

Post-socialist trade unions: China and Russia

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ABSTRACT

This paper identifies the constraints and opportunities facing trade unions in post-socialist societies through a comparison of the Russian and Chinese cases. The paper charts the changing role of trade unions in the integration of state-socialist economies into global capitalism and argues that this presents the trade unions with a dilemma: whether to reconstitute their traditional role through collaboration with management and the state apparatus, or whether to develop their ability to defend the rights and interests of workers. While the former offers the line of least resistance, there are progressive elements pushing for change in both trade union movements.

The idea of ‘path dependence’ (Nee and Stark, 1989) implies that the transition countries cannot simply choose among societal models provided by existing capitalist societies because they are constrained by structural, institutional and ideological legacies. In the case of trade unions, this implies that it is inappropriate to analyse post-socialist trade unions in terms of their development towards one or another existing model of trade unionism, because they have to construct their own trade union practices on the basis of inherited structures and within a framework that is outside their control. Similarly, the specificity of their historical legacy makes it inappropriate to conceptualise post-socialist trade unions within theoretical frameworks developed through the analysis of trade unions that have grown up in capitalist societies, however diverse may be the experiences of the latter and however many superficial similarities with the situation of post-socialist trade unions may be observed. In this paper, as a prelude to the theorisation of post-socialist trade unionism, I intend to outline an analysis of the constraints and dilemmas that confront post-socialist trade unions on the basis of a comparison of the development of trade unionism in Russia and China through the various stages of reform, culminating in the transition to a capitalist market economy.

Such a comparison is apt because, at first sight, the Russian and Chinese cases of the transition from state socialism could not be more different. In Russia, in the wake of mass strikes in 1989, the political system disintegrated and Party rule was replaced by formally democratic institutions. In China, the Communist Party tightened its grip after the shock of 1989 and its rule is still unchallenged. The contrast between the economic success of China and the failure of Russia could not be more stark. In

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democratic Russia, GDP per head fell by almost half over the 1990s, and in Communist China it doubled. While industrial production in Russia fell by more than half, in China it increased more than three times. The constitutional status of the trade unions is also radically different in the two countries. In Russia, the trade unions declared themselves independent of the Communist Party in the late 1980s, in China the trade unions continue to be kept under strict Party control. The Russian trade unions are affiliated to the International Confederation of Free Trade Unions (ICFTU), while the ICFTU eschews all contact with the Chinese All-China Federation of Trade Unions (ACFTU).

Although the outcomes of the transition to a capitalist economy have been dramatically different in Russia and in China, both the starting point and the reform processes have been very similar. The starting point was an economy based on the state ownership of the means of production and strict centralised control of wages, prices, employment and production. The transition was initiated by the attempt to develop a 'socialist market economy' in which state ownership of the means of production would be retained but the control of wages, prices, employment and production would be relaxed and a private sector would be allowed to develop in the interstices of the state socialist economy. The contradictions inherent in a 'socialist market economy' rapidly made themselves felt and were resolved, first in Russia and a little later in China, by the rapid corporatisation and then privatisation of state property and the transition to a fully capitalist economy.

The transition had radical implications for the role of the trade unions. Trade unions had been an integral part of the state socialist system, not as representatives of the interests of the workers in opposition to their employer, the state, but as the means of integrating workers into the state socialist system by performing state functions in the workplace and beyond. It is important to emphasise that state socialist trade unions were fundamentally different from trade unions in a capitalist society, however much the latter might collaborate with employers and be integrated into corporatist structures of participation, both because state socialist trade unions had a directive rather than a representative role and because they played virtually no part in the regulation of the employment relationship. The collapse of the state-socialist system removed the basis on which the state-socialist 'trade unions' performed their traditional functions, but their transformation into organisations which could represent their members and participate in the regulation of the employment relationship would have to involve far more than their establishing their independence from the Party-state. More fundamentally, it would have to involve the adoption of entirely new and unfamiliar functions and practices.

In the first stage of the transition to a 'socialist market economy' in both Russia and China, the government established collective bodies to represent the interests and harness the energies of the enterprise as a whole, thereby identifying the interests of employees unambiguously with those of the employer. However, the idea that harmony could prevail was shattered by the radical workers' protests that erupted in both countries in 1989, in response to which the transition to a socialist market economy gave way to a transition to capitalism.

In response to the 1989 protests the Russian trade unions declared their independence of the Party-state and proclaimed their new role as defenders of the workers, while the Chinese trade unions were brought under stricter Party control. But both the Russian and the Chinese trade unions have found their traditional role undermined by the dismantling of the state-socialist economic system and have faced the dilemma

of whether they should attempt to re-establish their traditional state and management functions on a new foundation, or whether they should attempt to transform themselves into trade unions which can represent and defend their members in relation to their newly capitalist employers.

The development of post-socialist trade unions has not been simply a matter of their own strategic judgements, but has been strongly constrained by the priorities of employers and the state. For employers, trade unions which perform their traditional role remain very congenial, while trade unions which seek to restrain managerial ambitions are seen as a threat to be averted. For the state, the trade unions can perform useful administrative functions as well as important stabilising and legitimating functions in a period of growing social tension, provided that they commit themselves to ameliorating tension rather than exploiting grievances. Both the employers and the state have very powerful sticks and carrots to persuade trade unions to remain within their traditional roles, which they do not hesitate to use, while the trade unions have no tradition of mobilisation and their members do not look to the unions for their protection. The failure of the trade unions in Russia and China to transform themselves is not therefore so much a matter of the conservatism and indolence of their leaders, but of the severe structural constraints to which they are subject.

