The Workers’ Movement in China

2015-2017
This report is translated and adapted from the original Chinese-language report 中国工人运动观察报告 2015-2017, published in August 2018.

It is not a verbatim translation, rather an attempt to convey the key messages of the original report, which was written with a domestic readership in mind, to an international audience.

Please see the original text for citations and references as well as some case detail that was excluded from the English text during the editing process.
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*Cover photograph: Workers and labour activists celebrate victory in the Lide shoe factory dispute in the summer of 2015. Photo taken from the documentary film We the Workers.*
Executive Summary

Collective protests recorded on CLB’s Strike Map from January 2015 to December 2017

In December 2015, the Chinese authorities launched a sustained and coordinated attack on civil society labour organizations in the southern province of Guangdong. Several activists were arrested and the organizations they worked for were disbanded. This brought to an end a crucial period in China’s workers’ movement (as outlined in previous China Labour Bulletin reports) in which civil society labour organizations essentially did the work of the trade union in building worker solidarity and helping to resolve disputes through collective bargaining with management.

However, as one door closed another one opened. In July 2015, the ruling Communist Party of China (CCP) ordered the country’s official trade union, the All-China Federation of Trade Unions (ACFTU) to initiate a series of reforms that would enable it to do a better job in representing ordinary workers and thus help address long-standing social and economic inequality in China.

In this report, we examine the key developments in worker activism, civil society, trade unionism and government policy from 2015 to 2017. It was a period in which labour conflicts continued to erupt over an increasingly broad range of industries, within the construction and services sectors in particular: ordinary workers struggled to make a decent living and the CCP realised it had to take concerted measures to tackle the massive disparity between rich and poor that was threatening to destabilise the country.
The report comprises three sections. The first uses the 6,694 cases recorded on CLB’s online Strike Map during this three-year period to analyse workers’ collective actions and identify trends in the workers’ movement. The data illustrates how the lack of an established collective bargaining mechanism and the absence of an effective trade union at the enterprise level meant that workers had no option but to stage strikes and protests when their fundamental labour rights (to be paid in full and on time, to receive social insurance and severance pay when laid-off, etc.) were violated. The second section looks at how the work of civil society labour organizations showed the way forward for effective trade union representation by organizing and training workers, electing bargaining representatives and helping to turn wildcat strikes into productive negotiations with management. The third section shows how the CCP’s attempts to narrow the wealth gap in China will require the ACFTU to become a genuinely representative organization that can improve the lives of ordinary people. Up to this point however, the ACFTU’s efforts have fallen well short of the Party’s expectations. In the concluding section, CLB offers several constructive suggestions on how the ACFTU can further deepen reform.

The report makes the following specific observations:

- With the continuing structural adjustment of the Chinese economy, traditional industries such as mining, iron and steel and manufacturing have declined while new service industries have expanded rapidly. There has been a concomitant decline in the proportion of collective actions by factory workers and a rise in the proportion of strikes and protests by workers in a broad range of new industries such as couriers, food delivery and other online service providers.

- Worker protests, previously concentrated in the factories of the Pearl and Yangtze River Deltas diversified and spread across the whole country. The inland province of Henan, for example, recorded the most protests of any region by construction, transport and retail workers during the three-year period of this report. Collective actions by workers are now not only widespread but increasingly normalized.

- The workers’ movement entered a new phase of more organized and purposeful collective action in which workers utilized the latest internet and telecommunications technology to more effectively pursue their objectives. Whereas in the past, strikes and protests could easily dissipate, workers now have the will and ability to engage in sustained collective action and bring about positive results through bargaining.

- Civil society labour organizations demonstrated on numerous occasions that they were able to train workers to elect and protect bargaining representatives and initiate collective bargaining at the enterprise level. Although they lacked the organizational capacity of a trade union, these civil society organizations were still able to successfully resolve disputes and showed at a basic level how a trade union should operate. Indeed, they provided the ACFTU with a model of how to create a systematic bargaining mechanism and enhance the role of the union at the enterprise level.
The CCP initiated a new phase of trade union reform in China characterised by both top-down coercion from the Party and bottom-up pressure from the workers’ movement. The CCP understood that, if it was to maintain its own political legitimacy, it could no longer neglect the obscene wealth gap created by forty years of economic reform and a deliberate lack of government oversight. The desire of ordinary workers for a decent life and an end to social injustice made the task of transforming the trade union into a truly representative organization even more pressing.

The ACFTU began a series of reforms to its organizational structure, management model and operating mechanisms. At the grassroots level, the ACFTU sought to create new unions, recruit new members and protect the rights and interests of its members. However, the union has not really changed its basic identity, and the reform measures introduced so far still betray a paternalistic attitude, seeing workers as victims in need of help rather than persons of value in need of representation. As a result, workers still do not identify with the union or have a sense of belonging or commitment to it.

In conclusion, we argue that the ACFTU can no longer merely indulge in superficial structural reforms which in reality do more to protect its own vast self-interests than China’s workers. The reforms undertaken so far do nothing more than demonstrate the need for genuine trade union reform. It is now absolutely essential that trade union reforms allow workers to reclaim ownership of the union and for the union to represent workers (not itself) in collective bargaining with employers at the enterprise level. The union needs to be led and driven by those who believe in the core values of socialism — equality, justice and democracy. Only in this way can the trade union, long divorced from the workers’ movement, become a genuine member of China’s family of workers.
Part One: An overview of workers’ collective action

An analysis of collective protests by workers in different industries

This analysis is based on the 6,694 cases of worker collective action recorded on CLB’s Strike Map from January 2015 to the end of December 2017. The Map broadly categorizes industries as construction, manufacturing, services, transportation, retail, education and mining. During this three-year period more than one third of all incidents involved construction workers, a quarter were in manufacturing, and transportation and services both accounted for 11 percent of the incidents. See chart below.

Construction

There were 2,595 construction worker protests recorded during this period, with the highest concentrations found in Henan, Guangdong, Shandong, Hebei and Sichuan. The vast majority of incidents occurred in residential and commercial building construction and repair projects, usually involving private companies, with a smaller number related to infrastructure projects funded by local governments.

More than 99 percent of all these cases involved demands for wages in arrears, confirming the persistent and ingrained nature of the wage arrears problem in the construction sector. Other demands included compensation for lay-offs and social insurance contributions.
Collective protests typically involved demonstrations with workers holding banners demanding payment of wage arrears. Construction workers were more likely than workers in other industries to threaten suicide by jumping of high buildings etc. in pursuit of their demands, however police intervened in just 25 percent of construction worker protests and made arrests in four percent of cases, about the same as the overall average across all industries.

**Manufacturing**

There were 1,770 cases of factory worker protests with most occurring in the coastal manufacturing centres of Guangdong, Jiangsu, Shandong and Zhejiang. Workers in the clothing, apparel and footwear industries accounted for 20 percent of the cases, followed by electronics (14.8 percent), heavy industry such as steel and aluminium (8.8 percent) and automotive and shipbuilding (5.8 percent).

The majority of incidents (1,003 in total) were in domestically-owned private enterprises, with state-owned and foreign-owned enterprises accounting for 131 and 122 incidents respectively. Once again, demands for wages in arrears was the most common demand occurring in 75.5 percent of cases, with demands for compensation and social insurance contributions occurring in 15.7 percent and 11.6 percent of cases respectively.

 Strikes and collective protests by factory workers often involve greater numbers of protestors and as such are more likely to lead to police intervention and arrests. Police intervened in one third of all incidents and detained or arrested workers in 7.4 percent of cases.

**Services**

The Strike Map recorded 726 incidents, about 11 percent of the total, in service industries during this period. Worker protests were concentrated in the catering industry which accounted for 24.1 percent of cases, followed by the hospitality industry with 14.2 percent of cases. However, labour disputes now erupt in an increasingly broad range of service industries such as IT companies, banks and finance companies, medical facilities, leisure and sports facilities like gyms, golf courses and amusement parks, television stations and other local media outlets. The vast majority of enterprises (74 percent) in which labour disputes occurred were privately-owned domestic companies, while there were only four incidents in foreign-owned companies.

More than 82 percent of cases involved wage arrears, reflecting the instability of many businesses in the rapidly expanding service sector. Strikes and protests by service workers tended to be relatively small-scale and peaceful, rarely resulting in police interventions or arrests. It was not unusual however for local government officials to mediate or broker negotiations in these cases.
Transportation

There were 717 cases involving transport workers during this period. These cases had a much more even distribution pattern than many other industries indicating that the problems faced by transport workers are felt across the whole of China. Taxi drivers accounted for 63.2 percent of all protests, followed by bus drivers (and crews), couriers and ride-hailing app drivers. Private enterprises again accounted for most of the protests (71.8) reflecting the extent to which privatisation and intense competition has eroded working conditions in the transport industry.

The most common grievances of transport workers were unfair competition from unlicensed operators, and high management or vehicle rental fees for taxi drivers. Transport worker protests usually took the form of strikes and slow-speed processions but taxi drivers also used so-called “fishing expeditions” to provoke conflict with ride-hailing app drivers. However, these actions only rarely led to arrests.

Retail

There were 212 cases of collective worker protests in the retail industry, with Henan, Jiangsu, Shandong, Sichuan, Hebei and Guangdong having the highest concentrations of labour unrest. Most disputes occurred in shopping malls and department stores (22.6 percent) and supermarkets (19.3 percent) with the majority (74.5 percent) being privately owned companies. However, 13.3 percent of cases were in foreign-owned or joint-ventures. Many global retailers such as Walmart have established operations in cities across the whole of China and these outlets are just as likely to see worker protests as domestic companies. See our research report China’s Walmart workers: Creating an opportunity for genuine trade unionism for more details.

Demands for wage arrears again dominated the workers’ list of grievances but protests against lay-offs were also very common. Intense competition among retailers and the growing pressure from e-commerce led to many retail outlets suddenly closing down leaving workers out of a job and out of pocket. As in the rest of the service sector, collective protests tended to be relatively small scale and rarely attracted the interest of local authorities.

Mining

There were 235 collective protests by miners, concentrated largely in the traditional mining areas of Shanxi, Shaanxi, Hebei, Shandong and Henan. The vast majority of incidents (93.6 percent) occurred in the coal mining industry, with an even distribution between state and privately-owned mines, in those cases where ownership could be determined.

The vast majority of protests were over wage arrears, which became a chronic problem in China as the coal industry contracted during the period covered by the report. Perhaps the best-known collective action occurred in the Spring of 2016 when thousands of angry coal miners in the north-eastern city of Shuangyashan staged a series of mass protests (see photo below) that forced the local government to pay months of wage arrears owed by their
employer, the state-owned Longmay Group. Despite the sometimes-confrontational nature of these protests, workers were arrested in just 5.1 percent of cases, suggesting perhaps that the authorities did not want to provoke further protests with mass arrests of state-owned enterprise employees.

Education

There were 206 collective protests by teachers and education workers during this period, clustered predominately in Henan, Hebei, Jiangsu, Hubei and Hunan. A total of 160 (77.7 percent) occurred in secondary and primary schools, with 18 incidents in kindergartens and 16 involving rural community teachers.

Teachers, particularly those in poor rural districts, had very specific demands not seen in many other sectors, reflecting their employment status, low pay and lack of benefits. A relatively small proportion of cases (43.2 percent) involved wage arrears, while 26.4 percent included demands for higher pay, and 22.5 percent concerned social insurance payments.

Teachers would often organize strikes and sit-ins, with occasional gatherings outside government buildings, which would often lead to confrontation with the police.

Please see our research report Over-worked and under-paid: The long-running battle of China’s teachers for decent work, which covers teachers’ collective action from 2014 to 2015 for more details.

