and challenging the notion seemingly conveyed in the media that direct elections are the brainchild of foreign companies. Leaders such as Su Weiqing thus want to introduce reform but also keep the process tightly under control. Whilst recognising that a democratically elected trade union leader commands greater legitimacy and that this strengthens cohesion in the trade union, he also made it clear in his July 2003 speech that candidates should meet certain conditions, such as the six requirements laid down in the constitution of the Trade Union.<sup>32</sup>

Control can also be exercised through the preparatory work that takes place before the elections.<sup>33</sup> Such preparatory work includes introducing working principles such as transparency, legality, enthusiasm, fairness and safety, and making clear that clanism, factionalism and localism are undesirable. Each locality is expected to indicate the specifications for candidates for each position. Furthermore, as the electoral process falls under the leadership of the Party, involves consultation with the organisational section of the relevant level of the Party and any documentation is issued in consultation with the Party, some checks can be placed indirectly on the process of selecting candidates. Moreover, as direct elections demand that workers have knowledge about voting and a 'high democratic consciousness', as often expressed by trade union officials, the process requires extensive training, thereby creating an avenue for shaping the selection of candidates. These cautious reformers thus prefer a path of gradually pushing forward the elections through a process of first preliminary investigations, summarising the results, identifying models that can be replicated and then guiding the localities to implement elections in a standard way, starting out with small and medium sized enterprises.<sup>34</sup> Moreover, as is revealed in Su Weiqing's speech in July 2003, the ultimate goal is to improve the intermediary, bridging role of the TU between workers and the Party, rather than to establish the autonomy of the TU from the Party *per se*.<sup>35</sup>

The effects of these tensions around the direct elections have become manifest in the unease of some national trade union leaders when media coverage is given to the success of direct elections in the provinces,<sup>36</sup> Furthermore some local level trade union leaders become cautious about introducing direct elections when the process is not legitimated through directives from above. Though a document specifying details on electoral procedures, methods, selection criteria and other issues was promised at the 14th Trade Union Congress in 2003, this is still being drafted. For some protagonists, the lack of authoritative institutionalisation of direct elections and the slow pace in producing detailed documentation can lead to frustration with the process.<sup>37</sup> For others, however, the absence of any detailed document from the central level on how to organise elections, has provided an opening for more adventurous local trade unions to take the lead in issuing detailed regulations on electoral procedures and pushing ahead with direct elections. As a result the methods for selecting candidates, electoral procedures, candidate requirements and so on vary considerably across places and enterprises.

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31 See Su Wei Qing's July 2003 interview in Wang (2003).

32 These are (1) study hard Marxism, Maoism and Deng Xiaoping's theory, study knowledge of the economy, law, and trade union tasks; (2) implement the basic line, strategy and policies of the Party, obey state law, regulations; in reform and opening up and construction of socialist modernisation be ready to open up and innovate; (3) be loyal and dutiful, diligent in work, honest and respectful, take overall interests into account, support unity; (4) uphold seeking truth from facts, be conscientious in investigation and research, reflect workers' opinions, aspirations and needs as they stand; (5) uphold principles, do not work for personal gain, do things and speak out for workers enthusiastically, support workers' rights and interests; (6) democratic work style, consciously receive workers' and the masses' criticism and supervision.

33 Interview, A2, 30 March 2004. trade union official in *Department for Construction of Grassroots Organisations, ACFTU*.

34 See interview, A1, 29 March 2004, senior official in *Department for Construction of Grassroots Organisations, ACFTU*, on interpretation of Su Weiqing's views.

35 For example, Su Weiqing states in his interview with Wang Jiaoyin, '... conger shi gonghui geng hao de fahui dang lianxi zhigong qunzhong de qiaoliang niudai zuyong' (thus it enables the trade union to perform the function of serving as a bridge linking the Party and workers) (Wang 2003).

36 For example when discussing this coverage in the interview, a trade union official in the ACFTU commented that 'there are many such reports. But the ACFTU leaders do not like to hear these' (A1, 29 March 2004).

37 For example, a senior official in a relevant department of the ACFTU expressed his frustration with the slow process of authorisation which he considered vital for promoting and extending direct elections, and linked this pace to the sensitivity of the issue, and hence the need for caution, interview, A2, 30 March 2004.

In the new approach three main methods for selecting candidates have emerged.<sup>38</sup> First, echoing the 'sea elections' at village level, trade union members or their representatives nominate candidates at their meeting. Separate simultaneous voting occurs for the positions of trade union chair, vice-chair and for the trade union committee. To gain a position, candidates should muster more than half of the vote. Failing this, a second round of voting takes place. In the second method, trade union members or their representatives at their assembly nominate and select a new trade union committee. These committee members then become candidates for the position of Chair and Vice-Chair. The third method involves members, and/or individuals and/or organisations nominating candidates for the various positions.<sup>39</sup>

Given the variability in practices across provinces, the next section focuses on the experience of one southern province to illustrate some of the challenges and responses that affect the trajectory of direct trade union elections.

## 4 Insights from Guangdong Province

In this section we first outline the background to direct elections in Guangdong province, which was the first province in China to experiment with trade union direct elections (Nanfangdou Shibao 2003). We then examine the approach of the provincial trade union to direct elections, including the reasons for supporting these, the risks involved and the pragmatic need to proceed cautiously. We discuss the process of elections, some of the potentially positive effects and the challenges posed.