There is no space in a short paper to spell out the empirical details underpinning the analysis (for a more detailed account of the development of trade unionism in post-Soviet Russia see Ashwin and Clarke, 2002, and Clarke *et al.*, 1993, and for China see Ng and Warner, 1998, and especially Taylor *et al.*, 2003). The analysis of Russian trade unions in this paper derives primarily from my own fieldwork with my Russian colleagues and a systematic reading of the Russian and English-language sources since 1991. The analysis of Chinese trade unions derives from my more limited fieldwork and a systematic reading of the English-language sources, but also from extensive discussions with colleagues in Beijing and Hong Kong, to whom I am extremely grateful.¹

TRADE UNIONS UNDER STATE SOCIALISM

State socialist trade unions were ‘trade unions’ only in name. Whatever else it may be, a trade union is normally understood to be a voluntary association of employees who combine to defend their interests in relation to their employers. Under state socialism, trade union membership was more or less compulsory and the role of the trade union was not to defend the interests of its members in relation to the state-employer, but to mobilise its members in support of the policies of the Party-state and to

¹ The author has been researching trade unions and the workers’ movement in Russia since 1991, involving extensive fieldwork, directly and in collaboration with Russian research teams. The idea of comparing the experience of trade unions in Russia and China first arose out of discussions with specialists on Chinese labour and trade unions on a visit to Hong Kong in 1995 (particularly Bill Taylor of City University and Gaochao Ho of the University of Science and Technology). This was followed up by a week of discussions with Bill Taylor and leading trade union specialists at the China Labour College in Beijing in 1998 (particularly Qi Li, Lin Fu and Kai Chang, now the first Professor of Industrial Relations at the People’s University in Beijing). I collaborated as a non-funded participant in a project comparing Russian and Chinese trade unions, directed by Bill Taylor. Our collaboration continued through two further visits to Hong Kong, working particularly with Bill Taylor and Qi Li, and a one-week visit to Beijing. I was finally able to conduct fieldwork on trade unions and industrial relations in China through participation in an intensive three-week field trip on behalf of the ILO, headed by Chang-Hee Lee and including Professors Anita Chan and Shi Meixia, in 2002.

administer a large part of the Party-state's social and welfare programmes. The trade unions were therefore an integral part of the Party-state apparatus (Hearn, 1977; Ruble, 1981).

State-socialist trade unions, as the 'transmission belt' between the Party and the masses, were deeply embedded in the structures of the Party-state. The organisational structure of the trade unions mirrored that of the Party-state, the majority of their functions were Party-state functions and their authority derived from the Party-state. The trade unions were formed into a strictly hierarchical structure, with officers appointed by higher committees, and were subject to close Party supervision at all levels. In the Soviet Union, trade union membership was automatic and almost universal. In China, trade union membership was confined to urban employees, but union membership in urban state and collective enterprises was almost universal.

The history of the trade unions in China and the Soviet Union followed a very similar trajectory. The trade unions in both countries retained some independence during the first decade after the revolution, before being purged and brought under strict Party control (Harper, 1969; Sorenson, 1969). Under Stalin and Mao the trade unions were marginalised, to the extent of being suspended in China during the Cultural Revolution, before being incorporated into the state bureaucracy with the maturing and bureaucratisation of the state-socialist system.

The state-socialist bureaucratic system was not monolithic and the trade unions were consulted in the elaboration and implementation of social, labour and wages policy and even lobbied for increased living standards and social and welfare provision. However, the trade unions were the junior partners in the power bloc and their role was not to press the sectional interests of their members, but to subordinate their members' aspirations to the building of the radiant future. Their primary task was to create the social conditions and motivational structures which would contribute to the most rapid growth of production.

Apart from their limited participation in policy-formation and in lobbying for resources, the trade unions were responsible for the administration of a large part of the social and welfare policy of the Party-state. In China, social and welfare provision was attached directly to the enterprise and the trade union played a major role in administering this provision. In the Soviet Union such enterprise provision came to be supplemented by a system of social insurance, but the administration of the social insurance fund was assigned to the trade unions. The trade unions were also responsible for monitoring the observance of health and safety and labour legislation, to ensure that enterprise directors did not seek to cover their deficiencies in meeting their plan targets by over-exploiting the labour force and creating social tension. In this role, the unions were the eyes and ears of the Party-state in the workplace and were closely monitored by the Party Secretary.

At the level of the enterprise or organisation, the primary task of the trade union was to encourage labour discipline and the growth of productivity through production campaigns and by such means as organising emulation and socialist competition, holding production conferences, encouraging the activity of innovators and rationalisers and awarding honours. The trade union administered the provision of sick pay, which involved visiting the sick and weeding out malingers, and in the Soviet Union had to give its approval to disciplinary sanctions, including transfers and dismissals.

