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Staff and Workers' Representative Congress

An Institutionalized Channel for Expression of Employees' Interests?

An enormous amount of research and publication has been devoted to Chinese village elections, but as yet there has been no study of Chinese workers' democratic participation at the workplace, since even to raise this as a possibility is likely to invite cynicism and disbelief. However, as media reports about how workers were exerting their rights by seizing the staff and workers' representative councils (*zhigong daibiao dahui*) (SWRCs) began to appear, we began to turn our attention to a closer examination of the role of the SWRC. In our collection of cases, those SWRCs that were suddenly activated by workers to fight for the survival of their enterprises and their jobs had not previously functioned well or had functioned only formally at normal times. A crisis point was needed before workers rose up and sought to use the SWRC as a legal weapon.

The question surrounding the SWRC, then, is whether at ordinary times it serves at all as a vehicle for "participation in democratic management." We have uncovered some unexpected pointers, based on analyzing the data of a large survey of enterprises and workers' attitudes conducted in 1997 by the All-China Federation of Trade Unions (ACFTU). The analyses indicate that the SWRC has unexpected levels of approval among workers. To probe this phenomenon further we spent three weeks conducting field research in Beijing, Tianjin, and Jilin province's Lisu county in August and September 2000 to gain a better grip on how to interpret the documentary and statistical data. In 2003–2004 Zhu Xiaoyang spent one month studying a collectively owned enterprise (COE) in Kunming.[1]

The SWRC as a Generic "Democratic Socialist" Workplace Institution

The staff and workers' representative congress, often known as workers' councils in other former socialist states, is a generic institution of the socialist system. But we prefer to retain the cumbersome term "staff and workers' representative congress" instead of shortening it to "workers' congress," because dropping the word "staff" is to ignore the different interests of two groups of employees at the workplace: office workers—who often include managerial personnel—and manual workers. It was devised to help fulfil the ideological premise that workers are the masters of the state. It also was supposed to serve the practical function of moderating tensions in management-labor relations. The SWRC was not supposed to work at odds with management, but in concert with it, with an eye to the benefit of the enterprise and ultimately of the state. Among the socialist states, it was the workers' council of Yugoslavia, promising workers' self-management, set up by Tito as an alternative to the Stalinist model, that attracted the most attention within and outside the socialist world.

None of the workers' councils in the socialist countries was successful in achieving democracy in the workplace, nor were they able to diffuse workers' dissatisfaction with enterprise-level management or the state. The Yugoslav model realized a certain measure of workers' self-management, but ultimately did not succeed in preventing the economy from collapsing.[2] In times of political upheaval, the workers' councils could meet with two fates. During the Hungarian Revolution of 1956 workers seized the opportunity to organize councils that had emerged from factories into a central council with a threat of even becoming a "counter-government."[3] A more regular pattern was that of the ruling elite in Eastern Europe which, after suppressing social and political upheavals, promised workers greater participatory rights by reforming the councils so that they could function as they were supposed to. At such critical periods both the state and workers would, in desperation, look toward the Yugoslav model of a workers' council. This happened in Hungary[4] and Czechoslovakia[5] after the 1968 Uprising, and again in the decade of the 1980s, when the entire socialist world was desperately trying to introduce reforms to prevent a Solidarity-style movement from sprouting on their lands. In Poland in 1981, the issue of workers' self-management dominated policy considerations.[6] In Bulgaria a program of redesigning industrial relations began in the early 1980s. When democratic elections by secret ballot to select brigade leaders (somewhat equivalent to shop-floor managers) were organized by the trade union in 1984, 1,132 (2.2 percent) were not re-elected in 50,000 such elections.[7] Among 5,500 elec-

tions for directors, 117 (2.1 percent) were not re-elected.[8] These figures might look minuscule, and even the Bulgarian Communist Party decried the results as "formalism inconsistent with self-management." However, two academics who studied the process closely noted the democratic role played by the congress:

> the election assemblies could provide opportunities for the representation of interests through changing managers (or voting against them) and for mobilisation of issues. . . . When there were strong internal conflicts between competing groups within a brigade, this could become clearly manifest in the elections. . . . The assemblies were, therefore, used as a mechanism for bringing issues from the base to the notice of those at the top. In most cases, mobilisation of such issues is not a direct threat to the election or re-election of the brigade leader or manager, but rather a public warning of the need for future action to resolve it. From this perspective the significance of elections, especially at brigade level, is not to be assessed simply in terms of the number of brigade leaders voted out or even in the number of votes against successful candidates.[9]

Brief History of the Chinese SWRC

How does the Chinese SWRC fit into this potted history of workers' councils in the socialist world? In China the fate of the SWRCs followed very much the same cyclical pattern—sudden surges into activity and lapses into formalism—in step with every major upheaval that rocked the socialist world. Its less-institutionalized precursor, the employee representative assembly (*zhigong daibiao huiyi*), was formed in 1949. In the era before nationalization of industry, it only existed in state enterprises and was given limited power vis-à-vis management. Its assigned purpose was to "increase production and improve staff and workers' capacity in management."[10]

When the Soviet one-man management industrial system (*yi zhang zhi*) was introduced in 1953, the SWRC role was further curtailed, causing discontent among workers and trade union cadres. Disputes with enterprise Party branches were recorded.[11] When the Hungarian Uprising exploded, Chinese workers, taking advantage of the Hundred Flowers Movement at home, became more open in their complaints. Under pressure, Lai Rouyu, the ACFTU chair, championed the workers' cause and advocated wider and more clearly defined powers for the SWRC. Workers were to have the right to decide on matters related to social welfare and workplace matters, and the right to "suggest upper leading organizations to remove managers."[12] But the Anti-Rightist Campaign in 1957, and the Anti-Rightist Tendency Campaign that followed, suppressed all who spoke up, intellectuals and workers alike.

When Lai Rouyu was ousted, it ended any hope that the SWRC could possess any real functions.

The issue did not resurface for two decades until Deng Xiaoping came to power. Deng realized that some concessions had to be made on workplace democracy. In 1978 the Party revived the SWRC in a "Decision to Accelerate Industrial Development (draft)."[13] Soon after, in 1979–80, worried by the possibility of a Chinese "Polish crisis," with the Solidarity movement in full swing in Poland, the Party once again placed the SWRC on the reform agenda[14] and, like other socialist states, looked toward the Yugoslav model.[15] In 1980 the State Council issued a "Report on the Pioneering Program on Expansion of Enterprise Autonomy and Plans for the Future," which emphasized that as enterprises gained greater autonomy, the SWRC system should be established in all enterprises. The Party foresaw the necessity of granting workers some leverage vis-à-vis management if managers were to enjoy discretionary powers under the economic and enterprise-level reforms.