As far back as 1982 a small-sized enterprise of around 110 staff and workers in Guangdong province spontaneously decided to elect a trade union chair. Several candidates stood for the position and voting was done anonymously. However this was not a self-conscious process where there was a demand to have direct elections or awareness of the significance of the process.<sup>40</sup> Retrospectively trade union leaders interpreted this innovation as part of a gradual trend towards direct elections. The first direct elections to be formally piloted were in Shekou Special Economic Zone in 1986 in Guangdong province. Two years later the pilot was extended upwards from enterprise level to Shekou Trade Union Federation in 1988 (Nanfangdou Shibao 2003). The Shekou model of direct elections was institutionalised through the promulgation of the 'Shekou Industrial Zone Recruitment Bureau's Election Methods for Grassroots Trades Unions' in 1991, which stipulated that elections for the TU Federation should be once every five years and for grassroots trades unions once every three years.<sup>41</sup> By 2003 all of Shekou's 250 grassroots trades unions had had one round of direct elections and in the whole of Guangdong province 40,000 grassroots trades unions, one third of the total, had held direct elections (Nanfangdou Shibao 2003). Most of these have taken place in foreign-invested enterprises, which constitute the majority ownership system in the province. Approximately one third of trade unions in foreign-invested enterprises in

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38 Interview, A2, 30 March 2004. Trade union official in *Department for Construction of Grassroots Organisations, ACFTU*.

39 For example, in an enterprise in Mafeng Enterprise Group in Anhui province, which has over 100,00 workers, including 30,000 retired staff, the system was for first the enterprise to nominate candidates, then the provincial Party committee gave its opinion on the posts, and finally the workers elected the trade union leaders at the workers' (or representatives) assembly (Xinhua, 25 September 2003). As most enterprises in this Group had about 1,000 employees, it was not deemed possible to elect directly trade union chairs. So the most common system was for the Party committee of the company to nominate candidates and for the workers at the workers' assembly to elect from these, a system that in fact is a rather watered-down version of direct elections. In order to overcome the problem of size, this company has been considering introducing direct elections at workshop place level, and to this end was planning to visit a nearby company which had already instituted such a process.

40 Interview, C02, 19 May 2004, senior official in *Construction of Grassroots Organisations Section of Guangdong Province Trade Union*.

41 Shekou regulations on trade union elections echo some of the riders in the provincial legislation but diverge in their requirement that elections can only occur if the labour turnover rate in the election year is below 40 per cent and as long as there is no serious interference by anyone, though this latter point is not elaborated upon. The other two conditions are similar to some of the provincial requirements, namely, that direct elections cannot take place where a trade union committee is newly established or where there is localism amongst workers (Nanfangdou Shibao 2003).

Guangdong province as of May 2004 had trade union chairs and committees who had been directly elected by workers.<sup>42</sup> In some of these factories the pressure for direct elections has come from the foreign retailer.<sup>43</sup>

The leadership of the provincial trade union has been supportive to the idea of direct elections for three main reasons. First, direct trade union elections are seen to express the desire for democratisation and massification (*qunzhonghua*) in the trade union, a direction that is being promoted from the central trade union leadership downwards and that can be appropriated tactically as a justification for local experimentation. Second, the process of direct trade union elections creates a different incentive structure for grassroots trade unionists. Specifically, the need for candidates to make a speech before a worker's assembly (or representative assembly) about their actions and intentions, and to respond to spontaneous questions from workers, makes candidates much more aware about their role as representing workers' interests. Successful candidates then feel greater responsibility in their work to workers' than to higher levels of authority, be that the higher-level trade union, Party committee or enterprise manager. As a senior official in the Guangdong provincial trade union put it, when relating his impressions of directly elected trade unionists compared to appointed trade unionists:

He [the elected candidate] thinks 'I've been elected by everyone' and often he made promises in his election speech about what he would do for everyone. If he can't keep his promises, will people vote for him again? He feels responsible towards his members, has quite a strong sense of responsibility to people below. If it's the converse, as in our former system, he would be responsible upwards and so his attitude towards the trade union, to trade union work, to trade union organising, all would be different. In this way [direct elections], the trust of employees in the trade union and the cohesiveness are quite strong.<sup>44</sup>

The third main reason for promoting trade union direct elections relates to the relationship of the trade union to the party. As a senior official in Guangdong provincial trade union pointed out, 'several people in the trade union say "the trade union keeps cool under the big tree", that is, it enjoys the protection of the Party and is thus not an independent organisation. If the trade union is to work more independently, then the reforms have to begin from below.'<sup>45</sup> Direct trade union elections, which are currently restricted to the grassroots level, that is, within the enterprise, are therefore one way of promoting a more independent role for the trade union. Though the provincial trade union leadership promotes the idea of direct trade union elections and legitimises the idea through reference to the trade union constitution and trade union law,<sup>46</sup> its approach is one of pragmatic but innovative caution, not least because until now it had still not received any document from the central ACFTU stipulating regulations on if or how if direct elections should be carried out.<sup>47</sup> So far the trade union leadership has allowed grassroots trades unions to quietly get on with elections, trying out different ways and methods. This approach is not new in China; indeed a senior official in Guangdong provincial trade union pointed out that the household responsibility system started off quietly in Anhui province<sup>48</sup> and eventually the reform became adopted across the country. In this way the experimentation can avoid attracting too much attention from higher-level authorities and becoming stymied. The provincial trade union has astutely avoided giving too much publicity to the different experiments with direct elections, judging that to do so would only draw the attention of central offices of the ACFTU and potential

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42 Interview, C01, 19 May 2004, senior official in *Guangdong Province Trade Union*. See also *Nanfangdou Shibao*, 7 September 2003.

43 The trade union chair of town H refers to the pressure from foreign retailers ordering goods to introduce direct elections. In some instances the foreign customer has attended these elections to ensure that they are done properly (Interview, *Chair of Trade Union, Town H*, 25 April 2004).

44 Interview, C01, 19 May 2004, senior official in *Guangdong Province Trade Union*.

45 *Ibid.*

46 As the vice-chair of Guangdong Trade Union, Sun Yang Hong stated in an interview to a journalist, '... because trade union democratic elections are clearly specified in the Trade Union Law and China Trade Union Constitution. Electing and being elected are basic rights of members' (*Nanfangdou Shibao* 2003).