The defensive role of the trade union was largely limited to smoothing over disputes, although when the trade union became involved in a dispute it was essentially, at best,

as mediator between the worker and management, not as representative of the worker. However, most conflicts between workers and management were resolved by informal individual negotiation without any intercession of the trade union.

Most of the time and resources of the trade union apparatus were taken up by the administration of the enterprise-based social and welfare system, which played a central role in the reproduction of the 'labour collective' (Russia) or 'Danwei' (China). This included the allocation of housing, kindergarten places, vouchers for subsidised vacations and places in sanatoria, the organisation of children's summer vacations, cultural and sporting activities and competitions, festivals and celebrations, counselling for those with personal or family problems and the provision of material assistance to those in need. The trade unions also took on responsibility for allocating scarce consumer goods.

In both China and the Soviet Union the enterprise trade union organisation was unequivocally a branch of enterprise management, and was perceived as such by its members. The trade union did not represent the workers in relation to management, as employees to employers, because all were equally employees of the workers' state. The trade union president and enterprise director were both considered to be representatives of the 'labour collective' ('Danwei'), with different functional responsibilities, although ultimate authority lay with the enterprise director, who was responsible for achieving the targets prescribed by higher authorities, under the supervision of the Party Committee.

As far as most trade union members were concerned, the main role of the trade union was its provision of social and welfare benefits and material assistance. However, the trade union rarely got any credit for its beneficence. Because the main role of the trade union was to allocate resources in short supply, it bore the brunt of complaints about the inadequacy of both the quantity and quality of provision and was always suspected of privileging managers and its own officials in allocation.

TRADE UNIONS IN THE TRANSITION TO A SOCIALIST MARKET ECONOMY

The first stage of the integration of the state-socialist into the global capitalist economy in both the Soviet Union and China was marked by the reforms in the system of economic management introduced in both countries in the mid-1980s, which were eventually rationalised as an attempt to introduce a 'socialist market economy'. While private entrepreneurship and foreign investment would be permitted, or even encouraged, medium and large enterprises would remain under state ownership but would be freed to determine their own economic activity, subject to the penalties and rewards of the market. In both countries this involved:

1. replacement of the administrative-command system by market relations;
2. devolution of decision making to the enterprise;
3. reduction of the authority of the Party in the workplace.

According to the theory of the 'socialist market economy', the enterprise continued to be a unitary body, securing the social reproduction of its labour collective and serving the interests of society as a whole. Increased enterprise independence called

forth new institutions of 'workers' control', not in the form of the adversarial representation of the interests of workers in opposition to management, but through the resurrection/introduction of workplace democracy to supplement or replace the weakened monitoring role of the Party-state, to harness the initiative of workers and to check managerial corruption and incompetence.² In China, the Staff and Workers' Congress had been re-established in 1981, following the Yugoslav model, to institutionalise workers' participation in management and, in state enterprises, was granted extensive formal powers to approve (or reject) management's plans and managerial appointments (Henley and Nyaw, 1986). In Russia the 1983 Law on Labour Collectives established the elected Labour Collective Council (STK) as an advisory body with very limited powers. The Law on State Enterprise (Association) of July 1987 strengthened the STK, which had the power to 'decide all production and social questions', although it simultaneously reaffirmed the traditional principle of one-man management. The extensive patronage network of unions and management, and the persistence of the state repressive apparatus within the enterprise, meant that in most cases the STK and the Workers' Congress remained firmly under management control (Clarke *et al.*, 1993: 114–120; Goodall and Warner, 1997: 586; Ng and Warner, 1998: 81–94; Taylor *et al.*, 2003: Chapter 6; Warner, 1995: 30).

The centralised administrative regulation of the terms and conditions of employment gave way, in both Russia and China, to the regulation of the employment relation on the basis of the law and collective bargaining, which implied a new role for the trade union alongside the institutions of democratic participation, but the role of the trade union was essentially to monitor the enforcement of law rather than to provide a channel of worker representation.

Labour relations had been subject to legal regulation in the Soviet Union since the adoption of a Labour Code in 1922. However, until perestroika the Labour Code served more as a handbook for Party-state and trade union officials than an effective instrument for the protection of workers' rights, because ordinary workers had little knowledge of its provisions and their access to judicial procedures was severely restricted. It was only with the devolution of responsibility for the regulation of labour relations to the enterprise that the Labour Code, which underwent substantial amendment in 1988, became, at least in principle, an instrument for the regulation of labour relations in the workplace. The Labour Code provided dispute resolution procedures, in which the trade union formally served as representative of the aggrieved worker, but also as both judge and jury in the case. The costs and complexity of taking a case to the courts meant that most workers could only seek legal redress if they had the support of their trade union (Ashwin and Clarke, 2002: Chapter 5).³

Labour relations in the People's Republic of China were regulated by a confusing mass of laws and administrative regulations until the introduction of the 1994 Labour Law, which defined the minimum terms and conditions of labour and replaced guaranteed lifetime employment with labour contracts (Ng and Warner, 1998: 61). As in the Soviet Union, the Labour Law also determined a dispute resolution procedure in which the trade union's primary role was to mediate between the employer and

² In both cases the introduction of representative institutions was strongly influenced by fears induced by the rise of Solidarity in Poland, although the initial plans had preceded the Polish events (Moses, 1987; Wilson, 1990).