The main causes of collective labour disputes in China

During the period covered by this report, the pace of economic growth in China slackened, investment and export markets were anaemic, domestic consumption failed to take up the slack, and annual GDP growth continued to decline, from 7.7 percent in 2014 to 6.7 percent in 2017.
The central government acknowledged that economic conditions were “characterised by emergent structural problems in the domestic economy, the emergence of hidden risks, and multiple factors causing further downward economic pressure.” A range of new measures were launched in response to try to readjust the industrial structure and stabilise economic growth with a particular focus on making consumption the main driver of the economy, shifting from traditional to advanced manufacturing industries, and developing modern service sectors and emerging industries.

During the process of economic transition, old growth drivers fade away and new ones kick in: traditional industries such as steel, cement, coal-mining, textiles and electronics are on a downward path, while emerging industries such as the internet platform-based sector are rising. This has had an enormous impact on the rights and interests of workers in a wide range of industries. As the shift away from sunset industries progresses, it becomes imperative to tackle unresolved worker compensation and retirement issues, while during the rise of new industries, it is important to tackle issues related to wages, working hours and social security and other matters. The lack of effective trade union representation for workers during this process has only exacerbated these problems and led to numerous and widespread collective protests by workers.

After analysing several thousand individual collective protests by workers during the period covered by this report, we have identified the following major triggers for collective action by workers.

**Structural adjustment of industry to reduce excess capacity**

On 10 November, 2015, President Xi Jinping put forward a proposal for supply-side structural reform, arguing it was necessary to “encourage effective elimination of excess capacity and promote industrial optimisation and restructuring.” During the initial phase of structural adjustment, the priority was the steelmaking and mining industries, followed by cement, glass, electrolytic aluminium, shipping and other industries. By the end of 2017, the mining industry had already reduced capacity by 540 million tons and the steel industry by more than 100 million tons.

Most of the enterprises affected in the drive to scale back excess capacity were state-owned. They suddenly had to face production cutbacks and shutdowns, closures and clearances. Some so-called “zombie” companies were closed down or merged into other enterprises. Around 1.5 million coal miners were reassigned or “internally retired.” To avoid a recurrence of the situation at the end of the last century where workers at SOEs were laid off without adequate social security cover, the central government demanded improved measures to find alternative placements for workers. In the steel industry, it stressed the need to “handle labour relations legally, strengthen social security access and focus on risk prevention,” and ensure that there were employment options and livelihood guarantees for workers cast off by their enterprises.

However, some enterprises still sought to cut costs in an attempt to turn their businesses around. Whilst facing bankruptcy and closure, they continued to opt for measures that
sacrificed the interests of the workers, in particular by the non-payment or delayed payment of wages and social insurance contributions. During this process, the local trade unions did little except “provide assistance to workers for re-employment and restarting businesses.” They did not serve as the voice of the workers or help them obtain reasonable compensation. The union failed to fulfil its role when the rights and interests of workers were harmed, leading to the outbreak of several collective protests.

- **May 2015.** The Tonghua Iron and Steel Group Co., Ltd. began to lay off workers. All male workers over 50-years-old and all workers who had been employed at the plant for more than 30 years were forced into internal retirement and paid a pension based on the local minimum wage of 1,380 yuan a month. Hundreds of workers took to the streets in protests that lasted several days.

- **March 2016.** While attending the National People’s Congress in Beijing, the governor of Heilongjiang, Lu Hao, told a press conference that there were no wage arrears at the massive Longmay Mining Group. In response, tens of thousands of Longmay employees burst onto the streets of Shuangyashan in northern Heilongjiang holding up banners with slogans accusing Lu Hao of talking nonsense, and saying “Give us back our money earned by blood and sweat, Communist Party!”

- **March 2016.** The Tangshan Guofeng Iron and Steel Co. Ltd. announced a halt in production, with 1,500 layoffs. On 5 April, laid-off workers blockaded the streets to protest the enterprise’s placement proposals.

In the market economy, it is clearly pointless to rely on central government diktats to resolve labour issues. The central government cannot compel enterprises to safeguard the rights and interests of workers, and cannot compel local governments to safeguard the livelihoods of workers affected by layoffs under their remit. When their specific interests and rights are jeopardized, and their very livelihoods are impacted, some of the affected workers may see talk by management and regional officials of a “brighter tomorrow” as overt deception and humiliation, and decide that their only option is to take collective action. Workers believed that by escalating the protest—the bigger the better—they would be able to draw attention and possibly get a solution to their problems. In this they were correct: if you make a big fuss, you get a broad settlement, and if you tone it down, the settlement is inadequate, and if you make no fuss at all, you get no settlement. Due to the impulse to seek advantage with minimal risk, when facing threats that harm their interests or even jeopardise their livelihoods, workers will often opt for protest rather than negotiations, the mere mention of which could lead to reprisals.

**Bankruptcy, closure and relocation of traditional manufacturing industries**

China’s traditional manufacturing industries underwent major changes during the period covered by this report. As labour, raw material and land prices all rose, profits fell and manufacturers had to adapt or die. The traditional “workshop of the world” model based on a plentiful supply of cheap labour was no longer sustainable and local governments, in the Pearl River Delta in particular, sought to close-down low-end and polluting industries and
encourage the growth of hi-tech innovation and production. So, while the government of Dongguan invested heavily in robotics etc, thousands of smaller factories making shoes, toys and apparel closed down. In 2015 alone, a total of 268 enterprises with annual revenues greater than 20 million yuan (an official benchmark) closed down, went bankrupt or were deregistered, and 362 foreign-invested enterprises closed down and relocated offshore. Most of these enterprises were labour-intensive SMEs.

During this process, the rights and interests of the workers involved were gravely undermined by the failure of business owners and local governments to inform them of closure plans or listen to their opinions, and crucially by the failure of the trade union to defend their interests. Enterprises could arbitrarily cut wages and benefits or suddenly close down, leaving workers with unpaid wages and social insurance contributions, they could deny laid-off workers reasonable economic compensation or even embezzle profits. During mergers and acquisitions, workers were nearly always kept in the dark and had to accept new employment conditions under new ownership. All these actions, because of the lack of union representation or a collective bargaining mechanism, sparked worker protests.

When a company is operating normally, many workers express their dissatisfaction by resigning and just walking away from an unreasonable boss. But when an enterprise suffers bankruptcy and closure, relocation or a change of ownership, workers may feel it is their last chance to safeguard their rights and interests. At such times, long-brewing conflicts with management can suddenly burst out when employers deliberately evade the responsibilities incumbent on them. In the absence of bargaining mechanisms, workers will resort to collective protest to express their dissatisfaction and voice their demands if the enterprise union is not doing its job properly. These actions may even target local governments.

- 8 October 2015. Fuchang Electronics in Shenzhen suddenly announced bankruptcy and closure. Over 3,000 workers gathered to protest, and demanded that management settle wage arrears and economic compensation issues. The workers surrounded local government offices and demanded that authorities step in and solve the problems.
- 5 March 2016. Around 2,000 workers at Changying Electric (Shenzhen) Co., Ltd. went on strike after management began the process of factory relocation to nearby Huizhou but refused to discuss the issue of compensation.
- 21 November 2016. Workers at three Coca-Cola bottling plants in Chongqing, Changchun and Chengdu launched a coordinated strike after the company announced the sale of the facilities to two domestic Chinese bottling companies. The workers demanded lay-off compensation based on their length of employment.

Irregular employment in emerging industries

Economic restructuring entails both the replacement of traditional manufacturing industries with technologically advanced ones, and the promotion of emerging industries that can help boost consumption. New internet platform-based services in e-commerce, express delivery, group-purchase, food delivery and taxi-hailing have all grown rapidly in recent years and it is estimated that these industries employed around 70 million people in 2017.
Among these emerging industries, the development of express delivery services has been particularly noticeable. The sector has seen an annual growth rate of over 50 percent and revenue reached 495.7 billion yuan in 2017. More than 40 billion parcels were delivered in China in 2017, accounting for around 40 percent of the worldwide total. The most common employment relationship in this new industry is a service-agent relationship with franchise outlets, not a formal employment relationship with the main company, and most workers are paid on a piece-rate basis. The food delivery business also operates in this way, the workers only relationship with the internet platform is through the app on their phone. They are paid according to delivery time and frequency and have no access to social insurance or the housing provident fund.

Platform operators have strict management regimes that workers have no choice but to accept because they lack effective channels for safeguarding their rights and interests. Some local trade unions have tried to organise delivery workers but, in practice, this drive is usually just about meeting union enrolment targets. The aim is not to represent employees in collective bargaining over pay and working conditions, and as such, when workers are dissatisfied with the management system, pay levels, the working environment or other matters, they can only resort to collective protest. CLB’s Strike Map recorded 11 protests and strikes in the food delivery business during 2017, for example.

- 8 August 2017. Meituan-Dianping delivery workers in Yixing, Jiangsu, went on strike, protesting reductions in commissions and demanding payment of allowances and traffic accident compensation. Workers claimed that their commission had dropped from 10 yuan per 4.3 kilometres to less than 7 yuan per 4.1 kilometres, and that the high-temperature allowance had been halved from one yuan per order to just 50 cents.

Difficulties faced by businesses in newly emerging industries

Existing labour laws and regulations are vague on the responsibilities of employers in emerging industries and the lack of clear rules governing labour relations has negatively impacted the rights and interests of employees. Worker rights have been further eroded by intense competition as new companies seek to establish market dominance. Undercutting prices and aggressive expansion have become important methods of ensuring corporate survival. A large number of corporations have already been screened out of their markets within one or two years by the instability of their operating model, breaches in their funding chains and the erosion of marginal benefits. For example, in 2011, there were 5,000 online group-purchasing sites. Three years later, this figure had steadily dwindled to 200. There were 3,400 online lending platforms in 2015, but in 2016 that had fallen to 2,300. There were over 20 companies in the bicycle-sharing business in China in 2016, but one year later, most had shut down amid fierce competition, leaving behind mountains of unused bicycles across the country.
When these companies fail, workers are owed wages in arrears and social insurance contributions. Currently, these workers can only resort to protests but these emerging industries do perhaps provide workers with an opportunity to create a new kind of collective bargaining mechanism that is able to swiftly resolve labour disputes, if of course the union is willing and able on get onboard. Two examples of fairly typical disputes in emerging industries noted so far are:

- 22 June 2017. Workers at Mobike’s Qingshan maintenance plant in Wuhan staged a protest demanding wages in arrears. Workers said they had not been paid since the company set up the repair shop in February.

- 1 October 2017. More than a dozen cycle repair workers at Cool Cycle in Hangzhou, staged a protest demanding payment of wages in arrears. The company claimed it had no money. Subsequently, more than 300 workers at other Cool Cycling units held similar protests in various other cities.

Identifying the trends in workers’ collective action

During the 21st Century, collective protests by workers have become increasingly frequent and well-organized, to the point that they are now part of everyday life in China and labour unrest is deeply entrenched in Chinese society as a whole. Consequently, during the three years covered by this report, the Chinese government recognised the need for a different approach to social development. The mantra of the 18th Congress of the Communist Party of China [2012-17] that encouraged the liberation and development of social productive forces in order to address the “contradictions between the growing material and cultural needs of the people and China’s backward social productivity” pivoted during the 19th Party Congress [October 2017] to focus instead on the “contradictions between the yearning of many people for a better life and China’s unequal and insufficient development.” Instead of
stressing vigorous economic development and the creation of wealth, the Party now focuses on balanced economic development and the rational distribution of wealth.

The unequal balance of power in labour relations has been a major factor in China’s unequal development. Looking at workers’ demands for the payment of wages in arrears, social insurance contributions, economic compensation and improved working conditions, pay and benefits, it is clear that the fundamental tensions between labour and capital in China are centred on the issue of wealth distribution. Workers have not been able to share in the fruits of China’s rapid economic development over the last forty years. Rather they have been repeatedly denied their legal rights and deprived of their economic interests. It was for this reason that the 19th Party Congress made the distribution of wealth the focus of its future development and reform programs.

