

UNION ORGANIZING IN CHINA: STILL A MONOLITHIC LABOR MOVEMENT?

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Abstract

This inductive study, based on extensive field research and interviews with regional union officials, enterprise union cadres, shopfloor workers, and employers and management in China during 2005-2007, contributes to our understanding of contemporary trade union strategies in China. In contrast to much of the research that treats the official All China Federation of Trade unions (ACFTU) as a monolithic organization, I argue that there is considerable variation within the ACFTU in terms of private sector union organizing strategies. More specifically, my analysis of strategies of regional unions suggests three patterns of union organizing, each having vastly different consequences for the future of trade unions and collective bargaining in China.

In October 2006, unions were successfully established in all 66 stores of Wal-Mart in China. This apparent success occurred against a backdrop of a steady increase in union membership in China from 87 million in 1999 to 170 million members in 2006, reversing the marked decline during the 1980s and 1990s. In addition, direct election of workplace union chairs was permitted in 1997 and nationally promoted after 2003, both by the All China Federation of Trade Unions (ACFTU). The labor contract law coming into effect on January 1, 2008 further provides special regulations on collective contracts which are expected to strengthen the unions' role in the workplace. These changes seem to indicate that the ACFTU, hitherto seen as weak, state-controlled, and highly ineffective, has begun to reform itself. However, observers in general are skeptical about the ACFTU's ability to reform and to organize successfully.

Indeed, given that independent trade unions are banned, union organizing in contemporary China actually means bureaucratically setting up ACFTU branches at various levels, with the fundamental goal not so much of protecting workers' rights as of strengthening the Party's social control. Such union incorporation is not unusual in Asian countries in the stage of low-cost export-oriented industrialization (see e.g. Deyo 1989) and often condemned by labor activists. Nonetheless, I argue that organizing "official" unions does have significant impacts on the future of the Chinese labor movement in general and the survival of the ACFTU in specific. More importantly, there are growing local variations in organizing which may indicate the possibility of gradual and bottom-up transformation of Chinese trade unionism in the future.

Based on intensive field research, I argue that union organizing efforts in China are increasing, although not all of these increases can be ascribed to the ACFTU's policies. Specifically, I argue that it is the strategies of regional unions (regional union federations or councils, *difang zonggonghui* or *gonghui weiyuanhui*)¹ and the strategies of management that have been critical to the recent organizing success noted in the newspapers, and that organizing outcomes vary based on these strategies. I find that strategic choices made by regional unions regarding how best to organize certain types of enterprises have been key to the success (i.e. membership increase), and that these choices are shaped by various preconditions including firm characteristics i.e. size, geographic concentration, and industry commonalities, local labor market conditions, innovative approaches and capabilities of regional union leaders, and support of local governments. A key implication of my findings is that it is important in today's Chinese context to focus on changes in organizing at the bottom, i.e. the lower echelons of the ACFTU, rather than treating it as a monolithic top down organization with a unified strategy.

My study, one of the first on contemporary union organizing in China, contributes to the deepening of our understanding of Chinese trade unions, but also provides a model of “official” union organizing that is significantly different from independent union organizing and has received little attention in the industrial relations literature due to the often perceived uselessness of “official” unions. More specifically, this model, based on commonly used criteria (i.e. independence from employers and bargaining power), is able to identify different

¹ In the ACFTU's system, a union federation is entitled to have more staff and funds than a union council. Before 1995, regional unions at the town level were all union councils. However, given the increasing importance of town unions due to rural industrialization, more and more town union councils have been upgraded to federations since the mid 1990s.

patterns of “official” union organizing (or union incorporation) within the formerly monolithic Chinese labor movement, as well as the determinants of organizing and bargaining outcomes including those widely found in the West (e.g. union strategies, labor market conditions, and union leadership) and the one unique in the Chinese context i.e. local government support.

This study is based on my broad field research and over 400 interviews with union officials, managers, and workers in 14 geographically dispersed Chinese cities during 2005-2007. The cases here are in four towns in South and East China. These towns were selected because they have a high concentration of foreign or private enterprises which are the focus of the ACFTU’s organizing campaign. I gained the access via help of my friends and some officials and researchers within the ACFTU. In total, I interviewed 15 regional union officials, 12 enterprise union (*qiye gonghui*) cadres, 17 employers and managers, and about 40 workers in these towns. Most of these interviews were conducted independently, while a few of them were done accompanied by regional union officials and/or enterprise union cadres.

Union Organizing in China: An Overview

There is only one single, official trade union in China i.e. the ACFTU, which has a top-down, bureaucratic structure and has a dual-functioning role i.e. to act on behalf of the nation’s collective good while also protecting workers’ rights and interests (for more details about the structure and functions of the ACFTU see e.g. Lee 1986; Ng and Warner 1998). As a union in a communist state, the ACFTU is widely viewed as a state organ of suppression (e.g. Chan and Senser 1997). Nonetheless, it still has interests and certain strength to promote

labor rights (Taylor and Li 2007). Moreover, with the progress of the post-Mao market transition, the role of the ACFTU has been changing. At the national level, the ACFTU has inserted many pro-labor clauses into various policies and legislations (Chan 2002). At the local level, the ACFTU branches have become more representative and more independent of state control (Zhang 1997a). The 2001 trade union law that clearly defines the basic function of Chinese unions as protecting workers' legitimate rights, further strengthens the ACFTU's institutional legitimacy of representing workers. In particular, when its dual functions are not in conflict, the ACFTU is able to represent workers' interests, especially through legal channels (Chen 2003, 2004). Thus, the ACFTU's recent organizing campaign has relevance not only to its own survival and the Party's social control, but also to Chinese workers.

Prior to China's economic liberalization in 1978, the ACFTU drew its membership mainly from state-owned enterprises (SOEs) and collective-owned enterprises (COEs), in which setting up union branches was often viewed as a routine. Thus, organizing was not an issue for the ACFTU (the union density was 45.2% in 1980, while in the state sector it was almost 100%). However, China's market oriented reforms have greatly impacted the state sector leading to large-scale enterprise restructuring and layoffs.² Moreover, the reforms have spawned a large and rapidly growing private sector in which it has not been easy for the ACFTU to set up its branches at various enterprises.³ The increasing industrialization in rural areas (especially the rise of township and village enterprises (TVEs)) and the booming urban private sector have further absorbed a large amount of rural labor, changing the major

² According to the statistics of the National Bureau of Statistics of China, SOEs laid off nearly 30 million workers (or roughly 60% of its total workforce) between 1998 and 2005.

³ Although the Chinese Trade Union Law regulates that trade unions should be established in workplaces with twenty-five or more workers, it does not state the penalty of violations which results in an extremely weak enforcement.

component of the Chinese working class from urban-based workers to peasant and migrant workers who have little familiarity with trade unions, let alone a desire to join them (it is estimated that there are about 200 million peasant workers working in various types of enterprises in China accounting for roughly 60% of the working class, out of which 120 million are migrant workers). These factors have either resulted in a significant membership loss or made it difficult for the ACFTU to organize new members, leading to a serious membership crisis by the 1990s.

Insert Table 1 Here

Table 1 shows the sharp decline in overall union density during the 1990s, from 39.60% in 1990 to 26.27% in 1999.⁴ Further, as union densities in the state sector and foreign-invested enterprises (FIEs) declined, the union density in the rapidly growing private-owned enterprises (POEs) increased very slowly.⁵ It is also worth noting that the union density in TVEs (most of which in fact had become POEs by the late 1990s) that employed a huge amount of rural labor (127 million in 1999) was extremely low at merely 1.96% in 1999, which indicates that the majority of peasant workers were outside unions although they had become genuine industrial workers depending on their wages for living.

The ACFTU's income comes primarily from enterprises through a 2% deduction of total payroll.⁶ In the past, this deduction was automatic (through budget allocation) in SOEs and COEs. However, given the decline of SOEs and COEs and the absence of unions in many

⁴ Chinese union density had been consistently declining since 1980. However, such decline was slow during the 1980s.

⁵ Many FIEs in 1980s were joint ventures between foreign capital and state enterprises and thus had a relatively high union density. The rapidly increasing number of Asian-funded FIEs in the 1990s led to the decline of union density in this sector, although the number of union members significantly increased.

⁶ The 2% of total payroll directly goes to the account of enterprise unions, and then 60% of it remains in enterprise unions, 35% goes to regional unions, 5% goes to the ACFTU headquarters. Although staff and workers are also required to turn in 0.5% of their wage bills as union dues, in practice this policy is not widely implemented.

POEs and FIEs, the ACFTU has seen a financial crisis since the 1990s.⁷ Feng (1996) noted that one province with 4 million union members submitted union dues only RMB ¥60,000 (US\$7,500) to the ACFTU headquarters in the first quarter of 1993, while another province merely turned in RMB ¥50 (US\$6.25) by October of that year. Although regional unions have input great energy in collecting union dues in recent years (e.g. many regional unions have begun to consign the tax department of local governments to collect union dues), the collection rate at the national level still fell from 64.13% in 1993 to 31.49% in 2005.⁸ The situation at the workplace level is often more dismal. According to my interviews with over 140 union cadres during 2005-2007, many enterprise unions especially those in POEs either do not have any money (because enterprises simply pay 40% (or even less) of their total union dues to higher level unions while no money is left for enterprise unions) or have their money controlled by the top management or employers who are normally in control of all funds within enterprises. A more serious problem behind the financial crisis is the source of union dues. Since unions' money mainly comes from enterprises (employers), it is thus very difficult for unions especially enterprise unions to be genuinely independent from employers/management and effectively protect workers' interests.

