

Vietnamese and Chinese Labour Regimes: On The Road to Divergence

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At a macro level the Chinese and Vietnamese industrial economies are developing in quite similar ways, with dramatic changes in their labour markets, employment systems and labour regimes. But it will be argued in this paper that they are also beginning to diverge along separate routes with regard to labour issues. It will be seen that the Vietnamese government has been more willing to grant trade unions some space to defend workers' interests, whereas the Chinese government has chosen to keep the unions under a tight rein.

Trade Unions Under Pre-Reform Socialism

China's workers are "represented" by the All-China Federation of Trade Unions (ACFTU), and Vietnamese workers by the Vietnam General Confederation of Labour (VGCL). Known as "transmission belts", these bodies served for several decades before the economic reforms as state bureaucracies assigned the contradictory function of representing the interests of both the workers and the Party-state. But in a system where all sectoral interests have been subordinate to the interests of the Party-state, in reality the "belts" could only transmit top-down information and directives. Although they grandly claimed to protect the rights of workers, they were prevented from having a chance to act out this bottom-up function.

When the collective ethos was dominant in Vietnam and China, the trade unions' role as transmission belts was not much called into question or

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challenged by the workers.¹ After all, socialist enterprises belonged to the state, were paternalistic providers, and functioned as residential communities. The trade unions' primary task was to act on behalf of the enterprise in distributing goods to workers, organizing social activities for the community, allocating workers' housing, and looking after other material needs. Their other major task was to mobilize workers to fulfil and over-fulfil production quotas set by the command economy, by periodically whipping up frenzied production campaigns. In Vietnam, the unions had the additional task of supporting the war effort.

Yet another function assigned to the trade union cadres was to serve as ombudsmen and counsellors for employees' work-related and personal family problems. They provided the human touch for bureaucratic institutions. Trade union cadres helped to arrange hospital visits and funerals, facilitated potential marriages, mediated marriage breakdowns, distributed relief funds, and so on. In Vietnam, during the war the trade unions also helped to evacuate the young and old from the war zones² and to arrange family visits to the rear.³ During a time of protracted war, and in a society where people ordinarily live on the margin, this human face of the party-state as represented by the unions was appreciated by the workers more than most critics of Communist trade unions recognize. Parallels can be found in today's post-communist Russia. With Russian workers' livelihoods threatened, the former official trade union has successfully withstood competition from newly formed unions. Among other reasons, the former official unions have the experience and organizational capacity to help provide a "safety net": "In conditions of acute economic crisis, these functions of the traditional unions were valued more and more highly".⁴

¹ In the first four decades of Party rule, Chinese workers expressed mass dissatisfaction several times, but at none of these times did they turn to the union for assistance. During the Maoist period the contention was largely over political control rather than control over the labour process. In Vietnam during these same decades, the workers did not challenge the state in the same fashion because the nation's attention was focused on the war.

² Thanks to Melinda Tria Kerkvliet for providing us with this information.

³ This information was obtained from a group interview we conducted with twenty trade union officials who were undergoing training in Denmark with the General Worker's Union in June 1995 (henceforth referred to as the 1995 Denmark interview).

⁴ Boris Kagarlitsky and Renfrey Clarke, "Russia's Trade Union Movement: Bureaucrats and Militants in the Epoch of Capitalist Restoration", *Links*, no.1, April-June 1994, pp.19-28. According to SID labour organizer Sten Pedersen, who has carried out training courses for many Eastern European unions since the collapse of communism in their countries, the former official unions in all these post-Communist countries have outlasted the new alternative unions. Even in Poland the former official union continues to have a much larger membership than Solidarity.

All in all, while the functions of the Chinese and Vietnamese trade unions were very similar in the pre-reform period, there were also differences. Before the reform period the ACFTU was weaker than its Vietnamese counterpart *vis-à-vis* their respective party-states. In China, two attempts by the ACFTU to wrest greater freedom from Party domination failed in 1956-57 and in 1966, inviting harsh retaliation from the Party: beginning in the early 1970s the Chinese Communist Party went so far as to disband the ACFTU.⁵ In the early 1980s the Party revived the ACFTU but granted it only limited leeway. At every level of the bureaucratic hierarchy, the trade unions were placed under the grip of the corresponding Party hierarchy.

The situation in Vietnam was quite different, in part because the unions at one time came under two governmental systems. In the north, in spite of the strict discipline demanded of north Vietnamese society during the war, Vietnam's Communist Party was not able to impose an authoritarian bureaucratic structure to the same degree as in China. As Gabriel Kolko has written, "All wars more or less transcend the control of those leading them ... The logic of mass movement inevitably conflicts with all elitist, self-perpetuating parties".⁶ Because of the war, the union had stronger ties with its constituency. In Vietnamese workplaces solidarity against a real common national enemy dwarfed management-worker differences. In contrast, China under Mao's rule was short of real enemies, and the authorities had to create "class enemies" and to launch periodical "struggle campaigns". The Chinese workplace was infused with mistrust and animosity which exploded into internecine violence in the mid-1960s during the Cultural Revolution, and degenerated into cynicism and lethargy in the 1970s.⁷

In southern Vietnam the unions were not part of the state apparatus. Prior to 1975 there was no socialist ethos demanding that workers subjugate their interests to the state. Instead, southern Vietnamese workers and unions sometimes took a confrontational stance against capital and the Saigon government.⁸ Strikes were frequent, and labour activists and trade unionists

⁵ Elizabeth Perry, "Labour's Battle for Political Space: The Role of Worker Associations in Contemporary China", in Deborah Davis, Richard Kraus, Barry Naughton and Elizabeth Perry (eds), *Urban Space in Contemporary China: The Potential for Autonomy and Community in Post-Mao China* (Cambridge: University of Cambridge Press, 1995), pp.302-25. Also see Anita Chan, "Revolution or Corporatism? Workers and Trade Unions in Post-Mao China", *Australian Journal of Chinese Affairs*, no.29 (January 1993), pp.31-5.

⁶ Gabriel Kolko, "Vietnam Since 1975: Winning a War and Losing the Peace", *Journal of Contemporary Asia*, vol.25, no.1 (1995), pp.4, 6.

⁷ Andrew Walder, *Communist Neo-Traditionalism: Work and Authority in Chinese Industry* (Berkeley: University of California Press, 1986), ch.6.

⁸ See Trinh Quang Quy, *The Labour Movement in Vietnam* (publisher unknown, 1970), pp.41, 117-18. We are grateful to Melinda Tria Kerkvliet for drawing our attention to this book.

were beaten up, killed or thrown into jail. This militant historical past is not yet a distant memory.

Industrial Reforms and Their Consequences

The economic reforms in both countries have enormously affected the conditions of workers. Given the logic of marketization, it is natural that the shifts in working conditions in China and Vietnam should have charted somewhat similar routes.⁹

In both countries the main macro-economic and enterprise reform programs, in addition to marketization, involve entry into the global economy; raising productivity in the state sector by reforming management practices; forcing enterprises to be responsible for their own gains and losses; reducing excess labour in the state-owned enterprises (SOEs); gradually instituting a contract system in place of life-time employment; introduction of a labour market; reductions in state workers' benefits; a widening of the wage gap; and separation of the Party from administration by vesting the enterprise manager with greater power. On the shopfloor, work discipline has been tightened, and welfare socialism can no longer be taken for granted by the workers.

In China, a process of shrinking the core industrial state-sector workforce has been under way for more than ten years. But the Chinese government could only implement this intermittently in the 1980s for fear of "social instability". During the 1989 Tiananmen protest movement, the workers' message to the government was clear: they should not be sacrificed to the economic reforms.¹⁰ Nevertheless, in the 1990s the government renewed its attempt to rid state enterprises of excess workers. The number of money-losing state enterprises has continued to climb (from about 30 per cent in the 1980s to about 40 per cent by 1995 and 75 per cent in 1996),¹¹ strengthening the government's determination to press for more bankruptcies;¹² a privatization program was officially announced at the Fifteenth Party Congress in 1997. Since about 20 per cent of the country's 700 million economically active population were employed in state enterprises and urban collectives,¹³ any crisis of unemployment affecting these workplaces could potentially have grave political repercussions.