By mid-1981, 90 percent of the large and medium-sized enterprises in large cities were reported to have set up SWRCs and, according to a survey, 25 percent were said to be running well, with 60 percent operating more or less satisfactorily.[16] Such a high success rate inevitably invites skepticism. The quality of these SWRCs, especially in their ability to recall factory managers, is doubtful.[17]

Considering how difficult it is under any economic and management system, capitalist and socialist alike, for workers to organize themselves and to wrest any decision-making powers at all from managers, the obstacles faced by Chinese workers were enormous, especially at a time when power was being devolved to enterprise managers. Some headway was made in the eighties, though (as one Chinese observer lamented) the SWRCs tended to be formalistic because the system was still one of "managers under the guidance of the Party committee and the SWRC under the guidance of the Party committee." Nonetheless the SWRC became a fixture in state and collective enterprises.[18] A former trade union researcher went as far as characterizing the mid-1980s as the "golden age" of the SWRC.[19] Our interviews in 2000 with a dozen people in Beijing who were workers then showed that they tended to be nostalgic about that period: compared to today, both the trade union and the SWRC were more active.

The ACFTU took advantage of the liberal period of 1987–88[20] and invested great efforts to insert pro-worker articles into the drafts of legislative bills introduced to adjust to the new economic situation. Among these was the Enterprise Law passed in 1988, to which, after heated debate, the ACFTU insisted on a series of amendments. The law legalized the existence of the SWRC and strengthened its role as having the "right to democratic manage-

ment."[21] In 1992, the SWRCs in collective enterprises were given more power than in state-owned enterprises (SOEs) by the City and Township Collective Enterprise Regulation.[22] Article 28.2 states that the SWRC has the authority to "elect, dismiss, hire, and lay off the factory manager and deputy manager." As we shall see, this legal difference in state enterprises and collective enterprises and the fact that the collectives have to be responsible more for their own finances have had an impact.[23]

The SWRC's Functions—on Paper and in Practice

Chapter 5, Article 51, of the Enterprise Law defines the SWRC at state enterprises as "the organization through which staff and workers could exercise their right to democratic management in an enterprise." The SWRC was given five responsibilities and rights in Article 52 that are cited ad nauseam in trade union literature:

1. to be informed and to examine major strategic policies such as long-term plans, annual plans, basic investments, reinvestment plans, plans for leasing and subcontracting, and so on;

2. to examine, agree to, or veto policies related to wages, bonus and industrial safety issues, and regulations pertaining to penalties and merits;

3. to examine and decide on policies related to the staff and workers' welfare, distribution of housing, and other important welfare matters[24];

4. to monitor and assess the performance of responsible cadres at each level and to make suggestions on how to reward, penalize, and dismiss them; and

5. to elect the factory manager according to the arrangement of the supervisory government bureaucracy, and to report the election results to the said bureaucracy for approval.

The greatest power of the SWRC in state enterprises lies in welfare and housing. Second comes codetermination with management over wage and bonus redistribution, where it has veto power. In terms of input in major strategic plans for the enterprise, its right stops short at giving its opinion. But workers and staff have the right to appraise their superiors, and even have the right to suggest dismissals, though not the power to dismiss them. Finally, according to Article 44, there are two methods by which managers can be appointed: by supervisory government organ with the approval of the SWRC, or through election by the SWRC and subsequent endorsement by the supervisory government organ. In fact, most elections in China, including those for the National People's Congress, are based on the principle that

the electorate has the right to refuse appointed officials. In practice this means candidates for manager are often nominated from above, but the SWRC has the option to reject the candidate. This is in keeping with most election procedures in China, which emphasize the right of refusal rather than the right to nominate. As noted by one Chinese observer, the fundamental nature of the SWRC in state enterprises is one of check and balance against total management domination.[25]

At least 50 percent of SWRC representatives must come from the shop floor. Workers' right of participation in the production process at the shop-floor level is not included as one of the main functions. The principle of workers having a say, or at least acting as a check and balance to managers' prerogatives in redistribution, is a more important issue than issues over the production process. Based on our interviews, this emphasis seems to conform to Chinese workers' aspirations. Control over the production process has never been a hotly contested area in the Chinese workplace. If the SWRCs in China were indeed able to exercise their rights as defined by law, the rights enjoyed by Chinese workers of state and collective enterprises would far exceed those of workers under any capitalist system. In reality, the SWRCs and, for that matter, the workplace unions have great difficulties realizing their rights. Most SWRCs only exist as formal institutions. The SWRC system was not able to sustain itself in the state and collective sectors as the enterprise reforms deepened and as the power of managers expanded, and as more enterprises were plunged into the red and had to downsize the workforce. The macroeconomic situation, the trend toward privatization, and the expansion of the nonstate sector undermined the SWRC's functions. State and collective managers are usually reluctant to allow workplace democracy to flourish as instructed by upper-level authorities. The era when managers obediently carried out upper-level instructions is over. That the SWRC remains under the leadership of the Party branch means that, unless the Party secretary is pro-labor, the trade union and the SWRC have difficulty carrying out their responsibilities.[26] Starting from 1982, as managers were gradually endowed with greater power than the Party branch secretaries, and as power struggles between these "two centers" (*liangge zhongxin*) became common, many of the Party secretaries lost out in the struggle,[27] and the trade union and the SWRC lost a potentially powerful ally. In cases where the Party secretary was able to continue to hang onto some power and happened to be pro-labor, it still did not necessarily mean that this could translate into authority for the SWRC.

The pivotal player in respect to the SWRC is the workplace trade union chairperson, as the union is the standing executive organ for the SWRC and is responsible for the day-to-day execution of decisions made by the SWRC.

The union is also vested with the responsibility to help in organizing the election of SWRC representatives and in soliciting grass-roots opinion before the congress convenes. In theory the workplace union committee is accountable to the SWRC. In reality, though, the trade union committee is the organ that takes charge of organizing the SWRC. Whether the SWRC system functions properly—for example, in discussing and giving feedback to company announcements and policies, ensuring special-issue committees meet and carry out their responsibilities, electing staff and worker representatives, collecting and encouraging workers to hand in their "rational suggestions" (*helihua jianyi*, that is, innovative suggestions to improve the work process), preparing motions before the SWRC convenes, and so on—relies greatly on the union's initiative and capability.

The workplace union theoretically has two superiors, the SWRC and the upper-level trade union. In practice, the trade union committee regards the SWRC as within its charge, as seen in the many discussions within the trade union circle about how the trade union should ensure that the SWRC functions properly. In this organizational structure the SWRC is the Chinese trade unions' power base.

Generally, the workers themselves often characterize the SWRC as a display of "formalism." Based on the interviews we conducted in 2000, in one case the workers saw the SWRCs as nothing more than formalistic because almost all the representatives were from the upper management levels. In two other cases, though, the SWRC could be considered as successful. In one, the SWRC became a consultation mechanism between workers and management. In the other, it came closest to a democratically elected and functioning SWRC. This was found in a science research institute in which the staff, unhappy with research funding being siphoned off by some colleagues to set up their own private practices, suddenly "discovered" the power of the SWRC. Representatives were democratically elected and a congress was convened to halt the malpractice. The SWRC has subsequently been convened regularly.

Yet another case was uncovered by Zhu Xiaoyang in a collective enterprise in Kunming after he had carried out long interviews with some of the SWRC representatives. One of the representatives said that the SWRC "actually has not functioned" and in fact was getting worse and worse. But when asked a series of very specific questions related to decision-making procedure on major policy issues, such as relocation of the factory site, the installation of large-scale equipment and facilities, or enormous financial transactions, he said that the factory manager and the Party secretary would take these issues to be discussed at the SWRC. If the proposals were passed, then they would be implemented. If not passed, "they still would not dare go

forward with it." He also gave two concrete instances in which in two congresses the SWRC in the past five years successfully vetoed the factory manager's proposal to purchase some large-scale facilities and the manufacturing of new products. This alerted us to the fact that the negative image of the SWRC does not always agree with the reality, and we need to be very careful in how we frame our questions when conducting fieldwork.