The third crisis is the declining social relevance of the ACFTU to both workers and state bureaucrats. Various surveys have consistently shown that the majority of Chinese workers are unsatisfied or indifferent to trade unions (see e.g. ACFTU 1993, 1999, 2005; Seung 2000).

⁷ Given the large amount of union members, the ACFTU's income is always high (e.g. the ACFTU headquarters received union dues US\$108.6 million in 2005). However, after deducting staff salaries and various administrative expenses of the huge bureaucracy (especially the heavy expenditure at the national level), the unions' money is far less than enough for their activities. During my visit to various levels of the ACFTU in 2005 and 2006, lack of money for union activities was a common complaint among union officials.

⁸ The collection rate was calculated by the author as a percentage of actual to total union dues. The data come from the ACFTU's internal statistics and reports.

This is also evidenced by the sharply increasing number of “wildcat” workers’ protests (e.g. according to the Guangdong Federation of Trade Unions, from January to July 2004 labor bureaus in the Guangdong province alone had dealt with 540 labor-related collective protests involving 57,300 workers) and the continuing formation of informal workers’ organizations (*gongren feizhengshi zuzhi*) such as “associations of fellow provincials or townsmen” (*tongxianghui*) and “laborers’ associations” (*laodongzhe xiehui*) which have greatly challenged the ACFTU’s legitimacy (Bai 2000). Even in the eyes of many government officials, the relevance of trade unions has been declining since the dominant logic constraining Chinese industrial relations has shifted from maintaining industrial peace to economic development, i.e. local government officials are more concerned with attracting foreign investment rather than protecting labor rights (Frenkel and Kuruvilla 2002).

While these crises were the internal impetus for the ACFTU to launch a nation-wide organizing campaign, the external drive came from the Party that wanted trade unions to counter the possible development of independent labor movement and maintain social stability by defusing the growing industrial conflict. The logic of the Party in pushing and supporting ACFTU’s organizing can be clearly seen in the following words of Wei Jianxing, the former chairman of the ACFTU and one of the seven former top leaders of the Party: “maximally organizing workers into trade unions..... is of particular importance for building close relationship between the Party and the masses, for consolidating the class base and power status of the Party, for carrying out the Party’s guideline of relying on the working class whole-heartedly,for breaking the attempts of foreign and domestic hostile power [any force antagonistic to Chinese communist regime, according to the author] to Westernize

and break up the working class, and for workers' solidarity and unification, social and political stability, and national security in the long-run." (Wei 2000) In recent years President Hu Jintao has also highlighted the importance of trade unions and has explicitly required them to play a role in "harmonizing labor relations" and "building a harmonious society".⁹ In particular the Party views union organizing in POEs and FIEs as an effective means to promote the building work of the Party and penetrate its influence in these workplaces. On March 14, 2006 President Hu Jintao explicitly called to "strengthen Party building and trade union building in FIEs", which has pushed the ACFTU to intensify its organizing campaign and take a stronger stance against large anti-union FIEs especially Wal-Mart.¹⁰

It is against this backdrop of internal and external pressures that the ACFTU began to focus on organizing in the private sector after 2000. As a state bureaucracy, the ACFTU adopted a bureaucratic organizing method that worked well before the Chinese economic liberalization, i.e. assigning quotas throughout its organizational hierarchy and setting up enterprise unions by persuading employers or management rather than mobilizing and organizing workers per se.¹¹ As a result, workers are largely excluded from or marginalized in this "organizing" process. Moreover, although in principal union membership is voluntary, in practice the number of union members is often at the discretion of the employers/management since they want to control the cost of union membership fees (2% of

⁹ Hu's view on the role of trade unions can be seen in many of his speeches, such as "Hu Jintao's speech in the conference of honoring national laborer models and advanced workers in 2005" (May 2, 2005) as well as his visit to representatives from trade unions, the Communist Youth League, the Youth Union, and the Women's Federation who attended the 2007 Annual Sessions of the National Committee of the Chinese People's Political Consultative Conference (March 7, 2007).

¹⁰ Two days after President Hu Jintao's instruction, the ACFTU set the target of organizing trade unions in over 60% of FIEs by the end of 2006 and 80% by the end of 2007.

¹¹ Setting up enterprise union branches in China has to follow a two-step procedure, i.e. filing an application to regional unions and acquiring their approval. According to the ACFTU, three parties may file the application: enterprise Party branches, elected workers' representatives, and regional unions (with the agreement of employers and workers) (Chang 2001: 68). However, due to the absence or weakness of Party branches in the private sector and regional unions' unfamiliarity with grassroots mobilization (or they are unwilling to do that), in reality soliciting employers' agreement often becomes the first step of setting up enterprise unions.

the wages of union members). Thus, while in some cases all workers in an enterprise become union members by default after an enterprise union is established, in other cases only part of the workforce (typically managerial employees or part or all of the formal workers) are union members. This is the dominant ACFTU organizing model.

However, there are growing variations of this model. In 2004, for example, in Guangdong Province, the regional union officials pioneered a new method allowing union members (at least ten, who have obtained their membership elsewhere) to directly ask regional unions to establish a union in their work unit instead of first obtaining the employers' permission. Nevertheless, in practice implementing this new method is very difficult given its firm restriction, i.e. the requirement of prior union membership. It is difficult to find 10 workers who are already union members in enterprises without unions (this is particularly true in FIEs, where the majority of workers come from rural areas with little idea of trade unions).

Although enterprise unions are the traditional and major form of low-level unions,¹² some new organizational forms have been introduced by some regional unions since the 1990s, such as regional unions by trades (*difang hangye gonghui*)¹³, village union associations (*cun gonghui lianhehui*), community unions (*shequ gonghui*), market unions (*shichang gonghui*), office building unions (*bangonglou gonghui*), and union associations of FIEs or POEs (*waiqi* or *siqi gonghui lianhehui*).¹⁴ These union associations (*gonghui lianhehui*) are established directly by regional unions.¹⁵ They cover multiple employers and have functions of both regional unions and enterprise unions. Compared to enterprise unions, they have more flexibility to organize widely dispersed workers in small POEs and

¹² Although there are 10 industrial unions in China, enterprises are the basic organizing units. The role and function of industrial unions is very weak or ambiguous since several quite different industries are often under the jurisdiction of the same industrial union and few trade union policies are actually carried out through the industrial lines.

¹³ They are different from the 10 national level industrial unions. Regions here include towns, counties/districts, and cities.

¹⁴ These new unions are actually different forms of union associations that cover multiple workplaces.

¹⁵ As a new organizational form, the status of union associations has not been clearly defined in China. In some cases they are more like grassroots unions directly communicating and representing workers, and in other cases they act as an intermediary between regional unions and enterprise unions.

individual-owned businesses (IOBs, *getihu*)¹⁶, and workers in a specific type of enterprise or a specific local trade. More importantly, because they are under the direct leadership of regional unions and independent from any single employer, they have the potential to confront the employers/management as workers' representatives, especially when they can gain support from local governments.

Both ACFTU-directed organizing and regional union organizing efforts contribute to the ACFTU's membership ranks (since all unions have to be affiliated to the ACFTU). Judging by the numbers, it seems like there has been some degree of recent organizing success. Table 1 shows that union densities in various types of enterprises had increased significantly since 1999, and the overall union density had increased from 26.27% in 1999 to 41.49% in 2005, a reversal of the prior declining trend. In addition, due to the initiatives of some regional unions (e.g. Xinyang City Federation of Trade Unions [Liu 2007]) in organizing migrant workers and the diffusion of this, by the end of September 2006, 41 million migrant workers who were often excluded from trade unions had become union members, accounting for 24.1% of its total membership (Sun 2007). However, the membership data from the ACFTU are unreliable since lower level unions may provide fake numbers to achieve organizing quotas (Guan 2002). More importantly, the bureaucratic organizing practice, i.e. automatically signing up workers by employers, makes the large numbers largely meaningless.

A Strategic Choice Model of Union Organizing in China

How best can we understand these recent organizing gains? How do the newly established trade unions perform? Is there anything positive emerging, or is this just a bureaucratic and ineffective response of the ACFTU to the new environment?

¹⁶ In China the difference between IOBs and POEs lies in the number of employees. The former are either self-employed or have less than 8 employees while the latter employ over 8 employees.