⁹ See, for example, David Wurfel, "Doi Moi in Comparative Perspective", in William S. Turley and Mark Selden (eds), *Reinventing Vietnamese Socialism: Doi Moi in Comparative Perspective* (Boulder: Westview Press, 1993), p.47.

¹⁰ Andrew G. Walder and Gong Xiaoxia, "Workers in the Tiananmen Protests: The Politics of the Beijing Workers' Autonomous Federation", *Australian Journal of Chinese Affairs*, no.29 (June 1993), pp.1-29.

¹¹ *Japan Economic Newswire*, 27 October 1994; *Zhongguo tongji* [China's statistics], no.1, 1996, p.27; and Reuters, Beijing, 23 June 1997.

¹² *Japan Economic Newswire*, 27 October 1994.

¹³ *Zhongguo laodong bao* [China labour news], 13 June 1996.

Yet layoffs have increased rapidly. In the 1980s the expanding economy was able to absorb surplus labour from the state sector. But by 1995 the numbers of officially registered unemployed reached 5 million, and the numbers of workers instructed to stay at home on partial or no pay at all had reached 20 million. All told, this amounted to about 18 per cent of the 109 million state-sector employees (out of a total of 148 million urban employees).¹⁴ By 1997 the official unemployed exceeded 10 per cent.¹⁵ In addition, the pensions of 30 million urban retirees were not keeping up with inflation, and some were not receiving any of their pensions at all.¹⁶ The dissatisfied state-enterprise workers and retirees worry the political leadership as potential sources of social instability. Still, without sufficient funds in the state coffer to prop up loss-making state enterprises, the Party declared at the Fifteenth Party Congress in October 1997 that the reforms would be “deepened”: that is, far greater numbers of state-enterprise workers will be thrown out of work.

Urban unemployment in Vietnam is even more severe than in China. The Vietnamese government was at first reluctant to restructure the state sector, but when it did so it went about it with determination. Since 1990, half of the state enterprises have been closed down or merged into larger units. The number of state workers declined from 1.4 million in 1985 to just under 1 million in 1992, when it bottomed out.¹⁷ The impact on the state workers who lost their posts was severe. But the overall impact on the country’s social fabric has not been as noticeable as in China, given that Vietnam’s state industrial sector only employed about 5 per cent of the country’s entire labour force in 1985.¹⁸ State workers made up 38 per cent of the industrial labour

¹⁴ *Gongren ribao* [Workers’ daily], 30 November 1995.

¹⁵ *Nanfang gongbao* [Southern workers’ news], 29 April 1997.

¹⁶ *Gongren ribao*, 7 March 1996.

¹⁷ Tran Hoang Kim, *Economy of Vietnam: Review and Statistics* (Hanoi: Statistical Publishing House, 1994), p.146. The number for 1992 is a little higher (695,000). See *Statistical Yearbook of Labour, Invalids and Social Affairs 1993* (Hanoi: National Political Publishing House, 1994), p.45. Also see Dang Duc Dam, *Vietnam’s Economy 1886-95* (Hanoi: Gioi Publishers, 1995). In Vietnamese statistics the industrial labour force is not divided into urban and rural. However, unlike China, very few of the state enterprises are located outside the cities.

¹⁸ Only 11-12 per cent of Vietnam’s workforce was employed in the industrial sector, of which 30 per cent worked in the central state sector as of 1985. See Melanie Beresford, “The North Vietnamese State-Owned Industrial Sector: Continuity and Change”, *The Journal of Communist Studies and Transition Politics*, vol.11, no.1 (March 1995) p.56. By 1993 this had dropped to a little over 10 per cent of the manufacturing labour force. See *Statistical Yearbook of Labour, 1993*, p.45. Also see Irene Nørlund, “The Labour Market in Vietnam: Between State Incorporation and Autonomy”, in J. D. Schmidt, Niels Fold and Jacques Hersh (eds), *Social Change in Southeast Asia* (Harlow: Addison Wesley Longman, 1998), pp.155-82.

force in 1985, and this declined to 22 per cent in 1994, reflecting the increasing importance of the non-state sector. The figures from 1996 are not entirely comparable with the earlier years. The first large-scale labour market survey indicated that state labour constituted 28 per cent of the industrial labour force, which probably overstated the proportion compared to earlier data.¹⁹

The problem of urban unemployment was exacerbated by the demobilization of 400,000 to 500,000 soldiers in Vietnam following the Paris agreement on Cambodia, and by the sudden repatriation of half a million workers from post-Communist Eastern Europe in the early 1990s. All told, urban unemployment in Vietnam by 1993 stood at about 10-15 per cent.²⁰ Thereafter, however, employment started to expand along with the economy. As a consequence, unemployment by 1996 was officially down to 7 per cent of the labour force.²¹

The Vietnamese economy has not been expanding as rapidly as China's, however. In the 1980s it was still recovering from the war, made all the harder by the American-led foreign trade embargo. Vietnam was afflicted by three years of high inflation in 1986-88, and again from mid-1990 to mid-1992. Also in the early 1990s, Vietnam simultaneously experienced an economic recession due to the dissolution of the Soviet-bloc Comecon, and the flooding of Vietnam's market with cheaper and better products, either imported or smuggled, from neighbouring countries, especially China.²² As one important consequence, the textile industry, which employs the second largest number of workers, registered an absolute decline in output, from 115 million pieces in

¹⁹ *Status of Labour—Employment in Vietnam* (Hanoi: Ministry of Labour, Invalids and Social Affairs, Statistical Publishing House, 1997), Table C3.3.0.01.

²⁰ The figure can only be approximate. The 1993 data from the Ministry of Labour showed total unemployment of 8.3 million. In China, the registered unemployment rate is low, only about 3 per cent, but the number of workers who are not paid full wages or have to stay home is large, reaching 18 per cent of SOE workers. The situation in Vietnam is quite similar. Many workers continue to stay in the state enterprises even though they are employed only part-time or are without work. So long as they are not formally laid off they are counted as employed. In some cities this figure is as high as 20 per cent. In recent years, though, there has been a falling unemployment rate. See *Statistical Yearbook, 1995* (Hanoi: General Statistical Office, 1996), p.39; *Vietnam Economic Commentary and Analysis*, no.6, 1994, p.29.

²¹ *Vietnamese News*, 14 May 1996, p.4. According to the Labour Survey of 1996, unemployment decreased considerably from 1994 to 1996, down to 4 per cent. Unemployment declined especially in the newly expanding cities and special economic zones, whereas it increased in other urban areas. *Status of Labour—Employment in Vietnam*, pp.66-7.

²² *Vietnamese Investment Review*, 24-30 October 1994, p.18.

1989 to 85 million pieces in 1993.²³ Fortunately, once the quality of local products improved with the injection of foreign capital, production has been on the upturn from 1994, with garments becoming a leading export item by 1996.

Problems in China's labour-intensive industries are of a different nature. The challenge facing shoe factories, for example, is not competition from foreign products, but domestic over-production.²⁴ In the past decade, the number of shoe factories of all types and sizes has proliferated.²⁵ Factories undercut each other, driving down prices across the entire industry. In these kinds of labour-intensive industries, the easiest way to reduce production costs is to depress wages and/or downsize the labour force. China's state-run enterprises have lost out to the non-state sector in this cut-throat competition because the government puts a cap on the percentage of workers who can be laid off.²⁶ In addition, being longer-established factories, the state-owned firms tend to be burdened by a large number of retirees who must be supported out of the present enterprise budget. Despite grave financial difficulties, these firms are supposed to pay these pensions, honour medical bills, and pay workers ¥8 (US\$1) to stay home when production lines are idle.²⁷ The state-enterprise workers, especially those in labour-intensive industries, now work mostly at piece-rates and produce as fast as non-state workers,²⁸ but their firms

²³ Irene Nørlund, "Vietnamese Industry in Transition: Changes in the Textile Sector", in Irene Nørlund, Carolyn L. Gates and Vu Ca Dam (eds), *Vietnam in a Changing World* (Richmond: Curzon Press, 1995), p.138.

²⁴ This information was gained from six weeks of visits to footwear factories in Shanghai and Beijing in 1995 and 1996. In addition, a series of interviews was conducted with a variety of government officials and trade union cadres whose work is related to the leather goods industry.