47 Interview, C02, 19 May 2004, senior official in *Construction of Grassroots Organisations Section of Guangdong Province Trade Union*.

48 Interview, C01, 19 May 2004, senior official, *Guangdong Province Trade Union*.

disapproval, thereby jeopardising these efforts.<sup>49</sup> The provincial trade union leadership is thus creating strategic room for grassroots trade unions to manoeuvre reform.

However, it is also pragmatic about the risks of such reform. In particular the main challenges in popularising democratic elections at the grassroots level in the eyes of the provincial trade union leadership relate to the 'cultural quality' of workers, the concept of democracy which is held to be not well understood, clanism, familism and personal loyalty to place of origin, challenges which are also cited at the central level of the trade union. In other words, workers identify with each other along lines of kin and birthplace, rather than as members of a social group centred on the workplace, or in Marxist terms their class position. In Guangdong province around 70 per cent of workers are rural migrants, with large concentrations coming from Sichuan, Hunan, Hubei and Jiangxi provinces. Loyalty to place would thus make it difficult for a worker to elect someone from another province. If one province dominates in a factory, then the trade union chair could easily become a spokesman only for workers from the same province as him/herself, and the interests of workers from provinces in a minority would go unrepresented, as had apparently already occurred in Crown Metals Products Company in Shenzhen. Given that there are already frictions in foreign-invested enterprises amongst workers from different provinces, encouraging direct elections in such situations could make the workplace unstable. All of these concerns reflect a deeper anxiety within the ACFTU about maintaining the vertical line of command over lower branches, and therefore the institutional integrity of the organisation.<sup>50</sup>

Apart from these issues of worker identity, another reason the provincial trade union is proceeding cautiously is recognition of resistance from within the trade union structure, and in particular, from trade unionists in state-owned enterprises, who have strong motives for maintaining the status quo. According to a central government document, number 24, issued in 1981, enterprise trade union chairs enjoy the same treatment in terms of salary, benefits (car, bigger flat etc) and status as a vice-Party secretary or vice-director in the enterprise. Moreover, this brings grassroots trade union cadres in state-owned enterprises into the management scope of the higher level Party committee. Direct elections open up the possibility for workers to become trade union chairs. As a worker is not a cadre, and thus cannot fall under the management of the higher level Party committee, introducing direct elections would seriously undermine this system. By removing the benefits enjoyed by state-owned enterprise trade union chairs, there would be no incentive for anyone to take up this position. The vested interests of trade union chairs in state enterprises, and especially in large enterprises, are thus a challenge to the promotion of grassroots trade unions and remain protected by the Party committee in state-owned enterprises.<sup>51</sup>

In light of these issues the Guangdong trade union leadership has sought to limit the risks of experimentation by restricting direct trade union elections to certain kinds of enterprises and specifying the situations where direct elections can and cannot take place. Thus direct elections can be promoted first in foreign-invested enterprises, and especially in TNCs, as management systems are deemed to be in place, production stable, and the role of trade unions understood; and second, in small and medium-sized enterprises with regularised management. Large enterprises, too, can also hold direct elections, but this in turn calls for some stretching of the concept of direct elections. As some enterprises have over 10,000 workers and there is no place to accommodate the presence of so many workers at the time of elections, a system is introduced whereby workers can nominate anyone as a candidate, but the voting is carried out indirectly at the workers' representative assembly. It is this open nomination of candidates, similar to the 'sea elections' in villages, that then gives these elections their direct and democratic quality.

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49 As a senior official in Guangdong provincial trade union pointed out, 'we didn't make this issue public because it involves many issues. It's very difficult to explain it theoretically or in what every way. I've never written an article or anything on this. If you do this, the ACFTU can say that this is not correct, that is not correct' (Interview, C01, senior official in *Guangdong Province Trade Union*, 19 May 2004). Similarly the head of the trade union in town H expressed his strong desire to keep a low profile about the work on direct elections, not only because of potential criticism from higher levels of the ACFTU but also because direct elections might provide an entry point for 'hostile forces infiltrating China', and especially 'terrorist groups'. Indeed the town Party secretary had given the go-ahead to the elections but emphasised that he did not want the town to be 'the first in the country or province', that is, to catch the eyes of the higher level authorities (Interview, C09, *Chair of Trade Union, Clothing Factory, Town H*, 24 May 2004).

50 Interview, C01, 19 May 2004, senior official in *Guangdong Province Trade Union*.

51 Interview, C02, 19 May 2004, senior official in *Construction of Grassroots Organisations Section of Guangdong Province Trade Union*.

However there are then four situations where the provincial trade union has ruled against direct elections.<sup>52</sup> These are first, when a trade union has been newly established. The argument here is that the new trade union chair and committee are not fully aware of their responsibilities, not clear about how to organise activities or how to negotiate with the enterprise manager, who in turn maybe anxious about the difficulties that a trade union may create for him. The second is in an enterprise where industrial relations are tense and a mass action has taken place. In such a situation it is highly likely that workers will choose someone who is prepared to struggle with the enterprise boss. As a senior official in Guangdong provincial trade union explained, 'trade union work in China is not about if you confront the boss, then you are doing a good job as trade union chair. It's not like this. We don't have this concept here'.<sup>53</sup> The third situation is any enterprise where there is a strong identity with a clan or place of origin. From the point of view of the provincial trade union the concern here is that it will be very difficult to control a trade union chair elected on the basis of clan and therefore difficult for the higher-level trade union to ensure compliance with directives from below.<sup>54</sup> The final situation where direct elections are not permitted is in enterprises where production is unstable or in a small-scale, family business. In enterprises which survive on a day-to-day basis, it will be difficult for the owner to be concerned about trade union work. Or, if it is a family business where relatives hold management positions, it is perceived as difficult to do trade union activities, let alone direct elections.