To gauge the unfair distribution of wealth, we can look at low wage levels, occupational health and safety standards, working hours, social insurance compliance etc. To achieve a fair and rational distribution of wealth the trade union needs to represent workers in collective bargaining with management. In reality however, China’s trade union lacks the ability to engage in collective bargaining, and, as a result, workers’ pay and conditions are unilaterally decided by the employer. Wages and the method of payment are determined at the outset by the employer when a worker is hired. During employment, the actual wage is decided by the employer, and when the employment relationship is terminated there is no guarantee that workers will actually get the compensation or wages in arrears they are owed.

During the period covered by this report, we can identify the following trends and characteristics of collective action by workers in China

**Converging demands**

The occurrence of Chinese workers’ collective actions remains at a high frequency and is spreading across sectors and regions, evidence that industrial relations in China are increasingly collective in nature; in other words, the collective awakening of Chinese workers is an ongoing process, and workers are quick to translate this realisation of their rights into collective action.

There is a clear convergence of workers’ demands during the 2015-2017 period covered by this report. Wage-related issues are at the core of the 6,694 cases recorded: 5,177 of the collective actions demanded the payment of wages in arrears, while 303 demanded wage increases. These wage-related protests and strikes add up to 81.86% of the total. Clearly, workers’ collective actions have been targeting the issue of wealth distribution: either by trying to recover their share of the economic benefits they contributed to generate or demanding a share more commensurate with their actual contribution.

Workers have no say before, during or after the establishment of industrial relations. Through the entire process, management dictates the terms of employment. Given this lack of representation, workers have been deprived of a voice in the issue of wealth distribution. Therefore, it is not only difficult for them to enjoy their fair share of China’s economic
development, often they are left with no pay at all, as the Strike Map shows. Chinese workers may then choose to take legal action (i.e. through arbitration) or collective action in order to voice their standpoint on the distribution of wealth. China’s official union, the All-China Federation of Trade Unions (ACFTU), has a legal monopoly in Chinese workers’ right to organise; nevertheless, disenfranchised workers have effectively been taking collective action autonomously and will continue to do so as long as the exclusion of proper worker representation within this monopoly persists.

A more comprehensive understanding of collective action

By a more comprehensive understanding of collective action we mean that, while taking collective action, workers have moved from an emotional to a rational attitude, and from a spontaneous to a more organised approach.

In the 6,694 cases recorded on CLB’s Strike Map during the period of this report, and in particular the ones involving a higher number of participants, we noticed the following trends: 1) these collective actions have a clear leadership structure, 2) they have elected worker representatives, 3) there was no destruction of company property, 4) workers acted collectively in escalating and deescalating the dispute in an orderly fashion, 5) workers stressed the resolution of disputes through collective bargaining.

To illustrate this more comprehensive understanding of collective action we can examine the differences between the 2010 Nanhai Honda case and the 2015 Lide Shoe Factory case below:

Nanhai Honda workers on strike. Photograph: Bobby Yip, Reuters.
In 2010, workers at the Foshan Nanhai Honda auto parts factory staged a strike seen by many observers as a “a defining case in the history of China’s labour relations.” The strike lasted for almost 20 days and was led by a group of 17 workers, who maintained a high morale in the process. However, the prevailing mood throughout the dispute could be described in two words: fear and anger. The “collective action” was in fact initiated by a series of individual strikes, and as time went on and as management’s attitude became harsher (forced resumption of work, dismissal of a dozen workers who were leading the strike), the cohesiveness of the collective action started to show cracks. Workers did not know how to respond, and when management presented counter proposals, workers became incoherent and divided. In the end, civil society organisations played the role of facilitator/negotiator between management and workers, finally achieving a mutual agreement for a salary increase and the resumption of work. In retrospect, Honda workers did not do the necessary preliminary organizing work to sustain effective strike action and one could argue that it only lasted as long as it did because of the pent-up frustrations and anger of workers towards management.

Five years later, in 2015, workers at Lide Shoe factory in Guangzhou’s Panyu district went on strike demanding compensation for factory relocation. During this collective action, workers exhibited a more rational and orderly behaviour. In over four months of collective action split into two stages, workers maintained a calm and self-restrained attitude. During both the strike action and factory occupation, workers never damaged company property nor took to the streets in protest. Before taking collective action, workers had completed a multi-layered democratic process of organising, electing their representatives, establishing media liaison teams, a solidarity fund administrative team as well as a security team. This helped move collective action away from an unstructured, fragmented and chaotic amalgam into a unified, organised and action-ready state.

The proliferation of online organising tools used by China’s workers

Thanks to the popularisation of the internet and mobile devices, Chinese workers today have access to a broad range of online tools for organising collective action. Workers are no longer limited by traditional family or birthplace ties in establishing solidarity in the workplace. In taking collective action over the last few years, workers have demonstrated their growing tech savviness. Besides having a clear understanding of the peculiarities and functionalities of each social media platform, they also know the importance of the timely and measured dissemination of information. Workers have, with the assistance of these new tools, shown their strength and ability in mobilisation and organising. In order to illustrate how the ability of workers to organize online has evolved and developed over the last decade, we shall examine the examples of the Nanhai Honda auto workers strike in 2010 and the 2014-15 Lide Shoe Factory dispute in Panyu.

During the 2010 Nanhai Honda strike, workers were already familiar with the online tools available for organising purposes. Even before the strike began, workers had set up online groups, using the then popular social media platform QQ, that were based on specific production lines or place of birth. Once the collective action kicked off, they used an array of
telecommunications channels like SMS groups and QQ groups to communicate among themselves and call for broader support. However, these groups were completely open to anyone; literally anyone could join and express their opinion. This type of flat-structured forum gave rise to a series of issues: as personal grievances and opposing views accumulated, it became more and more difficult to compile a coherent list of demands. When collective bargaining started, worker representatives presented a list of more than one hundred demands. Although online organising had accomplished the primary role of gathering support, it stopped short of becoming a useful tool that could help facilitate the bargaining process by consolidating demands.

When the Lide shoe factory workers went on strike in late 2014, their organisational capacity had noticeably improved. By November 2014, the workers had already set up a worker representatives’ group on WeChat, the most popular online chat tool at the time with several hundred million users. Separately, there was a real-name Lide bargaining representatives’ group, a Lide worker representatives’ QQ group, a Lide workers’ discussion QQ group, a Lide workers’ Sina Weibo microblogging account etc. These online groups were not completely open and played different roles in organising the collective action: some were exclusive to the worker representatives and all had a designated administrator. The representatives proved adept at consolidating workers’ demands and further mobilising colleagues. At the same time, they could present their narrative and keep the flow of information going in order to gain broader support from society at large. During their campaign, the workers published a total of 28 “struggle reports” on their Weibo account, all of which were informative but concise, and gained more than ten thousand views each. This social media campaign helped the Lide workers garner more attention and broader support as more and more people learnt the details of their campaign. On one occasion, police interrupted a worker representatives’ meeting and detained several people including a staff member of the Panyu Workers’ Centre. Workers were quick to publicise the incident on their Weibo account, and after a well-known scholar helped re-post the news, it gained 5,240 re-posts and a total of 1.81 million views. Under the immense pressure of public opinion, the police had no choice but to release the workers the same night.

Another useful case study of how workers use social media in collective action was the 2016 Walmart workers campaign. In the Spring of 2016, many Walmart workers in China, concerned that a new “comprehensive working hours system” would jeopardise their working conditions, staged a series of protests across China. Worker representatives set up a Walmart Chinese Workers Association (WCWA), an online forum that was initially mainly used for sharing successful experiences and giving legal advice to colleagues. However, after the formal implementation of the comprehensive working hours system in May 2016, the number of participants in the forum increased rapidly. An estimated more than 20,000 Walmart employees from all over the country joined the forum, criticizing the company’s new working hours system and offering various suggestions for collective action. What distinguished the WCWA from smaller, local networks was its inter-provincial nature, organising colleagues from different Walmart stores across China. It is also worth noting the international solidarity created between Walmart workers in China and the United States. The WCWA and the American workers group OURWalmart connected via teleconferencing
and discussed the common issues faced by workers in both countries, and came up with joint strategies to fight back. Members of OURWalmart also shared examples of successful industrial action in the United States with their Chinese colleagues.

Chinese workers are constantly refining their skills and abilities to use online tools in organizing collective action. For example, they will often use homophones or abbreviations in their posts in order to evade censorship. Moreover, worker representatives are increasingly aware of their online duties and responsibilities, patiently collecting opinions and posting measured replies. And thanks to the huge popularity of social media in China, workers can learn from past experiences and avoid repeating past mistakes. Workers share information through Weibo, WeChat, QQ, discuss past cases and successful strategies and learn lessons from failed campaigns. The wide range of online tools now available has not only made collective coordination more efficient, but helped reinforce workers’ capacity for mobilisation and organisation. Workers can now share online experiences across huge geographic distances and across industrial sectors, opening a new chapter for Chinese workers’ collective action.

Diversification of actors in workers’ collective actions

Over the last forty years, China’s workers have experienced mass lay-offs during the reform of the state-owned enterprises (SOEs) in the 1990s, the surge of privately-owned enterprises in the 2000s, and the decline of traditional labour-intensive manufacturing companies, the boom in new services sectors and increased informalisation of labour, etc. in the 2010s. Chinese workers no longer depend on the political establishment for their survival and hence have evolved from a largely passive attitude towards a more proactive defence of their labour rights. Among the cases covered by this report, one can notice the participation in collective actions of ex-SOE workers who have already lost their ‘iron bowls’ and workers still employed by SOEs, rural migrant workers employed in the private sector, staff in public institutions such as schools and hospitals and even civil servants. It is important to highlight the fact that when collective actions take place, public support from society at large is the norm rather than the exception, and often civil society actors such as lawyers, journalists and academics can be seen on site.

Evolution of workers’ collective actions

To outside observers, Chinese workers’ collective actions are manifested in strikes, factory occupations, blocking roads or protesting in front of a government buildings etc. However, the cases analysed in this report show that workers’ collective actions have been evolving through the years. Workers are increasingly seeking to resolve disputes through a combination of the actions described above as well as collective bargaining to achieve their demands. Granted, the 2010 Nanhai Honda dispute may have been resolved only with the participation of civil society actors taking the initiative to negotiate an agreement but this case nevertheless opened a new chapter of collective bargaining in China.

During the Lide Shoe factory dispute discussed above, workers went on strike, bargained with management, went on strike again to continue exerting pressure, and then sat at the
bargaining table to achieve a mutually acceptable resolution. This is an exemplary case that illustrates how Chinese workers have developed a measured, rational and strategic approach to labour dispute resolution, taking China’s worker movement to the next level. This evolution of workers’ collective actions breaks the all-too-common vicious circle of strikes followed by management reprisals and local government’s use of police force to supress the protest, further aggravating workers’ disenfranchisement. The Chinese government has taken note of this fundamental difference between “mass incidents” (official euphemism to describe collective protests in China) and workers’ collective actions: the latter seeks resolution through negotiations and compromise rather than the simple venting of frustrations without clear goals. In this context, the Lide case is an important prototype in the development of China’s future collective bargaining system.

**Proliferation of workers’ collective actions**

During the period covered by this report, there has been a clear proliferation of workers’ collective actions both geographically and across different industrial sectors. Geographically, strikes and protests are spreading out of the coastal areas of the Pearl River Delta and Yangtze River Delta and into inland provinces. During this time frame, the central province of Henan saw the highest share of workers’ collective actions in the construction, transport and retail sectors. By contrast, Guangdong saw a decline of collective actions from 38 percent of the national total in 2013 to 11.8 percent in 2017.

