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***Working Class of China***  
***An Experience***

**H. Mahadevan**  
**Secretary**  
**All India Trade Union Congress**

**AITUC Publication**

## ***Preface***

Com. Mahadevan, Secretary AITUC has put down in this short pamphlet what he saw, heard and gathered in China, which he recently visited as guest of the All China Federation of Trade Unions. He has put down faithfully what the leaders of the ACFTU told in reply to queries about the role of trade unions in China. He has quoted from authentic sources to which he had access. He has also raised a few questions, which we all hope, would be answered in the coming days on the basis of facts and experiences.

The pamphlet has therefore the ring of authenticity, and supplies some much-needed information about the 'overseas funded enterprises' in China, and the role and functions of the Chinese trade unions.

A week is a very short period to go into all aspects of China's economic life and trade union functioning, especially as regards on-the-spot observations and studies. Mahadevan lays no claim in this respect, and makes no judgement.

China is a vast and populous country, with a socialist system, and developing at an exceptionally high rate. It has adopted several unorthodox measures to achieve this purpose. They require in-depth study.

In several ways, the destinies of these two great countries, — India and China are linked. That is at the root of our inquiry and our curiosity about the Chinese experience, despite the obvious difference in social and political systems.

Of exceptional importance in this regard is the strengthening of fraternal relations and solidarity between the trade unions and the working people of India and China. This small pamphlet is a modest contribution towards the deepening of this understanding.

New Delhi  
19.6.95

A.B. Bardhan  
General Secretary,  
All India Trade Union Congress

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# **International Symposium Invitation From All China Federation Of Trade Unions**

On the invitation of All China Federation of Trade Unions, the following delegates from the National Trade Unions, from Asia, Africa, Europe and Latin America, participated in the ACFTU's 70th Anniversary at Beijing the Capital of China and in the International Symposium on "Trade Union Work in Overseas Funded Enterprises" held at Tljanjin, China during 25-28 April 1995.

1. China (ACFTU)
2. Cuba (CTC)
3. France (CGT)
4. Germany (IGM)
5. India (AITUC & CITU)
6. Indonesia (SPSI)
7. Italy (UIL)
8. Japan (Denki Renga & Zosen Juki)
9. Kazakistan (FTUK)
10. Poland (OPZZ)
11. Russia (FITUR)
12. South Africa (COSATU)
13. Uruguay (PIT CNT)
14. Uzbekistan (FTUU)
15. Vietnam (VGCF)
16. CIS (GCTU)
17. Korea

I represented the Indian Working class, on behalf of the AITUC. The delegates also attended as guests in the 70th Jubilee of the ACFTUC and May Day at Beijing.

## **I**

**What do the Chinese leaders say about China's economic policy and working class?**

1. Com. Wei Jianxing, Chairman of the ACFTU stated that
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China is a developing Socialist country building Socialism with Chinese characteristics, on the basic line of Chinese Communist Party, in consideration of our own national conditions and through years of exploration. We have set the objectives of establishing a Socialist market economy and raising the peoples living standards to a well-to-do level by the end of this century.

Over the past 16 years since the introduction of the policy of reform and opening up

- ☆ Our Gross National Product has registered an average annual increase of 9.43%.
- ☆ The volume of foreign trade has risen from the thirty second place in the world to the eleventh.
- ☆ The overall National strength has risen from thirteenth in the world to tenth.
- ☆ The real income of the rural residents increased at an average annual rate of 6.5%
- ☆ The real income of the urban dwellers rose 5.9% after adjusting for inflation.

Our country enjoys political stability, economic development, national unity and social progress. Guided by the principle of "siezing the current opportunity to deepen the reform and open China wider to outside world, promoting development and maintaining stability" we make further efforts to correctly handle the relations among reform, development and stability.

The Chinese trade unions are playing an important role in China's political, economic and social lives. Reforms and opening-up have expanded the scope of the work of the Chinese trade unions while the development of a socialist market economy has presented new challenges to the Chinese trade unions.

They experience profound changes in their work content, working methods and priorities.

The development of socialist market economy should in no way change the leading position of the workers in the life of the state nor their status as masters of the country.