In practice, therefore, there is considerable variation in how direct elections are organised and how grassroots trade union leaders are selected. As a senior trade union cadre in the Bureau for the Construction of Grassroots Organisations in Guangdong explained, in some factories workers directly elect the trade union chair from multiple candidates; in others, workers nominate the candidates and the Trade Union Committee, then elect the trade union chair and vice-chair; and in the majority, especially in newly formed trade unions, the higher-level trade union and the enterprise director nominate candidates. To illustrate this, it is instructive to examine the experience of a clothing foreign-invested enterprise and a printing factory in Guangdong province. The clothing factory has a workforce of approximately 2,500, of whom 1,000 are trade union members.<sup>55</sup> The factory is divided into five 'electoral wards', based on several workshops and embracing from as 56 to over 500 workers in each. Each electoral ward nominates candidates to be member representatives and has to vote in 24 representatives per ward. In the electoral ward of the vice-trade union chair, there were over 500 workers and around 40 people put themselves forward as candidates. These candidates give speeches to all members and respond to questions. The 120 member representatives then elect 20 trade union committee members. In the last round of elections, about half of the representatives' assembly stood as candidates. The newly elected trade union committee in turn votes for the chair and vice-chair from a list of self-appointed candidates from the committee. In all elections the persons with the majority of votes, whether or not these constitute more than half of all votes,<sup>56</sup> wins the elections.

The situation in the printing factory, which started elections in 1996, is different in some respects. Here there were three candidates for trade union chair, all of whom were managers and nominated by the enterprise management. All were required to make speeches and drew lots to decide who would speak first. The trade union members cast their votes in public using voting slips, leaving room for others to see how individuals were voting. The elected trade union chair then handpicked the trade union committee, appointing two of his former rivals.<sup>57</sup> According to the town trade union chair, the processes in this factory were not as democratic as in other enterprises in the town, which had competitive elections at all stages, that is, for the trade union representatives, then trade union committee, and then indirectly for the trade union chair.<sup>58</sup> In practice, therefore, there is considerable elasticity in the meanings given to direct elections, ranging from free nomination of candidates by workers at one end to nomination of candidates by enterprise managers or higher-trade union authorities.

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52 Interview, C01, 19 May 2004, senior official in *Guangdong Province Trade Union*.

53 Ibid.

54 As the interviewee put it, 'Can you dare to do direct elections in this situation? Can you control the person elected? You can't control. Trade unions at a higher level have no way'. Interview, C01, 19 May 2004, senior official in *Guangdong Province Trade Union*.

55 Interview, C11, 24 May 2004, *Chair of Trade Union, Clothing Factory, Town H*.

56 This point is made as in village elections, the successful candidate has to get more than half of the votes to be elected.

57 The trade union committee had three members, responsible respectively for sports, general living issues, culture and the women's committee, the last two tasks being carried out by the only female member (Interview, *Trade Union Chair of Printing Factory, Town H*).

58 Interview, C09, 24 May 2005, *Chair of Trade Union, Town H*.

Though this province has experimented in a low-profile way with direct elections in selected types of non-public enterprises, it is too early to assess their impact on industrial relations or workers' perceptions of the trade union. However, there is some evidence that the direct elections have led to changes in leadership, improvements in workers' conditions and to at least a weakening of the previous model of appointing trade union chairs. For example, in an electronics factory in Shenzhen, where three rounds of elections had been held, the trade union committee members had changed each time, whilst the trade union chair, who was himself a migrant worker, had retained his position.<sup>59</sup> In this case it was reported that the committee members had not been re-elected because they had failed to live up to the promises they had made in their election speeches to workers. Elections therefore function as an important mechanism of accountability and leadership turnover. According to a press report the newly elected head of a grassroots trade union in an electric motor company in Guangzhou negotiated an agreement on protecting women's rights that included conditions that were not in national, provincial or city regulations, namely, that the company should cover the cost of pre-natal check-ups (Nanfangdou Shibao 2003). In another instance the trade union negotiated a reduction in weekly working time for workers from 5.5 days to 5 days (Nanfangdou Shibao 2003). In a clothing factory in town H, the newly elected chair arranged the construction of a sports area and organised sports events for workers.<sup>60</sup> He also changed the system whereby workers, unlike cadres and managers, had to pay for meals, even if they had not taken them.

These examples suggest that direct elections are beginning to unsettle the old patterns of trade union subordination to Party interests and develop more responsive links between grassroots trade unionists and workers. By creating openings for workers to become trade union chairs, competitive direct elections contribute to weakening the system of vested interests apparent in state enterprises that create incentives for trade union officials to look more 'up' than 'down'. In Nantai Enterprise Group in Shenzhen, for example, most of the eleven trade union committee members had worker status (Nanfangdou Shibao 2003). Similarly in an electronics factory in town S, the trade union chair at the time of interview was a migrant worker.<sup>61</sup> Even if a foreign-invested enterprise has a Party committee in it that could try to lever control over the selection of candidates, such a committee no longer commands the same power and authority as in a state-owned enterprise, and therefore does not wield quite the same hold over trade unions.<sup>62</sup> Thus the direct elections undermine somewhat the control of the Party over trade union officials and thereby facilitate the potential emergence of a more independent trade union.