The 1997 Survey

The quantitative data for our study comes from a national survey carried out by the ACFTU in 1997. It was the fourth five-yearly survey undertaken by the union since 1982. Data were gathered at both the individual and work-unit levels.[28] The survey used a stratified multistage cluster design (probability proportionate to size) sample, covering 53,561 respondents at 2,335 work units in fifteen provinces and large cities,[29] representing half of China's provinces of various levels of economic development. The sample was drawn from a population of enterprises that have workplace unions; this means that the sample is not representative, inasmuch as not all enterprises have unions. In nonstate enterprises (foreign-funded, private enterprises and township and village enterprises), unionization density reached only 7.3 percent in 2000.[30]

It should be kept in mind that only where there is a workplace trade union is it likely that an SWRC exists. Therefore the density of SWRCs in the sample is also overrepresented (see Table 1). However, the density by ownership types does broadly represent the general trend, with density high in state enterprises (92 percent) and low in private enterprises (42 percent) and overseas Chinese–funded enterprises (25 percent).[31]

Three questionnaires were administered: one for managers, one for workplace officials, and one for workers and staff.[32] The survey covers sixteen occupational sectors (such as commerce, education and culture, banking, agriculture, and fisheries) according to China's conventional way of breaking down national statistics. We only draw on data from the workers' and employees' questionnaire for the manufacturing sector. This target group provides us with 2,180 cases of production-line and non–production-line workers from a total of 207 sampled factories. Table 2 shows the distribution of sampled workers in the industrial sector as compared to the national distribution. As can be seen there is an overrepresentation of the "others" category in the sample.

Though a large amount of information can be extracted from the data, we concentrate only on workers' attitudes toward the SWRC and the workplace trade union. Due to absence of factory identity in the data we are not able to take into account factory-level differences. Table 3 gives a summary of the general characteristics of the sampled workers.

Table 1

SWRC in the Manufacturing Industry, by Ownership Type

Ownership	Set up (%)	In process (%)	Not yet set up	Don't know (%)	Number of cases
State	92	1	2	5	1,037
Collective	71	6	5	18	554
Private	42	4	25	29	48
Joint operation	94	–	3	3	70
Shareholding	93	2	1	4	187
Foreign investment	63	1	13	23	152
Overseas Chinese	25	3	53	19	89
Total	80	3	6	10	2,137*

*Does not add up to 2,180 because of missing data.

The foremost questions we wish to pursue are:

1. Does a functioning SWRC make any difference in improving workers' conditions and in protection of their rights?

2. How satisfied are workers with their SWRC measured against its five assigned functions?

3. What are the factors that most affect workers' evaluation of their SWRC?

4. Can SWRCs be categorized into different types based on factors that affect workers' evaluation?

5. Does an active workplace union have an impact on workers' welfare by ensuring that the SWRC functions as it is supposed to?

Workers' Conditions and Their View of Their SWRC

In the survey, workers were asked whether there was an SWRC at their workplace. We have also selected a series of questions in the questionnaire that relate to the enterprise union and the conditions of work:

1. How do you evaluate your factory trade union's role in helping employees solve financial difficulties? (1 = very effective/effective, 0 = so-so/not very effective/strongly ineffective)?

2. How do you evaluate your factory trade union's role in participating in settling industrial disputes? (1 = very effective/effective, 0 = so-so/not very effective/strongly ineffective)?

Table 2

Distribution of Workers in Manufacturing Industry: Comparison Between Sample and National Statistics

	ACFTU surveyed		National statistics	
	Frequency	Percent	Population	Percent
State	1,049	48.2	30,110,000	54.4
Collective	567	26.0	12,440,000	22.5
Private	50	2.3	4,506,000	8.1
Others:				
Joint operation	70	3.2		
Shareholding	188	8.6		
Foreign investment	161	7.4		
Overseas Chinese investment	93	4.3		
Group total	512	23.5	8,267,100	14.9
Total	2,178	100	55,323,100	100

Source: *China Statistics Yearbook,* 1998.

3. When your rights under the Labor Law are violated, can the trade union protect your interests? (1 = can protect/can basically protect, 0 = cannot protect/not clear)?

4. Did your work unit consult with you before signing the labor contract? (1 = yes, 0 = no)?

5. How do you evaluate your work unit's enforcement of the labor contract? (1 = very good/good, 0 = so-so/bad/very bad)?

6. Has your work unit signed a collective contract? (1 = yes, 0 = no)?

7. How do you judge the implementation of occupational safety and health protection in your factory? (1 = very good/good, 0 = so-so/bad/very bad)?

8. Is the present medical scheme bearable? (1 = bearable/barely bearable, 0 = not bearable)?

9. Does your work unit contribute to a pension plan for you? (1 = yes, 0 = no)?

10. Do you see any possibility of being laid off, based on your work unit's present situation? (1 = not possible/not very possible, 0 = very possible/possible/not sure)?

Table 3

Characteristics of Workers

Characteristics		Number of cases	Percent of cases
Gender	Male	1,180	54.2
	Female	999	45.8
	Total	2,179*	100.0
Age	Under 20	33	1.5
	20–29	575	26.4
	30–39	735	33.8
	40–49	699	32.2
	50 and over	132	6.1
	Total	2,174*	100.0
Type of work	Production-line worker	1409	64.6
	Other worker	771	35.4
	Total	2,180	100.0
Education level	Illiterate/primary	116	5.0
	Junior high school/ junior vocational	1,112	51.0
	Senior high school	696	32.0
	Vocational college	136	6.0
	Undergraduate diploma	101	5.0
	University/postgraduate	18	1.0
	Total	2,179*	100.0

*Does not add up to 2,180 because of missing data.

11. Do you see any possibility of your factory going bankrupt or being amalgamated with another firm based on the present situation? (1 = not possible/not very possible, 0 = very possible/possible/not sure)?

12. What was your total income (including bonuses) earned from your work unit last month?

13. In this factory this year have your wages ever been in arrears? (1 = no, 0 = yes)?

We have grouped these variables into four categories. The first (questions 1–3) relates to the ability of the trade union to perform core assigned func-

tions. The second (questions 4–6) relates to the existence of, and satisfaction with the enforcement of a labor contract. Since the SWRC has the right either to examine, veto, or codetermine a range of things related to wages, fringe benefits, and housing, we anticipate a positive correlation between these variables and the SWRC's presence. The third category (question 7) concerns occupational safety and health (OSH) issues because monitoring and implementation of OSH is one of the important roles of the trade union and SWRC. The existence of the SWRC should have an impact in this area. Category 1 questions directly ask for the evaluation of the trade union. However, based on our observations, items under Categories 2 and 3 are also variables that a trade union can have some influence on. For example, a collective contract under normal circumstances is signed by the trade union[33] with management, which also is not unrelated to the signing and enforcement of individual contracts. The fourth category (questions 8–13) covers bankruptcy and job security, wage levels, and wages in arrears and fringe benefits. These are things the SWRC or the trade union cannot always have direct control over. Wages and welfare, for instance, rely also to a great extent on the financial situation of the enterprise, which in turn can be subject to the vagaries of the market, competition from other enterprises, and asset-stripping by managers. As seen in the three cases summarized at the beginning of the article, corrupt managers and supervisory officials can be the cause of serious damage to workers' welfare, including extended periods of nonpayment of wages.