![Proportion of China's collective worker incidents in Guangdong (%)](chart)

From the perspective of industrial sectors, workers’ collective actions in China have spilled out of traditional manufacturing into the relatively newly developed services and retail sector. According to the data collected, there has been a clear decline in the percentage of collective actions in the labour-intensive traditional manufacturing sector, reaching a record low of 21.3 percent in 2017. Simultaneously, there has been a gradual increase in the share of strikes and protests in the services and retail sector, reaching a record high of 20.7 percent in 2017. As more workers are absorbed into the services sector, the labour relations issues plaguing traditional manufacturing - lack of formal labour contracts, unreasonably low wages, insufficient social insurance and poor benefits - have moved along with them. The
persistent and continual violations of workers’ rights have left workers with no option but to take collective action, the only difference now is that the protagonists are increasingly employed in the service industry.

While the spectrum of collective action by China’s workers has continued to broaden and diversify, there has been no contemporaneous development of a collective bargaining system to regulate the persistent imbalances in labour relations. This leaves Chinese workers with no choice but to take collective action in an attempt to recover their losses and demand a fairer share of profits. In the absence of both a voice to represent workers’ interests and a collective bargaining system to mitigate disputes, Chinese workers will not simply accept the status quo. Rather they will continue to take collective action until the day a collective bargaining system is firmly in place.
Part Two: The contribution of labour organizations in China

In this section, we take an in-depth look at three well-known labour disputes to illustrate the role of non-governmental labour organizations (labour NGOs) in the development of labour relations in China, in particular the use of collective bargaining to resolve disputes. The three cases are, the Citizen Watch Factory dispute of 2011, the Guangzhou University Town case in 2014, and the Lide Shoe Factory dispute in 2015. All three cases are discussed in detail on the CLB website.

Creating a model for the resolution of collective labour disputes


Accepting workers’ requests for help

In the first phase of a collective protest, workers seek to express their collective demands, such as payment of social security contribution arrears or economic compensation. However, very often, they do not know how to present these demands or how to get them accepted. Because there is no channel for bargaining within the enterprise, and because enterprise unions have long been under the control of the employers, employees often approach labour NGOs for help.

In the Citizen case, workers had been on strike for over a fortnight before management finally agreed to enter into dialogue. However, the striking workers were unsure how to proceed and approached the nearby Laowei Law Firm for assistance. In the University Town case, the workers initially sought out the local government and labour inspectorate but never got a response. Only later did the workers get in touch with the Panyu Workers Centre for assistance. In the Lide case, however, when the workers discovered that management
was cutting back on orders, transferring equipment and showing other signs of relocating operations, they quickly got in touch with the Panyu Workers Centre and sought assistance.

Although the resources and capabilities of labour NGOs are limited, they have always been committed to supporting the workers. As such, after many years of providing legal assistance and other services for workers, the more successful NGOs have won the respect and trust of workers in the surrounding areas. Workers feel that labour NGOs are trustworthy and can be counted on to back them up when labour disputes arise.

**Helping workers package demands and get organised**

After launching collective action, workers often run into technical difficulties, typically resulting from the complexity of their demands, poor organisation, the presence of “freeloading” co-workers lacking true commitment, and their inability to follow up collective protests effectively. After a labour NGO intervenes in a dispute, it will first appraise and sort through the workers’ demands, and help package them into the most effective structure. This has the effect of uniting the workers around specific attainable goals and deepening the level of organisation.

In the Citizen case, the Laowei lawyers swiftly consolidated various collective grievances into one key demand that management include the workers’ daily 40-minute rest break as worktime, as legally required, and pay corresponding overtime arrears for the previous five years. The Panyu Workers Centre distilled the University Town workers’ grievances into two key demands; that workers be allowed to continue working in the local area and not be transferred to distant locations as the company demanded, and that their employer, GrounDey Property Management, compensate them for termination of their employment contracts. In the Lide case, the workers got in touch with the Panyu Workers Centre before taking any collective action. The staff at Panyu helped workers finalise their demands and thus, as soon as management expressed a willingness to negotiate, the day after the strike broke out, the workers were able to quickly present their 13 collective bargaining demands, including payment of social security and housing fund contribution arrears, payment of overtime and high-temperature allowances, paid annual leave and maternity leave benefits.

All too often, when collective protests break out, management and local government authorities are faced with a complex and uncoordinated series of demands and are thus unable to react appropriately. Indeed, they often take a resistant and repressive stance. By helping workers to package their demands, labour NGOs can unify workers into a collective and embolden hesitant workers who might fear management reprisals or legal sanction. After the consolidation of initially disparate demands into an integrated package, workers not only gain an understanding of the legal basis of their demands, but also of the reality of labour relations and the separate interests of capital and labour. Consequently, angry workers who were “like a heap of loose sand,” hampered by their own sense of helplessness and vulnerability, begin to develop a class consciousness and take on a new worker identity, one with socialist values. This is especially valuable in this time of rampant self-interest, universal obsession with money and chaos in moral values.
Helping workers elect their own representatives

At the beginning of any collective protest, certain workers have to assume the tasks of liaising, mobilising and organising. But because they are not trade union officials, they have no way of obtaining legal protection. As a result, many workers are reluctant to step forward and management has no one to talk to in the bargaining process. Sometimes workers claim that “there are no representatives” or that “we are all representatives.” Labour NGOs recognise however that when large numbers of people are involved, there is a need for clearly identified worker representatives within an overall leadership team. Therefore, after they have packaged the demands, the second task facing labour NGOs is giving guidance to workers in the process of electing collective bargaining representatives.

In the Citizen case, Laowei lawyers guided the striking workers in electing a total of 12 representatives drawn from the various production departments. In the University Town dispute, staff from Panyu organised striking workers and got them to hold meetings at which they elected a team of 18 worker representatives. Later, another worker representative meeting was convened, and a chief representative was elected, along with five bargaining representatives and three representatives to review expenses. In the Lide case, which involved nearly 3,000 employees, the Panyu NGO helped workers elect 65 worker representatives. After the first strike in December 2014, the workers elected 13 negotiators from among the 65 representatives. In the second stage of the protest, following the failure of some worker representatives to properly perform their duties, Panyu staff helped the workers hold another election, and 19 collective bargaining representatives were voted in.

In some cases, worker representatives cannot be found while in others the status of the worker representatives is not clear. There are also cases where some particularly audacious workers stand up and represent themselves. Rarely is there any formal electoral process, and still less any delegation of authority by the workers. This particular issue often results in collective protests by workers rapidly descending into disorder and chaos. After workers elect their own representatives under the guidance of labour NGOs, this disorder and chaos is transformed into relatively orderly solidarity, which then establishes the necessary preconditions for the initiation of collective bargaining.

Because worker representatives do not have the same legal protection as trade union officials, labour NGOs make sure that as many workers as possible sign a document authorising the elected representatives to act on their behalf in negotiations with government officials, management and official union staff, and sign agreements on their behalf. This gives the representatives better legal protection but also burdens them with the responsibility of fighting for and protecting the rights and interests of the workers. The workers on the other hand must accept the leadership of the representatives and are duty-bound to protect them. Workers have the right to remove representatives through due process if they are incompetent or unwilling to fully commit to their role. However, practice has shown that most representatives are able to take on their role effectively and stand firm in the face of threats from management and the authorities, and as such gain the support of the workers.
Training worker representatives

After worker representatives are elected, they face a wide range of issues: how to make policy decisions that satisfy the workers; how to prevent divisions arising among the workers; how to ensure a rational dialogue and conduct good-faith bargaining with management; how to make concessions and compromises during bargaining and still maintain their bottom line, and how to keep workers promptly informed with progress updates.

However, the majority of worker representatives do not have any experience in collective bargaining, and some may even lack a basic understanding of its precepts and workings. Under such circumstances, labour NGOs need to provide training on the principle of equality between labour and management in collective bargaining, the responsibilities and obligations of worker representatives, bargaining techniques, the stages and the rules of bargaining, legal provisions, and the principles of concession and compromise.

In the 2011 Citizen dispute, Laowei lawyers headed the bargaining team representing the workers, so providing training to worker representatives was not a top priority. In the other two cases however, staff from Panyu made training a key focus of their work. They arranged ten training meetings with the elected representatives of the University Town workers during which they were able to gradually learn about the significance, procedures, techniques and rules of collective bargaining. In the Lide case, Panyu staff helped representatives convene a meeting of workers from the various workshops, held six roundtable sessions for representatives, one preparatory meeting for a workers’ assembly, two plenary meetings and two roundtable sessions for bargaining representatives.

After a series of training courses, the worker representatives were able to understand their roles and carry out their duties; present the collective demands of workers in a coherent manner, stick to the bottom line in a reasonable, grounded way and accurately gauge the
extent and timing of concessions and compromises. It was because these worker representatives performed so well that most of the workers’ collective demands were satisfied in these cases.

**Helping and guiding workers during the collective bargaining process**

Once a bargaining proposal has been submitted to management and collective bargaining initiated, the labour NGO will continue to provide guidance to worker representatives at the bargaining table. Labour NGO staff know that one of the main reasons why confrontations between labour and management often escalate to the point where dialogue breaks down and protests erupt is the arrogant and blunt measures management uses to peruse its narrow, short-term interests. In order to prevent unnecessary clashes with management flaring up during the bargaining process, labour NGOs stress that bargaining representatives should always maintain a reasonable attitude and be respectful during the cut and thrust of bargaining. In particular, representatives are taught to refrain from using emotional or demeaning language at the bargaining table and during strike action. This focuses the discussion on issues, not individuals, and helps create a basis for long-term mutual trust and respect.

In the Citizen case, the highly experienced director of the Laowei Law Firm, Duan Yi, not only acted as chief negotiator for the workers but also advised both parties on determining the number and composition of bargaining representatives, the eligibility criteria of the observers, the mechanisms for suspending talks, rules for third-party participation, and rules of conduct at the bargaining table, and other matters. Duan also played a mediating role between bargaining representatives with differing opinions and kept the workers informed of progress at each stage of the bargaining process.

In the University Town dispute, two Panyu staff were hired by the workers as bargaining consultants. In the early stages, management took a hard line and put the worker representatives under pressure. Only later, with the mediation of the local government, did they reluctantly agree to start talking to the worker representatives. During the bargaining process, management continued to dig their heels in, and sabotaged many meetings by failing to attend. In response, the Panyu Workers Centre took measures to boost workers’ morale, and staged continuous strike action to force management into making concessions. After 12 days of strikes, the management were finally forced to reach an agreement with the worker representatives.

During the Lide dispute, Panyu staff helped worker representatives prepare the proposal for collective bargaining. This led to an agreement on overtime pay, high-temperature subsidies, annual leave arrears and other matters, however, management refused to bargain on key issues like social insurance contributions and long-service pay. Some of the worker representatives were unwilling to continue due to the threats and blandishments of management and so Panyu staff promptly organised another election to vote in new worker representatives, and adopted a strategy of relaunching strikes and picketing the factory, to compel management to return to the bargaining table.
When guiding workers in collective bargaining, the precept that Labour NGOs adhere to is that any clash of interests between labour and management can be fully resolved through good-faith bargaining on both sides. The role of the Labour NGO is as an advisor who can help mediate disputes between the worker representatives and the workers about whether or not to give concessions or make compromises, or offer recommendations and solutions when worker representatives run into problems during negotiations. When worker representatives are subject to management’s retaliatory measures or government pressure, Labour NGO’s offer staunch support.

**Protecting worker representatives**

Workers who take on the responsibility of representing their colleagues in collective bargaining are often subject to threats and intimidation by management and local government officials who want the dispute suppressed as soon as possible. Labour NGOs recognize that protecting workers’ representatives is a key part any collective worker protests, and have done a huge amount of work in this regard. When worker representatives are subjected to threats and retaliatory measures, labour NGOs can mobilise workers to “rescue” representatives who have been detained, take legal action against the authorities, defend worker representatives in court, and fight for their right to return to work or obtain compensation for unfair dismissal.

During one meeting of the Lide workers in April 2015, for example, police dispatched nearly 100 officers to surround the venue, and took away several worker representatives and one Panyu staff member. The NGO then mobilised the workers for a “rescue” operation. Several hundred of them gathered in front of the local police station and kept up a chant of “Let them go,” forcing the police to release the detainees after only a few hours.