²⁵ No government department has figures on the exact number of footwear factories in the country. Keen competition was felt by almost all of the factories visited. Even those which had been making steady yearly profits up till 1993 saw profits decline. In Vietnam, because of the competition from foreign goods, there is also a sense of "over-production". See Nørlund, "Vietnamese Industry in Transition", p.143.

²⁶ Information from 1995 fieldwork in Beijing.

²⁷ More often than not, in the older state enterprises the ratio of retirees to employees can be as high as 1:2. Since under the Chinese system the work unit itself has to support the entire range of welfare of its own staff and workers, this has become a heavy burden on financially troubled firms. The government's recent policy is to replace this system with an entirely new one whereby all welfare services are centralized at the city level, thus evening out welfare responsibilities among all enterprises. But state enterprises which are in the red lack the funds to participate in the new program, and thus remain trapped in a vicious cycle.

²⁸ In the textile industry, for instance, state-sector workers have been made to work at very fast rates for long hours. See Zhao Minghua and Theo Nichols, "Management Control of Labour in State-Owned Enterprises: Cases from the Textile Industry", *The China Journal*, no.36 (July 1996), pp.1-21.

nevertheless remain in the red due to their social-welfare functions. Gradually, the enterprises are ridding themselves of their older workers and hiring migrants from the countryside, a practice which undermines state workers' employment opportunities and social security.²⁹

Not surprisingly, the number of labour conflicts in the state enterprises has been increasing at a rapid rate. These have included large collective protest actions involving up to 200,000 workers. Many of these labour disturbances have occurred in China's central heartland and the north-eastern heavy industrial regions hardest hit by the reforms.³⁰ One example was the series of large-scale workers' protests which broke out in various cities in Sichuan in 1997.³¹ These workers are well organized and aware of their rights. At times their actions are encouraged and in rare cases even led by local trade-union officials. The protests are usually over delinquent pay, involuntary layoffs, enforced early retirement, erosion of benefits, and so on.³² With more state firms in the red and the government determined to permit bankruptcy, more protests can be expected.

In contrast, the closure of half of the Vietnamese state enterprises in the early 1990s produced no major upheavals among industrial workers. Whatever conflicts occurred in state firms were usually resolved after negotiations between management and labour. A hundred strikes were reported from 1989 to mid-1994,³³ but most of these occurred in the south in 1992-93 in foreign-funded enterprises that do not possess unions.³⁴ In recent years, foreign sources indicate that 48 strikes took place in 1995; 73 or 90 in 1996 and 36

during the first eight months of 1997. Seventy per cent of the strikes took place in foreign-funded enterprises.³⁵

In both countries, in fact, there have been more labour disturbances in factories operated by Taiwanese, Korean and Hong Kong investors than in the

²⁹ Dorothy Solinger, "The Chinese Work Unit and Transient Labor in the Transition from Socialism", *Modern China*, vol.21, no.2 (April 1995), pp.155-85. Our field research in Shanghai in 1995 also indicated that this is an increasing trend.

³⁰ *China Labour Bulletin* [Hong Kong], no.3, May 1994, pp.8-9.

³¹ *Globe and Mail* [Canada], 18 July 1997; *China Labour Bulletin*, no.37, July/August 1997, pp.13-14.

³² Anita Chan, "The Emerging Patterns of Industrial Relations in China and the Rise of Two New Labour Movements", *China Information*, vol.IX, no.4 (Spring 1995), p.58.

³³ Institute of Labour Science and Social Affairs of the Ministry of Labour, July 1994.

³⁴ *Vietnamese Investment Review*, 22-29 November 1993; 70 strikes were recorded in 1992-93. Also see "Vietnam Labour Law Fails to Halt Strikes" (Hanoi: Agence France Presse, 9 July 1995); and *Vietnamese Trade Union*, no.3, 1995, pp.27-8.

³⁵ Communication from the Committee for the Defence of Workers' Rights in Vietnam, France and Associated Press, Hanoi, 25 September 1997, referring to a union inspection report in Vietnam.

state sector. One reason is that Chinese and Vietnamese workers are experiencing very similar work regimes on the shopfloor in these foreign-funded firms. Their managements tend not to abide by safety regulations, and they pay workers few or none of the benefits stipulated by law. They hire and lay off workers as the situation demands, and shut down production lines and send workers home without any pay. They demand exhaustingly long working hours, overtime work without overtime rates and sometimes without any pay at all, and deduct wages as a penalty for violating workplace regulations.³⁶ They provide poor and dangerous working conditions, no medical insurance or unemployment benefits, and at times subject workers to verbal and physical abuse.³⁷ Some of the worst factories have even recruited child labour.

According to both Vietnamese and Chinese trade union officials, the most abusive foreign bosses are the Koreans, next worst are the Taiwanese, and then the Hong Kong Chinese.³⁸ The latter two groups are the major investors in both countries.³⁹ The harsh work regimes in many of these Asian firms have led to an increase in disturbances and strikes and have instigated an adversarial pattern of industrial relations. In China, 250,000 strikes were recorded from 1988 to 1994, and most of these took place in such Asian-invested firms. The number of "labour conflicts", a broader category that includes incidents that stop short of strikes, is climbing apace. In 1995 there

³⁶ According to a survey carried out by the Guangdong Provincial General Trade Union in 1994, 34.5 per cent of the workers interviewed said there was no extra pay for overtime work; and 32 per cent were paid below the minimum wage (*Yuegang xinxi shibao* [Guangdong-Hong Kong information newspaper], 2 April 1994). A survey in Vietnam revealed that 15 per cent of foreign-funded enterprises paid employees less than the official minimum wage of US\$35 per month set for Hanoi and Ho Chi Minh City (*Vietnam Investment Review*, 9-15 January 1995, p.25).

³⁷ For example, for violations of labour laws by Taiwanese and Korean-owned factories that make Nike shoes, see *Lao dong* [Labour], 19 November 1997; for violations by such factories in China, see the Asia Monitor Research Centre report, "Conditions of Workers in the Shoe Industry in China", November 1995. This does not apply in China and Vietnam to some of the large capital-intensive, high-tech enterprises that are owned by Western firms, which operate on a management philosophy that is softer on workers. See Anita Chan, "The Emerging Patterns", esp. pp.45-8.

³⁸ The information on China comes from interviews in 1994 at Beijing's ACFTU headquarters; information on Vietnam came from the Denmark interviews of 1995. Talks with trade unionists from Indonesia and with Australian business consultants lend support to this observation, as does a report in the *Far Eastern Economic Review*, 22 August 1996, p.63.

³⁹ Taiwanese capital began to flow into Vietnam earlier than from other countries. Taiwan was the major investor in Vietnam until 1997, when Singapore became the largest, followed by Taiwan, Hong Kong, Japan and South Korea. The largest investor in the mainland of China is Hong Kong, followed by Taiwan.

were some 210,000 officially recorded cases, a 54 per cent leap over 1994, which was again a 51 per cent increase over 1993.⁴⁰

In the mid-1990s, labour disturbances in China and Vietnam began heading in different directions. In China, strikes became not only more frequent but also more confrontational. China's official media has admitted that "the intense conflicts between bosses and workers in foreign ventures that have occurred in recent years are unprecedented, rarely having occurred in state-owned enterprises";⁴¹ and "The problem now is that as soon as there is an incident, the public security police, for their own reasons, send policemen to intervene in labour disputes, thus aggravating industrial relations".⁴² Intimidation breeds violence. In one highly publicized case, more than 500 workers besieged and beat up several Taiwanese managers of a concrete factory.⁴³ In Vietnam this kind of violence and counter-violence has not yet been reported.⁴⁴

⁴⁰ *Gongren ribao*, 21 May 1996, p.5.

⁴¹ *Beijing Review*, vol.38, no.20 (15-21 May 1995), p.18. The reporting on labour disturbances in foreign-funded firms has become more forthright. In the 1980s the Party specifically banned such news from the press (Information from a Shanghai researcher on labour issues).