To see whether there is a relationship between these selected variables and the existence of an SWRC, bivariate tests were conducted. All categorical variables have been dichotomized as dummy variables (positive evaluation is coded as 1; midpoint and negative evaluation is coded as 0). The results are shown in Table 4.

The results show that all variables that we thought might be correlated to the existence of an SWRC are positively correlated, except for question 11—the possibility of the enterprise either going bankrupt or being amalgamated with another enterprise—which is not significantly correlated. As pointed out earlier, this could be due to the fact that bankruptcy is caused by external factors and/or corruption and mismanagement beyond the ability of the SWRC to affect.

What can be concluded with some confidence is that, where there was an SWRC, workers' evaluation of the performance of the trade union tended to be high. What Table 4 does not show, however, is whether there is any causal relationship between the presence of the SWRC and the thirteen variables, because the positive correlations shown in the table could be caused by other factors. For example, the existence of the SWRC was correlated to the factory buying a pension plan for its workers; this could also be caused by the

Table 4

Workers' Conditions in Enterprises with SWRCs vs. Those Without SWRCs

Category	Variables	Establishment of SWRC: Yes	Establishment of SWRC: Others[#]	Number of cases	χ^2 (F)
Cat. 1	1. Trade union can effectively help solve workers' personal financial difficulties	50%	26%	977	86***
	2. Trade union can effectively help settle labor disputes	44%	24%	823	52***
	3. Trade union is able to protect your interests	62%	39%	1,219	73***
Cat. 2	4. Work unit consults with you before signing labor contract	81%	67%	1,577	35***
	5. Work unit has well-enforced labor contract	50%	32%	992	47***
	6. Work unit has signed a collective contract	50%	29%	952	57***
Cat. 3	7. Work unit has well-implemented OSH	40%	26%	808	33***
Cat. 4	8. Medical scheme is bearable	75%	61%	1,436	27***
	9. Work unit has bought pension plan	84%	50%	1,648	243***
	10. No possibility of being laid off	25%	20%	519	6*
	11. No possibility of bankruptcy or amalgamation	34%	30%	708	3
	12. Wage (monthly) mean (yuan)	604	550	2,072	(10)**
	13. Wages have not been in arrears	79%	71%	1,627	11**

[#]Others include "in process," "not set up," and "don't know."

Notes: Without using a multilevel approach, theoretically the chi-square tests in the table are invalid because of clustering. However, as the number of responses per factory is on average about ten, one could for a conservative test undertake a crude adjustment by dividing the chi-square value by 10. If the values are still significant, then the effects of the variables probably exist. Our calculation shows that after dividing by 10, half of the values (mainly for categories 1 and 2) are still significant while the other half (mainly for categories 3 and 4) become not significant. As far as the data we have are concerned, the results are therefore inconclusive; $*p < 0.05$; $**p < 0.01$; and $***p < 0.001$ (as of July 5, 2005).

fact that state enterprises are more likely to have pension schemes (see further discussion of this below).

The Two Orientations of Workers' Evaluation of Their SWRC

To find out whether an SWRC has an effect on positive outcomes, we focus on how workers evaluated the performances of the SWRC in their enterprises. We selected seven questions that asked the workers to directly evaluate the SWRC's assigned functions (see Table 5).[34]

Respondents were asked to choose from a five-point scale as shown in Table 5. All evaluations but one are remarkably consistent. Answers to questions 2 through 7 all scored around 8 percent to 9 percent for very good, and ranged between 22 percent and 27 percent for good, slightly under 50 percent for so-so, and under 10 percent for very bad. Answers to Question 1 are anomalous, scoring 14 percent for very good and 32 percent for good, rating much higher than the other six questions. It can be said that the overall evaluations were quite positive.

To explore whether SWRCs with positive evaluations can be grouped into types, a factor analysis was employed (see Tables 6a and 6b).[35] A crucial finding is that reduction of the seven variables measured against the SWRC–assigned roles to two factors yields two distinctive properties: (1) an accountability orientation that was related to the SWRC's ability to check the power of management (questions 4, 5, 6, and 7 were loaded on this factor); and (2) a welfare orientation that was related to welfare and redistribution of resources (questions 1, 2, and 3 were loaded on this factor).

Unweighted Likert-scale scores showed a strong positive correlation between the two dimensions (0.584; $p < 0.01$). Workers who scored their SWRC high for accountability also gave high scores for welfare distribution. We furthermore suggest that there is a causal relationship between accountability and redistribution. There was a tendency for those who were positive about management accountability to also be satisfied with redistribution.

Multivariate Analysis

What are the most important predictors for a "good" SWRC in terms of being good at either welfare distribution or at checking the power of management, or both? To find out, we examined how the four categories of variables in Table 4 affected workers' evaluation of the SWRC by employing a multivariate analysis. In addition, we included the ownership of the enterprises to which the workers belonged as Category 5, using SOE as a reference, to see whether workers' ownership background affected their evaluation. The regression models are presented in Table 7.

Table 5

Workers' Evaluation of SWRC

Q. What is your evaluation of the SWRC performance in enforcing its rights and powers as follows?		Very bad	Bad	So-so	Good	Very good	Total
1. Hear and assess manager's annual reports on important issues	*N*	49	92	814	581	253	1,789
	%	3	5	46	32	14	100
2. Examine, approve, or disapprove the plans drawn up for wage and bonus distributions and related rules and regulations	*N*	81	168	893	467	161	1,770
	%	5	9	50	26	9	100
3. Examine and decide on the use of welfare funds, the distribution of housing, and other things related to welfare	*N*	115	242	835	424	151	1,767
	%	7	14	47	24	9	100
4. Evaluate and monitor leading cadres at all levels and make suggestions to reward, punish, or dismiss them	*N*	129	227	882	390	141	1,769
	%	7	13	50	22	8	100
5. Manager reporting to SWRC on entertainment expenditures	*N*	157	213	855	372	139	1,736
	%	9	12	49	21	8	100
6. Elect or recommend administrative personnel	*N*	131	223	851	397	134	1,736
	%	8	13	49	23	8	100
7. Oversee enforcement of the decisions	*N*	104	189	852	453	154	1,752
	%	6	11	49	26	9	100

Table 6a

Principal-Component Factor Analysis: Two Orientations of the Evaluation of SWRC

Variables	Factor 1	Factor 2
1. Hear and assess manager's report	0.29	**0.86**
2. Examine plans drawn up for wage, bonus distribution	0.47	**0.79**
3. Decide on use of welfare funds, distribution of housing	0.51	**0.70**
4. Monitor leading cadres at all levels	**0.75**	0.49
5. Manager reporting to SWRC on entertainment expenditures	**0.83**	0.34
6. Elect or recommend administrative personnel	**0.86**	0.33
7. SWRC overseeing enforcement of decisions	**0.75**	0.47

Category 1

Effectiveness of the Trade Union

In the first place, both Model 1 (accountability orientation) and Model 2 (welfare orientation) show, as predicted, that the ability of the trade union to perform its core assigned functions (questions 1–3) has independent and positive effects on workers' evaluations of their SWRC. But for the accountability-orientation model, the ability of the trade union to solve workers' personal financial difficulties has no significant effect on the workers' evaluation, while it did have a strong significant effect for the welfare-orientation model. This can be explained by the fact that workplace trade unions handing out relief money drawn from trade union funds to help workers in financial difficulties has always been a traditional function of the union since the Maoist era, and does not have much relationship with management accountability.