³ The provision of legal advice and representation was the main function of the alternative trade unions that emerged from the end of the 1980s.

employee. In both China and Russia, therefore, the labour law prescribed a framework within which labour disputes were defined in terms of individual labour rights and within which the defence of those labour rights was through individualised quasi-judicial processes which were, in practice, mobilised rarely.

While labour legislation defined the minimum terms and conditions of employment in both China and Russia, provision was also made for the regulation of labour relations on the basis of collective agreements negotiated between the trade union and the employer. Collective agreements had been a feature of the mixed economy in the early years of the revolution in both countries, but had been abolished in the Soviet Union in 1934 and in China in 1958, as the trade unions were subordinated to the Party-state apparatus. In the Soviet Union, provision was made for their reintroduction in industrial enterprises in 1947 and existing practice was codified in the 1984 Law on Collective Agreements, but in the Soviet period collective agreements had little to do with the terms and conditions of employment, which were set centrally, but were essentially a contract through which the labour force was committed to observe labour discipline and to achieve and over-achieve its production targets and management was committed to realising the enterprise's social development plan. The collective agreement did not include wage determination, because pay scales and piece-rates were centrally determined, while any negotiation over payment was based on informal individual bargaining between workers and their line managers. It was only with the acquisition of independence by enterprise management that the collective agreement could become an instrument for the regulation of the terms and conditions of employment in the enterprise. The 1992 Law on Collective Bargaining and Agreements extended the scope of collective agreements and their application from industrial enterprises to all enterprises and organisations. However, the collective agreement remains essentially a formal document, largely enumerating the rights and benefits already prescribed by law, with any supplementary terms dictated by management, and the trade union responds with 'understanding' to the non-fulfilment of the agreement, even when this involves gross violation of the legal obligations of management, for example to pay wages on time (Ashwin and Clarke, 2002: 220–237).

Legislative foundations for the application of collective contracts in China were first laid in the 1992 Trade Union Law, which specified that 'trade unions may, on behalf of the workers and staff members, sign collective contracts with the management of enterprises or institutions. The draft collective contracts shall be submitted to the congresses of workers and staff members for deliberation and approval' (Article 18). The 1994 Labour Law provided more detailed specification of the character of such collective contracts, noting that the collective contract could cover such matters as 'labour remuneration, working hours, rest and vacations, occupational safety and health, and insurance and welfare'. The Law was supplemented by the 'Provisions on Collective Contracts' issued by the Ministry of Labour on 5 December 1994, which stressed that the collective contract should be concluded on the basis of 'equality and unanimity through consultation' (cited in Ng and Warner, 1998: 105), the Chinese preferring to refer to collective consultation rather than use the more adversarial term 'collective bargaining'. The negotiation of the collective contract is still a very formalistic procedure, with the collective contract at best formulating the legally prescribed terms and conditions of employment and rarely providing the workers with any rights and benefits not already established by custom or prescribed by laws and regulations (Clarke *et al.*, 2004; Warner and Ng, 1999).

Although the institutional framework for the regulation of labour relations in the 'socialist market economy' bore some superficial resemblance to the industrial relations framework familiar in capitalist countries, it was radically different in one fundamental respect. In a capitalist economy, industrial relations institutions are premised on a conflict of interests between employers and employees that has to be suspended, if not resolved, within a consensual framework. According to the theory of the 'socialist market economy' there is no such conflict of interests in principle, because employers are not the representatives of capitalist owners, but the custodians of the interests of the enterprise as a whole. This led to a considerable ambiguity regarding the role of the trade union. Under the 'socialist market economy', the trade union was not supposed to represent the interests of the employees in relation to the employers, but was still supposed to represent the interests of the entire 'labour collective', the enterprise as a whole, in its negotiation with enterprise management. This is why collective bargaining and the resolution of labour disputes were in principle non-adversarial (and managers retained their trade union membership) in a 'socialist market economy'. This does not necessarily imply that the relationship between trade union and management will be free of conflict, but only that such conflict should not be suspended on the basis of compromise but should be resolved on the basis of the common interest of the whole (any residual disputes being resolved by higher authorities).

The functional ambiguity of the trade unions was particularly apparent in the relationship between the trade union and the bodies established for the workers' participation in management, which were established unambiguously to represent the interests of the enterprise as a whole. In China the non-adversarial character of the trade union was emphasised by the fact that the trade union committee was mandated to serve as the executive of the Staff and Workers' Congress between meetings, although it has been suggested that one motive for establishing the Workers' Congress in parallel with the trade union was that it was seen as a 'less threatening avenue for democratisation' than more powerful unions (Wilson, 1990: 265). In Russia, the Labour Collective Council was established as a parallel structure to the trade union, duplicating many of its functions. However, this reflected the lack of confidence of the regime in the capacity of the enterprise trade union rather than any anxiety that the trade union would adopt an adversarial role (Moses, 1987), and indeed it was the Labour Collective Councils, rather than the trade union committees, that were more likely to become a vehicle for workers' protest in the late 1980s (Christensen, 1999). The duplication of functions did not last for long, because the powers of the Labour Collective Council were markedly curtailed by the 1990 amendment of the Law on State Enterprise and the institution itself was effectively abolished by the 1991 Privatisation Law.