2. Inagurating the International symposium at Tianjin Com. Zhang Dinghua, Vice-Chairman and First Secretary of ACFTU stated—

"Economy has increasingly become the first and key factor in international relations, and the integration, regionalisation and grouping of the world economy have improved constantly."

### **Multinationals :**

Multi-National Corporations that came into existence at the end of World War II have achieved spectacular expansion since the 1990s and emerged as a major impetus to the integration and interdependence of the world economies. Statistics by the UN Economic & Social Council show that the MNCs had totalled 37,000 till the early 1990s embracing 200,000 subsidiaries in over 160 countries and regions, employing over 70 million workers and producing 1/3 of the World total output value. Overseas funded enterprises have boosted the world economic development and made widespread impacts on the world.

Over the past 16 years, China has approved altogether 220,000 overseas funded projects, with US \$ 95.5 billion put into use. By the end of 1994, the already operational overseas funded enterprises in China had topped some 100,000. Overseas funded enterprises are a beneficial supplement to China's Socialist economy.

### **TU Work in MNCs**

The Chinese trade unions have attached great importance to the trade union work in overseas funded enterprises, and defined the principle of "safeguard the workers, legitimate rights, co-operate with overseas investors, to seek enterprise development and serve the workers, the reform and opening up and modernisation drive" in line with China's actual conditions. At present, the labour relations is generally sound in China's overseas funded enterprises, but serious problems do exist which shall not be taken lightly. A favourable trend of development has cropped up in the trade union work in the overseas funded enterprises. The labour in these enterprises also contribute to socialist modernisation drive. We shall continue to improve the investment environment, attract more investments from overseas and respect their legitimate rights and interests. The Chinese and foreign sides must act according to law and the legitimate rights of both the overseas investors and the Chinese workers must be respected.

Some problems facing trade unions in overseas funded enterprises are of common concern to the international trade union movement. It is therefore, imperative to enhance co-operation, promote exchanges, learn from each other and draw on each others merits.

Tianjin is a municipality directly under the Central Government. Due to its relatively developed economy advanced science and technology and culture and a solid industrial foundation, it has

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attracted a large number of overseas investors to invest in its newly built economic and technological development zone and other areas. It thus, serve as one of China's windows for the reform and opening up. Hence, we chose this as our venue for this symposium.

3. At the session of the symposium Com. Li Qisheng, Vice-Chairman, ACFTU brought out the following facts:

### **Contribution by MNCs**

As the globalisation and regionalisation of the World Economy has speeded in the recent years, overseas direct investment has grown rapidly. According to UN conference on Trade & Development, overseas direct investment throughout the World has totalled US \$ 1,179 trillion by 1988 and jumped to US \$ 2,165 trillion by 1993. Overseas funded enterprises have boosted the World Economy to some extent and generated certain employment opportunities for both developing and developed countries.

### **What and How are OFEs in China?**

The overseas funded enterprises refer to economic and technological projects between the Chinese main land and the rest of the World, including Sino-foreign Joint ventures and Sino-foreign co-operative enterprises or solely foreign funded enterprises as well as the enterprises of similar nature the localities and Taiwan province, Hong Kong and Macao regions. By the end of 1994, China had approved a total of over 220,000 overseas funded projects. Due to the establishment and development of overseas funded enterprises, the shortage of many has been made up, advanced science and technology and management expertise introduced, new jobs generated, the state revenue increased, exports promoted, equipments and products upgraded and the market oriented and globalised process of the economy pushed forward. Chinese trade unions support the policy of reforms and opening up and support the setting up of overseas funded enterprises.

### **The problems caused**

The labour relations in China's overseas funded enterprises are generally sound, but some problems exist there which allow no negligence. They are as follows :

Seriously violating China's laws and regulations, Ignoring safety in production and harming workers' safety and health, infringing upon workers human dignity, arbitrarily imposing corporal punishments on them and even encroaching upon their civil rights and forcing workers into overtime work and docking and pocketing their wages.