⁴² *Gongren ribao*, 11 November 1993. Two cases were cited in this article. In one, a manager in a garment factory hired a police officer to be deputy manager with the express purpose of controlling the workers. When the workers could no longer stand the protracted hours of overtime work, several of them launched a protest. The policeman-turned-manager first fired the "trouble-makers", then got his colleagues in the police station to arrest them. They were released after the intervention of the local union. Another case involved a foreign manager who, just before firing a batch of workers, called in the police. As each of the names of the unfortunate workers was called, they were "accompanied" to the gate by a policeman. In another case, when some workers started complaining after being owed wages for 7-8 months, police were sent into the dormitory to beat up the workers' representatives (*Zhuhai laodong bao* [Zhuhai labour news], 24 October 1994). The use of police and private security guards with connections to the police is very prevalent in south China (based on field findings in January 1996). One Taiwanese joint-venture firm in south China employed 100 security guards for only 2,700 workers (*Gongren ribao*, 17 April 1996, p.7).

⁴³ *Zhongyang ribao* [Central daily news, Taiwan], 31 March 1995. This case was widely publicized in the Taiwan press as a negative example of how uncontrollably wild PRC workers could become. What is unusual about this incident is that the rebellion was led by the trade union chair of the enterprise. An English translation of this report appears in *Chinese Sociology and Anthropology*, vol.30, no.4 (Summer 1998), pp.83-6.

⁴⁴ *Vietnam: Economic Commentary and Analysis: A Bi-annual Appraisal of the Vietnamese Economy*, no.6 (April 1995), p.31. This is confirmed by Nørlund's meetings with Vietnamese trade unionists from both grassroots and leadership levels in 1994 and 1996. Similarly, an Australian trade unionist who visited Vietnam was informed that the police have not been used during labour disputes.

New Roles for the Trade Unions

The Chinese authorities, concerned to maintain social stability, early in the reform period foresaw a necessity to give the trade unions more autonomy so that they could serve as a bottom-up transmission belt, especially in foreign-funded enterprises. When Deng Xiaoping came to power in the late 1970s, aware of the implications of the Solidarity movement in Poland, he revived the ACFTU and allowed limited union reforms.⁴⁵ This predated the emergence of any domestic capitalism or a foreign-funded sector. The purpose was to provide a pressure valve to alleviate tensions between managers and workers, especially since the managers were soon to be granted more autonomy. To counter-balance this, the Chinese government raised the *nomenklatura* rank of the enterprise-level trade union chair to a level equivalent to a deputy manager.⁴⁶ A few years later multi-candidate elections for trade union chair were introduced,⁴⁷ though these elections were not, in practice, democratic. These tinkering-at-the-edges reforms have not helped much, however, to sensitize trade union cadres to workers' interests, so long as the union chair is still a member of the *nomenklatura* and is responsible to the Party secretary or manager in each enterprise.

Nonetheless, as the Party-state decentralized authority and power, the ACFTU at all levels continued to press throughout the 1980s for a bigger share of power. In particular, by the mid-1980s, as state workers' job security and welfare provisions experienced initial cutbacks and the first labour disputes erupted in the foreign-funded sector, the national union officialdom felt challenged to react. Taking advantage of the politically liberal period of 1988 and early 1989, the ACFTU passed a document that dropped the hitherto ubiquitous statement about "the union being under the leadership of the Party". Instead, the primary function of the ACFTU was redefined as the "defence of staff, workers' and the masses' legal interests and democratic rights". If realized, this would have meant a more independent ACFTU.⁴⁸ Internal debates heard arguments that the ACFTU should share power with the

⁴⁵ On this, see Jeanne Wilson, "The Polish Lesson: China and Poland 1980-1990", *Studies in Comparative Communism*, no.3/4 (Autumn/Winter 1990), pp.259-80.

⁴⁶ This decision was issued in the 1985 CCP Central Committee Document no.50.

⁴⁷ This reform was formalized in 1993 in the trade union constitution. *Zhongguo gonghui di shierci chuanguo daibiao dahui wenjian huibian* [Collection of documents of the Chinese Trade Union's 12th congress] (Beijing: Gongren Chubanshe [Workers' Press], 1993), p.44.

⁴⁸ This document, entitled "Fundamental Ideas on Union Reform", was passed by the ACFTU 6th plenary session of the 10th standing committee on 9 October 1988. (*Zhongguo gonghui zhongyao wenjian xuanbian* [Selections from important Chinese trade union documents] (Beijing: Jixie Gongye Chubanshe [Machine Industry Publishers], 1990), pp.100-1).

government.⁴⁹ This assertiveness was soon crushed in the government's backlash against the Tiananmen protest movement of 1989. A month after the June Beijing massacre, Jiang Zemin, the new head of the Communist Party, delivered a speech to the ACFTU that demanded union compliance with Party instructions. He pointedly declared that the union's number one mission was to "carry out its work under Party leadership".⁵⁰ The ACFTU quickly relapsed into its former docility.

Efforts to loosen the Vietnamese Party's grip over unions were more successful. The Sixth Trade Union Congress in 1988 was a watershed in this respect. The Congress declared that the objective was to build strong unions with rights to self-governance. The Congress adopted the slogan "renewal, openness and democracy"; and for the first time at a trade union congress, delegates could air spontaneous opinions, rather than simply offer formalistic statements that were orchestrated from above. Nguyen Van Linh, the Secretary General of the Party, announced at the congress that leading trade-union cadres need not be Party members, and urged union cadres to voice their ideas independent of the Party and management (though he cautioned that this did not mean the union was to be completely free from Party control).⁵¹

Labour Laws and Union Constitutions

To adjust to the rapidly changing labour situation, both countries recognized the necessity to draw up new legislation, and during the drafting process different interests within the government contended to influence the new legal documents' contents.⁵² In China the Trade Union Law was passed in 1992;⁵³ a new ACFTU Constitution was drawn up in 1993;⁵⁴ and a Labour Law was

⁴⁹ This information comes from a former trade-union participant of the debate.

⁵⁰ Zhongguo Gongyun Xueyuan [China Labour Movement College] (ed.), *Xin shiqi gonghui gongzuo zhongyao wenjian xuanbian* [Selections of important union documents in the new era], restricted to internal circulation, 1993, pp.271-8.

⁵¹ "The Sixth Congress of the Vietnamese Trade Unions", *Vietnam Courier*, no.1, 1989, pp.5-7. Nguyen Van Linh's speech is carried in US Foreign Broadcast Information Service, *Daily Report: East Asia*, [hereafter FBIS-EAS], no.203, 1988, pp.61-5. At the Congress, the VFTU officially changed its name to the Vietnam General Confederation of Labour (VGCL), implying a policy of broadening and decentralizing trade union power. Due to the emergence of a "multi-sector economy", the union also decided that it would create separate union branches for the state, collective and private sectors.

⁵² For an excellent account of the passage of Chinese bills, see Murray Scot Tanner, "How a Bill Becomes a Law in China: Stages and Processes in Lawmaking", *The China Quarterly*, no.141 (March 1995), pp.39-64. Also see Kevin O'Brien, "Chinese People's Congresses and Legislative Embeddedness", *Comparative Political Studies*, vol.27, no.1 (1994), pp.80-107.

⁵³ *Renmin ribao* [People's daily], 9 April 1992.

⁵⁴ "Constitution of the Trade Unions of the People's Republic of China", in *The Twelfth National Congress of Chinese Trade Unions* (Beijing, 1993), pp.58-78.

adopted in July 1994.⁵⁵ In Vietnam the corresponding years for these developments were 1990, 1993 and 1994. But the parallel sequencing of legislative activities took place independently of each other. The coincidence reflected the emergence of very similar labour issues; it was not that the two countries were necessarily learning from or influencing each other.

The Vietnamese trade union law opens by reiterating, in stereotypical language, that the union is an organization under the leadership of the Party.⁵⁶ The Chinese Trade Union Law in contrast has dropped this socialist phraseology.⁵⁷ But the substantive details of the law grant Vietnam's VGCL considerably more autonomy from the Party than the ACFTU has ever been permitted. Although both laws try to maintain a state-corporatist structure, it is the Chinese law which ensures its perpetuation in the state-owned firms. Four major differences can be identified.