The fact that the ambiguous status of the trade union, as representative of employees and at the same time as representative of the enterprise as a whole, did not come to the fore is indicative of the degree to which, in both Russia and China, the trade union continued to be integrated into the management structure (Ashwin and Clarke, 2002: Chapter 8; Chan, 2000: 39; Ding *et al.*, 2002: 445–447; Taylor *et al.*, 2003; Zhu, 1995; Zhu and Campbell, 1996). Far from undermining this integration, the transition to a 'socialist market economy' deepened the dependence of the enterprise trade union on management because the trade union was no longer able to rely to the same degree on the authority of the Party committee to back any assertion of independence, while it had not been able to develop a new

basis for its authority in the collective organisation and collective representation of employees.

THE CONTRADICTIONS OF THE SOCIALIST MARKET ECONOMY AND THE EMERGENCE OF CAPITALIST PRODUCTION RELATIONS

Reform in both China and the Soviet Union stimulated workers' aspirations, which were often thwarted by increasing inequality and insecurity and, above all, a sense of injustice. It was these pressures that underlay the emergence of mass protest at the end of the 1980s, with the 1989 strike wave in Russia, led by the mining regions (Clarke *et al.*, 1995), and the democracy movement, culminating in the Tiananmen events, in China in the same year (Lu, 1991). In both cases, the workers' protest was launched outside and against the established trade unions, bringing to the fore the fact that the latter were not able to articulate the grievances of their members. The reaction of the Party-state to these events in Russia and in China was very different, which had important implications for the role of the trade unions in the transition to an unambiguously, even if in China as yet undeclared, capitalist market economy.

In Russia, having rejected conservative pressure for repression, Gorbachev sought to harness the workers' protests to generate pressure for 'perestroika from below' through the reform of the trade unions, which implied the democratisation of trade union structures and an end to the 'democratic centralism' that had secured their subordination to the Party (Ashwin and Clarke, 2002: 30–33). In practice the reform of the trade unions had only a marginal effect, even the unions' official history acknowledging that changes on the ground were few and far between as officials continued in their habitual ways (Gritsenko *et al.*, 1999: 316–320).

In China, the reaction to the workers' involvement in the democracy movement was one of severe repression of any attempts to organise outside the official trade unions. The official trade unions, which had acquired a degree of independence and some of whose cadres had participated in the protest actions, were immediately brought under much stricter Party control (Li, 2000: Chapter 3; Taylor *et al.*, 2003: Chapter 2; White, 1996).⁴ At the same time, however, the Party-state also appreciated the importance of the unions as a means of maintaining social and political stability in a period of rapid social change, so the official trade unions' status was increased. Their strict subordination to the Party did not necessarily imply that they would serve merely as an instrument of the Party-state. ACFTU President Ni Zhifu noted that, 'The trade unions must avoid simply acting as agents of the government and work independently so as to increase the attraction to workers and enjoy more confidence from the workers, leaving no opportunity to those who attempt to organise "independent trade unions"' (Xinhua News Agency, 25 July 1989, cited in Ng and Warner, 1998: 55). Thus, ACFTU lobbied very actively for measures to protect workers' interests and promoted its own position in debates regarding the legislative and policy framework of reform, with considerable success (Chan, 1993: 52–55). In particular, ACFTU pressed strongly for the collective regulation of labour relations, against their regulation on the basis of individual contracts that was favoured by the Ministry of Labour (Clarke *et al.*, 2004; Ogden, 2000). The significance of the trade unions to the regime

⁴ The authority of Party secretaries in state-owned enterprises, which had been removed in 1986, was also reasserted at this time (Taylor *et al.*, 2003: Chapter 3).

was endorsed when the ACFTU President, Wei Jianxing, who had made active efforts to strengthen the trade unions' influence and their role in protecting workers' interests since his appointment in 1993, was elevated to the Standing Committee of the Politburo of the Central Committee of the Chinese Communist Party (CCP) in 1997.

The Tiananmen events in China initially brought reform to a halt, as the conservative elements in the leadership gained the upper hand. However, following Deng's Southern Tour in 1992, reform was resumed at an accelerated pace, with the official proclamation of the 'modern enterprise system', a euphemism for the 'modern capitalist corporation'. While foreign capitalists had already been welcomed and private capitalists encouraged, now state enterprises would be transformed into independent state-owned corporations. It was not long before corporatisation was followed by privatisation, as the shares in publicly owned corporations and Township and Village Enterprises (TVEs) began to be sold off, with only the commanding heights of the economy to be retained in state hands.

In Russia, too, the 1989 events strengthened the hand of the conservative opponents of perestroika, but after two years of prevarication, the failure of the putsch of August 1991 opened the floodgates of reform. In both China and Russia, the decentralisation of state management of the economy had stimulated the appetite of some enterprise directors for independence and provoked widespread dissatisfaction among workers, which was directed not at enterprise management, but at the state as the ultimate employer. The response of the state was not to reverse economic reform, to take matters back into its own hands, but to abdicate responsibility for the management of state enterprises and to initiate a programme of corporatisation and privatisation that would seal the independence of enterprise management and give them full responsibility as employers for their relations with their employees (Clarke, 1990).