Though the direct elections have begun to unsettle the comfortable relations between the Party and trade unions, the lack of detailed guidelines for the elections has given rise to certain situations that only highlight the confusion within the ACFTU about its role and identity. Of particular interest is the phenomenon of managers participating in direct elections, the issue of status and the *laissez-faire* approach to direct elections. For example, according to a newspaper report, in one enterprise in Shekou the general manager stood for election as trade union chair and gained the most votes. The trade union initially cancelled these results. However, as the former chair of Shekou TU Federation (1998–2003) explained, the status of the candidate, be they worker or cadre, was not relevant, as long as they gained the majority of votes in the direct elections. The outcome was that paradoxically the general manager became the trade union chair (Nanfangdou Shibao 2003).<sup>63</sup>

The second issue relates to status. Employees holding positions of responsibility in the ACFTU are classified as cadres, as in other government and Party institutions. At the enterprise level, as mentioned above, the chairs of the trade union in state-owned enterprises enjoy the status and benefits equivalent to a deputy Party secretary or director in the enterprise. As cadres and workers are ranked differently, the introduction of direct elections challenges this system and creates the dilemma of whether a worker who becomes a trade union leader is still a worker or not. In some foreign enterprises, newly directly elected trade union chairs are given the status of cadres and salary and benefits equivalent to a deputy director. For example, in recounting the experiences of a printing factory in town H, one of the earliest factories to hold direct elections in 1995, the trade union chair, a former migrant worker,

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59 Interview, C01, 19 May 2004, senior official in *Guangdong Province Trade Union*.

60 Interview, C11, 24 May 2004, *Chair of Trade Union, Clothing Factory, Town H*.

61 Interview, C02, 19 May 2004, senior trade union cadre in *Construction of Grassroots Organisations Section of Guangdong Province Trade Union*.

62 As a senior official in Guangdong provincial trade union explained, it is not necessary to operate through the Party committee in the same way as in a state-owned enterprise (Interview, C01, senior official in *Guangdong Province Trade Union*, 19 May 2004).

63 Similarly the former chair, in an interview, cited another example where a vice-general manager in a company was elected in as trade union chair. (Nanfangdou Shibao 2003).

enjoyed the salary and benefits of a deputy director such as a flat and car.<sup>64</sup> Similarly in a foreign-invested clothing factory in Guangdong province, the vice-chair of the trade union was placed on the salary scale of a cadre, though he was previously a migrant worker from Hubei province.<sup>65</sup> This not only distances the elected leader from workers, as they are now in different worlds, but it also throws into relief the ambiguous positioning of the Chinese trade union between workers and the Party, or between functioning as a representative organisation for workers and as a bureaucratic arm of the Party/state.

This uncertainty about the desirable roles of the trade union and fear of disturbing comfortable relations is reflected in the doubts expressed by senior trade union officials about the ability and desirability of having workers assume positions of trade union officials. For example, in an interview, a senior trade union cadre in the Bureau for the Construction of Grassroots Organisations in Guangdong provincial trade union explained that in recently established trade unions, they let the enterprise director nominate candidates and recommend that they choose a middle-level cadre.<sup>66</sup> In his view workers in labour-intensive industries such as clothing lacked both democratic consciousness and working-class consciousness and direct elections were therefore not possible, running the risk of place-based factionalism. By reproducing the category of cadre status for trade union officials, the trade union paradoxically contributes to the gap in representation that already bedevils the union. Moreover, the belief that workers lack 'democratic consciousness' contrasts with the fact that villagers across most of China now regularly participate in multi-candidate competitive village elections. Underlying this issue of status is an institutional anxiety about retaining hierarchical control over lower levels. The expectation remains that the enterprise trade union leader should be responsive upwards as well as downwards. As a senior official in the Bureau for the Construction of Grassroots Organisations in Guangdong province put it, 'he on the one hand has to represent workers; on the other hand has to be receptive to higher levels'.<sup>67</sup>

The trade union's *laissez-faire* approach to direct elections also reflects a deeper uncertainty about its relationship to capital and an awareness of its relative lack of power. In the pre-reform system a key role of the ACFTU was to stabilise production, but this was at a time when state ownership of industry predominated and there was no apparent contradiction between the interests of the working class and the Party-state. In the export-oriented areas of China local governments are keen to attract and retain foreign investors, offering numerous policy concessions and in addition the promise of a cheap, compliant workforce. If the local trade union were to prioritise too much the interests of workers, it would be simultaneously failing in its tasks of promoting national production and ultimately Party interests. It is this dilemma that again partly underpins the *laissez-faire* approach of the ACFTU to promoting direct elections in foreign enterprises. There is no compulsion in Guangdong province (or anywhere in China) that enterprises should carry out competitive direct elections, or have elections at all.

According to a senior cadre in the Bureau for the Construction of Grassroots Organisations in Guangdong provincial trade union, the bureau responds to requests from enterprises for a change in trade union leadership and leaves it up to the enterprise as to whether or not they want to hold direct elections and, if so, what methods they use.<sup>68</sup> Having direct elections is thus not a right of workers but a 'gift' from the enterprise owner and the higher-level trade union.<sup>69</sup> Moreover where enterprises do agree to have elections, it is more a case of enterprises responding to foreign customers to secure orders than because of any commitment to democratisation or the rights of workers. As an unnamed provincial official stated in an interview, enterprise owners were more interested in 'obeying orders [customers' orders for goods] than in obeying the law' (Nanfangdou Shibao 2003).

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64 Interview, C02, 19 May 2004, senior trade union cadre in *Construction of Grassroots Organisations Section of Guangdong Province Trade Union*.

65 Interview, C11, 24 May 2004, *Chair of Trade Union, Clothing Factory, Town H*.

66 Interview, C02, 19 May 2004, senior trade union cadre in *Construction of Grassroots Organisations Section of Guangdong Province Trade Union*.

67 Ibid.

68 Ibid.

69 For example the owner of the printing factory in town H, where direct elections had been in place since 1996, was described by the trade union chair of the factory as supportive to trade union work and also unusual in his broader concern for society, evidenced in his support to a Project Hope school in Qinghai province (Interview, C12, *Chair of Trade Union, Printing Factory, Town H*, 24 May 2004).