First, unlike in China, the Vietnamese unions' role is not to include participation in management or carrying out managerial functions. This stipulation was drawn up in accordance with the wishes of the majority of the VGCL delegates and had also been heatedly debated in the 1989 National Assembly.⁵⁸ Both countries' unions have the right to draw up collective agreements with management on behalf of the workers, but the more clear-cut division between management and labour in Vietnam is much more likely to lead to an adversarial kind of industrial relations of a type common in the West.

Second, in Vietnam, when a new trade union branch is established it only needs to "inform" the government of its existence (Article 1.2), whereas in China the establishment of a new union branch needs to be "approved" by a higher level union (Article 13). This decentralized right to organize new branches at enterprises in Vietnam implies the possibility that more autonomous trade union branches may emerge.

A third major difference is that Vietnamese trade unions have the right to join international trade union organizations (Article 1.3), to accept donations from international organizations and foreign trade unions (Article 16.2.a), and to keep these as union assets (Article 17). The Chinese law is silent on such rights, although in practice, Chinese trade unions are forbidden by the Party to

⁵⁵ *Order of the President of the People's Republic of China*, no.28, July 1994 (in English).

⁵⁶ Article 1 in the Law on the Trade Unions, adopted at the General Assembly of the Socialist Republic of Vietnam, 30 June 1990, in *Hien Phap nuoc Cong hoa Xa hoi Chu nghia Viet Nam 1992* [The Constitution of the Socialist Republic of Vietnam 1992] (in English and Vietnamese). The implication is that the Party will protect the workers, and therefore the role of the unions is to educate workers. See also Gareth Porter, *Vietnam: The Politics of Bureaucratic Socialism* (Ithaca: Cornell University Press, 1993), p.92.

⁵⁷ *Renmin ribao*, 9 April 1992, p.3.

⁵⁸ For example, most of the 18 deputies did not endorse the idea that the unions should be responsible for social security management. See FBIS-EAS, no.110, 2 January 1990, p.68.

join international organizations. Any contact with foreign unions can only be of an informal and formalistic nature.

Fourth is an important difference in union finances. In Vietnam a union official's salary is paid out of union funds (Article 15.3), and the source of union finances includes membership fees as well as allocations from state revenue (Article 16.2.a.b.). This means that although the umbilical cord between the VGCL and the state has not been completely severed, at least some workplace union officials are not on the management payroll, as they generally used to be.⁵⁹ The Chinese law perpetuates the dependence of the enterprise-level union officials on management by stipulating that 2 per cent of the enterprises' payroll (including foreign-funded factories) should be budgeted to the union (Article 36.2).⁶⁰

In sum, both laws have granted a bigger role to their respective trade unions in that unions are to represent workers in labour disputes. But the Vietnamese union is allowed a bigger supervisory role than the Chinese union: the former is empowered to "check on" (*kiem tra*) the implementation of the labour contract, recruitment, dismissal, wages, bonuses, labour protection, social insurance and the like, whereas the Chinese union is to "assist" (*xiezhu*) the management in these functions (Article 26). On balance, the Vietnamese Party is willing to devolve more power to the unions.

In 1993 both national unions passed new constitutions.⁶¹ The Chinese trade union structure remains basically unchanged. There is to be little autonomy at the grassroots level, and all union branches in theory are to be subject to the dual leadership of both the industrial unions and the local trade union federation (Article 10). China has 18 industrial unions, but historically these industrial unions have had few functions, and with decentralization of the economy they have been further weakened. In practice, the enterprise union branches today are controlled in each locality by the officials of the local union federations which, in turn, are under tight local Party leadership. Much as in the past, the entire ACFTU structure has little space to manoeuvre.

⁵⁹ However, because trade union funds in some Vietnamese state factories have been insufficient to pay the salaries of the workplace union cadres, part of the trade union chairs' salary still derives from the enterprise (field data). A Shanghai General Trade Union delegation's report on its visit to Vietnam also noted that many of the state enterprises' workplace unions continue to be financed by the enterprise. (*Shanghai gongyun* [Shanghai labour movement], no.10, 1995, pp.41-2.

⁶⁰ Notably, in many Taiwanese, Hong Kong and Korean-funded enterprises, managers today either adamantly refuse to pay, or pay only on the condition that they control the appointment of the union chair. This information is based on interviews in 1996 in Shanghai and Shenzhen.

⁶¹ Vietnam General Federation of Labour, *Constitution of the Vietnamese Trade Unions* (Hanoi, November 1993). For China, see "Constitution of the Trade Unions of the People's Republic of China", pp.58-78.

The Vietnamese Trade Union Constitution, in contrast, lays out a new organizational structure that is geared to help lower levels of the trade union organization to gain greater autonomy. The constitution downplays the direct leadership role of the Party.⁶² The trade union organizations in local areas will be allowed to set up occupational trade unions (Article 14). This means that in the private sector, workers from different enterprises sharing the same occupation or trade can join an occupational trade union.

Beyond unions at the enterprise level, Vietnam will allow industrial and professional unions. These will be “placed under the *direct guidance* (our italics) of the respective national industrial and professional unions in matters concerning the industry and profession” (Article 20.a), but only “under the *direction* (our italics) of the local confederation of labour in matters related to socio-economic problems”. Of greater significance is Article 22.1 which states: “the national industrial and professional unions are organized on the basis of the particular traits of their respective industries and professions and *they are not necessarily arranged in accordance with the administrative organization of the State*” (our emphasis). In other words, at all levels of the VGCL structure, there will be a dual command system: the hitherto existing local unions in the state sector which continue to be tied to the local government and Party and, alongside these, industrial and professional unions linked with grassroots occupational unions in the non-state sector, representing interests that may be different from those of the state and the localities’ governments. To ensure the viability of the industrial and professional unions, the VGCL should “entrust” them with a certain initial sum of money and property, and thenceforth they will be financially independent (Article 23.5). Ultimately, though, the VGCL still has the power to “decide on the founding or disbanding of” all the confederations and industrial and professional unions (Article 26). If this new trade union structure is to develop, it will mean that the new occupational, industrial and professional unions will be able to gain a fair degree of autonomy from the local Party and government.

In both countries there were heated debates over the drafts of the new Labour Laws.⁶³ By the time the laws were passed in 1994 (they both went into

⁶² *Constitution of the Vietnamese Trade Unions*, Introduction, p.4.

⁶³ *Bo Luat Lao dong cua Nuoc Cong hoa Xa hoi Chu nghia Viet Nam*, Labour Code of the Socialist Republic of Vietnam, adopted by the National Assembly of the Socialist Republic of Vietnam, 23 July 1994 (National Political Publishing House, 1994). There is an English version translated and published by Phillips Fox, Melbourne, 1994: *Labour Law of the People’s Republic of China*, adopted at the 8th National People’s Congress, 5 July 1994 (*Jingji ribao* [Economics daily], 6 July 1994, p.2). Thanks go to David Peetz for giving us an English version that he obtained in 1995 from the Chinese government (publisher and date missing). For a detailed analysis of the Chinese Labour Law, see David Peetz, “China’s New Labour Law: Forging Collective Bargaining from the

effect on January 1, 1995), China's had gone through forty drafts,⁶⁴ and Vietnam's thirty.⁶⁵ In China, to maintain the facade of consensus, differences in opinion over the drafts occurred behind closed doors.⁶⁶ In Vietnam, there was a lot more transparency. Headlines like "National Assembly Debates Labour Code",⁶⁷ "Controversial Labour Law goes to Parliament",⁶⁸ and "Labour Law Provokes Mixed Response"⁶⁹ appeared in the government-sponsored journal *Vietnam Investment Review*.

Arguments over the drafts did break out at the VGCL congress. One faction that wanted to transform the trade unions into genuine workers' organizations argued that managers should not remain members of the trade union. Another faction wanted to maintain Party and state dominance over the union. These and other debates went on for months. A full copy of the draft was published in magazines and discussed at the factory level, although not formally on the shop floor.