Category 2

Existence of and Satisfaction with the Enforcement of a Labor Contract

For both models, the variables (questions 4–6) related to the satisfaction with the enforcement of the labor contract in general have independent and positive effects on their evaluation of the SWRC. The only exception in this cat-

Table 6b

Total Variance Explained

		Initial Eigen values		Extraction sums of squared loadings			Rotation sums of squared loadings		
Variables	Total	% of var.	Cumulative %	Total	% of var.	Cumulative %	Total	% of var.	Cumulative %
1	5.10	72.84	72.84	5.10	72.84	72.84	3.11	44.39	44.39
2	0.55	7.79	80.64	0.55	7.79	80.64	2.54	36.25	80.64
3	0.38	5.41	86.05						
4	0.28	4.05	90.11						
5	0.26	3.66	93.76						
6	0.22	3.17	96.94						
7	0.21	3.06	100.00						

Notes:
Kaiser-Meyer-Olkin Measure of Sampling Adequacy = .93
Barlett's Test of Sphericity = 9385.07
Significance = 0.0005

egory is Variable 6, related to whether a collective contract had been signed. For the accountability model this variable had a positive effect on the workers' evaluations of their SWRC, but no significant effect for the welfare-orientation model. We think this is because the trade union's signing such a collective contract with management is not perceived by workers as having a direct relationship with welfare benefits to workers, and thus the issue concerned does not affect workers' evaluations of the SWRC in terms of welfare orientation. This is in line with the generally known fact that, except for factories that have become models, most collective contracts signed in China are still formalistic with little substance.[36]

Category 3

OSH Issues

One important point to note is that the implementation of OSH measures has been found to have a significant and positive effect on the evaluations of SWRCs for both models. A safe workplace, which is of paramount importance to workers, is often overlooked by social scientists when studying Chinese workers.

Category 4

Bankruptcy, Job Security, Wage Issues

This category is made up of a miscellaneous group of issues (questions 8–13). One seemingly odd finding is that, for the accountability-orientation model, workers who did not have a pension were more likely than those who did to give a higher evaluation for SWRC functions. At first glance this seems inconsistent with the general expectation that an SWRC can have a positive impact in getting management to take out a pension plan for employees. But the negative relationship can be attributed to the fact that respondents from collective enterprises and of ownership types classed under "others" have always enjoyed few or no fringe benefits, and so their expectation for a pension is low and they perceive little connection between it and the SWRC.

The variable of possibility of bankruptcy or amalgamation has an effect on workers' evaluations in terms of accountability orientation but has no significant effect on welfare orientation. We think this is due to the fact that, even if there is no possibility of bankruptcy, workers may still enjoy low welfare benefits. On the other hand, workers' wages affect workers' evaluation of the SWRC in terms of welfare orientation but not accountability ori-

entation. In other words, the higher the wages, the higher the workers' evaluation of the SWRC in terms of its welfare orientation.

Category 5

Ownership Type

As shown in Table 7, the ownership type of an enterprise only affects workers' evaluations of an SWRC in terms of accountability orientation but not welfare orientation. For accountability orientation, workers in collective enterprises evaluated their SWRC higher than workers in state enterprises. This can be explained by the fact that collectives are smaller and have less financial support from the local authorities and therefore workers tend to identify more closely with the fate of the enterprise. There is more flow of information and this is likely to allow more direct workers' participation. SOEs tend to be bigger, where information dissemination is more difficult, and their SWRCs have a more hierarchical representation structure. Workers' participation is less direct and the SWRC is more likely to be more formalistic. One major difference as noted earlier is that SWRCs in SOEs only have supervisory and codetermination rights, whereas the SWRC in COEs is the highest power authority, and this includes the authority to dismiss managers.

Especially surprising is the fact that workers from factories grouped under "others" have a higher evaluation of their SWRCs in terms of accountability orientation than in the state enterprises, though lower than in the collectives. Here it is necessary to consider the kinds of ownership that are grouped under "others." Thirty-six percent of "others" are shareholding enterprises, which means that some of them were transformed from state and collective enterprises in which staff and workers might have bought shares and so are likely to have inherited some of the past collectivist structure and attitudes.[37] Another 31 percent of "others" are foreign-invested enterprises, mostly funded by Western investors.[38] Many of them are high-profile, financially healthy, multinational companies and joint ventures with big Chinese state enterprises that tend to abide by Chinese laws and so have workplace unions and SWRCs. Chinese nationalism, too, plays a part in ensuring that the power of the foreign investors remains in check.[39] The large percentage of these two major types of enterprises under "others" explains why the evaluation of SWRCs under this group was higher than in the state enterprises.

It can be concluded that, from the viewpoint of the workers, a functioning SWRC was one that could be used by them, either to hold management more accountable to ensure management best practice (accountability orientation),

Table 7

Predictors for Evaluation of SWRC (Unstandardized Coefficients from Regression Models)

Category	Predictors	Accountability-orientation (model 1) B	Accountability-orientation (model 1) S. E.	Welfare-orientation (model 2) B	Welfare-orientation (model 2) S. E.
	(Constant)	–0.92	0.32	–1.88	0.31
Cat. 1	1. Trade union can effectively help solve personal financial difficulties	0.08	0.06	0.27***	0.06
	2. Trade union can effectively help settle labor disputes	0.25	0.06***	0.15*	0.06
	3. Trade union is able to protect your interests	0.20	0.06***	0.12*	0.06
Cat. 2	4. Work unit consults with you before signing labor contract	0.14	0.07*	0.34***	0.07
	5. Work unit has well-enforced labor contract	0.15	0.06*	0.29***	0.06
	6. Work unit has signed a collective contract	0.11	0.05*	0.02	0.05
Cat. 3	7. Work unit has well-implemented OSH	0.27	0.06***	0.28***	0.06
Cat. 4	8. Medical scheme is bearable	0.11	0.06	0.04	0.06
	9. Work unit has bought superannuation for you	–0.15	0.07*	–0.05	0.07
	10. No possibility of being laid off	0.10	0.07	0.08	0.06
	11. No possibility of bankruptcy or amalgamation	0.14	0.06*	0.10	0.06
	12. Wage (logged)	0.00	0.13	0.36**	0.12
	13. Wage has not been in arrears	0.10	0.07	0.05	0.07
Cat. 5	14. Ownership of factory[#]	0.20	0.06**	–0.06	0.06
	Collective	0.17	0.06**	–0.09	0.06
	Others				
	R^2	0.23		0.29	
	N	1,287	1,287		

*$p < 0.05$; **$p < 0.01$; and ***$p < 0.001$. [#]State enterprises (coded 0) as reference category.

or to effect better distribution of resources (welfare orientation). For both accountability and welfare orientations, a functioning SWRC is one that can enforce labor contracts and ensure a safer work environment. Furthermore, a good SWRC in terms of both orientations was correlated to a high evaluation of the trade union. This points to the fact that in China a workplace union that tries hard can have an impact in getting the SWRC to function where there is no strong opposition from management.