The industrial relations literature identifies many important factors in shaping organizing and bargaining outcomes such as labor market conditions (e.g. Ashenfelter and Pencavel 1969), employer characteristics and tactics (e.g. Cooke 1983; Greer and Shearer 1981; Dickens 1983), strategies of unions (e.g. Bronfenbrenner 1997), and union leadership (e.g. Kelly and Heery 1989, 1994). However, whether and how these factors work in the organizing of “official” unions in a communist authoritarian state heading toward economic liberalization has not been investigated. The studies of Asian industrial relations highlight the weakness of Asian labor movement and link this weakness to factors such as industrialization strategies, structural economic conditions, the oppositional potential of workers, and the degree to which elites intervene to control labor dissent (see e.g. Deyo 1989; Kuruvilla 1996). In particular, the linkages between industrialization strategies and industrial relations policies (Kuruvilla 1996) provide a broader perspective to understand recent union organizing efforts in China. However, a key character of contemporary China’s industrialization or post-socialist transition is economic development and liberalization with little political change or democracy. The Party-state still maintains extensive labor controls by combining repression and state corporatism as described by Deyo (1989: 107-108). The complex state-union and state-employer/management relationships (see e.g. Frenkel and Peetz 1998) further call on in-depth examination of the role of state (especially local states) in union organizing in China. In addition, although unions’ incorporation into the state is not unusual in Asian countries, there have been few attempts to explore the nuanced variations in organizing state-controlled unions. Finally, the literature on Chinese trade unions has provided many useful perspectives to understand the changing role of the ACFTU, such as

corporatism (e.g. Chan 1993), Party-organ (e.g. White 1996), intermediary (e.g. Zhang 1997b), and the conflict of the union's double identity as both a state apparatus and a labor organization (e.g. Chen 2003). Yet, most studies tend to view the Chinese trade union movement as a monolithic top-down institution while overlooking the increasing variation at the lower echelons of the ACFTU. Moreover, few systematic studies on union organizing in China have been done.

Based on field research as well as second hand information from various Chinese publications and internal reports of the ACFTU, I argue that there are three different patterns of union organizing in China, each having vastly different consequences for trade unions and collective bargaining: “swimming”, “floating”, and “sinking”. Here, the swimming pattern refers to a positive adaptation of Chinese trade unions, i.e. they are likely to become more representative, embrace more genuine collective bargaining, and represent some potential for growth in the future; the sinking pattern refers to a negative adaptation of Chinese trade unions, i.e. they are likely to completely lose their independence (from employers) and become increasingly irrelevant to Chinese workers; and the floating pattern refers to a middle status between negative and positive adaptation, which suggest that although their representative role is still very limited, the unions are likely to gain certain relevance for workers (albeit more relevance for the Party-state) and contribute somewhat to the development of more independent labor relations. Two variables in particular are key to differing union organizing and bargaining outcomes, i.e. independence from employers/management and bargaining power. Further, I argue that the variation between patterns of union organizing is mainly due to the strategic choices that regional unions make

in organizing forms, process, and union functions, although the strategies or responses of employers/management also play a role. Moreover, some preconditions play important roles in shaping the strategies of regional unions, including enterprise characteristics i.e. size, geographic concentration, and industry commonalities, local labor market conditions, innovative approaches and capabilities of regional union leaders, and support of local governments. Thus, understanding the prospects for trade unions and collective bargaining in China requires us to differentiate between the traditional “Low Independence—Low Bargaining Power” organizing pattern and new emerging patterns initiated by regional unions. My strategic choice model of union organizing is depicted in Figure 1 and elaborated below. The uniqueness of this model does not lie in the two dimensions or criteria which are commonly discussed in the industrial relations literature, but in its ability to capture the nuanced variations in the organizing of government-controlled unions as well as its flexibility to contain possible developments of more independent union organizing (see the second specification of the model in the following part).

Insert Figure 1 Here

Pattern 1 is the traditional mode of union organizing in China, in which the ACFTU assigns organizing quotas to regional unions and the latter set up enterprise unions by gaining the approval of employers/management. Because all enterprises with over 25 employees are legally required to establish trade unions, regional unions typically view each individual enterprise (especially mid- and large-sized) as a basic organizing unit. However, it is not easy for regional unions to persuade private or foreign employers. On the one hand, regional unions tend to capitalize on the authority of the Party and the government by involving them in the organizing campaign. On the other hand, they often sacrifice many union rights by

guaranteeing no collective action, allowing employers to appoint union leaders, and reducing union dues, in exchange for the establishment of enterprise unions. Moreover, since the major aim of regional unions is to achieve quotas assigned by the ACFTU, as long as there is an official record showing that an enterprise union has been set up, they tend to ignore whether it is effective and leave its functioning to the discretion of employers/management. In fact, even if regional unions really want to make enterprise unions representative, it is often very difficult for them to achieve this since employers/management provide union fees and often fire enterprise union cadres who dare to challenge their authority.¹⁷

Facing the pressure of unionization, employers/management tend to adopt two other strategies if their union avoidance strategy (typically their first choice) does not work due to various reasons (e.g. government pressure, corporate public profiles, etc.). One is suppression, i.e., employers/management completely control the enterprise unions and make them exist only on paper, which is very common among POEs and small FIEs. The other is cooptation where employers/management dominate union activities and make unions an integral part of their management system, which can be seen in some POEs and some large FIEs (such as Motorola and LG Electronics). Although the two strategies may differently shape union roles and workers' outcomes leading to within pattern variation of union organizing, they result in the newly established enterprise unions having little or very limited bargaining power.¹⁸ Further, since there can only be one union in an enterprise according to the Chinese Trade Union Law, these dysfunctional or "paper" enterprise unions, in fact, prevent the formation of genuine trade unions in the workplace. Thus, organizing enterprise unions and leaving their functions to the discretion of employers/management can only generate "sinking" unions that are subordinate to employers and have little or very low bargaining power.

¹⁷ Although there are some regulations protecting union cadres' rights, they are too ambiguous or weak to restrict employers. In recent years the Chinese media has reported several cases in which enterprise union cadres who spoke for workers were fired by the employers/management.

¹⁸ The functions of enterprise unions in some large joint ventures are not completely co-opted by foreign employers. These unions have certain (not high) bargaining power and are thus more close to the "floating" pattern unions.

Patterns 2 and 3 represent new emerging modes of union organizing in China that are different from the “sinking” pattern. In these two patterns, due to high concentrations of small enterprises in specific areas, regional unions choose to organize union associations such as regional unions by trades, community unions, market unions, office building unions, and union associations of POEs or FIEs to cover multiple employers. These organizing forms are an innovative response by regional unions to changing labor market conditions, especially in trying to organize small POEs and IOBs. Most POEs in China are very small—for example, in 2004 each POE on average had only 13.7 employees (Research group of Chinese private-owned enterprises 2005). Further there are a large number of IOBs with total employment of 49.01 million in 2005 (see Table 1), representing a potentially large pool of union members. Since it is not legally required to establish enterprise unions in these small enterprises employing less than twenty-five employees and often impractical to do so, the only way to absorb these employees into unions is to organize union associations covering multiple employers. Because regional unions directly set up these union associations (which does not need employers’ agreement), appoint their own staff as union chairmen (which reduces employers’ control of union leaders), and put these union associations under their direct leadership (which reduces employers’ intervention in union activities), the union associations tend to be more independent from employers than enterprise unions in the “sinking” pattern. However, there still lacks sufficient grassroots mobilization. When the union associations recruit members, while in some cases they do directly mobilize rank-and-file workers, in most cases they simply follow the old method i.e. soliciting employers’ agreement of unionization.¹⁹

Although union associations are the common organizing form in patterns 2 and 3, the bargaining power and functions of unions organized this way vary significantly, mainly due

¹⁹ According to my interviews with some union association officials, they go to employers for membership recruitment because they need employers’ agreement of paying union dues.

to differences in local labor market conditions, industry commonalities of the enterprises, capabilities of regional union leaders, and support of local governments. Potentially, the bargaining power of unions in pattern 2 may be high given the authority or official background of regional unions,²⁰ but in practice they seldom bargain substantively with employers/management as workers' representatives due to the lack of innovative, capable, and motivated union leaders or sufficient local government support. Although the equal consultation and collective contract system has been introduced in some Chinese enterprises, collective bargaining is still quite a new concept for Chinese union cadres, especially those who work at the town or village/community levels. So far, only a very small number of innovative union associations have introduced collective contracts. Even if some unions in pattern 2 choose to sign collective contracts with employers/management or their associations, the diverse and complex economic and employment conditions in different types of enterprises and IOBs often make it very difficult for them to bargain effectively or conclude encompassing, meaningful contracts. In addition, lacking genuine and sufficient government support further increases such difficulty. The resulting agreements tend to be formalistic and the contract contents are just general re-statements of the labor law. Although the bargaining power of these union associations is weak or non-substantive, they often perform well in other functions including organizing, welfare and entertainment, and labor dispute mediation. In particular they have organized a large number of workers in POEs and IOBs who would not have had access to union membership under the dominant "sinking" model. Further, they have educated both their members and employers regarding basic labor rights, and provided an official channel for workers to confront employers and/or resolve labor disputes. Thus, although their representative role is limited, these union associations still have a certain relevance for workers. More importantly, their relative independence from employers makes

²⁰ Similar to the ACFTU, regional unions at various levels are essentially an arm of the government and a subsidiary organ of the Party. Cadres of regional unions are also Party or government officials appointed and approved by the Party, and are exchangeable with officials in various government departments and Party organs.

them significantly different from those employer-dominated enterprise unions, representing some potential for a more independent labor representation and bargaining role in the future. Hence I call this pattern a “floating” pattern that is quite different from the “sinking” pattern.