Both countries' labour laws represent compromises between the unions and other interests. One of the VGCL's most important victories was that, despite persistent objections from other bureaucracies, trade unions were to be set up in enterprises of all ownership types—and fast, within six months after the law took effect (Article 153). Other controversial issues that the VGCL championed concerned the unionization of foreign-funded enterprises, the maximum number of working hours and working days, minimum wages, maternity leave and overtime pay.⁷⁰

Rusting Iron Rice Bowl", in Lo Chi Kin, Suzanne Pepper and Tsui Kai Yuen (eds), *China Reviews 1995* (Hong Kong: The Chinese University Press, 1995), pp.14.1-14.17.

⁶⁴ Anita Chan, "The Emerging Patterns", p.54.

⁶⁵ Interview with the preparatory commission of the Vietnamese Labour Code by Irene Nørlund in Hanoi, July 1994.

⁶⁶ The evidence for heated behind-the-door debates derives from two interviews in Beijing in 1994: one with an ACFTU official and one with an official of the Ministry of Labour, both of whom were involved in committees responsible for drafting the Labour Law. Further evidence comes from a meeting held by Beijing's Labour Movement Institute that same year at which Anita Chan was able to observe the union's internal discussion of the draft. The ACFTU's position was definitely pro-labour.

⁶⁷ *Vietnam Investment Review*, 3-9 January 1994.

⁶⁸ *Vietnam Investment Review*, 30 May-5 June 1994.

⁶⁹ *Vietnam Investment Review*, 2-8 May 1994.

⁷⁰ Tu Le, "The Labour Code in the Life of Workers: Interview with Pham Gia Thieu", *Vietnamese Trade Union*, no.4, 1994, p.7; Eva Hansson, *Trade Unions and Doi Moi: The Changing Role of Trade Unions in the Era of Economic Liberalization in Vietnam* (Stockholm: Department of Political Science, University of Stockholm, Fall 1994), p.22; Nguyen Tri Dung, "Minimum Working Age Fixed at 15", *Vietnam Investment Review*, 6-12 June 1994; Lan Thanh, "National Assembly Debates Labour Code", *Vietnam Investment Review*, 3-9 January 1994, p.21.

In China, the ACFTU won a debate over how to define a labourer, an issue of central importance because local governments and the Ministry of Agriculture were attempting to deny the status of “labourers” to over a 100 million former peasants who were employed in rural industries, thereby excluding them from the protection of the Labour Law.⁷¹ The ACFTU also won a compromise on the maximum number of regular working hours per week. The ACFTU advocated 40 hours, while other interests within the People’s Congress pressed for 48 hours; the compromise was 44 hours. A second dispute was over the maximum number of hours of overtime per month: the argument focused on 24 hours versus 48 hours, and the compromise was 36 hours. In practice, in the years since then the 44-hour work week and the legal maximum of 36 hours of overtime have been regularly violated in the foreign-funded enterprises, and increasingly so in state enterprises as well, as they have been placed under more intense competition from the challenge of cheap migrant labour employed in the non-state sector. But at least the law is in the books, and in the large core state-run enterprises it is largely observed.

One significant similarity between the two countries’ laws is the absence of any reference to the Communist Party. Also, both governments, having recognized the necessity that their trade unions should play a bigger role, accept a tripartite structure for industrial relations: of labour, employers and the state.⁷² The trade unions’ role of protecting workers’ labour rights is affirmed. Both laws grant the unions a right to collective bargaining on behalf of the workers, both laws establish the necessity for management to pay minimum wages and to sign labour contracts with workers, both laws recognize the emergence of labour disputes, and both delineate the role of the unions in labour conciliation and arbitration committees.

On close comparison, the Vietnamese law’s 198 articles (China’s has 107) are more detailed and, if enforced, would more effectively protect labour rights. For example, the Chinese section on collective agreements contains only three brief articles. Collective agreements are mentioned as an option (the word used is “may” [*keyi*]; and any draft contract is to be “submitted to the congress of the staff and workers ... for discussion and adoption” (Article 33), leaving vague what happens when a firm has no such congress. The Vietnamese law’s section on collective agreements, in contrast, consists of 11 articles with numerous sub-clauses. For instance, the right of the union to

⁷¹ Anita Chan, “The Emerging Patterns”, p.54.

⁷² Tu Le, “The Labour Code in the Life of Workers”, notes that the ILO had given advice in relation to the formulation of the labour law in Vietnam. Also see *Vietnam: Employment and the New Labour Law* (Canberra: Department of Foreign Affairs and Trade [Australia], Southeast Asia section, Vietnam/Laos section, October 1994), p.3. In China, the ILO office in Beijing has been actively promoting the tripartite concept in China. (This information is based on interviews with the ILO Beijing director in 1994 and on ILO documents on China.)

negotiate collectively on behalf of the workers is guaranteed in Article 46.1: "Each party shall have the right to request the signing of a collective agreement". "A collective agreement shall only be signed if the negotiated content ... is approved by more than 50 per cent of the members of the labour collective" (Article 25.3); and once signed it "shall be made known to all employees of the enterprise ..." (Article 49.1); "each party shall have the right to request amendments ..." (Article 50); and representatives "shall be entitled to payment of salary during the time of negotiation ..." (Article 43). The Vietnamese law is precise in specifying that an employer's specific non-compliance is a breach of the law.

In the Vietnamese labour law, numerous articles also specifically prohibit employers from exploiting workers' labour. For example, where disciplinary fines are taken from workers' salaries, it is stipulated that "the aggregate amount deducted must not exceed 30 per cent of the monthly wage"; with regard to workers on probation, the wage of the employee "must be at least 70 per cent of the normal wage for the job" and the trial period should not exceed sixty days ..." (Article 32);⁷³ the workplace's internal labour regulations "must not be contrary to labour legislation ..." (Article 82.1); and prior to proclaiming any labour regulations, "the employer must consult the executive committee of the trade union of the enterprise" (Article 82.2). None of the above specifics exist in the Chinese law. Yet in China these are precisely the kinds of practices that managers have used to extract from their workforce harder work for less pay.

But the biggest difference between the two laws is that after intense debate,⁷⁴ Vietnamese law-makers granted workers a right to strike (Article 7.4, 173). The Chinese labour law, by omission, effectively places the issue of strikes in a state of limbo: neither legalizing nor criminalizing it.

Diverging Labour Regimes

The above comparison of the two countries' laws and constitutions suggests that the Vietnamese Communist Party is more willing to relax its hold on the labour unions than is the Chinese Communist Party. But organizational inertia, the ideological legacies of socialism and the two governments' present eagerness to maintain labour peace and to attract foreign capital make for a large gap between what is written on paper and the reality of what gets implemented. In this section we shall argue that while the situation with regard to labour in both countries continues to share "socialist" characteristics, there are definite signs of divergence as well.

In the state enterprises, a collectivist ethos and corporatist structure sometimes persists, and the similarities continue. The line of demarcation

⁷³ The Chinese law does not have an article on wage deductions, but China's "Provisional Regulation on the Payment of Wages" sets the maximum deductions at 20 per cent of the monthly wage (issued by China's Ministry of Labour, December 1994).

⁷⁴ *Vietnam Investment Review*, 25 April-1 May 1994.

between management and labour in practice remains blurred in the state factories of both countries. In Vietnam, the workplace union has representation on the “council of four interests” (*bo tu*—management, Party, trade union and youth league) in which it seems to be able to play a role in wage determination and distribution of profits and in approving management decisions.⁷⁵ Similarly, in Chinese state enterprises, wage policies are supposed to need the approval of the staff and workers’ representative council. But since a large number of the so-called representatives are members of the managerial staff, including the managers, a system of checks and balances does not exist.⁷⁶ The organizational structure in Chinese state enterprises is heavily weighted against the workers. In contrast, the presence of a trade union does make a difference at a Vietnamese workplace. Our fieldwork findings reveal that the Party branches are more likely to follow recommendations from the trade union.

In the foreign-funded sector, the governments and their trade unions in both China and Vietnam regard the escalation of industrial conflict as a pressing problem. With the promulgation of the labour laws, both perceive that maintaining labour peace in this sector will entail setting up union branches in such firms. But to quickly set up large numbers of workplace unions is an impossible task, especially in China where the number runs into the tens of thousands.