In this process the trade union has little leverage and can only encourage the enterprise owners to allow the establishment of a trade union and later direct elections by offering concessions, underlying its relative dearth of power. In small-scale enterprises owned by Hong Kong, Macao or Taiwanese investors, where the owners fear the establishment of trade unions, the higher-level trade union will highlight the benefits to enterprise owners, such as the trade union taking on the role of persuading workers to meet customers' orders. Moreover it will recommend the owner to choose a middle-level cadre or middle-level manager as candidate for election at the workers' or worker representatives' assembly, rather than immediately introducing direct elections. In this way the trade union seeks to obtain the tacit consent of enterprise owners, gaining in return the establishment of a trade union branch and the weakening of a system where the owners appointed their relatives or deputy managers as trade union chairs.

However this compromise position risks reproducing the trade union's position in the production process as an agent for stabilising production as under the old regime and therefore weakening the link between workers and the trade union.<sup>70</sup> This is illustrated well during an interview with a trade union chair and vice-chair in a foreign-invested clothing factory, who did not consider their role in persuading workers to work overtime as problematic. When asked about hours of overtime, the officials on the one hand quoted the factory regulations about a maximum of 36 hours per week, but on the other hand also admitted that there was flexibility around this if there was a surge of orders.<sup>71</sup> In another instance the chair of a printing factory in town H recounted a situation where he had intervened in a contract termination issue. The worker had worked at the factory for five years and was told at the very end of their contract that they should leave. However according to the 1994 Labour Law the worker should receive compensation if they are not adequately notified. So the chair persuaded the owner to extend the contract for one month, give notice to the worker of termination in one month, and thereby avoid paying compensation. When asked in the interview whether this solution was in the interests of the enterprise or worker, the trade union chair responded that it was 'on the side of the law',<sup>72</sup> a response that on the one hand reflected the growing legitimacy of the law but on the other hand revealed the continuing lack of clarity around the interests represented by the trade union.

Similarly the focus on welfare issues, such as quality of food, dormitory conditions, entertainment, refreshments during periods of heavy workload also reproduce the former functions of trade unions. Though this focus on welfare issues and entertainment does address some immediate needs of workers, it also is closely linked to maintaining production in the competitive environment of the coastal areas and to retaining workers. As the trade union chair of a printing factory in town H explained, the trade union organises activities for workers during the slack season so that they do not take up a job elsewhere. It also is aimed at socialising migrant workers into urban life and creating an identity around the enterprise. In the words of the trade union chair of the clothing factory in town H, 'of course, the future trade union needs to change the attitude of workers, their model of thinking ... we still need to pay attention to this aspect ... that is, change a worker from someone who is outside of society to someone who is an enterprise person, for example, love their job, love their factory ...'.<sup>73</sup> In a similar vein trade union officials refer to the 'bridging role of the trade union' between capital and labour. As the head of the trade union in town H pointed out, establishing a trade union in an enterprise is a way to retain workers and ensure stability of production.<sup>74</sup>

However encouraging trade union officials to be more responsive to workers has also brought risks. Indeed some trade union officials are reluctant to introduce direct elections for fear that this will lead to confrontation with factory owners and managers, and also so as to defend their jobs (Nanfandou Shibao 2003). In order to reduce the risk to grassroots trade unionists Guangzhou Economic and Technical Development Zone Trade Union proposed the 'turn over the contradiction to the higher authorities method' (*maodun shangjiao*), whereby a grassroots trade unionist can refer upwards any difficulties to the higher-level trade union to deal with. It also set up a Trade Union Chair Risk Fund for protecting rights and living standards in enterprises in transition (Nanfandou Shibao 2003). Similar

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70 Interview, C02, senior cadre in *Construction of Grassroots Organisations Section of Guangdong Province Trade Union*, 19 May 2004.

71 Interview, C11, *Chair of Trade Union, Clothing Factory, Town H*, 24 May 2004. Similarly in an electronics company in town S, the directly elected trade union chair explained in a matter of fact way that extra overtime just had to be done (Interview, C12, *Chair of Trade Union, Printing Factory, Town H*, 25 May 2004).

72 Interview, C12, *Chair of Trade Union, Printing Factory, Town H*, 24 May 2004.

73 Ibid.

74 The head of the trade union in town H referred to several large enterprises in Guangdong province, which would not permit the establishment of trade union, and lost workers (Interview, C09, 24 May 2004).

protective legislation aimed at reducing the risks to enterprise trade union chairs of actively protecting workers' rights also exists at the national level.<sup>75</sup>

The above case-study of direct elections in a southern province highlights the considerable variation in the actual processes of direct elections and outcomes. These range along a continuum of democratic participation, with the 'sea elections' practice at one end, where all workers can freely nominate any candidates they wish to the more controlled practice at the other end, where the enterprise owner and/or Party committee, and/or higher-level trade union nominate a candidate or candidates, which trade union members then vote for. In terms of outcomes these then range from the election of migrant workers to the voting in of the factory director as trade union chair.

These variations in practice are in part the result of an inadequate regulatory framework for the elections, tensions within the trade union over the desirability of direct elections, and the weak power of the trade union in relation to capital. Whilst the provincial leadership has created the space for lower level trade unions to experiment, it is also concerned about the reaction of higher levels and the potential risk of workplace instability. Though some foreign enterprises, under pressure from their customers, have pushed for improvements in labour standards and initiated democratic elections of workers' representatives to health and safety committees or to workers' councils, many foreign-invested companies in China continue to ban the establishment of trade unions in their factories. When enterprise owners do allow trade unions, they ensure that relatives or managers are positioned as the trade union chair. Even where enterprise owners do permit direct elections of trade unions and the practices are at the more democratic end of the spectrum, the enterprise trade unionists are careful not to disturb industrial relations, and to this end moderate the claims of workers.