Those in pattern 3, mainly innovative regional unions by trades (one form of union associations), are more involved in collective bargaining, negotiating wages and other employment conditions with employers. Compared to unions in pattern 2, there are four preconditions that enable them to be more active in collective bargaining and give them higher bargaining power. The first is that regional union leaders there are typically innovative and able to transform the potentially high bargaining power of union associations (which comes from the official background or political power of regional unions) into substantial one. Secondly, the similarities in economic and employment conditions (and related similarities in workers’ interests) across enterprises in the same industry within the region makes it much easier for these unions to conclude encompassing and meaningful industry collective contracts (e.g. the wage agreements and collective contracts in the woolen sweaters industry in Xinhe town, Zhejiang Province [Yu 2004; Liu 2007]). Thirdly, local labor markets in these regions are relatively tight. Thus, employers (especially large ones) can be more easily persuaded to accept unions and collective bargaining, as they may help to attract and retain skilled labor. Finally, local governments there often strongly support unions’ bargaining activities since they are helpful for social stability. Such strong government support can further increase unions’ bargaining power and facilitate the bargaining process. In general, these regional unions by trades have more elements of genuine trade unions of the West, and their activities can be viewed as a more positive and “radical” adaptation of Chinese trade unions to the challenges posed by the changing economic and social environment. Although this pattern of union organizing is seen in some regions characterized by a high portion of small POEs, it serves as a good example of the potential for stronger unions that can engage

in more genuine collective bargaining, hence a “swimming” pattern that is significantly different from the “sinking” and “floating” patterns identified earlier.

It should be noted that, in both pattern 2 and pattern 3 employers’ strategies or responses only play a very limited role in shaping the development of new unions. While a few employers welcome unions with the view that they can help them to motivate workers, reduce labor-management conflicts, or maintain a good relationship with local governments, most take a negative attitude but are forced to accept unions due to the pressure of regional unions and/or local governments (since union organizing is advocated and supported by the Party, local governments often have to support it). More importantly, employers lose their dominance over the unions and lack ways to intervene union activities.

Finally, two further clarifications of the model seem necessary. First, given the nonexistence of “independent trade unions” in China and immediate crackdown on any such efforts, this model focuses on “official” union organizing.²¹ All of the Chinese unions, even those “swimming” ones, may be dismissed by scholars based on Western criteria. In addition, my study focuses on union organizing in the private sector since the union density in the state sector has always been very high and organizing in the small number of new SOEs is largely the same bureaucratic practice as that in the command economy. Nonetheless, this model can also be used to analyze union organizing in the state sector. In fact, most unions in SOEs are dominated by top management and become increasingly irrelevant or useless for workers (see e.g. Lee 1999), thus falling into the “Low Independence-Low Bargaining Power” “sinking” pattern. However, unions in some SOEs do have certain autonomy and some power (not high) due to various firm level factors (such as firms’ strategic importance, socialist legacy, and strong union leaders). These unions are more close to “floating” pattern unions.

²¹ There are increasing informal workers’ organizations as mentioned in the early part of the paper. However, these organizations have different purposes and are not well coordinated. They are still not trade unions. Even so, these organizations are often forced to disband. For details about these informal workers’ organizations, see Bai (2000).

Second, the organizing methods described in the model are presently major ones in each pattern, but they are not exhaustive. There are some variations and perhaps even more in the future given the rapid change of Chinese industrial relations. For example, while the functions of most unions in POEs and FIEs are left to the discretion of employers, unions in some large joint ventures are relatively independent from foreign employers and have certain bargaining power (Chan 1995). However, their power (which comes from their close relationship with the Party branches and Chinese management) is based on non-confrontational labor relations and has significant limitations. Thus these unions are more close to “floating” pattern unions. Another example is the adoption of grassroots mobilization by some regional unions in setting up enterprise union branches (such as in the organizing of the first batch of War-Mart stores). Since they are relatively independent from employers, unions organized in this way may fall into the “floating” or “swimming” patterns, depending on whether they can engage in substantive and effective collective bargaining. Yet, such organizing is still extremely rare in China, and outcomes are still not clear. In addition, in the longer term, it would be possible to see unions developing from various industrial actions such as strikes and protests (especially when the authoritarian regime has changed). Given their high independence and bargaining power, these unions would be “swimming” unions.

In the section that follows, to flesh out my argument, I describe in greater detail some cases that correspond to the three patterns discussed above.

Cases of Union Organizing in China

The “Sinking” Pattern:

Union Organizing in NCW (Nanrong Clock & Watch Co., Ltd.)

NCW is a Taiwanese-owned enterprise founded in 1992 in Shilou Town, Guangzhou City, Guangdong Province. It produces watches and clock accessories for export and employs

550 (primarily) migrant workers. Working conditions in NCW correspond to the typical low-cost exploitative model associated with low-cost, labor-intensive production systems.²² Further, these workers are not given labor contracts. Often their wages are reduced arbitrarily and they are frequently fired without being paid severance pay. As a result, labor-management conflict is high, and work stoppages and wildcat strikes are very common (according to my interviews with the workers), though unsuccessful in redressing conditions as workers lack organization among themselves and an awareness of their legal rights.

Given the relatively big size of NCW, the regional union —Shilou Town Trade Union Council (STTUC)—followed the traditional organizing model and urged NCW several times to set up an enterprise union. The employer resisted but finally relented in June 2003, just before nation-wide inspection by the National People's Congress of the enforcement of trade union law. According to the STTUC officials, they requested help from the local Party branch, and the latter demanded that all medium and large POEs and FIEs in the town should establish trade unions immediately. Given the pressure from the Party, NCW finished the required paperwork quickly, turned in membership fees to the STTUC, and received an official title plate “NCW Trade Union”,²³ which meant that the NCW union was established, although workers were completely ignorant to its establishment.

With the bureaucratic requirement of establishing a union having been fulfilled, the STTUC finished its “job” and did not have any incentive to check whether the union established functioned or was effective. Thus the union was completely under the control of the employer, a “paper union” without any substantive function. The company did not even

²² Workers told me that they worked 50-60 hours a week and that the employer did not pay overtime as required by the law. Workers' monthly wages were only ¥400-700 (US\$50-87.5), lower than the local minimum wage (¥780 in 2006).

²³ Interview with the NCW HR manager.

take the trouble to elect or appoint a union chairman. As the NCW HR manager admitted, “We have few union members. Workers do not want to join it since they need to pay membership fees. The company established this union just for dealing with some paperwork required by the town government and union.” (cite interview)

However, this “paper union” was challenged by NCW workers led by Mr. Wang, a migrant worker who had some knowledge of unions and had confronted the company’s illegal labor practices several times. With the belief that a trade union can help them bargain with the employer and improve their working conditions, Mr. Wang and his fellow workers went to the employer asking for unionization.²⁴ After the employer rejected their request, Mr. Wang went to the STTUC for help, but was told that a trade union had already been set up in NCW and that there could only be one union in an enterprise. Meanwhile, given the pressure from the workers, the employer immediately required all managers to sign up for the “paper union”, and appointed the HR manager as union chairman. However, workers were excluded. Thus, “this is a secret ‘boss union’ without any worker in it” (cite interview with Mr. Wang).

The NCW case is a typical example of the traditional organizing model and very common among POEs and FIEs in China (e.g. see Chan 1998). It shows that the complete lack of independence and bargaining power of the NCW union is a function of the way it was established. And importantly, existence of the NCW union has prevented the formation of a genuine trade union at the company, despite Mr. Wang’s efforts. This is the reason why the traditional model provides the least potential for Chinese workers, as the “paper” union does not serve workers’ interest, but its existence means that no genuine trade union can form as

²⁴ Mr. Wang thought that employers’ agreement was required for setting up enterprise unions. Although it is a common practice, the law does not stipulate it.

the law only allows one union per enterprise. This form of union organization will only result in the complete alienation of Chinese trade unions from rank-and-file workers.

Union Organizing in DHP (Dongguan Hucai Printing Co., Ltd.)

DHP is an enterprise located in Humen Town, Dongguan City, Guangdong Province, owned by a native businessman, Mr. Chen, but registered in Hong Kong in 1988 to enjoy the favorable policies for FIEs.²⁵ DHP mainly produces packaging products such as cigarette packs and albums, and its customers include both national companies and some large multinationals. According to the officials of the regional union (Humen Town Trade Union Council (HTTUC))²⁶, DHP is well-known locally for its good working conditions and has gained hundreds of honors for its responsible corporate conducts.

