Labour Studies 4

Beyond the Iron Rice Bowl

Regimes of Production and Industrial Relations in China

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Leseprobe

I. Socio-Economic Transformation, Industrial Relations and Regimes of Production in China

As China has become one of the largest manufacturing economies in the world, a better understanding of labor relations in key industries and factories in China is important. This is particularly true in the light of the ongoing reform of labor laws, the attempts by Chinese trade unions to expand their presence in multinational enterprises, and the social upheaval that has rocked key exporting industries in the wake of the global recession which began in 2008. We have to understand why labor relations in China have proven remarkably stable in spite of the massive social changes during the recent two decades. But we also have to take a sharper look at the prospects and conditions for reforming trade unions, for labor organizing in the growing non-union sectors of the Chinese economy, for collective bargaining, and for democratic workplace representation.
Given this purpose, the conceptual framework of this report will be outlined in the following chapter. We start from theoretical reflections, linking and "marrying" Chinese and Western perspectives on industrial relations research and establishing the general framework we use to interpret current labor relations in China. We then trace key tendencies of economic restructuring, determining the development of labor relations in the leading sectors of the Chinese exporting economy. Having established this background, we develop a typology of regimes of production, providing the basic framework for comparative studies of the regimes of production presented in the following three chapters.

1. Changing Labor Relations - Conceptual Approaches and Perspectives

Debates on the reform of labor policies are a persistent topic among labor experts in China, although not highly publicized and mostly disregarded by Western media. These debates focus on the question of how to create tripartite mechanisms including management, trade unions and government, to ensure harmonious labor relations in an advancing industrial economy. Many aspects of these debates seem surprisingly familiar to Westerners. Chinese scholars often resort to concepts of tripartism, corporatism or social partnership as they developed following the birth of modern industrial relations systems during the New Deal period in the U.S. and Germany's seminal works council legislation in the early 1920s. Western-based academics have also used such concepts to analyze the current changes in Chinese labor relations
- sometimes coupled with the hope that labor systems rooted in European or Japanese coordinated market economies may promise a better future to Chinese workers than the market liberal U.S. model.
However, such an analysis has to deal with two basic difficulties. First, Chinese trade unions (as well as employers' organizations) mostly lack popular legitimacy and independence from government and capital. These are the basic conditions for representing workers' interests within tripartite systems of bargaining and policymaking. Second, and perhaps more important, the restructuring of labor relations in China is increasingly taking place under those Western and

Japanese models of production and labor management-cooperation that have undermined the prevailing forms of collective representation, industry-wide bargaining and job security. That is, they have broken up the foundations of what was known as the post-War social contract in industrialized countries. In spite of the truly unique characteristics of China's transformation, globalized patterns of capitalist organization and control have raised some very familiar bread-and-butter problems of trade unionism and labor organizing.

Coverage of labor issues in Chinese mainstream media is dominated by neo-liberal rhetoric adopted from Western business schools. Yet the more serious industrial relations research in China raises fundamental questions about how labor standards can be legally guaranteed and politically controlled under a rapidly changing institutional framework. These debates begin with the analysis that China's transformation to a market economy has been mostly completed, but that the regulation of labor relations remains highly incomplete and fragmented.

Complex questions are raised about the social character of market-oriented management and the new entrepreneurs - whether they represent a new layer of experts and technocrats necessary to run companies in a market economy, or a class antagonistic to the interests of working people. Notwithstanding divergent concepts and definitions, there is agreement that business and corporate interests have become well-represented in political decisionmaking on labor policies. Working people, however, are mostly kept out. This growing imbalance of power is seen as the basic weakness in legislative and government efforts to develop coherent labor policies and to introduce tripartite consultations between management, employee representations and government on minimum wages, wage guidelines, social insurance regulations, and other topics crucial to harmonious labor relations.

One key question is the role of trade unions. For instance, Chang Kai and Qiao Jian argue that trade unions lack the ability to defend labor standards, since unions are mired in their traditional role as part of state-company management. In that role they mainly administer welfare programs, leisure activities and wedding parties. Trade unions, therefore, are mostly absent in the rapidly growing labor conflicts in the country. These include the sky-rocketing number of labor lawsuits by workers (both individually and as groups) and unofficial "mass incidents", including many workers' protests and strikes.

Translating this perspective into the language of international industrial relations research, we may characterize China's current industrial relations practices as tripartism with four parties. Tripartite regulation of wages is severely limited by the lack of collective labor standards and negotiations, and the fragmented character of trade union representation. Fragmented representation limits union representation of employees' interests at the workplace, because there are no collective negotiations on key issues such as wages, working hours and working conditions. Trade unions also lack legitimacy in the eyes of many workers. Large sectors of industry are non-union, especially among private and Overseas Chinese enterprises leading to the almost complete lack of collective bargaining at industry or regional levels. Finally, Chinese employers are not forming their own organizations to represent their common interests in relation to workers and trade unions, particularly in collective bargaining. Chinese, Overseas Chinese and foreign capitalists prefer to advocate for their interests in the political process directly, through their guanxi (the

Chinese word for relationships) with the state and the Communist party at various levels.
The concept of tripartism with four parties refers to critical theories of corporatist labor systems in the West (such as Germany's or Sweden's), which have analyzed open or implicit three-party deal making between management, unions, and government as part of modern systems of capitalist regulation. The underlying institutional arrangements are not seen as a fixed system, but as a historic set of power relations between organizations. Consensual arrangements reflect the permanent need to reproduce their ideological and material bases by mobilizing rank and file workers for limited movements. These, however, do not exceed the framework of what is "politically acceptable".
The situation in China is different. Under the existing framework workers' mobilizations tend to be immediately directed against the state, local government in particular. Moreover, these protests are often spontaneous and use militant tactics, as we can read in mainstream Chinese media today. China lacks the cushions and safeguards that a well-developed and institutionalized civil society places between social movements and the state. These are the basic ingredients of what Gramsci would have called a hegemonic state.8
In the absence of such social institutions to mediate labor conflicts, factories are a highly sensitive terrain. Here the social contradictions between workers and management surface and must be regulated.
Our analysis, therefore, does not start with a concept of historically established, stable institutions and actors in industrial relations. Rather, we have to focus on the transformation of such institutions, and the emergence of new institutional arrangements and best practice models of labor relations. We also must consider the fragmented character of political regulation, especially between central and local government agencies. In this dynamic perspective of changing social power relations, we use the concept of politics or regimes of production, which has been applied in various forms to recent studies of Chinese labor relations as well as to the analysis of work and labor policies in global production networks.