Unionization figures for China’s foreign-run firms are, at best, approximations.⁷⁷ After the labour law was put in place, to fulfil new enrolment quotas local union officials were dispatched to foreign-run factories to seek approval from management to set up a union branch. More often than not the union chair who emerged came from within the managerial staff and in

⁷⁵ Do Muoi’s address to the congress of the VGCL, 3 November 1993 (FBIS-EAS, 12 November 1993). This was confirmed during visits to several enterprises in March 1996 and from September to December 1996.

⁷⁶ The power relations of these institutions in the state enterprises are delineated in the Enterprise Law that was passed in 1988 (*Renmin ribao*, 16 April 1988, p.2). Our comments on how this relationship is working out in the state firms are based on field observations and conversations with trade union officials in 1995. A similar trend was noted by You Ji during his field research in 1992: see “Dismantling Party/State Controls in China’s State Enterprises”, PhD dissertation, Australian National University, 1993, pp.40-153.

⁷⁷ An interview with an ACFTU official in charge of organizational matters in 1994 provided a figure of 20-30 per cent, and the official thought that was an under-estimate. In mid-1994 a report provided a figure of 12 per cent of 170,000 foreign-funded firms as unionized. See *Beijing Review*, vol.37, no.28 (11-17 July 1994), p.7. But in mid-1995, a year later, a report stated that 10 per cent of the 100,000 foreign firms that were in operation (out of 200,000 that were registered) had unions. *Beijing Review*, vol.38, no.20 (15-21 May 1995), p.19.

some cases was none other than the enterprise's manager.⁷⁸ The national press held up as a model of success the Shekou Industrial Zone trade union, which had begun its expansion into the foreign-funded sector several years earlier and was the first to attain a unionization rate of 99 per cent. Yet a 1993 Guangdong province trade-union report gives the following figures: of the 250 trade union chairs at the foreign-funded factories in Shekou, 13 per cent simultaneously held top managerial positions; another 44 per cent were factory department managers; and the remaining 47 per cent were lower-level managerial cadres, production line supervisors, or ordinary workers.⁷⁹ New unions set up in this manner are at best ineffective; at worst they have become a management tool to control workers. In the Shanghai region these management-controlled union branches have been mushrooming in recent years.⁸⁰

Although the number of foreign-funded enterprises in Vietnam only stood at 1,400 in 1996, unionizing them all within six months was no easy task either. Between mid-1994 and 1996 the unionization rate at such firms increased from 15 per cent⁸¹ to 20 per cent.⁸² In the new economic zones such as Tan Thuan near Ho Chi Minh City, as in China, there is also the problem that the newly-established workplace unions are dominated by the management. The zone's deputy manager is simultaneously the head of the zone's trade union. Under such a personnel set-up, the 14 unionized foreign enterprises out of 34 in the zone are likely to be management-dominated.

A notable difference between Vietnam and China lies in the emergence of spontaneous labour groups called "labour associations" and "occupational

⁷⁸ This was the scenario in the notorious case of the Zhili Toy Factory which caught fire; 84 workers who had been locked in behind barred windows burned to death. Yi Fu, "Feixushang de pingdiao: Shenzhen '11.19' teda huozai shigu jishi yu fanzi" [Pondering at the ruins: reflections and records of the Shenzhen November 19th fire disaster], *Zhongguo gongren* [Chinese worker], no.5, 1994, pp.4-8; also no.6, 1994, pp.8-11.

⁷⁹ This is from a document we obtained that was circulated by the Guangdong Province Trade Union Research Department, dated June 1993.

⁸⁰ Information based on 1995 fieldwork in Shanghai. For details on how new trade unions are being set up, see Anita Chan, "Labor Relations in Foreign-funded Ventures", in Gregory O'Leary (ed.), *Adjusting to Capitalism: Chinese Workers and Their State* (Armonk: M. E. Sharpe, 1987), pp.122-50. There are rare cases in China, though, where a new union is formed through workers' demands. One oft-quoted case is the Japanese-owned Garden Hotel in Shanghai. The new trade union and its chair emerged from a spontaneous industrial dispute, and were recognized by the Shanghai General Federation of Trade Unions. The new chairperson, taking his responsibility seriously, resigned from his middle-ranking managerial staff position so as to devote himself full-time to union work. Reportedly, genuine collective bargaining has been taking place regularly at this hotel. *Shanghai gongyun*, no.11, 1994, pp.19-21.

⁸¹ *Vietnam Investment Review*, 18-24 July 1994, p.12.

⁸² *Far Eastern Economic Review*, 25 January 1996, p.22.

unions”, due to Vietnamese workers’ demands in the foreign-funded and other sectors. This is particularly the case in Ho Chi Minh City, which has a history of adversarial industrial relations, as noted earlier in the chapter.⁸³ Taxi drivers in Ho Chi Minh City, after participating in industrial actions and strikes, set up their own union in 1996.⁸⁴ By 1996, 492 labour associations totalling 21,800 members⁸⁵ had been organized by cyclo drivers, cooks, market porters and the like in the non-state sector.⁸⁶ Thus far even the official trade unions are not clear about the status of these labour associations. The VGCL gives them moral support but no money.

Meanwhile, the 17 Vietnamese occupation-based unions (known as “industrial unions” in both Vietnam and China) have gained more autonomy and their number has increased to 24.⁸⁷ One of these new occupation-based unions is the Public Sector Union, which was organized with technical assistance from the Australian Public Sector Union.⁸⁸ All told, by 1996 these occupation-based unions had 467,000 members, co-existing with the 2.6 million trade union members.⁸⁹ In 1997, to further strengthen the occupation-based unions, the unions of five industries (light industry, engineering and metallurgy, chemical, geology and energy) were amalgamated into one large union, the National Union of Industrial Workers. The vice-president of this new union views it as markedly different from the Chinese system of unions. Having spent eighteen months in Shanghai in the early 1990s, he observes that in Vietnam there will be an increasing balance of strength between the occupation-based unions and the locality unions, whereas in China the occupation-based unions only exist in name.⁹⁰ There are also plans to create a

⁸³ This is based on Irene Nørlund’s field observations in 1996.

⁸⁴ *Lao dong* [Labour], no.27/96 (3 March 1996); no.33/96 (17 March 1996). A year later the taxi drivers’ union merged with other unions under the Ho Chi Minh City Federation of Labour.

⁸⁵ Information from the VGCL based on March 1996 field research by Nørlund.

⁸⁶ See Gerard Greenfield, “Strikes in Vietnam: Between Discipline and Dignity”, *Asian Labour Update*, August-October 1995, pp.25-7. Greenfield also notes the emergence of labour associations, but the figure he cites is higher—700 labour associations by mid-1993.

⁸⁷ Also see Gareth Porter, *Vietnam: The Politics of Bureaucratic Socialism*, p.92.

⁸⁸ Based on interviews in 1994 with the national secretary and a member of the staff of the Australian Public Sector Union who went to Vietnam for the program. Also see an article written by a representative of the Trades and Labour Council of Western Australia in *Vietnamese Trade Union*, no.1, 1995, pp.19-20.

⁸⁹ Information from the VGCL, March 1996.

⁹⁰ Based on Chan’s interview in Hanoi with the vice-president of this new union in January 1998.

new union federation to incorporate all of the small unions and organizations of the non-state sector.⁹¹

If the occupation-based unions are allowed to build up their strength, they may be in a better position to negotiate with the state and employers' associations on behalf of workers in their particular industry or profession. With time the occupation-based union structure might replace the previous enterprise-based union structure where union strength was fragmented and absorbed by the management, the Party, and government. As yet there are no signs of this happening in China.⁹²

In China, by contrast, people working in the same profession have not been allowed to form any kind of organization. For example, when taxi drivers in the southern cities of Shenzhen (1994), Guangzhou (1995) and Zhuhai (1996) took to the streets and agitated to set up their own unions, the local authorities resisted. In Zhuhai several of the strike leaders were arrested and sentenced to prison.⁹³ When a group of migrant workers wrote a letter to the Guangdong Provincial General Trade Union asking for its support for them to set up a "migrant workers' trade union", the union's reply in the local newspaper was that to set up such a union would contravene the trade union law. It advised that the workers could establish a union within the workplace, but not under the name of a "migrant workers' union".⁹⁴ Any workers who dare to set up any organizations that smack of autonomous proto-trade unions are likely to be arrested and charged with sedition.⁹⁵ Nor is there any sign within the ACFTU structure of industrial unions' gaining any strength. Overarching general unions based on locality under the rein of local Communist Party committees continue to dominate the structure.