The HTTUC also followed the traditional organizing model given the relatively big size of DHP (over 900 employees), urging it to set up an enterprise union. However, different from most other employers, Mr. Chen, a locally renowned businessman and a representative in the People's Congress of Guangdong Province, was quite active and cooperative in establishing a union and maintaining harmonious labor-management relations since they were necessary for his good public profile and consistent with his business philosophy of mutual gains. Thus an enterprise union was established smoothly in 1997. Mr. Chen went further by allowing the workers to directly elect the union chairman. However, although any employee who had worked for DHP over one year was eligible to run for chairman, in the past four elections none of the shopfloor workers ran for this position and the candidates all came from

²⁵ This is so-called "round-trip" investment. Due to the favorable policies (such as the tax policy) given to FIEs in China, many Chinese register their companies outside China so that these companies can become FIEs.

²⁶ The HTTUS was upgraded to a federation in late 2005.

middle management.²⁷ This is not a surprise since POEs in China are characterized by a paternalistic management style which makes workers afraid to challenge the employers. Indeed, all the workers can do is just vote for the candidate who is nicest to them or most distant from the employer.²⁸ Since the union chairman has always been a middle manager (e.g. the former chairman was the financial manager and the current is the administrative manager), Mr. Chen does not need to seriously worry about the independence or bargaining power of the union. In fact, the union has to report everything to him and get his permission for any activity,²⁹ which indicates its high subordination and little bargaining power.

The HTTUC was satisfied with what Mr. Chen had done and left the functioning of the union almost entirely to his discretion. Mr. Chen, however, adopts the cooptation strategy since he views the union as his tool of communicating with the workers, motivating them, and promoting production. In practice he chooses just one of the “official” enterprise union functions designated by the ACFTU, i.e. dealing with welfare and entertainment issues to motivate employees, since it is also in DHP’s interest. As a result, the union is just like a welfare department of DHP, and has done quite well in promoting workers’ welfare and entertainment under the support of Mr. Chen. For example, it has set up special funds for workers in financial difficulty (albeit very limited subsidiaries), provided workers with free physical examinations once a year, built a library and an internet bar, and organized various activities such as sports, travel, and collective weddings. Moreover, the union sometimes passes workers’ demands on to Mr. Chen, acting like a transmission belt. For example, it communicated with Mr. Chen about the workers’ demands to reduce working hours from

²⁷ Interview with the DHP union chairman.

²⁸ Interview with the DHP workers.

²⁹ Interview with the DHP union cadres.

42.5 hours to 40 hours per week as required by the labor law and to have a half-day leave for women workers on March 8th, International Women's Day, which is also a legal requirement in China. Fortunately, both of them were approved by Mr. Chen.³⁰

Here it should be noted that the union actually did not “bargain” with Mr. Chen, but simply played a transmitting role while leaving the decisions totally up to his discretion. As the current DHP union chairman admitted, the union had only played a very trivial role if any in improving workers' welfare. The relatively better employment conditions in DHP actually were partly a consequence of maintaining a “good” employer image and partly due to the strict factory inspection by some of their foreign customers.³¹ More importantly, all the workers I interviewed viewed the union as a weak managerial department rather than their own organization and irrelevant for improving their working conditions. According to these workers, they had better working conditions not because they had a union but because they were “lucky to have a good boss”. (cite interview)

The DHP case is one of the better examples of the traditional organizing model. It differs from the NCW case in that DHP takes a cooptation strategy toward the union and treats the workers relatively better due to the good public profile of Mr. Chen, while NCW adopts a union suppression strategy and is more exploitative. The DHP union functions as the DHP welfare department and worker management relations are quite cordial, while the NCW union is a “paper union” without any substantive function, and labor-management relations are conflictual. Despite these differences, neither of the two unions have autonomy or significant bargaining power. Under the traditional model, enterprise unions can at best act as

³⁰ Interview with the DHP union cadres.

³¹ According to the DHP union chairman, most of the union's achievements such as fewer working hours and better welfare were gained during DHP's preparation for factory inspection.

a managerial tool to provide welfare to and communicate with workers (as the DHP union does), but will never be able to challenge employers as workers' genuine representatives.

To sum up, in both cases the regional unions chose to organize enterprise unions and leave their functions at the discretion of the employers. As a result, the two enterprise unions are not independent and have little bargaining power. However, the employers responded to this form of organizing differently, leading to differences in both union functions and outcomes. Despite differing managerial strategies, these unions are without real voice in the enterprises, and this organizing model is more likely to make Chinese union alienated from Chinese workers. Thus, labeling this as a “sinking” pattern seems appropriate.

The “Floating” Pattern: Union Organizing in Small POEs and IOBs in Guanlan Town, Guangdong Province

Located in Shenzhen City, Guangdong Province, Guanlan is a small town with a high concentration of FIEs (1,013 in 2005) as well as small POEs and IOBs. In 2005 there were over 300 POEs most of which were very small with less than 25 employees, and over 4,100 IOBs, which employed on average 2-3 employees each. The majority of the workers (over 200,000) in Guanlan are migrant workers who are often maltreated in various enterprises. While enterprise trade unions have been established in most of the FIEs by following the traditional organizing model, it is impractical to do so in small POEs and IOBs. Since these enterprises did not have trade unions, both the local government and the regional union (Guanlan Town Trade Union Federation, GTTUF) found it difficult to mediate and resolve the rapidly increasing labor disputes and conflicts in these workplaces.

To maintain social stability as demanded by the local government, the GTTUF decided to organize the workers in small POEs and IOBs in a new way through the Guanlan Union Association of POEs and IOBs (GUAPI). Under the direct leadership of the GTTUF, the GUAPI is independent from the employers. It has a special office and three full-time staff, and is financially self-sustaining (its income mainly comes from union membership dues). Moreover, it is supported and embedded in the local government.³² First, it was set up with the support of the local government, which not only called on all its departments to assist its establishment but also granted it RMB ¥100,000 (US\$ 12,500) in start-up funding. Second, its chairman is the vice-director of the local industry and commerce bureau, a government department in charge of the registration and management of various enterprises. Third, its executive vice chairman is the vice president of the Association of IOBs (*Getihu Xiehui*), a quasi-government department responsible for the management of IOBs.³³ While these arrangements on the one hand did increase GUAPI's independence from private employers, on the other hand made GUAPI highly dependent on the government. Therefore, it has to serve government's interests and goals, which in this case is maintaining social stability.

Centering on maintaining industrial peace, the major functions of the GUAPI include organizing, welfare and entertainment, and mediating labor disputes. By June 2005, the GUAPI had established 31 branches covering all the 12 communities and shopping malls in the town and organized over 7,500 workers and self-employed individuals in 80 POEs and over 1,700 IOBs, mainly by adopting the bureaucratic organizing method, that is, the staff of

³² The local government supports the GUAPI for two reasons. First, the GUAPI is able to mediate or resolve the rapidly increasing labor disputes and conflicts in the small POEs and IOBs. Second, such support is under the continuous request of the GTTUF chairman who is respected due to his seniority (he has worked in the town many years, firstly as a government official and then as the union chairman).

³³ It is common for officials of regional unions and union associations to simultaneously hold positions in Party, government, or quasi-government institutions, especially at the town level where various mass organizations are short of staff.

the GUAPI visited the enterprises one by one and negotiated with the employers regarding union formation.³⁴ In addition, during the organizing process, GUAPI had provided training for union cadres and activists and widely publicized the trade union law and the labor law to mobilize the workers in POEs and IOBs. The GUAPI has also organized a series of welfare and entertainment activities such as birthday parties for union activists, workers' sports, and condoling with workers in financial difficulty on holidays. The key function of the GUAPI, however, is mediating labor disputes in POEs and IOBs. In particular, it has actively intervened in wage arrear disputes and conflicts as they are very common in the private sector and have become the major cause of social unrest in this town. For example, in 2004 over 160 workers in a POE (who were afraid of losing their unpaid wages) had a violent conflict with the court police who came to seal up this POE due to its illegal business activities. The GUAPI immediately went to the enterprise, appeased the workers, and helped them get unpaid wages from the local government the next day. These activities, although still limited, have popularized trade unions among the workers. For example, all the 12 workers I interviewed knew the GUAPI; some of them said "it has a little use" (*you dian yong*); and one of them even got back his unpaid wages from his employer through its help.

It is important to note that although the bargaining power of the GUAPI may potentially be high given its strong "government color", in practice it is not able to effectively confront the employers due to the lack of capable and motivated leaders and the diverse economic and employment conditions in the POEs and IOBs (e.g. these enterprises engage in different

³⁴ Self-employed individuals are eligible to join trade unions while private employers are not eligible for union membership in China. However, the GUAPI also had some employer members. In recent years some regional unions absorbed private employers into enterprise unions and union associations due to the lack of union knowledge. The ACFTU noticed this and gave directions to all regional unions requiring them to stop such practice. According to recent news from an official of the Guangdong provincial union, the GUAPI has cancelled those employers' union membership. Now over 90% of the GUAPI's members are workers, while the left are self-employed individuals.

businesses, have different operation modes, and employ different types of workers). Although the GUAPI has tried to conclude collective contracts with these employers, by 2005 only three contracts involving 120 IOBs had been concluded. The articles in these contracts were very vague, or were a repetition of the labor law. As a result, these collective contracts did not add any benefit for the workers. Nonetheless, they did play some educational role because most of the employers and workers did not even know the labor law at all.