Also, though foreign-funded enterprises owned and/or managed by overseas Chinese have acquired a reputation for resisting the establishment of workplace unions and, by extension, SWRCs, when the enterprises are owned or managed by Westerners and Japanese, workers tend to give the SWRCs quite high evaluations. But among all ownership types, SWRCs in collective enterprises enjoy the highest evaluations from workers. This finding that the collective workers had more positive evaluations of SWRCs in terms of the accountability orientation is consistent with workers' use of the SWRC in Cases 1 and 2. These collective enterprise workers who had discovered their rights wanted to have managers of their choice. They believed that they had a share in the assets of the enterprise and that their wages and welfare benefits were closely related with the enterprise's performance, prompting them to take management accountability more seriously.

The Ideal SWRC and the European-Japanese Workplace Consensual Model

We began the article by situating the Chinese SWRC in the historical context of the workers' councils of the world's socialist systems. But by the end of the nineties the situation had undergone a drastic change. Whereas the SWRC system did not survive in the USSR and in the Eastern socialist bloc, in China marketization and privatization in the transitional economy have launched the Chinese SWRC system onto a stage that no other former socialist states have ever experienced. The Chinese SWRC that was inherited from the era of the planned economy no longer operates in the same political and economic environment of yesterday's socialism.

Decentralization of management autonomy and ownership transformation have injected a new meaning into the SWRC embedded in a system that operates increasingly along the lines of capitalism. At a broad level, if the world's industrial relations systems in the developed capitalist world are to be divided into two main types—the more corporatist European model with their works councils and the Japanese with their labor-management consensual system (*roshi kuogi-sei*) versus the Anglo-Saxon adversarial model—our question is: In which of these two models should we place Chinese

enterprises that have highly rated SWRCs? We posit that they should be classed under the European-Japanese category. Our findings agree with the comment of Ng Sek Hong and Malcolm Warner that the SWRC is "a possible Chinese surrogate for the works council in Continental Europe."[40]

The European/Japanese model is premised on workers and staff having at least consultative, if not codetermination, rights with management at the workplace level. Needless to say, the European countries (Germany,[41] the Netherlands, Italy, Sweden, Denmark, Austria, and so on) all have their own specific industrial relations structures, legal frameworks, historical trajectories, social and cultural settings. All have workplace-level works councils designed to provide workers with some participatory rights, in the hope that this can enhance production and maintain industrial peace. This more consultative and consensual corporatist relation distinguishes the European and Japanese models from the Anglo-Saxon,[42] well encapsulated in the title of Ronald Dore's new book, *Stock Market Capitalism: Welfare Capitalism—Japan and Germany Versus the Anglo-Saxons*.[43] Elsewhere, we have argued that the Japanese model shares some things in common with the Chinese employment system.[44] So is it the case in post-socialist systems? In former East Germany works, councils have been introduced into workplaces since unification and they "have usually cooperated actively with new (sometimes Western) management in the process of 'rationalization' and 'modernization' (though not invariably so)."[45] It is beyond the scope of this article to compare and contrast these diverse systems and structures, except to point out that the Chinese SWRC system shares some of the common characteristics of the works councils system.

We are well aware that the Chinese SWRCs still have a long way to go to reach the participatory level of European works councils, and that the positive evaluations of the SWRCs given by the workers in the survey were likely to be overrepresented. Also, we recognize the fact that in addition to the many structural, cultural, and historical differences, China is a one-party state with an absence of independent trade unionism. In fact, SWRCs that function close to the ideal type could be an anomaly in fewer than 10 percent of China's enterprises. Given these reservations, we believe it is still worthwhile placing some expectations on the SWRCs as they set the benchmarks for China's evolving and diversifying corporate governance.

There are some basic structural similarities and value systems in China's ideal SWRC that we can highlight in a comparative perspective with the European works councils. The most essential shared element among these diverse systems is the notion that workers have participatory rights in workplace matters sanctioned by law. Going back to the citation of the Bulgarian workers' councils earlier in the article, beneath the formalism, the SWRC as

a workplace institution could serve as a channel for articulating grass-roots interests. The survey data we have analyzed show that the Chinese SWRCs and the workplace unions are not as useless as conventional wisdom holds. Some workers do give their SWRCs and workplace unions positive evaluations. Above all, the power of the SWRCs versus management in Chinese collective enterprises supersedes that of all other models, in its capacity to evaluate and even to dismiss managers (though approval from upper-level government is needed). As we have seen, at critical moments in sudden surges of class awareness and of open confrontation, workers do dismiss their managers, though more often than not they encounter opposition from management and local authorities.

The close link between the workplace union and the SWRC, both in their institutional roles and in their overlapping personnel (a sizeable percentage of SWRC representatives are also trade union representatives), is also not unique to China. Originally a "dual system" of industrial relations, where the trade union was responsible for collective bargaining while the works council was separately responsible for workplace representation, the German model has now basically evolved into a single system with the two working hand in glove.[46]

Skeptics may want to challenge us on the percentage of positive responses in the ACFTU sample—that only a third of the responses are positive evaluations, which is not enough to change the image of the SWRC system being largely window dressing and the workplace union being nothing more than an arm of management. But we would like to draw attention to the fact that even among capitalist democracies, where workers' representation in the workplace is institutionalized and legalized, and where management can be prosecuted for noncompliance, as in the Netherlands,[47] workers' participation is not guaranteed. Scholars who study European work councils have found that they range from being controlled by management to those where there is genuine representation; from paternalistic to representative; from "management councils" to "class-war councils."[48] Similarly, scholars who study the Japanese labor-management consultation system found the workers' attitude to the system to be a function of factory size.[49]

In Australia, the satisfaction rate of 538 union members with their union delegates was 46 percent, with 35 percent feeling neutral.[50] Admittedly, workers from these developed countries use very different criteria when evaluating their work councils and trade unions. We still think that the variations of responses in the Chinese survey identify differences in attitude between those workers who work in factories that have SWRCs compared to those who do not, or in factories with functioning SWRCs against those that are merely formalistic. These differences are interesting and valid and should not be dismissed as unrepresented.

There is a tendency among critics to have unrealistically high expectations concerning the SWRC. It is instructive to borrow a point made by Michael Burawoy and János Lukács in their effort to dispel the myth that state socialism is necessarily less efficient than advanced capitalism. They pointed out that neoclassical economists "have compared an empirical reality of Soviet societies with a ideal-type of conception of capitalism," with the presumption that capitalist reality necessarily measures up to the ideal, whereas state socialist societies inevitably fall short of the ideal.[51] Thus, if even under democratic systems, work councils and workplace unions do not get high evaluations from a majority of workers and employees, we cannot expect the majority of SWRCs in China to operate close to the ideal.