In carrying out the work of protecting worker representatives, labour NGOs have greatly boosted the morale of both workers and their representatives, deepening the solidarity between them.

**Concluding observations**

Looking at these three cases of collective bargaining, spanning a period of five years, we can see a steady increase in the role of worker representatives during the process, and that workers have increasingly acted independently in resolving disputes with management through collective bargaining. To recap, in 2011, the Citizen workers hired lawyers to serve as representatives in bargaining with management, the University Town workers worked together with NGO staff in bargaining but in the Lide case in 2015, it was the worker representatives themselves who led the bargaining with the NGO playing a supporting role from behind the scenes.

This shows that with the help of labour NGOs, workers are now fully capable of transforming the initial stage of collective protests, largely driven by emotion, into a process of rational collective bargaining. In this process, an external organisation such as a labour NGO is exactly what workers need in order for them to understand and appreciate the importance
of negotiated settlements, and to get the training they need to achieve their goals through the process of bargaining.

**Labour NGOs and the development of collective labour relations in China**

Since first getting involved in collective bargaining in 2011, non-governmental labour organizations (labour NGOs) have played a key role in guiding, pioneering and leading the development of collective labour relations in China.

![Guangdong factory workers at the bargaining table, November 2018.](image)

**Guiding collective protests towards the bargaining table**

In the 2010 Nanhai Honda dispute, workers could not negotiate for themselves or directly participate in bargaining. The 2011 Citizen Watch case was settled after elected worker representatives delegated bargaining to a Shenzhen law firm, and in the University Town case, a collective agreement was reached through labour NGO-assisted bargaining. In the Lide Shoe Factory dispute, however, agreement was finally reached after the workers themselves bargained directly with management.

From these cases, we can see that, under the guidance of labour NGOs, the development of the workers’ movement within China is clearly moving away from chaotic protests towards orderly strike action and rational collective bargaining. In changing tracks in this way, workers in China are abandoning a scattershot “anything goes” approach for focused, self-driven protest. During this shift from collective protest to a collective-bargaining, labour NGOs played the following important roles.

*Firstly, consolidating worker demands so as to lay the groundwork for worker solidarity and collective action*
In all collective protests by workers, their demands boil down to the defence of certain highly specific interests, such as recovery of wage arrears, pay increases or economic compensation. However, although workers have to come together to fight for their rights and interests, their demands are not necessarily all the same. Differences include those of gender, seniority and job description. These differences directly influence the depth of worker solidarity and the duration of their protest. Therefore, it is necessary to transform a temporary, loose assembly of workers into a single unified collective. The first thing that is needed is the acceptance of a common set of demands, while at the same time taking account of workers’ differing priorities. Demands rooted in common interests are the wellspring of solidarity, while giving due consideration to the differences is an essential precondition for maintaining that solidarity. As the French sociologist David Émile Durkheim remarked, identity is a kind of “group awareness,” an internal force for cohesion for uniting different individuals within a particular community.

When a labour NGO initially gets involved in a dispute, it seeks first to help workers consolidate their disparate demands into a single package of focused demands that is acceptable to all. They then help organize those demands into a list, giving priority to the most important issues, that can be used as a basis for negotiation with management. At the same time, and in tandem with the collective bargaining process, it is necessary to provide guidance to worker representatives on the use of collective action, including strike action.

Secondly, transforming worker resentment into rational mobilization

The lack of a formal collective bargaining mechanism or an effective trade union in China means that worker grievances accumulate over a long period of time and can erupt in the form of sudden but largely uncoordinated collective action. If this is met by a tough and uncompromising response from the employer, the workers’ protest will most likely be suppressed. Labour NGO’s understand how resentment in the workplace builds up and how best to channel or transform that resentment into rational collective action. This is done by training and advising workers and through the democratic election of worker representatives who can then bring unity and solidarity to a loosely aggregated group of workers with disparate demands.

It is important to emphasise that labour NGOs provide workers with the outlet to vent their grievances that was denied to them by their employer’s authoritarian and archaic management style, which only exacerbates tensions after disputes break out. The labour NGO provides a refuge for the workers, a place where they can openly discuss their grievances, vent their anger and talk about possible courses of action. This also mitigates the role of the local government which all too often sees any collective labour dispute as an example of social instability and as such devotes substantial resources towards repressing it. This then creates unnecessary tension and conflict between the government and the workers.

Labour NGOs help facilitate collective bargaining thereby obviating the need of the local authorities to send in the police to break up collective protests. Government officials also benefit in that this approach helps ensure long term stability in the workplace and removes
the need for officials to get involved unless there is a real stalemate in negotiations. This also helps shift the attitude of government officials away from supporting or aiding management towards a more neutral position in collective labour disputes.

**Thirdly, inspiring class consciousness among workers**

By training workers and worker representatives in collective bargaining, labour NGOs have helped to inspire and cultivate class consciousness among workers. Workers begin to understand that even though different groups of employees have different specific demands, they have far more in common with each other than their employer, and that it is essential to unite as one in order to maximize their potential benefits. It this process, workers also understand they needed to consider the interests of the minority in order to achieve the greatest level of solidarity possible. So, while the success of specific cases is important, far more important is the gradual awakening of a sustained class consciousness among the workforce.

**Taking a pioneering role in the transformation of China’s trade unions**

In terms of trade union reform in China, two trends have emerged over the last decade or so. The All-China Federation of Trade Unions (ACFTU) has shown through its ceaseless sloganeering that it is increasingly subservient to the Chinese Communist Party, while at the same time, the speed with which enterprise unions are shifting their focus away from workers towards alignment with employers is increasing. In practice, higher-level union federations have already cast-off enterprise unions, and have abandoned their core duty of representing workers in collective bargaining at the enterprise level. Local federations of trade unions are moving further and further away from the day-to-day actuality of labour relations.

China’s workers have clearly expressed their dissatisfaction with the ACFTU by staging collective protests. In addition to giving up on enterprise unions during these protests, workers were not even willing to approach local-level unions to ask for help. However, labour NGOs understand that the Trade Union Law has very clear provisions on the duties of trade union representatives and their role in upholding workers’ rights and interests. Although unions in China are plagued by severe problems, these are certainly not unsolvable. The key thing is getting workers to realise that enterprise unions and union federations at all levels exist for the benefit of workers, and that workers themselves must mobilise and participate actively in union affairs. Only then can unions that have fallen under the sway of the bureaucrats be returned to the hands of the workers. In intervening in workers’ collective protests, labour NGOs have successfully showcased the roles that should be assumed by local-level trade unions, and have established a set of working models that can be replicated by unions at all levels and grafted onto existing structures.

In general terms, the most valuable contribution a labour NGO can make is in passing on its practical experience in intervening in a dispute and mobilising, organising and giving guidance to workers, winning workers’ trust and acceptance, and at the same time raising their class consciousness. This experience has already had a major impact on the work of the
Guangdong Provincial Federation of Trade Unions. In October 2014, in the wake of numerous large-scale strikes in the province, the Guangdong union established an emergency response team for collective labour disputes, and demanded that after the outbreak of a collective labour dispute, “the emergency response unit should get to the location at the outset, and waste no time in organising the workers and setting up a platform for negotiation for both sides.” Provincial union chairman Huang Yebin also demanded that after the emergency response unit reached the scene of a strike, it must represent the employees, stand by them in speech and deed, and avoid aligning itself with the management and also acting only in the interest of local government or authority. It is clear that the Guangdong union’s demands echo the principles upheld by labour NGOs during their work.

It can be said that in intervening in a collective protest, a labour NGO is in fact assuming the role incumbent upon a trade union. But their goal is not one of “replacing the union,” as certain conspiracy theorists have suggested. Rather, it is to create a practical model or template for the work of trade unions, vividly illustrating what the union should and actually could do. Unfortunately, one year after the establishment of the emergency response team in Guangdong, one of the key creators of this union template, the Panyu Migrant Workers Centre, was crushed by the local government, in early December 2015.

Sacked workers from the Gaoya Jewellery factory take their case to the Guangzhou Federation of Trade Unions, September 2013
Spearheading the creation of a mechanism for constructive collective labour relations in China

The fundamental cause of any labour dispute is the unequal division of profits and imbalances of power within the enterprise. In the face of the bosses’ financial resources and managerial powers, workers must rely on their collective (trade union) strength to ensure a reasonable and fair distribution of profit. Only with the union representing workers in collective bargaining with management is it possible to systematically guarantee workers’ interests. Regrettably, China has yet to develop an effective wage adjustment mechanism and the trade union has failed to transform itself into the guardian of worker interests. This makes a mockery of Marx’s argument that the role of the union is to protect the value of labour.

As a result, collective labour relations in China have degenerated into a vicious circle in which employers break the law and violate rights, worker dissatisfaction builds up, collective protests break out, the government mediates or applies pressure, and confrontation builds up once again. It can be said that the failure of ACFTU to play the role incumbent on it is the most important reason why it has proved impossible to establish a collective bargaining mechanism, labour relations in China have continued to deteriorate, and collective protests have continued to break out.

Given the long absence of trade unions from the scene, in recent years labour NGOs have consistently got involved in collective protests in a spirit of genuine class empathy, aiming to create a model for breaking this vicious circle and channelling labour relations into a more productive course by creating a platform for collective bargaining, in other words, a platform for resolving conflicts of interest.

As evidenced by the provisions of the 1994 Labour Law and 2008 Labour Contract Law, the Chinese government has always adhered to the principle that labour relations should be regulated, and disputes resolved, on an individual rather than collective basis. However, since the beginning of the 21st Century, the shift in China away from individual towards collective labour relations has clearly exposed the inadequacies of this principle. Firstly, prevailing labour law is seriously deficient with regard to core labour rights such as the right to organize and take collective action. The right to organize exists in name only, and the right to strike is absent. Secondly, the current labour dispute resolution mechanism is designed for individual cases and cannot cope with collective disputes. Thirdly, the legal system relies on the exercise of government administrative power, but the facts on the ground already show that collective labour relations have long slipped out of official control, and continue to slide further away.

However, the intervention of labour NGOs in collective labour disputes has to some extent addressed these deficiencies and provided the impetus for the establishment of a mechanism for regulating collective labour relations. There are four main areas in which we can draw valuable lessons from the experience of labour NGO’s that should be considered in the establishment of an effective regulatory mechanism for collective labour relations:
The protection of core labour rights

All of the cases in which labour NGOs have intervened in collective labour disputes have highlighted one key fact: namely that workers are already organising themselves and are incorporating their demands in support of their interests into their collective protests. The mere fact of such collective protests creates intense pressure on the government for the establishment of a legislative framework for collective labour relations that guarantees and protects core labour rights such as the right to organize and take collective action. The experience gained by labour NGOs over the last few years in organizing workers and the use of collective action to secure their demands, provides valuable material in this regard.

The practice of collective bargaining

The intervention of labour NGOs illustrated the different forms and practices of collective bargaining that already exist in China’s market economy. It has also highlighted the need for a legislative framework for collective bargaining in China. Labour NGOs have already worked out an effective set of rules and procedures in areas such as the election of bargaining representatives, the initiation of bargaining, bargaining procedures, and the norms of conduct for negotiations between labour and management, and these principles and procedures can provide an important contribution to the establishment of a legal framework for collective bargaining in China.

Protection of worker representatives

Because the principles of Chinese labour law have always focused on the regulation of labour relations on an individual basis, the protection of worker representatives has never been included in the legislative framework. Labour NGOs, on the other hand, have always been committed to the protection of worker representatives. They have carried out a huge amount of research into, and made many recommendations on the flaws and shortcomings in the law. The facts show that in order to normalise collective labour relations, the law must provide protection for democratically-elected worker representatives.