Since the GUAPI was established by the GTTUF, under its direct leadership, and supported by the government, the employers did not have any means to prevent the union's establishment, nor were they able to intervene in union activities. In fact, while a few employers welcomed the GUAPI with the consideration of maintaining a good relationship with the local government, most of them at first did not agree to become union shops since they would have to pay union dues. But later they were forced to accept the union due to the pressure of the local industry and commerce bureau, the vice director of which was also the chairman of the GUAPI.³⁵

To conclude, given the small size, high geographic concentration, and diverse economic and employment conditions of these POEs and IOBs along with the capability of the GTTUF, two strategic choices were made: firstly, the decision to organize a union association and secondly, to engage in organizing, welfare, and mediation. As a result, the GUAPI is independent from the employers but has weak bargaining power. Yet the GUAPI is far from a genuine workers' representative. Neither its establishment nor its activities have significant inputs from workers, and its functions center on maintaining social stability rather than

³⁵ Interview with the GTTUP chairman and some employers.

protecting workers' rights per se. However, the GUAPI has organized a significant number of workers and self-employed individuals who otherwise would not have had access to union membership under the traditional organizing model. Further, the GUAPI has popularized trade unions among the workers with little union knowledge, educated both the workers and employers on basic labor rights, and provided a formal channel for the workers to resolve labor disputes. Thus, compared to employer-controlled enterprise unions that are set up under the traditional model, unions established through the pattern 2 method of organizing have more relevance for rank-and-file workers. More importantly, their independence from employers may contribute to the development of more independent labor relations in the future. In short, pattern 2 of union organizing has both positive and negative impacts on unions, hence I call this the "floating" pattern.

The "Swimming" Pattern: Union Organizing in the Water Pump Industry in Zeguo Town, Zhejiang Province

Zeguo is a small town in Wenling City, Zhejiang Province, where POEs dominate the local economy. In 2005 there were over 4,000 POEs concentrating in 13 industries and employing over 62,000 workers (of which 90% were migrant workers). The water pump industry with 22 POEs employing over 3,800 workers is one of the pillar industries in the town. However, the industry has experienced several labor and employment problems recently.³⁶ First, the relatively tight local labor market had resulted in certain labor shortages in this industry, especially in peak seasons. In addition, due to wage differences between enterprises (especially small and large), workers frequently switched jobs for higher pay

³⁶ Interview with the town union Chairman.

leading to high turnover and even bigger labor shortages in small enterprises. Second, the employers often reduced workers' wages at will (which made many workers' wages lower than the local minimum wage, RMB ¥560 or US \$70) and sometimes delayed wage payments, resulting in labor disputes and strikes. Third, unreasonable wage rate differences between different types of work within enterprises (wage rates were arbitrarily determined by employers) also led to frequent conflicts between labor and management. Although there were enterprise unions established through the traditional organizing model in all of the 22 POEs, they were under the control of the employers and thus of little use to the workers.

Given the small size and high industry concentration of the enterprises in this town, and also due to the influence of the successful union organizing in the woolen sweater industry in another town (Xinhe town) of Wenling city (see Liu 2007), the capable leaders of the Zeguo Town Trade Union Council (ZTTUC) decided to organize regional unions by trades and collectively negotiate wages with the employers. The water pump industry then was chosen as a trial. In July 2004, the Zeguo Water Pump Industry Union Association (ZWPIU) was established, with all the enterprise union members in the 22 POEs automatically enrolled. Since the ZWPIU is directly under ZTTUC's leadership and its chairman is ZTTUC's vice chairman, it is more like a "rival" union independent from the employers. Moreover, it has gained great support from the town government, to whom the union's role of reducing labor conflicts is attractive and organizing such union associations is assigned as a "political task" by the city government and union federation.³⁷ More importantly, the ZTTUC leaders are very skilled at dealing with labor-management relations; they are highly motivated and are

³⁷ Interview with the town union chairman.

able to transform the union's official background and government support into substantive bargaining power. Further, the tight local labor market together with the similar employment conditions and workers' interests in these 22 POEs makes it easier for the ZWPIU to persuade the employers and gain encompassing and meaningful bargaining outcomes.

The major function of the ZWPIU is collective bargaining (especially on wages) which cannot be effectively performed by the employer-controlled enterprises unions.³⁸ The ZWPIU first went to the industry employers' association asking for the existing wage rates for all 236 types of work in the 22 POEs.³⁹ Thereafter specialists on industrial engineering in the local labor bureau were invited by the ZWPIU to help determine the wage rates. Then, the ZWPIU and the employers' association began to bargain. Finally, after several rounds of bargaining, an industry wage agreement was signed and approved by the workers' representatives in November 2004.⁴⁰ This agreement detailed different minimum pay scales for various jobs covering the entire production process, established a minimum monthly salary (not less than the local minimum wage, which is an achievement given many workers could not earn the minimum wage before the wage agreement was signed), and specified that salaries must be paid on time every month unless enterprises are experiencing particular cash flow difficulties.⁴¹ As a result of the agreement, the workers' monthly wages increased by 5-8%, turnover and labor shortages lessened, the number of labor disputes decreased, and

³⁸ The function of mediating labor disputes is also listed in the union's constitution but has not been performed yet.

³⁹ The employers' association was also established in July 2004 under the coordination of the local government to meet the needs of the industry-wide collective bargaining.

⁴⁰ Each enterprise union assigned 3-5 workers' representatives to attend the industry workers' meeting.

⁴¹ Under this condition enterprises must guarantee the minimum monthly allowance for basic living to their employees.

there have been no strikes. In late 2005, the second industry wage agreement was concluded giving workers an average increase of 3%.⁴²

While several big employers welcomed the ZWPIU and wage negotiation since they had already given workers higher wages and thought that the ZWPIU might help them stabilize their workforce and reduce labor disputes, the smaller employers were strongly against wage bargaining. Although they could do nothing to stop the establishment of the ZWPIU, many of them refused to bargain with it, but were forced by the local government to accept and institute the negotiated wage rates.⁴³

All the ten workers I interviewed knew the negotiated wage rates (which were publicly posted within the enterprises) and agreed that these rates were among the highest they knew. Three workers thought that the ZWPIU played an important role in the wage negotiation, while four workers did not know it at all. This is not surprising since the ZWPIU was established without significant inputs from the rank-and-file workers and it did not make efforts at grassroots mobilization but depended on the authority of the ZTTUC and the local government to increase its bargaining power.⁴⁴ Thus the absence of grassroots mobilization efforts may decrease the sustainability of such industry collective bargaining in the future.

To conclude, given the enterprise characteristics (i.e. small size and high degrees of region and industry concentration), the relatively tight local labor market, the capability of union leaders, and the strong support of the local government, the ZTTUC made two strategic choices: to organize a union association in the water pump industry and to engage in

⁴² The CPI of Zhejiang Province was 103.9 in 2004 and 101.3 in 2005 (the preceding year=100, China Statistics Yearbook, 2005 and 2006). Thus, the two contracts still gave workers slight wage increases after adjusting for inflation (the average inflation-adjusted wage increase was 1.1-4.1% and 1.7% respectively). More importantly, without this wage negotiation mechanism, such increases would not be guaranteed.

⁴³ Interview with the town union Chairman and some employers.

⁴⁴ The ZWPIU did consult some workers on the wage rates during the bargaining process.

collective bargaining. As a result, the ZWPIU is independent from the employers and has gained relatively high bargaining power. It has not only ensured wage payment and increased workers' wages, but also improved labor force stability and reduced labor disputes in this industry, which are in the interest of both the employers and the local government. Given the existing authoritarian political system that does not allow independent trade unions, the pattern 3 of union organizing, i.e. organizing regional unions by trades and engaging in collective bargaining, can be viewed as very good progress toward more genuine collective bargaining. Hence, I call this pattern the "swimming" pattern.

Discussion and Conclusion

The four cases clearly show that the strategic choices of regional unions with regard to organizing forms, process, and union functions play a key role in shaping union organizing patterns. When regional unions choose the pattern 1, i.e. organizing enterprise unions and leaving union functions to the discretion of employers/management, newly-established enterprise unions are invariably dominated by employers/management and lack independence and bargaining power. Although this pattern of union organizing has rapidly increased the ACFTU's membership in recent years, it may make enterprise unions completely lose independence from employers and become increasingly irrelevant for Chinese workers, leading to the "sinking" of Chinese trade unions in the long run. However, another possibility does exist, i.e. these enterprise unions may transform into independent unions or provide a platform for the development of independent trade unionism under certain conditions in the future, such as strict legislation that forbids employer-dominated unions (similar to the Wagner Act that transformed American company unions), or workers' military actions that

finally force the Party to allow independent unions (similar to the Solidarity Movement in Poland in 1980).