Above all these experiments with trade union direct elections throw into greater relief the entrenched institutional pathologies of the trade union and more broadly the Party-state, which render reform so ambiguous, complex and challenging. In particular they highlight the continuing dilemma of the trade union as a dualistic Leninist transmission belt organisation, namely, whether it should ultimately give priority to the interests of workers or to the Party. Whether workers who are directly elected as trade union chairs should remain workers or be upgraded to the status and treatment of cadres underlines both the bureaucratisation of the trade union in the post-Liberation period as an administrative arm of the Party/state and the core issue of the identity of the trade union as a representative, civil society-type organisation. Whilst this duality may have served its purpose in the pre-reform era, in the reform context of a globalising market economy it has become increasingly pathological, struggling to fulfil its most basic mandate, namely, to protect workers.

Furthermore, there is the key matter of control, both within the institution of higher levels over lower levels and of trade unionists over workers, and from outside, namely, of the Party over the trade union. On the one hand the Party wants to enhance its legitimacy through a more open and plural process of representation but on the other hand wants to control the process and outcomes. This is reflected not only in the lack of tolerance for spontaneous demands for elections<sup>76</sup> but also in the way senior trade union officials discuss trade union elections and the Party's astute use of its power to control to some degree the outcomes of elections. For example in an interview with a senior cadre in the Grassroots section of the Department for Construction of Grassroots Organisations in the ACFTU, the language slipped between the idea of the Party 'controlling' (*kongzhi*) and 'guiding' (*yindao*) or 'intermediating' (*jianjie*) the electoral process.<sup>77</sup> Moreover, as described earlier, the Party can wield influence at an earlier stage in the direct election process by stipulating the requisite criteria that candidates should fulfil and afterwards through the training provided by the higher-level trade union to newly elected trade unionists.

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75 For example on 8 July 2003 Supreme Court issued 'Interpretation of Core Issues in applying 'China Trade Union Law' in civilian trials work' which provides relief to workers and trade union officials who have been dismissed for carrying out trade union activity. Thus the employing unit has either to let them return to work and compensate them for lost wages or give them compensation equivalent to two years' salary and pay into economic compensation fund for the period of dismissal (Nanfangdou Shibao 2003). See also Qiao (2002: 247–8).

76 For example, 20 leaders of a workers' strike in Xiayang City, Shaanxi Province, were arrested once the authorities learned that they were planning to elect a factory-level trade union and register it with the ACFTU (China Labour Express Action 2005).

77 Interview, A2, senior cadre in *Department for Construction of Grassroots Organisations*, ACFTU, 30 March 2004.

## 5 Implications and conclusion

What then are the prospects for the extension of direct elections and for the reform of the trade union? Three key challenges facing the protagonists of direct elections in the trade union structure are the problem of resistance at all levels, the need to clarify the identity and interests of the trade union and the increasing power of domestic and foreign capital. Some Party officials, government cadres, and indeed some ACFTU cadres have doubts about the desirability of direct elections for various reasons. Some fear direct elections will provide a channel for dissatisfaction reaped by the unevenness of economic development and the subsequent diversity of employment conditions and demands. Others consider the 'quality' of workers to be too low, thereby leading to incompetent leaders being selected. Another view is that direct elections are not possible in large enterprises (Xinhua *wang* Beijing, 25 September 2003). At the higher echelons of the ACFTU, as discussed earlier, some leaders have misgivings about elections for political reasons. In particular they view the introduction of direct elections as linked to attempts by foreign companies through corporate social responsibility to impose international labour standards, thereby posing a political threat to China's sovereignty. Some government, Party and trade union cadres fear that direct elections could cause them trouble, ending up with higher levels of the trade union coming down to investigate. Such cadres resist introducing direct elections through various means. These include continuing with a system where the Party, government and workers consult and nominate candidates, or not allowing more than one candidate for each position, or keeping the number of worker representatives in the process low. Furthermore, local government officials in the interests of local economic development and capitalists for the sake of profit may collude together and refuse to hold direct elections. One effect of this resistance is that the concept of direct elections has not spread up from the enterprise level to higher levels of the trade union hierarchy.<sup>78</sup>

The second challenge revolves around the clarification of the identity and interests represented by the ACFTU. At the heart of this problem is the historical relationship of dependence between the Party and ACFTU, which places trade unionists at all levels in the Janus position of having to represent both the interests of the Party and those of workers. For reformers within the ACFTU it is hoped that direct elections, which should strengthen accountability downwards to workers and the role of the trade union as a representative organ, will promote greater independence from the Party and undermine the bureaucratisation of the union during half a century of Party rule. Until the interest boundaries between the ACFTU and Party are clarified, and concomitantly those between the trade union and workers, we can expect that the spread of direct elections, and in particular the most democratic version of these, will continue to proceed slowly and unevenly. The issuing of clear directives from the central level of the ACFTU would go some way towards mitigating the caution around direct elections and give impetus to experimentation at the local level.

The third challenge facing advocates of direct trade union elections is foreign investment. Large multinational companies have come under increasing pressure to maintain global labour standards in their supplier factories and initiated direct elections of worker representatives. The pressure from foreign investors is, however, a double-edged sword. On the one hand it can be a stimulus to change; on the other hand it can be used by adversaries to resist reform, drawing upon the ploy of 'interference in internal affairs'. However the majority of foreign enterprises in China, and especially the small-scale Hong Kong/Macao businesses and South Korean companies, which have manifested some of the worst forms of abuse, are resistant even to the idea of establishing trade unions. In this context the first priority of the trade union has been to establish trade unions. As seen in the case-study, a strategy of compromise is deployed which concedes some power to the enterprise owner through their choice of candidate and which shrouds the work of the trade union with a veil of caution and quiescence. What remains to be seen is whether local trade unions can then alter the pattern of industrial relations that have evolved under this arrangement through direct elections.