## **The Role of Trade Unions :**

The socialist market economic structure we are building is linked up with the basic systems of socialism. It is clearly stipulated in the constitution of China that the working class is the Chinese leading class. The Chinese trade unions take it as their fundamental obligation to safeguard the workers' legitimate rights and interests. In dealing with any infringement, the Chinese trade unions will uphold the principles, approach the management according to law and demand them to make corrections. The following are their activities:

i. Actively participating in legislation concerning the workers' rights and interests.

ii. Concentrating efforts on increasing the unionisation rate in overseas funded enterprises.

Last march, the ACFTU presidium called a special meeting to deal with TU work in the overseas funded enterprises and decided to uplift the unionisation rate in the operational overseas funded enterprises to 50-60 percent by the end of the year.

iii. Promoting the consultation and negotiation and collective contract system.

The Chinese TUs uphold the principle of acting according to law, co-operating at an equal footing and achieving consensus through negotiations, giving considerations on the interests of both the workers and management and combining rights with obligations and conclude collective contracts through consultation and negotiations.

iv. Settling labour disputes in accordance with law.

Under China's relevant laws and regulations, a worker may enter into a law suit against the management in the local people's court if he or she meets with fruitless mediation and arbitration of the labour dispute arising out of the infringement by the management of his or her rights and interests in violation of labour laws and regulations. In such case, trade union will give the workers involved support and legal assistance including offering legal consultancy and acting as their legal agents, if entrusted. The principle followed by Chinese trade unions in the handling of the labour disputes is of "prevention first, mediation first and grass roots prioritised to the effect that a large number of disputes have been solved in a prompt and reasonable manner when they are still at the grass roots and in the bud.

v. Representing and organising the workers to participate in the management and supervision of enterprises

According to China's legal regulations the trade unions and

workers in overseas funded enterprises have the right to participate in enterprise management. The main forms and ways of participation are : 1. The trade union Chairman attends as an observer of the meeting of the Board of Directors, 2. The trade union Chairman sits at the General Managers business meeting and the administrative meeting, 3. The trade union consults and negotiates with the management, 4. The trade union represents the workers to conclude contracts with the management, 5. The trade union practices the system of the workers' congress and conducts rationalisation proposal activities, 6. The trade union exercise their right to supervise over the overseas funded enterprises in accordance with law, demand them to scrap rules and regulations that are in contradiction with the law, 7. support the workers in reporting to the authorities violations by the management of labour laws and regulation 8. They advance opinions for handling problems discovered by the workers in the course of inspection and urge the management to resolve them in a fixed period of time. 9. They give full play to the role of the mass media, reflecting the wishes and demands of the workers and bring into light typical cases of violating labour rules and regulations, (10) They bring in law suits against the management if the latter are to deal with serious incidents as a result of their violation of labour laws and regulations.

vi. **Improving Quality of Work :** The trade unions in the overseas funded enterprises have taken various forms to educate the workers on the legal system and help them acquaint with the states policies of reform, and opening up, study and abide by law and employ legal weapons to defend their interests and standardise their own conducts. They have also intensified training of the workers so as to constantly improve their occupational ethics and technical levels. The trade unions in these enterprises have closely linked their activities with production and operations and support management to operate and manage their enterprises in line with law.

#### **How the Trade Union Function? "TU Federation of Tianjin Economic and Technological Development Area (TEDA) example**

"The TEDA had 2196 joint ventures till the end of 1994, among which over 1000 have been in operation, with a contractual investment of US \$4 billion. There are over 3800 domestic funded enterprises with an investment of 10.2 billion RMB Yuan. In 1994 industrial output value of TEDA was 15 billion Yuan, earning foreign exchange of 550 million US Dollars and the per capita productivity of the workers was 200,000 Yuan. By the year 2005, the industrial output value is expected to reach to 200 billion Yuan.



The Trade Union Federation of TEDA was established in March 1987. Currently it consists of 210 grass root trade unions with a membership of 26000. The unionisation rate of the enterprises and the workers is 75%.

The Trade Union Federation of TEDA has 20 staff members in its five departments and one office, namely organisation, propoganda, protection of workers' rights, women affairs, sports department and administrative office. It runs various economic entities with fixed assets of 150 million Yuans, such as a 3 Star Hotel, a Club, the Workers' Housing Co-operative, a Taxi company and a real estate development corporation."