Procedures for the resolution of collective labour disputes

Among the cases that we have recorded, it is almost impossible to find an instance of a collective labour dispute being resolved through existing procedures. Clearly, the current dispute-resolution procedures are lacking when it comes to collective protests. However, labour NGOs have already developed a set of effective methods for resolving collective labour disputes such as prioritizing dialogue, encouraging management to give prompt responses to workers’ demands and urging the local government to mediate when an impasse is reached. More specifically, these methods include the election of worker representatives, methods of formulating bargaining proposals, procedures for the presentation of demands, rules for conduct of bargaining sessions, and the organisation and initiation of collective action. All of these practices should be included in any future legislative framework.
Despite their own limitations in terms of reach and resources, labour NGOs have always served the workers diligently and made a huge contribution to the workers’ movement in China. They were also, and perhaps because of their success during the period of this report, subject to intense government pressure and harassment. On 26 December, 2014, the director of the Panyu Workers Centre, Zeng Feiyang, was beaten up in his office by unknown assailants; in the first half of 2015, the Qingcao Labour Service Centre, Sunflower Women Workers Centre, Nanfeiyuan Social Service Centre, Dongguan Candlelight and other labour NGOs were subjected to the full gamut of official interference and pressure including financial probes by government authorities, and orders to shut-down and re-register. On 13 April, 2015, Zeng Feiyang and his Panyu colleague Meng Han were summoned by the local police on suspicion of “gathering a crowd to disrupt social order.” On 3 December, 2015, several Panyu Workers Centre staff were detained by the police. On 29 September, 2016, Zeng Feiyang, Tang Huanxing and Zhu Xiaomei were given suspended jail sentences and then on 3 November, Meng Han was sentenced to one year and nine months’ imprisonment.

In response, China Labour Bulletin voiced its outrage at repression of labour NGOs, and paid warm tribute to those who had been unjustly sanctioned. The contribution made by labour NGOs to collective labour relations will enter the annals of the Chinese workers’ movement.
Part Three: An analysis of trade union reform in China

The All-China Federation of Trade Unions (ACFTU) is the sole legally-mandated trade union in China. All enterprise trade unions have to be affiliated to the ACFTU via a hierarchical network of local and regional union federations. (See simplified organizational chart below). Independent trade unions are not tolerated.

The ACFTU is the world’s largest trade union, with around 303 million members, including 140 million migrant workers, in 2.81 million grassroots trade unions in 2018, according to official figures. This translates into a unionisation rate of 37 percent, higher than in most developed nations with the exception of those in northern Europe. In reality, however, the vast majority of Chinese union members either do not know that they are union members or have little faith in the ability of the union to represent their interests. The Trade Union Law stipulates that enterprises in which a trade union has been established must contribute two percent of monthly payroll to union funds. Worker contributions are negligible. As a result, the majority of enterprise trade unions in China are essentially controlled by management and represent the interests of management.

Only very occasionally will enterprise trade union leaders support workers in a dispute against management, as was the case of Huang Xingguo who in 2014 led Walmart employees in a month-long campaign for lay-off compensation after the closure of their store in the central city of Changde. There are reportedly more than one million full-time trade union officials employed in various federation offices across China. They are essentially government bureaucrats with little understanding of the needs of workers or how to represent them in negotiations with management. The ACFTU traditionally sees itself primarily as bridge or mediator between workers and management rather than as a voice of the workers. However, the ACFTU is under pressure to change. Pressure is being applied by workers and worker activists who are demanding that the union actually stand up for their interests and their interests alone. Pressure is also coming from the highest echelons of the
Chinese Communist Party in Beijing who need the ACFTU to play a more active role in ensuring that ordinary workers can earn a decent wage and that the gap between rich and poor can begin to narrow.

Why does the Communist Party want trade union reform?

Growing wealth inequality in China has led to a crisis of legitimacy for the Party

China’s much vaunted “economic miracle” has undoubtedly strengthened the nation state, enhanced productivity and improved the material lives of millions. However, all this was achieved with the blood, sweat and tears of China’s workers. Although the number of people living in poverty has been reduced, and the middle class has expanded, the most dramatic growth has been in the wealth of the one percent. According to a 2014 survey by Beijing University’s Social Science Research Centre, the top one percent of households owned more than one third of the country’s wealth, while the poorest 25 percent owned just one percent. Officially, China’s Gini coefficient has been in decline since 2008 but in 2016 it still stood at 0.465, well above the acknowledged danger level of 0.400. The extreme disparity between rich and poor poses a serious challenge to the political legitimacy of the Communist Party.

From the outset of the reform era four decades ago, China’s leaders have always staked their legitimacy on economic growth, which granted, has been achieved, but it has been done at the expense of low pay, inadequate social security and environmental degradation. Ordinary working people in China will no longer tolerate it if the gap between rich and poor continues to grow. If workers are unable to share in the fruits of economic development while at the same time witnessing the blatant collusion of big business and government, and the rise of the axis of money and power; they will eventually come to call into question the legitimacy of the government’s promise of a happy life. Social unrest, including labour disputes, will continue to erupt as a result. The Party now clearly understands the imminent threat to its legitimacy and has put forward a comprehensive proposal to change the direction of reform and focus more on a fairer, more rational, distribution of wealth.

The divergent paths of economic development and social equality

In the early stages of the economic reform program, the Party and government adopted the policy of “prioritizing economic development while giving due consideration to social equality.” While this rationale was understandable at the time, today, some four decades later, we can no longer accept the fact that the government is still allowing business owners to exploit cheap labour while refusing to establish a collective bargaining system. This state of affairs runs directly counter to the need to improve people’s livelihoods. As the economy has continued to grow, the proportion of wages to GDP has declined and wages have failed to keep pace with overall social and economic development. If we continue to follow the principle of “prioritizing economic development while giving due consideration to social equality,” ordinary people will be left even further behind.
The Party leadership, realizing that continuing down this path would eventually pose a threat to its political legitimacy, decided in 2013 to focus more on ensuring that income growth actually matches increases in productivity by raising the minimum wage, tackling wage arrears and improving the union-led collective wage negotiation system in enterprises. The 13th Five Year Plan (2016-2020) included proposals to improve income distribution, while at the 19th Party Congress in 2017, Xi Jinping marked a significant change in policy by stating that the mantra of the 18th Party Congress that encouraged the liberation and development of social productive forces in order to address the “contradictions between the growing material and cultural needs of the people and China’s backward social productivity” should change to the “contradictions between the yearning of many people for a better life and China’s unequal and insufficient development.” Instead of stressing vigorous economic development and the creation of wealth, the Party now focuses on a balanced economic development and the rational distribution of wealth.

We can see that, prior to the ascendancy of the Xi administration in 2013, the issue of income distribution did not receive the attention from China’s top leaders that it deserved. The government introduced a minimum wage system in 1993, the Labour Law in 1994, and the subsistence allowance in 1999, however, these mechanisms only guarantee the bare minimum and do nothing to tackle the fundamental problem of income distribution or ensure a decent standard of living for ordinary workers. Moreover, these administrative measures fail to address the overwhelming imbalance of power in labour relations that still exists in China today. The widespread and frequent collective protests by Chinese workers are a direct response to this unfair distribution of income and the fact that workers have no say in the distribution process.

**The Party’s high hopes for the ACFTU**

In October 2013, Xi Jinping broke with tradition and summoned the newly elected leadership of the ACFTU to Party headquarters in Zhongnanhai for a group discussion. General Secretary Xi reportedly told the assembled union officials to “fully integrate the China Dream into the ideals and work life of every worker,” and proposed that the union should focus on “the issues of most pressing concern and direct interest to the workers.” Fundamentally, this meant that living standards and the quality of work should improve in tandem with economic development so that workers can finally enjoy the benefits of China’s economic miracle. It is clear that at the beginning of his tenure as Party General Secretary, Xi Jinping was unhappy with the work of the ACFTU but also had great expectations and high hopes that it could rise to the challenge and help to resolve the problems faced by hundreds of millions of workers in China.

From the Party’s perspective, the ACFTU should represent China’s workers and as such it should organize workers and protect their fundamental rights and interests. At the enterprise level, the trade union should improve employee pay and benefits through collective bargaining with management, and establish harmonious and stable labour relations. On a policy level, local unions should help the government devise macro-economic solutions that can reduce the gap between rich and poor. Put another way, the Party hopes
the union can help workers realise the China Dream and thereby kill two birds with one stone by improving the peoples’ livelihood and bolstering the Party’s political legitimacy. The leadership of the ACFTU however have come up with their own interpretation of Xi Jinping’s instructions, based on their own interests, namely reinforcing existing systems and continuing with same inward-looking policies it has adopted for years.

If the ACFTU and its local federations continue to do nothing in the face of increased worker activism and the Party’s demands for reform, and even if they adopt the traditional approach of regarding the reform program as a routine task to be placed on its schedule, the union will miss a real opportunity to help workers and at the same time plunge the Party into a crisis of legitimacy. Meanwhile, workers will continue to protest and take collective action in even greater numbers than before.

The ACFTU’s trade union reform measures

Since the approval of the *All-China Federation of Trade Unions’ Reform Pilot Program* by the Chinese government in November 2015, no complete copy of the document has ever been made publicly available. A thorough search on the internet will only land on references to the Program in speeches and interviews given by union officials. Not even lower level and local union officials have access to the document, instead they have to rely on top-down instructions quoting from it.

All the other documents issued by the same body, the Central Comprehensively Deepening Reforms Commission, have been made public, so one cannot help but wonder why the ACFTU decided to conceal its reform program from public scrutiny and who within the organization made that call. Given the secrecy surrounding the document, it would perhaps not be an exaggeration to say that this reform initiative stumbled before it even got out of the starting gate.

The ACFTU first deputy-chairman, Li Yufu told the press on 25 November 2015 that the focus of the then new reform initiative was to “eliminate the four impediments” (namely regimentation, bureaucratisation, elitism and frivolousness) in the ACFTU’s work, and “increase the three attributes” (political consciousness, progressiveness, popular legitimacy) of the ACFTU. The measures comprised reforms to the organisation, management and operational systems, as well as the core activities carried out by the union.

With regard to organisation, the pilot programs of the Shanghai and Chongqing municipal trade union federations included appointing migrant workers as deputy union chairman or executive committee members, and merging different departments in order to “optimize the administrative structure.”

In terms of management, the ACFTU sought to broaden the experience of local officials within the organization so that they would better understand the needs of workers at the grassroots. The ACFTU also emphasised strengthening the work of grassroots unions under the slogan “balancing downwards and strengthening at the base,” creating new unionisation
models in industrial zones, construction sites, logistics (particularly express delivery) companies, domestic service providers, agricultural cooperatives and social organisations. These models included ad-hoc, local, sectoral and subsidiary union building initiatives. In order to reach increased membership targets, the ACFTU implemented online and mobile application membership registration methods. Trade unions at different levels poured more resources into grassroots unions, for example, by reassigning redundant union officials to county-level union branches and by increasing the percentage of the budgets designated for local and enterprise trade unions.

In conducting its activities, the ACFTU focused on promoting “Core Socialist Values” among workers through a variety of propaganda tools, it organised activities centred on the “Spirit of the Craftsman” as well as workers’ skills competitions. The union also implemented measures designed to enhance its ability to protect workers’ rights, particularly migrant workers in need of legal assistance.

**Union organizing**

In July 2016, the Shanghai municipal trade union directed the local union in Gucun, a township in the Baoshan area of Shanghai, to implement a series of policies aimed at overcoming challenges to organizing in the local private sector. Instead of sticking rigidly to traditional modes of organizing, the Gucun union decided to reach out to non-union members and prioritize attracting new members before building up the organizational structure. The Gucun union claimed, in the end, to have established enterprise unions in more than 90 percent of local private companies and had a township union membership of 86 percent.