Conclusion and Prognosis

In the context of the history of socialism as outlined earlier in the article, the issue of workers' councils tended to emerge in times of political and economic crises. Now that the SWRC has become an issue in China in the past few years, is this an indication that China may yet again be entering such a critical period? Our study shows that the SWRC serves two purposes. At normal times the survey data provides evidence that in a small number of cases the SWRC has emerged in some workplaces as an institution that can foster consensual industrial relationship. The ACFTU is trying in a top-down fashion to promote and regularize the functions of the SWRC. At the same time management of a more enlightened bent may also use the SWRC to induce a more cooperative workforce.

The ACFTU has also become increasingly aware that, at a time of enterprise reform and the emergence of a new employment relationship, it can use the SWRC system to strengthen its own status. This is a time when management tries hard to erode the status of the workplace union or incorporate the trade union cadres into other departments, thereby causing the union to lose membership. On May 6, 2001, however, the ACFTU was able to launch a campaign calling for "the five breakthroughs" (*tupuo*). Two of the breakthroughs are "to persist in the development of the SWRC" to protect workers' democratic rights and "to emphasize the inclusion of the SWRC representation in the board of directors and supervisory board of the enterprises solely owned by the state and shareholding enterprises dominated by state shares."[52] For the first time there is also an attempt to extend the SWRC into the nonpublic (*fei gongyou*) enterprises, as can be seen by a series of articles on the matter in the *Workers' Daily.*[53]

In conjunction with pushing for the SWRC system, the ACFTU has been running a campaign of "transparency of factory affairs" (*changwu gongkai*)

and democratic election of workplace unions. These policies are geared to helping the SWRC carry out its functions. Our visit to the Lishu County Trade Union, which is the ACFTU's model for democratic election of workplace trade union cadres, did indicate that efforts were being made in this direction, though it was difficult for us to ascertain the degree of untempered democracy in the elections. Based on this, it is likely that in the coming few years the SWRC may have room for development. This may follow the footsteps of village committee elections before they drew international attention. The fact that China is becoming more and more a legal society will provide the environment for this development.

The SWRC's second function is totally different from the above. At a time of deteriorating conditions in the state enterprise, especially when it approaches the moment of life-and-death struggle, the SWRC can become the arena of a struggle for survival. The SWRC will become a platform where workers fight for their interests and their rights. They might end in failure but, if the workers succeed, then the SWRC has the potential to continue and to become a real workers' democratic participatory system. In such an enterprise, workers will certainly give the SWRC system high evaluation.

Notes

1. The field research was conducted at four sites: in Beijing, where we interviewed fourteen workers and staff (ten workers, three SWRC deputies, and one trade union official) from twelve enterprises; at the Tianjin Steel Pipe Plant where we stayed for four days and interviewed trade union officials and a few model workers and migrant workers; and Lishu, a county town in Jilin province, where we interviewed nine trade union officials of different levels, county officials, enterprise managers and unemployed workers. In 2003–4, Zhu Xiaoyang also collected very detailed material on a collective enterprise in Kunming. Due to lack of space we will not be using much of this field data in this article.

2. Though some blamed the workers' council for this failure, some scholars attributed this to a host of exogenous factors, such as excessive state intervention and other macroeconomic and political factors (Robert F. Miller, "Social, Economic, and Political Dilemmas of Reform in Yugoslavia," *Politics* 24, no. 1 [1989]: 92–107).

3. Bennett Kovrig, *Communism in Hungary: From Kun to Kádár* (Stanford: Hoover Institution Press, 1979), 232–37.

4. K. Petkov and J.E.M. Thirkell, *Labor Relations in Eastern Europe* (London: Routledge, 1991), 183–84.

5. Jaroslav Kerjci, *Social Change and Stratification in Postwar Czechoslovakia* (New York: Columbia University Press, 1972), 155–56.

6. Tom Keenoy, "Solidarity: The Anti-Trade Union," in *Trade Unions in Communist States*, ed. Ale Pravda and Blair A. Ruble (Boston: Allen and Unwin, 1986), 149–65.

7. Petkov and Thirkell, *Labor Relations in Eastern Europe*, 134–35.

8. Ibid., 142.

9. Ibid., 143.

10. Huabei renmin zhengfu (Government of Northern China), "Guanyu zai guoying, gongying gongchan qiye zhong jianli gongchan guanli weiyuanhui yu zhigong daibiao huiyi de shishi tiaoli cao an" (The executive regulations concerning establishment of the enterprise management committee and staff and workers representative congress in state/public-owned factories [draft]," in *Zhongguo qiye lindao zhidu de lishi wenxian* (Historical literature regarding China's system of enterprise leadership), ed. Office of Policy Research, ACFTU (Beijing: Economics Publisher, 1986), 148.

11. Ji You, *China's Enterprise Reform: Changing State/Society Relations After Mao* (London: Routledge, 1998), 35–37.

12. Central Committee of the CCP, "Guanyu yanjiu youguan gongren jieji ge zhongyao wenti de tongzhi" (The directive concerning several important problems in regard to working class), in *Historical Literature Regarding China's System of Enterprise Leadership*, 225.

13. "The Decision About Accelerating the Industry Development (Draft)" (1978), in ibid., 295.

14. Jackie Sheehan, *Chinese Workers, A New History* (London: Routledge, 1998), 156–94; Jean Wilson, "'The Polish Lesson': China and Poland 1980–1990," *Studies in Comparative Communism* 23, nos. 3–4 (1990): 259–79.

15. Sheehan, *Chinese Workers*, 172–73.

16. *Renmin ribao* (People's daily), June 10, 1981, cited in Sheehan, *Chinese Workers*, 182.

17. *People's Daily*, October 5, 1980, cited in Sheehan, *Chinese Workers*, 178–80. On the other hand, the SWRC's ability to act as a brake on total management domination cannot be completely dismissed. How to evaluate such figures is open to debate, depending on one's expectations. Sheehan, who collected these figures, did not seem impressed. We, on the other hand, think that, though the figures were highly likely to be inflated, some SWRCs did function somewhat. In fact, as we shall see, the 1997 survey data will show that there is some truth in the rating.

18. An Miao and Cui Ai, *Gongren jieji zhuangkuang yu zhigong daibiaodahui zhidu yanjiu* (Research on the conditions of the Chinese working class and the SWRC system) (Shenyang: Liaoning Publishing House, 1990), 129.

19. Kevin Jiang, "Gonghui yu dang-guojia de chongtu: bashi niandai yilai de Zhongguo gonghui gaige" (The conflicts between the trade union and the party-state: the reform of the Chinese trade union in the 1980s), *Xianggang shehui kexue xuebao* (Hong Kong Journal of Social Sciences) 8 (1996): 128. It should be noted that, at the time Jiang wrote the article, he was no longer in China and had no reason to be gung-ho about the SWRC if it had been a total failure.

20. Jiang, "The Conflicts Between the Trade Union and the Party-State," 121–58.

21. According to someone in the trade union structure, the ACFTU had argued for the description of the SWRC as the "power authority of democratic management," which would effectively have meant that the authority of the SWRC was above that of the manager. But it lost, and the expression became "the authority with power to exercise democratic management."