Patterns 2 and 3 represent more positive adaptive tendencies of regional unions in setting up union associations to cover multiple workplaces and organize workers as well as self-employed individuals in small POEs and IOBs. These two patterns evidence an organizing process that educates and mobilizes workers (e.g. the GUAPI case), and creates the conditions for a limited collective bargaining process (e.g. the ZWPIU case). In addition, the relative autonomy of unions organized through these patterns also ensures that they are not dominated by employers. When union functions are designated as organizing, welfare, and mediation (as in pattern 2), the unions may not only have more relevance for workers (compared to unions in pattern 1) but may also contribute to the development of more independent unionism and labor relations in China, leading to the “floating” of Chinese trade unions. When collective bargaining is designated as the major union function (as in pattern 3), the unions may act in ways that are closer to genuine workers’ representatives bargaining effectively with employers, representing the “swimming” of Chinese trade unions.

Some preconditions are important in shaping regional union strategies and organizing outcomes, including enterprise characteristics, local labor market conditions, union leaders’ capability, and local government support. For enterprises employing over 25 workers, regional unions typically choose to set up enterprise unions and allow employers dominating these unions. For small enterprises concentrated in a specific area or industry, regional unions

have begun to organize union associations covering multiple workplaces.⁴⁵ Where regional union leaders are innovative and capable and the support of local governments is strong, the union associations have even begun to bargain with the employers and gain favorable bargaining outcomes especially when the local labor markets are tight.

Further, the role of employers/management differs in these patterns of union organizing. In pattern 1, employers/management control enterprise unions and play a major role in shaping industrial relations outcomes. Different managerial strategies in the NCW and DHP cases result in different union functions and workers' outcomes, leading to within pattern variation of union organizing. In patterns 2 and 3, employers/management play a limited role (if any) in shaping the outcomes of union organizing. In the "floating" and "swimming" cases they do not have any effective means to prevent the establishment of union associations, nor can they control these unions or determine union functions. In fact, under the direct leadership of regional unions, these union associations function rather independently and may protect workers' interests under some favorable conditions.

It is worth noting that in all the three patterns, when organizing efforts of regional unions meet strong oppositions from employers, they tend to go to local governments for help. The support of local governments may help smooth the organizing process, but it cannot fundamentally change organizing outcomes. In the NCW case, the local Party-branch forced the employer to set up a union, but was not able to prevent it becoming a "paper" union. In the GUAPI case, although the local government forced many employers to accept the union, it could not help the GUAPI become a genuine workers' representative. In the ZWPIU case,

⁴⁵ When structural conditions point to two options, i.e. organizing enterprise unions or union associations, the choice of regional unions is based on some preconditions especially union leaders' motivation and capability and the support of local governments.

it is the ZTTUC's choice of wage negotiation that increased workers' wages, while the support of the local government only helped smooth the bargaining process. Thus, local governments can at best play a facilitating role in the union organizing process.

Yet, the role of the Party-state in union organizing is more complicated. At the national level, the Party-state continues to forbid independent union organizing and crack down any such efforts, while simultaneously encourages organizing workers into the Party-controlled ACFTU. At the local level, local governments have gained increasing economic autonomy since the 1980s, but not political one. Thus, local governments do not differ from the central government in union control (i.e. repression of independent unions and incorporation of workers into official unions). Moreover, the first priority for all local governments is economic growth, although some local governments may also take care of workers' interests to certain extent under the condition of not interrupting local economic development. Where the local governments do have a concern of labor interests or industrial peace, they may facilitate certain regional unions' organizing efforts (but definitely no organizing independent from the Party); where the local governments are more pro-capital, however, the regional unions (which are weak arms of local governments) may be totally sidelined in union organizing. Such role of the Party-state (both central and local) may not change in the near future given the stable authoritarian regime.

An issue closely related with the role of the Party-state is the future development of Chinese trade unions. The industrialization experience of some Asian countries such as Singapore, Malaysia, and India suggests that shifts of a country's economic development strategies lead to changes of its industrial relations policies (Kuruvilla 1996). With the

proceeding of industrialization, some former authoritarian countries/districts such as South Korea and Taiwan have even transformed into democratic regimes and evidenced a more independent labor movement (this is particularly true in South Korea). On the one hand, China seems to partly follow these Asian countries' experience. For example, China is taking steps (such as reducing tax returns for labor-intensive exports) to shift its economic development trajectory from a low-cost export-oriented to a higher value added export-oriented one. Such change of industrialization strategies is associated with some industrial relations changes such as recent unionization efforts and the stricter labor regulations in the 2008 labor contract law. On the other hand, however, China differs from most other Asian countries in that the communist authoritarian regime is still very stable. There is no sign that the Party-state is loosening its control over the society in general and over the trade unions in specific. Thus, state corporatism remains as the key institutional parameter that binds union organizing and development. Without fundamental change of the authoritarian regime similar to that in South Korea and East European countries, the formation of independent unions seems far away. A more possible scenario in the near future, as indicated by the cases here, may be increasing local efforts in organizing unions independent from employers/management and their bottom-up, national diffusion.

It should also be noted that workers' inputs were largely missing in these organizing cases. It is not surprising given the bureaucratic nature of such official union organizing. However, as the paper shows earlier, the rapidly increasing labor disputes and workers' spontaneous strikes and protests play a key role in pushing the Party-state and the ACFTU to engage in union organizing. In the GUAPI case, one key reason why the local government

supported the GUAPI was the large number of labor disputes and conflicts in those small POEs and IOBs. In the ZWPIU case, the increasing labor disputes, strikes, and workers' turnover in the water pump industry impelled the union's wage negotiation and helped the union gain support from the government. Thus, workers' actions are important in driving any positive organizing and reform efforts of the official unions.

Judging from both the number of unions and membership statistics, pattern 1 is still the dominant mode of union organizing in China.⁴⁶ Patterns 2 and 3 are local initiatives that have influenced the decision making of the ACFTU. Because the new organizing forms in these two patterns are able to rapidly increase union membership in small enterprises, the ACFTU has decided to diffuse them nationally. The recognition of these organizing forms in the 2001 trade union law has further helped their diffusion through the popularization and authority of the law. However, although various union associations have been established in many Chinese cities and towns, the majority follow pattern 2. Only a small number of them under certain favorable preconditions (i.e. tight local labor market, high industry commonalities, innovative and strong regional union leaders, and strong government support) follow pattern 3, engaging in some meaningful collective bargaining. The labor contract law (2008) recognizes regional collective contracts and regional industry collective contracts (see article 53 in section V) and thus may help to expand pattern 3 in the future. Moreover, as economic development proceeds in China, the labor shortage problem (namely skilled labor) may be increasingly serious in many Chinese regions (this problem has been widely reported by the Chinese media and debated by Chinese economists), and the degrees of industry

⁴⁶ It is hard to know exactly how much of the changes in union density are accounted for by the three organizing patterns, although pattern 1 is the dominant one and the other two patterns are just emerging but increasing rapidly. According to Qiao (2005), there were over 2,000 union associations in Jiangsu Province, covering over 100,000 small enterprises.

concentration may also increase. These facilitating factors may create a “tipping point” or at least an increase in union strength and labor power, leading to the expansion of pattern 3 union organizing. However, two factors militate against large scale expansion of the “swimming” pattern in the short term. First, although the labor contract law provides for the recognition of regional and industry-wide collective contracts, labor law enforcement in China is weak, and is not expected to change in the short run. Second, the quality of Chinese union cadres and staff is very poor, especially those who work in county, town, and village level unions (Liu 2007). Given the many limitations of Chinese industrial relations (e.g. lack of the tradition of collective bargaining, non-democratic selection of union leaders, limited union financial resources, etc.), it may be a long while before unions are able to provide appropriate training to their cadres to successfully introduce the pattern 3 organizing model.

What are the lessons from these case studies of the three different organizing patterns for the future of Chinese trade unions and industrial relations? First, the possibility of transforming pattern 1 from “sinking” to “floating” or even “swimming” does exist. There may be two ways. The first requires the reform of the ACFTU’s structure and the principal of geographic jurisdiction (which may not be expected in the near future given the inertia and conservativeness of the ACFTU), so that mid and large sized enterprises can also be organized into unions based on trades especially across-region ones (this might be similar to the movement toward industrial unionism in South Korea in recent years, which is expected to improve the organizing potential of Korean labor unions). The second needs regional unions to engage in grassroots mobilization and bottom-up organizing (which is emerging but still extremely rare). Through these two ways, newly-established unions will be more

independent from employers/management and thus be able to act as a voice for workers, leading to a shift in pattern 1 from “sinking” to “floating”. Further, if genuine collective bargaining is also designated as a core union function, these unions may be able to effectively protect workers’ rights especially when their bargaining power is high, leading to a shift in pattern 1 from “sinking” to “swimming”.

Second, for those union associations in pattern 2 which are already quite independent from employers/management, the key is to have innovative and capable leaders who can take initiatives to transform them into genuine representatives of workers (this may be very difficult due to the low quality of Chinese union cadres). With better leadership, these unions might engage in more genuine collective bargaining to protect workers’ interests, shifting pattern 2 from “floating” to “swimming”. Even if their bargaining power is not high given some constraints (e.g. the diverse economic and employment conditions in targeted enterprises), as long as they can act like genuine workers’ representatives, they will be able to find innovative ways to protect workers’ interests or improve working conditions gradually.