Despite these challenges there is also some room for optimism. The changes within the trade union, and in particular the direct elections, are not isolated events, unique to the trade union. They are part of a more general attempted shift in China towards a more inclusionary process of governance. As a politics and legal scholar commented in an interview, 'trade union direct elections are a transition from

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<sup>78</sup> For example, representative Li Yehong from the Inner Mongolian Forestry Works Enterprise Group stated in an interview that whilst direct elections of trade union leaders were held in all forestry centres, these had not yet extended to the forestry bureau level, the main reason being that the 'time was not ripe' (*zhuyao shi yinwei shiji hai bu chengshu*) (Xinhua, 25 September 2003), reflecting the political sensitivity of the issue.

a war-like mode of thinking (for profit at any cost) towards constructive-like mode of thinking (emphasise efficiency, mutual concessions, honest talk) from opportunistic mode of thinking to regularising mode of thinking. This kind of transition is the same as the transition after the 16th Party Congress from a revolutionary Party to a ruling Party' (Nanfangdou Shibao 2003). The move towards direct elections therefore mirrors a broader process of internal Party reform aimed at strengthening the accountability, probity and representativeness of Party and government cadres. Multi-candidate, competitive elections have spread over the last 20 years from villages to townships, to neighbourhood committees and communities. For advocates of direct trade union elections, therefore, they can draw legitimacy from the both the broader process of internal Party reform and the commonplaceness of competitive elections in China.

Another aspect of the move towards more responsive and inclusionary governance is the widening spaces for citizens to articulate views, express interests, and form organisations with varying degrees of independence from government. Since the mid-1980s different kinds of non-governmental organisations such as women's groups, trade associations, chess clubs, academic societies, professional associations, salons, and networks have proliferated (White, Howell and Shang 1996; Brook and Frolic 1997; Ding 1998; He 1997; Ma 1994; Pei 1998). Despite government attempts in the wake of 1989 to control the spread of such groups through tighter controls over registration and a clampdown on groups perceived as threatening, the field of non-governmental organising has continued to develop. The preparations for the Fourth World Conference on Women in Beijing in 1995 in particular gave a significant boost to the development of women's groups in China and promoted a more conducive environment in which other groups could flourish (Howell 1997c; Liu 2001; He 1999; Hsiung, Jaschok and Milwertz 2001). Moreover though many registered associations in China enjoy close relations with the state, and some were even founded by the state,<sup>79</sup> since the mid-1990s there has been a mushrooming of unregistered non-governmental organisations, particularly in the field of social welfare. These have been tolerated not least because of the government's ambivalent position towards civil society: on the one hand wanting it to serve as a service-delivery 'Third sector', addressing the burgeoning problems of social welfare, and on the other hand trying to fend off the emergence of organisations concerned with issues perceived as political, such as democracy, labour rights or secessionist claims, or that might constitute a concentration of power with the potential to challenge regime stability, the *falun gong* being a case in point.<sup>80</sup> Despite the stops and starts in the development of non-governmental spaces and organising in China, the expansion of the non-governmental realm provides a favourable context for the ACFTU to reform in the direction of becoming a more representative and independent rather than incorporated and Party-dependent institution, and even a civil society-type organisation.

Two other factors that are likely to provide an impetus for more extended direct elections are the external pressure from some foreign enterprises and the continuing waves of industrial unrest. Even though many small-scale foreign enterprises of Hong Kong/Macao and of South Korean origin resist the establishment of trade unions, large transnational companies with well-known brands will continue to put pressure on supplier factories for trade unions, direct worker elections and maintaining global standards. This external pressure, albeit limited, proves embarrassing for China, as it becomes increasingly self-conscious about its global image, and also for the trade union, as such external initiatives expose their impotence. However, it is important also to remain realistic about the limitations of this approach, and in particular the importance of worker mobilisation to any fundamental process of change.<sup>81</sup> More troubling for the central leadership and the Party, however, are the recurring waves of industrial rest which have swept across China since the late 1980s, taking into their fold both the grievances of laid-off and migrant workers in foreign-invested enterprises. As long as the trade union resists reform, the less able it is to act as a bridging organisation, and the more grievances become expressed in spontaneous strikes, protests and actions. The fear of instability and the potential impact of this on the foreign investment environment in China will continue to exert pressure on the Party and ACFTU leadership to hasten trade union reform.

79 Indeed Ding (1994) goes so far as to describe them as 'parasitic' upon the state. In arguing against a conceptualisation of 'civil society versus the state' Ding proposes instead the concept of institutional amphibiousness to capture both the parasitic nature of apparently autonomous organisations in relation to the state and the manipulation by social groups located in the state of their positions to promote anti-state ends. For a critique of this argument see Howell (2004: 164).

80 For a detailed analysis of the *falun gong*, see Ostergaard (2004).

81 A similar point was made by a politics and law professor from Southern China Teacher Training College in a newspaper interview. He argued that pressure from foreign enterprises will not be sufficient to protect workers' rights. Even if a trade union is directly elected with the support of a foreign enterprise, this is not the same as an awakening of workers' democratic consciousness or a strengthening of workers' capacity to organise (Nanfangdou Shibao 2003).

It is difficult as always to predict the direction of change. Economic reform has clearly outpaced political reform, though such a statement assumes a linearity that may not be given. The institutions of the Party, government and the intermediary structures that link the Party to society, such as the ACFTU, have all adapted their functions to varying degrees to the rapidly changing needs of society. Given the embeddedness of the ACFTU in the Party/state structure any fundamental change is ultimately dependent on reform within the Party, unless that is the ACFTU is able to wrest greater independence from the Party. In the meantime we can expect that spontaneous protests by workers will continue as will heroic efforts to establish independent trade unions. If reform is too slow, it may only hasten the demise of the ACFTU. For some analysts such an outcome might ultimately be in the interests of Chinese workers.

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