In both China and Russia, the transition to a 'socialist market economy' inexorably developed into a transition to a capitalist market economy. Whatever the form of its ownership, the reproduction of the enterprise was immediately conditional on its ability to cover its costs and to realise a profit to finance its future development. The institutions of workplace democracy were at least implicitly a barrier to managerial prerogatives, although management control of these bodies was rarely seriously challenged. Nevertheless, the first stirrings of independent activism within the Labour Collective Councils in the Soviet Union provoked their suppression. The significance of the Workers' Congress progressively declined in state enterprises in China, while they were never established in the private and foreign-invested sectors and were optional bodies with limited powers in joint ventures (we were informed by senior officials of the Ministry of Labour and ACFTU in 2002 that the status of the Workers' Congress in China is currently under review). The erosion and abolition of the institutions of workplace democracy implied an increasing role for the trade union as representative of the interests of the employees of the enterprise in negotiation with enterprise management (Zhang, 1997). However, to fill this role effectively would imply a radical transformation in the character of the enterprise trade union.

In Russia, trade union independence had freed the trade unions from their subordination to the Party, but the change in the political status of the trade union had done nothing to change its institutional form within the enterprise. In both Russia and China, the enterprise trade union was still constituted as a branch of management, staffed by management appointees, drawing on enterprise resources and performing management functions and so dependent on management for its own reproduction

(Ashwin and Clarke, 2002: Chapter 8; Clarke *et al.*, 2004; Ding *et al.*, 2002; Taylor *et al.*, 2003). There was little likelihood that the enterprise trade union organisation would seek or be able to transform itself into the representative of employees in opposition to the employer on its own initiative, as to do so would be to compromise its own institutional survival. Change could only be expected if pressure from below was combined with pressure from above.

While the trade unions remained weak at the enterprise level, even in Russia they still disposed of considerable assets, they were still responsible for the performance of many state social and welfare functions, and they enjoyed considerable legal protection. This provided the trade unions with a valuable legacy from the Soviet past, but also made them very vulnerable to threats from the state to deprive them of their property and privileges. In the first two years of Yeltsin's rule the trade unions oscillated between accommodation and militant opposition to Yeltsin's programme, but in response to dire threats from Yeltsin after his second putsch in 1993, the Russian trade unions committed themselves to a system of 'social partnership', within which they would serve as guarantors of social peace, while preserving their traditional functions, property and privileges. They sought to perform this role by diverting conflict into bureaucratic and juridical channels and by conducting symbolic protest actions (Ashwin and Clarke, 2002: Chapter 3).

In China, the reassertion of the authority of the Party over the trade unions in the wake of Tiananmen limited the unions' room for manoeuvre, but at the same time it gave them much greater authority and significance. As noted above, subordination to the Party did not imply that the trade unions were required to continue to function simply as the Party's transmission belt. As in Russia, for the government, the role of the trade unions in the transition to a capitalist economy was primarily to maintain social peace and social stability. To perform this role, and to forestall the rise of autonomous workers' organisations, the more progressive elements in the Party and the trade unions recognised that the trade unions would have to be more active in representing workers (interviews with senior ACFTU officials and staff of China Labour College, June 2002). Trade union organisation and representation would also have to be extended from the state sector to the private and foreign-invested sectors where it was almost entirely absent or, where present, entirely ineffective. In principle, therefore, the trade unions enjoyed the support of the Party for any aspirations they might have to extend their organisation and to represent their members more effectively. In practice, the aspirations of the trade unions were more restrained and the support of the Party for increased activism was more equivocal. On the one hand, trade union bureaucrats could enjoy a comfortable existence continuing to work in traditional ways. They had no interest in the hard and often dangerous work of encouraging the greater activism of enterprise trade unions or trying to organise the unorganised. Above all, they did not want to take the risk of articulating conflict that might even provoke the social unrest that it was their role to neutralise and contain. On the other hand, the first priority of the Party and local authorities was always to maximise economic growth and they were not prepared to endorse any actions that might compromise that priority merely to avert the hypothetical possibility of social unrest (Chiu and Frenkel, 2000: 35, 41; Howell, 1998: 161). The optimal strategy for all concerned was to do nothing and hope for the best.

The continued subordination of the trade unions to management and the state presented a formidable barrier to any trade unionists that might want to take the initiative in representing the grievances of their members in either Russia or China.

However, capitalist development led to an accumulation of such grievances as enterprise directors sought to ensure the profitability of their enterprises by all the means at their disposal. Moreover, employers sought to avert conflict with their employees by trying to turn the workers' grievances against the state, so that capitalist development implied not only an increase in the potential for industrial conflict, but also the transformation of such conflict into social protest with the formulation of political demands (Ashwin and Clarke, 2002: 252–259; Sheehan, 2000).