![A meeting of the Gucun trade union in Baoshan, Shanghai](image)

To comply with top-down demands to increase the quality of its work online, the ACFTU held a meeting in the central city of Yichang on 27 September 2016 to discuss Internet Plus and online union services. This meeting concluded that, in order to provide workers with a more
convenient and faster service as well as facilitating membership expansion, the ACFTU needed to focus on: strengthening its online presence, creation of a comprehensive database on the union’s work and membership information, promotion of real-name registration and creation of a service management system, integration of the union’s online presence (website, Sina Weibo, Wechat, mobile applications) and the development of online membership application channels. Pilot projects for online membership were quickly launched in Shanghai and Chongqing.

Again, in compliance with top-down Party directives, union membership efforts placed more emphasis on recruiting workers from outside the traditional manufacturing sector. The ACFTU demanded that union branches at all levels focus on increasing migrant workers membership in construction, logistics and domestic services. This union membership expansion initiative even reached previously untapped sectors such as property management, sanitation workers, security guards and car dealerships, as well as small-scale and self-employed operators such as street vendors and recycling operators.

In order to adapt to the array of relatively new employment relations models outside the traditional manufacturing sector, the union adopted multiple alternative strategies for organizing, namely ad-hoc, local, sectoral and subsidiary union building approaches, effectively establishing union federations in villages, residential and industrial zones, even individual streets and buildings.

**Collective consultations on wages**

Since the implementation of the *Collective Consultations Regulations* in 1994 there have been very few successful cases - either at state-owned enterprises, foreign or private companies - of the union representing workers in negotiations with management over wages. Nevertheless, the ACFTU has vowed to continue to expand and deepen the collective consultation system regionally and sectorally so as to “promote harmonious labour relations with Chinese characteristics.”

The ACFTU’s slogan for the improvement of the collective consultations was: “Party leadership, government engagement, union impulse, multi-party cooperation, popular participation.” In practice this means that local level unions hired “collective consultation trainers” to provide guidance and assist in the process of reaching collective agreements in enterprises; meanwhile, local governments included collective agreement coverage statistics in their periodic performance reviews of public officials.

**The protection of workers’ rights**

The protection of workers’ legal rights has long been the focus of the ACFTU’s work and several pilot programs addressing the issue have been implemented in recent years as part of the union reform initiative. Firstly, the union vowed to increase the quality and efficiency of its work via collective consultations both geographically and sectorally; second, broaden democratic management, push for new legislation and the enforcement of laws and regulations relevant to workers’ interests, and implement the tripartite system of dispute resolution, thirdly, increase the precision of services and assistance provided to workers in
need, and finally, prioritize the union’s work according to the actual needs of workers so as to ensure that their labour rights are all properly protected.

As part of its trade union reform pilot program, the Shanghai municipal trade union created a new all-in-one union platform for workers’ rights protection encompassing legal assistance, enforcement of union and labour laws, collective consultations and democratic management; with the stated goal of providing workers with “all the assistance they need when needed” with “no conditions or excuses.” The Shanghai workers service telephone hotline was expanded to operate 24 hours a day, seven days per week, as were a range of online services. In Chongqing, the union set up a five-million-yuan fund to better offer emergency assistance to workers, it also hired lawyers to offer legal services to workers and expanded its online services.

Comparing the achievements claimed by the ACFTU with results on the ground

The first “major achievement” in the new era of trade union reform claimed by the ACFTU was the appointment in January 2016 of a “migrant worker,” Ju Xiaolin, as the union’s vice-chairman.

This was followed by the publication of numerous sets of data and pronouncements demonstrating the success of the reform program. However, if you scratch beneath the surface you quickly discover another reality.

The focus of this propaganda was “eliminating the four impediments” (regimentation, bureaucratisation, elitism and frivolousness), which was to be achieved through optimizing the ACFTU’s organizational structure, reforming the management style of officials, and devolving power so as to stimulate grassroots engagement and enhance the influence and cohesiveness of trade unions.

For example, in 2016, the Shanghai Municipal Federation of Trade Unions allocated 73 million yuan for the development of trade union organizations in small towns and cities, the training of 15,000 officials, and the creation of 184 worker service stations. In addition, the ACFTU issued a number of new or revised policies aimed at revitalizing grassroots trade unions including The Regulations on Grassroots Union Elections.

However, as we can see from the more than 6,000 cases mentioned in this report, workers’ collective actions are spreading from coastal to inland areas and from traditional manufacturing industries to emerging service industries. Clearly, the ACFTU’s focus on the four impediments has not been linked to workers’ evolving interests and the distribution of income, and has failed to address the fundamental conflicts between labour and capital in the workplace.

The ACFTU’s reform program has also focused on increasing the number of migrant workers in the union. Migrant worker membership did increase by 15 million in 2015 and again by 15 million in 2016, bringing the total to 140 million or about half the total membership. By
September 2016, there were 2.82 million grassroots unions with a total membership of 302 million, according to official figures.

However, the construction industry, which is almost entirely composed of migrant workers, is still a major centre of worker unrest (as evidenced by CLB’s Strike Map). Organizing construction workers has always been a problem for the ACFTU, given the multiple layers of subcontracting that is endemic in the industry, and trade union officials still betray a sense of awkwardness in discussing this issue. A union official in Lanzhou, for example, told us that even though recruiting migrant workers was a long-standing problem, local officials had in fact never come up with any solutions. Instead, this official, preferred to blame the workers themselves for not having sufficient awareness to join the union. Meanwhile, a union official in Heyang county, Shaanxi, said the union should focus on construction companies rather than workers in its organizing work. With regard to the numerous wage arrears disputes involving construction workers in Heyang, this official said the union could only help recover wages for workers who were already union members but noted that most migrant workers could not join the union. Another official in the nearby city of Weinan stressed that the problem stemmed from the high mobility of labour and seasonal nature of work in the construction industry. The local union was also under-staffed, he said, preventing them from doing a good job. However, if these union officials are really serious about reform they would shake off these tired excuses and get to work in identifying and training trade union activists among the workforce and shift the focus away from the local union office and towards the workplace and the construction site so as to give workers the resources they need.

Deputy head of the Xuchang municipal trade union federation, Luo Shigang, hands out prizes to model workers from Henan.

Unfortunately, the results so far show that the reform initiative has failed to change the deeply ingrained habits and thinking of trade union officials in China. Based on our interviews with officials, we can identify four key opinions regarding union organizing: 1.
Higher level unions set targets for organizing which are then manipulated by lower-level unions. 2. Tasks can only be completed with sufficient resources. 3. Unions can only be established by working with employers. 4. The union can only represent those workers who are already union members. While the first point is indeed a problem that is shared with many government departments, the second and third points reveal a basic misunderstanding of how a union should operate, and the fourth is just an excuse used by union officials to shirk responsibility. After two and a half years of trade union reform, it is clear that old habits die hard in the ACFTU and that union officials still regard migrant construction workers as incapable of standing up for themselves, rather than as a new source of strength for the union. The reform achievements boasted of by the union so far are little more than meaningless figures, and they certainly do not signify that the union has now become a genuine representative of labour or protector of workers’ interests.

Another long-term focus of the ACFTU has been top-down “collective consultations” and the signing of collective contracts. The ACFTU claims that at the end of 2016, there were 2.4 million collective contracts covering 290 million workers in 6.8 million enterprises in force across China. Likewise, just about every local union federation boasts of its achievement’s in signing collective contracts, such as the city of Zibo in Shandong which by January 2016 had signed 7,813 collective agreements covering just over a million workers in 19,628 enterprises.

In addition to the top-down imposition of collective contracts, the union has also tried to intervene in some collective labour disputes and resolve them through negotiations. However, unlike labour NGOs (as discussed in Part Two), the trade union does not represent workers in bargaining with management but rather sees itself as a neutral third party. Take, for example, the dispute at Sony Electronics Huanan Co. Ltd in Guangzhou that broke out on 10 November 2016 when 3,000 workers went out on strike in protest at the planned takeover by a Chinese-owned company, Shenzhen O-Film Technology. The workers demanded that Sony Electronics publicise details of the planned acquisition, provide severance payments based on the length of their employment at the company, and give workers the right to decide whether or not to sign a new employment contract with O-Film. The company responded by calling the police and firing many of the workers’ leaders. Because the workers had no faith in the factory union, the Guangdong provincial union parachuted officials in to resolve the dispute. On 14 November, the Guangdong federation organized talks between labour and management at which the workers put forward four demands: 1. Compensation based on length of employment and the right to sign a new contract with O-Film. 2. The company must not sack or retaliate against any of the strikers. 3. The company must pay compensation to sacked workers. 4. The company should identify the security guards responsible for beating employees.

The company rejected all these demands out of hand and the talks were deadlocked. The union officials were helpless to prevent the company from escalating its intimidation of workers in a bid to force them back to work, and the strike resumed on 15 November. The police were called and 11 workers were arrested. The company continued to dismiss worker activists with the total number of sacked workers reaching 64 by 29 November. Throughout
this struggle, the Guangdong union remained silent, and in the end the strikers were forced
to resume work with none of their demands met. Workers said the company forced them to
sign a return to work agreement by stipulating that employees would not be allowed to
swipe their work card if they did not sign. If cards are not swiped for three days or more, the
company will classify that employee as having completed their work and automatically
terminate their employment.

All the trade union did during this dispute was to act as a third-party facilitator or mediator,
a role that should have been played by local government officials. The union did not
represent the workers, officials did not advise or train the workers in bargaining strategies,
they did not help formulate the workers’ demands or suggest the best way to present those
demands, or how to respond to management intimidation and when to compromise and
when to stand firm. And most importantly, they never bothered to participate in the
negotiations. When management started to dismiss worker activists and coerce workers into
returning to work, the union did nothing to stop them and made no effort to resume
bargaining.

The Guangdong provincial union should be given some credit for actually getting involved in
this dispute but it took the wrong approach from the outset, seeing itself as a moderator
rather than a representative of labour. At the end of the dispute, the union provided legal
assistance to fired workers and helped them claim the compensation and benefits they were
owed but this is simply a continuation of the ACFTU’s well established policy of only helping
workers after their rights have been violated and the damage already done. It had nothing to
do with the focus of trade union reform which should be to get directly involved in the
enterprise and help resolve disputes before they escalate into conflict.

The basic premise of the ACFTU’s operating model in defending workers’ rights is that
enterprise trade unions derive their power from the local trade unions, who in turn derive
their power from the local Party and government. The question is however; can local trade
unions really derive any effective power from the local Party and government. As trade
union scholars have pointed out, the effectiveness of local trade unions is directly tied to the
complex balance of economic, political, personal and societal interests within local
government and can only act within the limitations imposed by those interests. If the local
government wants to create a business-friendly environment, for example, it is unlikely to
devolve much power to the local union. We have to ask, since the trade union claims to have
300 million members, why does it have to rely on the local Party and government to do
anything? The reason is simple: The ACFTU is still reluctant to get involved and take on the
role of truly representing workers.

Even when it comes to the basic task of protecting workers’ rights, local unions are often all-
at-sea, both in terms of their internal communication and liaising with government
departments. Take for example the protests in May 2017 by employees of two Yonghui
superstores in Chongqing over the cancellation of annual leave, arbitrary fines, unpaid
overtime and arrears in social insurance contributions. In this case, the local trade union
officials that we spoke to admitted that they were cocooned within their own departments
and that there was minimal sharing of information. For example, organizing, collective bargaining and rights protection should be inseparable but in the local Chongqing trade unions they are divided up into three separate departments. Moreover, since one of the store trade unions was set up by the district trade union, which installed the company’s human resources manager as union chairman, the sub-district union said it had no authority to get involved.

This kind of bureaucratic separation of duties not only gives trade union officials an excuse not to act, it also makes it much more difficult for workers to approach the union and seek help. Workers are usually passed from one department to another with no trade union official willing to take responsibility for workers’ specific problems. For example, when investigating the Chongqing superstore case, we were directed by the Banan district union to call the local union in the Huaxi sub-district where one of the stores was located. However, the phone number we were given was actually the personal number of a union official who had retired the previous year and had no idea what was going on.