Third, for unions following pattern 3, which represents the most progressive pattern, regional unions should increase the sustainability of industry-wide collective bargaining. Otherwise there could be the possibility of reversal. If the collective bargaining function of these regional unions by trades becomes formalistic and meaningless for workers (just like the collective contract system in SOEs), these unions will not be able to effectively protect workers’ rights, leading to a regression in pattern 3 from “swimming” to “floating”. To avoid such a reversal, these regional unions by trades should substantially increase their bargaining power by engaging in grassroots mobilization and organizing.

Fourth, although it is possible to transform the “sinking” and “floating” patterns of union organizing into the more progressive “swimming” pattern, such transformation is not easy. One of the biggest challenges for the unions is local mobilization and more efforts at organizing unions completely from the bottom up. Given that the ACFTU is still conservative and under the tight control of the Party, and that enterprise unions in general are under the control of employers, meeting this challenge will require considerable effort by the more autonomous (from both Party and employer control) regional unions. As my cases show, some regional unions have already taken organizing patterns different from the traditional model. Although the local initiatives are still very limited, especially regarding grassroots mobilization and bottom-up organizing, they do indicate the key role of regional unions in shaping organizing outcomes and the possible change in the future. In fact, regional unions have become the focal point of change in the organizational hierarchy of the ACFTU in recent years (for more reforms of regional unions see Liu 2007). More importantly, some local initiatives (such as the organizing forms of union associations and regional unions by trades) have been diffused to other areas and have even influenced the decision making of the ACFTU showing a bottom-up national movement. Thus, although the conservative national union still has a significant impact on the development of Chinese trade union movement, focusing on organizing initiatives of regional unions may help Chinese trade unions gradually transform into more genuine representatives of workers in the future. To facilitate their change in the “swimming” direction, international unions should actively cooperate with Chinese trade unions (e.g. in providing advice and training in grassroots mobilization skills and collective bargaining to regional union cadres and staff) instead of isolating them. Recent

visit of the Change to Win leaders to China represented an effort in this direction, and may have a positive influence on the Chinese trade union movement in the long run.

Fifth, given the existing situation of weak labor and strong capital in China, it is often necessary for unions to gain support from the Party-state, which is in an even stronger position in the society, to smooth the organizing process. For example, both the GTTUF and the ZGTUC gained support from the local governments which helped them gain certain organizing success. Thus, at least presently the close Party-union relationship may be in the interest of the ACFTU. In Russia the Russian Union Federation simply imploded after their separation from the Russian Soviet Party (see Ashwin and Clarke 2002), while the new “independent” trade unions had considerable difficulty in setting up effective workplace union organizations due to management opposition and workers’ skepticism (see e.g. Clarke, Fairbrother, and Borisov 1995). The Russian unions’ experience further suggests that separating Chinese trade unions from the Party-state may be counterproductive, destroying their current leverages over employers or management. However, the support of the Party-state is a double-edged sword. It may further increase Chinese unions’ dependence on the authority of the Party-state rather than on the power of organized labor, and thus negatively influence the development of genuine independent trade unionism in the long run. Moreover, since the Party-state supports the unions with the aim of regaining control over the society rather than protecting workers’ rights per se, too much dependence on the Party-state may make the unions act completely in its interests becoming its tool of maintaining social stability. In short, the close Party-union relationship may have contradictory effects on the development of Chinese trade unions.

Finally, what does my argument have to say about the recent “successes” in organizing Wal-Mart in China? At first the regional unions tried to organize Wal-Mart following the traditional top down organizing method. Wal-Mart, however, adopted the union avoidance strategy as it did elsewhere in the world despite pressure of the ACFTU. Some innovative and capable regional unions thus had to engage in grassroots mobilization. During my visit to the Bao’an District Trade Union Federation (located in Shenzhen City, Guangdong Province), one union official told me that they approached the workers in the local Wal-Mart store after-hours, put up union posters outside its premise, gave them some leaflets introducing the benefits of joining trade unions, and encouraged Party members in the store to organize the workers. According to Chinese newspapers, the first five store unions (including the above-mentioned one) were all established through similar ways. Since these unions were independent from the Wal-Mart management, the organizing would be pattern 2, or even pattern 3 if later these unions could genuinely bargain with the management. However, this organizing method was immediately abandoned after Wal-Mart changed its strategy from union avoidance to cooptation (due to the power of bottom-up organizing) and reached an agreement with the ACFTU. According to this agreement, regional unions cooperate with Wal-Mart management in setting up store unions, back to the traditional top down pattern. Moreover, the designated function of the store unions, as stated in the agreement, is very vague: “Wal-Mart store unions will support management in exercising its management rights in compliance with the law, mobilize and organize the employees to fulfill their responsibilities, and cooperate on an equal basis with management to achieve harmonious development of the enterprise.” Given the past experience, it is very possible that these store

unions will become a managerial tool with little independence or bargaining power. Thus, although there was something new and positive in the first phase of the Wal-Mart organizing, the ACFTU's final choice of the traditional organizing model may reverse these positive changes.⁴⁷ Nonetheless, the future development of these store unions is still uncertain. Whether these store unions will "sink", "float", or "swim" may heavily depend on the degree of grassroots mobilization, the motivation and capability of store union leaders, and the support from regional unions, local governments, and the ACFTU.

In fact, the ACFTU just wanted to make Wal-Mart a good example of union organizing given its high profile. This example does have helped the ACFTU rapidly increase its membership in FIEs through the traditional top down organizing model.⁴⁸ However, without establishment of a genuine representative role, such union organizing may mean nothing but a game of numbers.

⁴⁷ The Wal-Mart case indicates the still strong national union effect in China.

⁴⁸ It was reported that the percentage of unionized FIEs in China increased from 30% in late June 2006 before the unionization of Wal-Mart to 40% in early October after all its stores have established unions (Liu 2006).

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Table 1: Trade Union Membership Densities in China: 1990-2005

Year	Total		SOUs		COUs		POEs		FIEs		TVEs		MOEs		IOBs	
	Mem.	Den.	Mem.	Den.	Mem.	Den.	Mem.	Den.	Mem.	Den.	Mem.	Den.	Mem.	Den.	Mem.	Den.
	(10000)	(%)	(10000)	(%)	(10000)	(%)	(10000)	(%)	(10000)	(%)	(10000)	(%)	(10000)	(%)	(10000)	(%)
1990	10136	39.60	8305	80.28	1783	50.24	0	0.28	47	70.68	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1996	10212	29.25	8339	74.17	1424	47.20	11	0.97	180	33.24	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1999	8690	26.27	6540	76.29	717	41.89	69	3.43	201	32.82	249	1.96	n.a.	n.a.	n.a.	n.a.
2000	10362	32.50	6652	82.10	733	48.90	437	18.17	444	69.22	523	4.08	1391	112.07	n.a.	n.a.
2001	12152	38.35	6320	82.72	668	51.70	1866	68.75	779	116.10	914	6.99	1317	86.52	n.a.	n.a.
2002	13398	41.47	6786	94.74	660	58.78	2339	68.61	385	50.76	984	7.40	1509	82.60	n.a.	n.a.
2003	12340	37.04	7150	103.99	933	93.29	1957	45.52	485	56.19	n.a.	n.a.	1769	85.48	n.a.	n.a.
2004	13695	39.80	7010	104.47	924	103.00	2854	56.88	614	59.42	n.a.	n.a.	2160	94.03	n.a.	n.a.
2005	15029	41.49	7450	114.83	876	108.13	3220	55.29	738	59.30	n.a.	n.a.	2415	85.17	315	6.42
	(36222)		(6488)		(810)		(5824)		(1245)		(14272)		(2682)		(4901)	

SOUs=State-Owned Units (units include enterprises, institutions, and government agencies), COUs=Collective-Owned Units, POEs=Private-Owned Enterprises, FIEs=Foreign-Invested Enterprises, TVEs=Township and Village Enterprises, MOEs=Mixed Ownership Enterprises, IOBs=Individual-Owned Businesses

Sources: China Statistics Yearbook (various years), Chinese Trade Union Statistics Yearbook (various years), and the author's calculation.

Notes: a. Figures in the parentheses are the number of employed people (10,000) in each sector in 2005 (from China Statistics Yearbook 2006).

b. Real union densities should be lower. The employment data in China Statistics Yearbooks are highly underestimated since a large number of migrant workers are not counted in. The union membership data in Chinese Trade Union Statistics Yearbooks come from trade unions' self reports. It is very common for lower level unions to overstate their membership since they need to achieve the quotas. That is why some union densities calculated from the official statistics are over 100%.

c. The majority of TVEs have transformed into POEs, but in China's official statistics they still fall into the category of TVEs rather than POEs.

d. Because the number of union members in IOBs has been rapidly increasing in recent years, the ACFTU began to provide membership data in this sector in 2005.

Figure 1: The Strategic Choice Model of Union Organizing in China