In both Russia and China, the management of insolvent enterprises sought to adapt to the market situation by laying-off workers, eroding welfare provision and delaying the payment of wages, social insurance and other benefits. Most workers responded to such violations of what they regarded as their traditional rights with a resignation born of a sense of impotence, but the accumulation of grievances and a sense of desperation could lead to explosive outbursts of social protest, directed as much against the political authorities as against their own management. Many new private enterprises secured their profitability by paying low wages and forcing workers to work illegally long hours in appalling conditions, in violation of labour and health and safety legislation. Protest at such conditions was constrained by the vulnerability of such workers, most of whom were young and many of whom in China were rural migrants, but strikes and protests became increasingly common events in China, particularly in the South (Chan, 2001). Even the more successful enterprises, paying higher wages and providing better working conditions, did not avoid violating workers' traditional aspirations (Chan, 1993: 29–44). In both Russia and China, many successful capitalist enterprises were marked by increased wage differentiation, the erosion of the status of manual labour, increased labour discipline and employment insecurity, the crude assertion of managerial authority and the increasing use of temporary and migrant labour.

The accumulation of grievances and the ensuing industrial and social unrest, almost entirely spontaneous and outside trade union structures, presented a challenge to the legitimacy of the trade unions as representatives of the interests of the workers and to their function for the state of neutralising industrial conflict and maintaining social peace. This presented the trade unions with a dilemma. On the one hand, to maintain their status and role they had to become more effective representatives of the interests of their members. On the other hand, to the extent that they articulated the grievances and aspirations of their members, they risked undermining their function for management and the state. The traditional role of the trade unions as a branch of the state and enterprise administration was coming into growing contradiction with the role of trade unions in a capitalist society of articulating the rights and interests of their members.

THE CHALLENGE FACING THE UNIONS

The striking similarities in the development and dilemma of trade unionism in post-socialist Russia and China, despite the radical differences in the economic and political trajectories of the two countries, suggest that the challenges facing their trade unions do not so much reflect the specific historical experience of each as the structural features of post-socialism.

The argument that the limitations of post-socialist trade unionism are structural, rather than an expression of ideological and political legacies and constraints, is

reinforced by the extent to which in Russia (and in Eastern Europe) the 'alternative' trade unions have tended to reproduce the structures and practices of their traditional counterparts (Clarke *et al.*, 1995; Ilyin, 1996). Immediately after the collapse of state socialism, the new trade unions represented themselves, and were recognised by the international trade union movement, as 'real' trade unions, in polar opposition to the traditional unions. Nevertheless, the new trade unions faced considerable difficulty in establishing effective primary trade union organisations, in the face of management opposition and the scepticism of employees, so that their primary organisations were frequently forced into the same compromises with management as characterised the traditional unions. The weakness of the new trade unions at the base presented them with the same dilemma as faced the traditional trade unions, and they too turned to political patronage and participation in institutions of social partnership as the means of securing their institutional reproduction (Clarke *et al.*, 1995). The 1990s therefore saw a marked convergence between the traditional and the new trade unions in their structures and the modes of their activity, which was reflected in increasing institutional collaboration between the competing wings of the trade union movement. The overcoming of the divisions between the traditional and the alternative trade unions holds out the possibility of their more active collaboration in developing effective trade unionism in the post-socialist countries of Central and Eastern Europe and the Former Soviet Union, a possibility that is still checked by the ruthless suppression of worker activism in China.

Poland is something of an outlier in this framework, because the rise of Solidarity had forced OPZZ to regenerate its representative capacity even before the collapse of the state-socialist system. Thus, at least in the state and former state sector, workplace trade unionism is much more alive in Poland than elsewhere (Meardi, 2000) and the Polish trade unions have been much more effective in building their independent strength and in developing their ability to defend their members. There is not the space here to extend the analysis to other post-socialist countries, but only to sum up the structural features that constrain post-socialist trade union development.

The dismantling of the state-socialist system undermined the traditional functions of the trade unions and, most dramatically in Russia, threatened their very existence in their traditional form, both in the enterprise and in society at large. In order to survive as institutions, to say nothing of retaining their enormous property and legal privileges, the trade unions had to find a new justification for their existence. The choice facing the trade unions was whether to seek to retain or reconstitute their traditional socio-political and management functions or whether to transform themselves into 'real' trade unions, able to articulate and express the aspirations of their members on the basis of their collective organisation. The line of least resistance was for the unions to reconstitute their traditional functions by demonstrating their continued usefulness to the state and to enterprise management in radically changed conditions.

Within the enterprise, reform has largely deprived the enterprise trade unions of their traditional functions and their authority. On the one hand, economic management is now a matter for the enterprise administration, not for the state apparatus, and the enterprise trade union no longer claims to collaborate with management as representative of the interests of the working class as a whole, but has been reduced to a subordinate branch of the management apparatus, further undermining its authority in the eyes of its members. On the other hand, the transition to a market economy was associated with the detachment of the social welfare system from the

enterprise and its provision through social insurance and local authorities. Such legitimacy as the enterprise trade union enjoyed as the beneficent provider of social benefits has been undermined as it rations increasingly scarce social and welfare benefits, so appearing as a barrier to, rather than a means of, the realisation of workers' interests. Lacking the active support of its members, and with the weakening (China) or removal (Russia) of the backing of the Party in the workplace, the enterprise trade union organisation is dependent on the support of enterprise management for its continued existence, locking it into a vicious circle which further erodes its authority as the grievances of the labour force build up. When grievances erupt into overt conflict, the trade union typically tries to dissuade workers from taking any kind of collective action and will at best appeal to the courts and/or to higher political bodies to redress their individual grievances, further contributing to the demobilisation of the rank and file (Ashwin, 2004).