It is clear that in relying on the local Party and government departments for their power, local trade unions have abandoned their identity as worker representatives and can only act as a third-party facilitator between labour and management. Local unions have no ability to effectively coordinate their work and have to rely on the local Party and government for help. Within this context, the ACFTU acts like a lazy chef who claims to invent new dishes (making it easier to organize at the grassroots) and repairs old pots (the collective consultation system) but never actually uses them and instead just serves the workers the same warmed up left-overs that offer a vague promise of rights protection.

Evaluating the reforms of the All-China Federation of Trade Unions

Institutional reform

The focus of the ACFTU’s institutional reform has been to divert more human and material resources to grassroots and local level unions, for example, the promotion of model workers to union leadership roles, increases in the budget allocations for grassroots unions and the assignment of higher-level union cadres to strengthen the ranks of lower-level unions. The ACFTU claims this reform initiative is already a great success but in devoting more resources to local unions, the ACFTU has crucially stopped short of the frontline of labour relations, the enterprise union. This is actually the “last mile” between the trade union and China’s workers. If the ACFTU stays outside the enterprise gates, and does not emphasise union organizing within enterprises in order to establish a collective bargaining mechanism to improve workers’ livelihoods, it will never be able to bridge the gap with workers and achieve the Party’s stated goal of “increasing workers’ participation, workers’ cohesion and workers’ unity.”

Union organizing and recruitment
The “Gucun experience” and online union membership application systems are some of the ACFTU’s fresh ideas to broaden its membership base and reach workers in the gig economy and other emerging areas of employment. These reforms are noteworthy in that they break with the limitations imposed by the Trade Union Law and the Constitution of the All-China Federation of Trade Unions, which regard the enterprise as the basic union organizing unit, and instead allow workers outside the enterprise to unionise. To a certain extent these measures have helped alleviate some of the traditional obstacles to organizing and recruitment such as opposition from company management.

However, the ACFTU’s efforts to increase membership are still conducted in the style of political campaigns: local unions at different levels focus their resources to organize grassroots unions within a specified time frame while increasing membership at the same time. This top-down membership target-setting, which lower-level unions rush to comply with, is clearly not a rational and organic approach to union membership, and is precisely why the ACFTU’s unionisation statistics should be taken with a pinch of salt. Even the glorified “Gucun experience” really achieves nothing more than meeting a statistical target, without moving on to the important work of establishing a collective bargaining mechanism.

Real union organizing and membership increases cannot be achieved through intensive campaigning. To illustrate this point, after 40,000 workers at the Yue Yuen Shoe Factory in Guangdong went on strike in April 2014, the provincial union dispatched a major taskforce to reorganize unions in the Yue Yuen factory complex and 35 other privately-owned factories in the Dongguan area. This task force spent half a year in Dongguan providing guidance on every step in the process of union organizing to these factories, then the provincial union promoted this “grassroots union organizing standard procedure” as a model to be followed. But after establishing this model, no follow-up action was taken in Guangdong. Based on this level of efficiency, even if all of the ACFTU’s full-time staff dedicated themselves to nothing but organizing, they would still only scratch the surface of
the more than 5.6 million private and foreign-owned companies in China. That is precisely the reason why the union should rely on the workers in those enterprises to do the organizing themselves, with the local and provincial unions providing the necessary assistance in terms of advice and resources.

The ACFTU has largely blamed its inability to make any real progress in grassroots union organizing and recruitment on a lack of Party support, poor performances by individual officials, insufficient human resources and having too many other government responsibilities. In fact, the real cause lies in the ossified mentality of union officials and their excessive dependency on the Party and government for support. If union officials realised that the source of strength for effective union organizing and increasing membership is the workers themselves, their work would not have stagnated for so long.

ACFTU staff need to stop providing superficial and frivolous services, like sending out seasonal gifts to workers, they need to stop manipulating statistics in an attempt to comply with directives from their superiors and stop devoting their time and effort to convincing business owners to let them establish enterprise unions. Instead they need to do something they have never felt comfortable doing: actually representing workers’ interests in the workplace.

Collective consultations

Collective consultations, in the ACFTU’s lexicon, refers only to wage negotiations; important aspects of the bargaining process such as work safety, benefits and working conditions are nearly always excluded, making any collective agreement limited in scope. Collective agreements are usually pro forma documents with little relevance to workers actual conditions. Indeed, studies have shown that in some cases migrant worker incomes have actually fallen in real terms after collective consultations have been concluded.

The persistence and intensity of workers’ protests and strikes during the period covered by this report is solid evidence that the ACFTU’s collective consultations system has so far failed to contribute to a more equitable distribution of wealth in China or help establish a collective labour relations mechanism that is conductive to reducing labour unrest.

The reason for this failure is rooted in the ACFTU’s chronic distrust of workers. Union officials regard the working class as lacking in legal knowledge, organizing and bargaining skills, and they fear that if workers are actually allowed to bargain directly with management, the negotiations could get heated and the workers could go out on strike. Another key factor is the collective consultation system’s limitation to wages alone. Real collective bargaining needs to include social insurance, working conditions, working hours, benefits and other issues of importance to workers. Without a comprehensive collective agreement, workers’ interests’ can never be fully protected.

Protecting workers’ rights

In the current reform initiative, the ACFTU has stressed the importance of protecting workers’ rights. These efforts have undoubtedly helped workers in need but they are still
premised on taking action only after the damage has already been done. The ACFTU and its local offices, for example, devote a huge amount of time and resources to recovering wage arrears owed to migrant workers. What they should be doing of course is making sure workers are paid on time and in full every month as prescribed by law. The ACFTU needs to adjust its strategy to focus on organizing enterprise unions and developing worker leaders to achieve the dual target of minimising the risk of rights violations in the workplace and the early detection and resolution of violations, thereby avoiding the escalation of labour unrest.

The current collective consultation system is utterly useless in this regard because most worker demands fall outside of its very limited framework. Worse still, it perpetuates the stereotypes of the “yellow union” and “the union always sides with management,” which are already deeply ingrained in the minds of China’s workers.

The ACFTU’s stress on only redressing workers’ rights after they have been violated is one of the reasons why we continue to see widespread worker unrest in China. The only way to really address the root causes of labour unrest in the workplace is through genuine collective bargaining that compels employers to treat workers with respect and paves the way to a fairer distribution of income and benefits for all employees.

The fundamental problems of trade union reform that need to be resolved

It is clear from the above analysis that while the ACFTU claims to have achieved “remarkable success” in trade union reform, the rights of workers have not improved and collective protests remain widespread and commonplace. Even as the Party faces a crisis of legitimacy, the basic nature of trade union officials remains unchanged. Trade union reform has thus far failed to address the ACFTU’s own identity crisis or the Party’s legitimacy crisis, let alone the fundamental issue of how to ensure workers can earn a decent wage.

To properly address these issues, the ACFTU needs to revert to being a representative of labour and represent workers in collective bargaining so that they can obtain a decent wage and benefits and guarantee a safe working environment. Specifically, the ACFTU needs to bolster enterprise trade unions so that they can bargain effectively and ensure workers obtain a reasonable share of the company profits.

In response to the current state of labour relations in China, the Party has proposed two goals, “eliminating the four impediments” (namely regimentation, bureaucratisation, elitism and frivolousness) in the ACFTU’s work, and “increasing the three attributes” (political consciousness, progressiveness, popular legitimacy) of the ACFTU. The success or otherwise of the first goal is based on reforming the workstyle of union officials and can be measured, for example, by the number of model workers promoted to positions of leadership within the ACFTU and local unions, the amount of funds directed to grassroots trade unions, the number of grassroots unions established, the number of migrant workers recruited, and the number of labour rights centres established. For the second goal, it is a question of union identity, specifically are socialist values ingrained in officials at all levels of the organization? This of course is difficult to quantify in the short-term.
These two goals are closely related. The four impediments are clearly a major problem but getting rid of them is tied up with trade union officials’ lack of the three attributes. In order to further promote the workers’ movement in China, trade union officials need to possess the three attributes of political consciousness, progressiveness, and popular legitimacy. They need to be imbued with socialist ideals so that they can represent workers on the basis of a shared class awareness and values, they must demonstrate initiative in pushing for and successfully concluding collective bargaining, and they must concentrate on local organizing so that they stay true to the real needs of ordinary workers.
Recommendations on deepening trade union reform

After two years of largely superficial trade union reform, it is time for the ACFTU to venture out of the shallows and into the uncharted waters of genuine reform. In order to do this, the union needs to get back to basics and focus on organizing workers within enterprises and resolving conflicts through collective bargaining so that workers can share in the benefits of economic development. Labour NGOs have already shown the way forward in this regard but such organizations are limited in what they can achieve. The ACFTU on the other hand has almost unlimited resources, and if it adopts the model created by labour NGOs, it can make a huge difference in the development of a formal collective bargaining mechanism in China.

CLB offers the following suggestions for deepening reform of the ACFTU, which will help wean union officials off their dependence on Party and government support, and create a regional and industrial trade union structure that can facilitate genuine collective bargaining.

- **Redefine the role of the union.** For too long, trade unions have claimed to be a bridge between China’s workers and the Party. In reality, the ACFTU has become just another government department and Party propagandist. The ACFTU needs to shake off this role and redefine itself as a representative of labour.

- **Replace the current trade union cadre school system with training centres that ensure all union officials understand the core values of socialism and have the capacity to undertake collective bargaining.** The new curriculum should include; the history of the workers’ movement in China, the history of the global labour movement and international socialist struggle, techniques for collective bargaining and trade union organizing etc.

- **The ACFTU should abandon its policy of sending in so-called experts to guide collective consultations.** Instead, the union should identify talented worker activists in the workplace and place them in union training centres. This would not only help strengthen the union and collective bargaining in the workplace but also help future trade union leaders improve their negotiating skills and imbue them with socialist values.

- **Gradually eliminate the civil servant status of trade union officials, and reduce the funds allocated by local governments to trade union offices by 20 percent a year.** After five years, all local unions should be self-funded.

- **Local trade union federations should coordinate the use of union resources and provide the necessary assistance to grassroots trade unions including; providing grassroots unionists with the information on local wages and working conditions etc. needed to effectively engage in collective bargaining, intervening in labour disputes, protecting worker representatives and providing legal aid and advice to sacked workers**
etc. In order to do this, local federations need to maintain a close working relationship with the grassroots unions in its area through regular visits and by establishing effective channels of communication.

- Establish industrial unions in new and emerging industries in order to enhance the union’s ability to address growing wealth inequality in China. Pilot projects could be set up in Guangdong, Jiangsu, Zhejiang, Shandong, Hunan, Sichuan, Fujian, Beijing, Shanghai, Chongqing etc. The industrial unions should focus on grassroots organizing and collective bargaining so as to lay the groundwork for a regional collective bargaining mechanism.

- Once industrial unions have been established, the municipal, county and district trade union federations within those provinces should be phased out, with industrial zone and sub-district level unions kept only if necessary. The officials employed in the eliminated offices can be redeployed according to their abilities and the needs of the union.

- Enterprise trade unions, meanwhile, should focus on recruiting members, representing employees in collective bargaining with management, monitoring the implementation of collective contracts, and representing workers during labour conflicts. These four tasks are mutually reinforcing; the greater the number of union members, the greater the power of the union to fully represent the interests of workers in collective bargaining. With a better collective contract, workers’ benefits will improve and the union will finally regain the trust of the workers.

Once completed, over a period of many years, the reorganization of the ACFTU would ideally look something like the diagram above, a structure that stands in marked contrast to the current rigid vertical hierarchy of the ACFTU, which is designed to exert Party control rather than worker participation. The new structure would be based on integrated, horizontal interactions designed to facilitate collective bargaining in enterprises, across industries in individual provinces and eventually the country as a whole.