22. "Zhonghua renmin gonghe guo chengzhen jiti suoyouzhi tiaoli" (January 1, 1992) (The city and township collective enterprise regulation of the People's Republic of China), in *Xin shiqi gonghui gongzuo zhongyao wenjian xuanbian* (Selected important documents of trade union work in the new era), ed. Zhongguo gongyun xueyuan gonghui xuexi ziliaoshi (China's labor movement college trade union department) (Beijing: Zhongguo gongyun xueyuan, 1993), 388–95.

23. As it is too lengthy to list all the rights of the SWRC in COEs, we only highlight this major difference from the SWRCs in SOEs.

24. SWRCs in COEs, on the other hand, have the power to examine and *decide* on issues related to items 2 and 3.

25. Sun Zhongfan, An Miao, and Feng Tongqing, *Xiang shehuizhuyi shichangjingji zhuangbian shiqi de gonghui lilun gangyao yu shuping* (Overview and appraisal of trade union theories at a time of transition toward a socialist market economy) (Beijing: Renmin chubanshe, 1997), 223–34.

26. We would like to draw the readers' attention to Walder's observation, noted earlier, on the role of the Party branch secretary.

27. Ji You, *China's Enterprise Reform*, 39–64.

28. On the sampling methodology of the ACFTU 1997 survey, see Office of Policy Research, ACFTU, *1997 Zhongguo zhigong zhuangkuang diaocha zhonghe zhuan* (Survey on staff and workers of China main report: 1997) (Beijing: Xiyuan chubanshe, 1998), 60.

29. Beijing, Inner Mongolia, Liaoning, Jilin, Shanghai, Jiangsu, Fujian, Shandong, Henan, Hubei, Guangdong, Sichuan, Yunnan, Shanxi, and Gansu.

30. See *Gonghui yu lilun* (Trade union and theory) (June 2000): 16.

31. The information on the presence of an SWRC in an enterprise is based on workers' answers to a question about whether one existed at the workplace or not. Since in the field we discovered that workers might not be aware that an SWRC existed if it was inactive, the variable measures workers' awareness rather than objective existence. That is why the variable is not used in the multivariate analysis below.

32. Unfortunately, because the raw data does not include factory identity, it is not possible to match up the three questionnaires to the enterprises in which the surveys were conducted.

33. According to the Labor Law, in an enterprise without a union, a collective contract can be signed between a worker representative and management.

34. The reader may want to note that the seven questions asked in the questionnaire were not exactly the same as the five functions of the SWRC defined in the Enterprise Law.

35. Despite the fact that the answers are closely related by correlation coefficients ranging from 0.51 to 0.72, factor analysis (principal-components analysis, varimax rotation, missing values were treated by "exclude case listwise") of seven scales yielded a two-factor solution, accounting for 81 percent of the variance (Tables 6a and 6b).

36. Ngok King-lun and Grace O. M. Lee, "Collective Contracts and Chinese-style Collective Bargaining: A Case Study of Guangdong," in *Guangdong in the Twenty-first Century: Stagnation or Second Take-off*, ed. Joseph Y. S. Cheng (Hong Kong: City University of Hong Kong Press, 2000), 143–65; Malcolm Warner and Ng Sek Hong, "The Ongoing Evolution of Chinese Industrial Relations: The Negotiation of 'Collective Contracts' in the Shenzhen Special Economic Zone," *China Information* 12, no. 4 (1998): 1–20.

37. For example, nearly all Chinese listed companies are still majority-owned by the government and related entities. See Richard McGregor, "The Little Red Book of Business in China," *Financial Times*, July 2, 2001.

38. These are not the many Asian-funded enterprises that are suppliers to Western multinationals, which do not fall under this category as they are classed as "Hong Kong, Taiwan, and Macau."

39. See Anita Chan, "The Emerging Patterns of Industrial Relations in China and the

Rise of Two New Labor Movements," *China Information* 4, no. 4 (Spring 1995): 36–59.

40. Sek Hong Ng and Malcolm Warner, "Industrial Relations Versus Human Resource Management in the PRC: Collective Bargaining 'with Chinese Characteristics,'" in *Changing Workplace Relations in the Chinese Economy*, ed. Malcolm Warner (London: Macmillan, 2000), 111. Unfortunately, Ng and Warner have not explained how they came to draw this conclusion.

41. See, for example, Thomas Murakami, "Introducing Team Working—A Motor Industry Case Study from Germany," *Industrial Relations Journal* 26, no. 4 (December 1995): 293–305.

42. Greg J. Bamber and Russell D. Lansbury, *International and Comparative Industrial Relations: A Study of Industrialized Market Economies* (London: International Thomson Business Press, 1993), 1–25; Anthony Ferner and Richard Hyman, *Industrial Relations in the New Europe* (Oxford: Blackwell, 1992), 16–38.

43. Ronald P. Dore, *Stock Market Capitalism: Welfare Capitalism—Japan and Germany Versus the Anglo-Saxons* (Oxford: Oxford University Press, 2000).

44. Anita Chan, "Chinese Enterprise Reforms: Convergence with the Japanese Model?" *Industrial and Corporate Change* 4, no. 2 (1995): 449–70. Due to the success of the Japanese economy, the Japanese model was upheld by the West for a couple of decades, resulting in various attempts to mimic the model, for instance, in the adoption of teamwork in Germany in the nineties. See Thomas Murakami, "Joint Committees on Teamwork in a British, German, and Australian General Motors Plant," *Labor & Industry: A Journal of the Social and Economic Relations of Work* 10, no. 1 (August 1999): 107–25.

45. Richard Hyman, "Institutional Transfer: Industrial Relations in Eastern Germany," *Work, Employment, and Society* 10, no. 4 (December 1996): 603–4.

46. Ibid., 630.

47. W.M. Teuling, "A Political Bargaining Theory of Codetermination: An Empirical Test for the Dutch System of Organizational Democracy," *Organization Studies* 8, no. 1 (1987): 1–24.

48. For a succinct comparison of some of these typologies developed by various scholars, see Thomas Murakami, "Works Councils and Teamwork in a German Car Plant," *Employee Relations* 21, no. 1 (1999): 26–44. Murakami shows that Joel Rogers and Wolfgang Streeck, for example, developed three ideal types: paternalistic, consultative, and representative councils; Hermann Kotthoff developed six categories, Walther Müller-Jentsch added one more to the latter, and Murakami himself tries to combine all these into another categorization.

49. S.J. Park, "Labour-Management Consultation as a Japanese Type of Participation: An International Comparison," in *Industrial Relations in Transition: The Case of Japan and the Federal Republic of Germany*, ed. Jokunaga Shigeyoshi and Joachim Bergmann (Tokyo: University of Tokyo Press, 1984), 162.

50. David Peetz, *Unions in a Contrary World: The Future of the Australian Trade Union Movement* (Cambridge: Cambridge University Press, 1998), 44.

51. Michael Burawoy and János Lukács, "Mythologies or Work: A Comparison of Firms in State Socialism and Advanced Capitalism," *American Sociological Review* 50 (December 1985): 723–37.

52. Xinhua News Agency, May 6, 2001, available at www.people.com.cn.

53. For example, in *Workers' Daily*, April 21, 23, 24, 2001.