The reliance of the trade unions on legal and political channels to defend the rights and interests of their members means that enterprise trade unions continue to be dependent on higher trade union bodies, which have the expertise, resources and connections needed to advance claims through such channels. It correspondingly implies that the trade unions have to rely on the support of the political authorities to perform properly their trade union functions.⁵ The trade unions have sought to secure this support, in both Russia and China, by presenting themselves as the means of maintaining social peace by providing an institutional framework within which industrial conflict can be channelled into harmless bureaucratic and juridical channels and, in Russia, peaceful token protests. In China, the trade unions have sustained this support on the basis of their continued subordination to the authority of the Party, with their new functions being institutionalised within a framework of tripartite social dialogue (Clarke and Lee, 2002; Ogden, 2000: 282–285). In Russia, the trade unions were in a more precarious position following Yeltsin's seizure of power in 1991, but the new regime was soon persuaded of the need to retain the traditional trade unions as a means of neutralising social unrest, as well as the means of administering a large part of the state's social and welfare policy until alternative state institutions could be created, and the trade unions secured their political position within the institutions of 'social partnership'.

The reproduction of their traditional political and managerial roles has secured the institutional survival of the trade unions in the transition to a capitalist market economy in both Russia and China, at the expense of their ability to articulate the grievances and aspirations of their members. Any effective attempts to develop the defensive role of the trade unions threaten their institutional survival as they come up against the opposition of employers and the state. In order to maintain their privileges, the trade unions have to contain the grievances and restrict the aspirations of their members, further eroding their authority in the eyes of those members. At the same time, however, this undermines their ability to perform their traditional roles for employers and the state. On the one hand, the trade unions face declining membership and are unable to extend trade union organisation to the new private and foreign-invested sectors. On the other hand, the trade unions are unable to defuse industrial conflict and social protest, which continue to take the form of spontaneous unregulated protests and the emergence of autonomous workers' organisations. As the ability

⁵ To say nothing of retaining their legal and institutional privileges and their very substantial financial and property assets.

of the trade unions to perform their traditional roles is undermined, their continued existence is of less and less significance for the state and employers and they run the increasing risk of losing their patronage (Chan, 2000). Continued dependence on management and the state therefore provides no more than a temporary solution to the trade unions' problems in the transition to a capitalist economy. Their long-term survival depends on freeing themselves from this dependence and developing their ability to represent their members' interests and articulate their grievances.

The absence of effective workplace trade union organisation distinguishes the situation of post-socialist trade unions from the superficially similar situation of trade unions engaged in social partnership in capitalist countries. 'Social partnership' developed in the capitalist world as a means of regulating conflict between powerful trade unions and employers' organisations, mediated by the state, and can only be sustained for as long as the trade unions can deliver both to the employers and to their members. If the trade unions do not deliver to their members, they come under increasing pressure from their rank-and-file (Hyman, 2001; Turner, 1998). Social partnership in post-socialist countries is a legacy of the state-socialist past, in which the trade unions' role was not to represent workers but to control them. The trade unions have no independent bargaining strength because they have no ability to mobilise their membership, and they do not come under pressure from the rank-and-file because workers' discontent is suppressed or diverted into other channels. In the absence of strong trade unions and effective employers' organisations, social partnership is essentially a relationship between the trade unions and the state apparatus, in which the trade unions provide token guarantees of social peace in exchange for the right of consultation in the formulation and implementation of social and labour policies and legal recognition of the rights of trade unions and their members.⁶ Social partnership is thereby a means by which the trade unions are able to secure the reproduction of the political and administrative role that they had enjoyed under state socialism and so guarantee the political and legislative underpinning of their own reproduction.

The priority that the trade unions have given to maintaining their traditional relationship with the state and employers in Russia and China has not just been a matter of bureaucratic indolence and self-interest. If the trade unions are not able first of all to secure their institutional survival, they cannot be in a position to develop their representative capacity, as is clearly shown by those East European countries, particularly Hungary, in which the unions have had much less success in retaining their former privileges and in which membership and workplace organisation has collapsed. At the same time, as the case of Poland shows, if former state-socialist trade unions are able to build effective workplace organisation, they become much less dependent on political favour.

The more progressive elements of the leadership of both FNPR and ACFTU are aware of the need to activate the base by encouraging primary trade union organisations to articulate their members' aspirations within the framework of collective bargaining and have shown interest in learning from international experience. In both Russia and China, the incidence of the signing of collective agreements is regarded as a primary indicator of the effectiveness of local and regional trade union organisations. But collective bargaining in both countries is still marked by a high degree of formalism, collective agreements rarely providing any benefits not already accorded

⁶ Token employers' organisations play an almost entirely passive role. For the case of Russia see Ashwin and Clarke (2002: 145–146) and China see Clarke and Lee (2002).

to the labour force and often illegally providing conditions inferior to those already provided by the law. Moreover, while the trade union leadership encourages primary organisations to play a more active role, at the same time it discourages them from taking any effective action to support such a role, for fear that overt conflict will undermine the political role of the trade union as the institution that guarantees social peace. Thus, at best, the trade union leadership sends contradictory messages to the base. The result is that workers' protest continues to be articulated largely outside and often against the traditional trade unions.

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