The growing divergence in the development of the unions in the two countries is seen, too, in the VGCL's gradual integration into the international labour movement. Within the VGCL, the Vietnamese industrial unions began to join the international union federations once their right to do so was

⁹¹ *Vietnamese Trade Union*, no.4, 1997, p.8.

⁹² This observation was made by the director of the ILO office in Beijing in 1995. Also, in 1995 a high-level official of the Shanghai General Trade Union told us that the time was not yet ripe to discuss strengthening of the industrial unions in China. See Gordon White, Jude Howell and Shang Xiaoyuan, *In Search of Civil Society: Market Reform and Social Change in Contemporary China* (Oxford: Clarendon Press, 1996), p.60.

⁹³ *China Labour Bulletin*, no.2, April 1994, pp.17-19; no.15, June 1995, pp.7-8; no.24, March 1996, p.4.

⁹⁴ *Nanyang gongbao* [Southeast Asian workers' news], 4 April 1996.

⁹⁵ In November 1996 two young people were formally prosecuted for sedition after been jailed for two years without trial for organizing a "Migrant Workers' Federation" and "Migrant Workers' Friendship Club" (*China Labour Bulletin*, press release, 12 November 1996).

guaranteed by the trade union law.⁹⁶ Once the Party allowed the VGCL more autonomy, moreover, the latter actively sought technical and financial assistance from unions around the world. For example, in the late 1980s the VGCL sought contact with the Australian Council of Trade Unions, which then sent a delegation to Vietnam in 1990. Since then various Australian trade unions have built up ties with the VGCL that go beyond the formalistic “friendship” level. The Vietnamese Communist Party and the VGCL have no qualms either in sending staff to Italy and Denmark for training in what the Chinese would call “bourgeois” trade-union organizational techniques. This kind of receptivity to foreign penetration is unimaginable in China today (even though the government is keen to expand China’s penetration by foreign capital and by foreign business-management schools). The ACFTU’s isolation has been aggravated by the Tiananmen events of 1989. International union sympathy and financial support has gone in exile to Han Dongfang, who headed the Beijing Autonomous Worker’s Federation during the 1989 movement. At the yearly International Labor Organization (ILO) convention in Geneva, ACFTU delegates are put on the defensive when Han Dongfang takes to the floor. The ACFTU is losing out on exposure to international labour issues and assistance, which is precisely what is becoming quite useful in helping to build up the VGCL.

Greater union autonomy from the Vietnamese Communist Party is reflected in Vietnamese media reports that show the VGCL holding different positions from the government: for example, “The VGCL is negotiating to put pressure on the government and on joint ventures with foreign investment”; “Nguyen Van Tu, the VGCL chair, called the current [minimum wage] rate of US\$35 unfair”;⁹⁷ and the *Lao dong* [Labour] newspaper reported that Nguyen Van Tu’s demand “could be rebuffed by the government because of its concern for the country’s competitiveness”.⁹⁸ This kind of reporting is tantamount to admitting that the state’s interest does not coincide with workers’ interests, and that these might even sometimes be in conflict. In China the ACFTU similarly wrestled with the government over workers’ wages, arguing for wage indexation at a time of rapid inflation.⁹⁹ But these failed attempts were carried out behind the scenes. Deprived of publicity, the ACFTU finds it more difficult to improve its image among workers. It is not without reason that *Lao dong* is today one of Vietnam’s most popular

⁹⁶ Information based on a telephone conversation in May 1996 with the international officer of the Australian Council of Trade Unions, who thought this a significant development that was unimaginable three years back.

⁹⁷ The VGCL fought over several years to raise the minimum wage from US\$35 to US\$50 a month in Ho Chi Minh City, but without success. *Vietnam Investment Review*, 23-29 May 1994, p.5. Finally, in 1996, it was increased to US\$50 a month.

⁹⁸ *Vietnam Investment Review*, 21-27 November 1994, p.6.

⁹⁹ This information was based on an interview with an ACFTU official in Beijing in 1992.

newspapers, whereas China's *Workers' Daily* is not sold at newstands because few people are interested in buying it.

Conclusion

In spite of starting from a very similar base, the VGCL has succeeded in gaining somewhat greater autonomy from the Party and government than has its Chinese counterpart. It cannot be said that the VGCL is independent, but at least it has begun to develop a two-way "transmission belt". There are signs that the Vietnamese government is genuinely interested in establishing a more clear-cut demarcation between management and trade unions. The ACFTU, in contrast, remains essentially a belt for one-way top-down traffic.

We have traced the historical reasons that have contributed to this difference. Because of Vietnam's wars, the Vietnamese Communist Party's control was never as far-reaching as the Chinese Party's. Although Vietnam introduced economic reforms later than China, once it had commenced the VGCL was quickly able to manoeuvre for increased space to defend workers' interests. The difference in attitude between the two nations' parties toward their respective trade unions has been crucial. Field observations indicate that the VCP is more supportive of the trade unions than of foreign management.

Once the VGCL was allowed the space to act more independently, a sequence of events helped to consolidate its position. As seen, the VGCL was able openly to debate the drafts of the trade-union and labour laws, and these contained several important rights: to organize, to strike, to change its internal structure, to join the international labour community, and so on. Of critical importance is permission to initiate new non-government-sponsored labour groups and an organizational structure for the official unions that shifts the initiative increasingly toward sectoral industrial unions rather than unions based on locality. The ongoing public debate between the VGCL and the government over the issue of a minimum wage may well be a prelude to future peak-level collective bargaining. The right to strike is a big step forward, although it is undermined by lengthy, cumbersome strike procedural rules that effectively rendered all of the strikes that broke out in 1995 technically illegal. To gain further space to protect labour rights, Vietnamese workers and the VGCL will have to continue to fight for better pro-labour industrial arbitration and strike procedures and to press for serious enforcement of the labour laws.

Two reports illustrate well our conclusion that the two countries' labour regimes are following diverging paths. In 1996, after public outcry in Vietnam over a spate of media reports about Korean and Taiwanese managers' physical maltreatment of workers, *Lao dong*, the VGCL's official paper, took to task a Taiwanese supervisor who had been known to beat workers. In defence of his violent management style, the supervisor was quoted as saying, "before coming to Vietnam he had spent six years working in China where he claimed

it was normal to beat workers”.¹⁰⁰ The second report, published in *Shanghai gongyun* [Shanghai labour movement], was written by the head of the International Liaison Department of the Shanghai General Trade Union, after visiting Vietnam in mid-1995. In the article he betrayed unmistakable envy. Look at the circumstances of the Vietnamese trade unions, he wrote. Their law guarantees the right to strike; the VGCL’s newspaper, *Lao dong*, can use front-page headlines to criticize the government and individual officials; the Vietnamese Party informs the VGCL of all major policies; the Party supports the VGCL in its work; when the trade union and the government have contradictions, the Party usually sides with the trade union; the government consults with the VGCL prior to adjusting prices; and, above all, trade union chairs at enterprises receive their pay and duty assignments from the upper levels of the trade union (rather than the enterprise). That is why “to a large extent they dare to speak up and work on behalf of the workers”.¹⁰¹

He and the rest of the Chinese delegation may have been too starry-eyed, and the VGCL may have gone to great lengths to impress them, but as fellow trade unionists from the same Communist stock, their sensitivity to the differences cannot easily be dismissed. At least some Chinese trade unionists look enviously toward the Vietnamese for inspiration.

¹⁰⁰ Transcript of Australian Broadcast Corporation radio program, “Report from Asia”, 31 August 1996. Another example is the VGCL’s willingness to work with foreign NGOs to help expose Taiwanese and Korean managers’ mistreatment of Vietnamese workers. (Based on a series of email communications in 1996 and 1997 with Thuyen Nguyen of the New-York based Vietnam Labour Watch.)

¹⁰¹ Zhao Shunzhang, “Impressions of the Vietnamese Trade Union: Observations by the Shanghai Federation Delegation”, *Shanghai gongyun*, no.10, 1995, pp.41-2.