## **II**

### **1995 MAY DAY CELEBRATIONS IN BEIJING**

The Trade Union Leaders from different countries, were invited to participate in the celebration of International Working Class Day.

Speaking on the occasion, Chinese President Jiang Zemin said that the working class - china's leading class - must be relied on whole heartedly during China's reforms and socialist modernisation. He stressed that this stance wil never change at any time under any circumstances. He asked the society to respect the representatives of the working class and labouring people. The material gains, democratic rights and political status of the workers should be protected in line with the Labour Law and other regulations.

Local party organisations and Governments should pay special attention to **workers in factories** that are in difficulty those closed down or have gone bankrupt, Jiang added.

At the meeting 2157 model workers and 716 pace-setters were praised for doing an excellent job in China's socialist modernisation drive.

#### **5 day week**

On the 1st may this year China declared 5 day week with 40 hours working per week. May Day issue of "China Daily" commented as follows :

"The fact that our country has made tremendous progress and common peoples lives have remarkably improved should be largely credited to people like them (the model workers and pace-setters). They are rightly called the backbone of the present China.

With reforms deepening and the economy booming, life for the overwhelming majority of working people throughout the country steadily improves. The prospect exists of a still more prosperous life ahead. This is one of the reasons why workers joyfully greet their own holiday.

The Chinese TV commented that with the introduction of 5 days week, shopping by the working people will increase, the tourism industry will flourish and the purchase of most consumer goods will go up. To this extent, we will improve our production and services, it announced.

### **ACFTU JUBILEE FUNCTION**

1st May also marks the 70th Anniversary of the birth of the All China Federation of Trade Unions (ACFTU). For 70 years, China's trade unions have been mass organisations under the leadership of the party, playing the role of a bridge and link between the party and the staff and workers of various trades. They have most staunchly championed the workers' interests.

Com. Wei Jianxing President of the ACFTU and member of the political bureau of the Chinese Communist Party Central Committee addressing at the reception held at the Great Hall of the people, said that the Chinese Trade Unions hope to develop relations and strengthen co-operation with International Labour Organisations and the Trade Unions of various countries regardless of their ideology and political affiliations.

Vice-Chairman of the Standing Committee of China's National Peoples Congress Ni Zhifu and Li Pelyao attended the reception along with 140 guests from 27 Trade Union Organisations of 18 countries including India, Japan, Germany, France, Russia, Cuba, Italy, South Africa, Indonesia etc.

The Chinese Trade Unions are working for establishing a new order within the Trade Union movement, based on the principles of independence, equality, mutual respect and non-interference in each others internal affairs, Wei said. He expressed the belief that Chinese Trade Unions are willing to join Trade Unions of various countries in an effort for maintaining World Peace, promoting economic development, promoting social progress and defending the rights and interests of workers all over the world.

The celebration of May Day and ACFTU Jubilee were grand and touching ceremonies and they were telecast that night in both National Chinese and International English Televisions.

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### **Some Aspects of Chinese Trade Union Work at Present**

The Chinese Trade Unions boast a membership of 103 million and 16 national industrial unions. At their Twelfth National Congress held in October 1993, the Chinese Trade Unions defined the principles and tasks of their work in the period to come :

1. to express and protect the specific interests of the masses of workers in a better way, while safeguarding the general interests of the entire Chinese people ;

2. to fulfil their four social functions of protecting the legitimate interests and democratic rights of workers, mobilizing and organising workers to take an active part in the construction and reform and accomplish the tasks of economic and social development, representing and organising workers to take part in the administration of the State and social affairs and to involve them in the democratic management of enterprises, undertakings and State organs and educating workers to constantly improve their ideological and ethical qualities and uplift their scientific and cultural levels;

3. to give full play to their role as democratic channels and social regulators and

4. to be united with and mobilise workers to consolidate and promote a political situation of stability and unity and to strive for building China into a prosperous, strong, democratic and civilized nation. As township enterprises, overseas-funded enterprises and private businesses have expanded rapidly, trade unions have to work more arduously to get workers there unionised. Trade Unions should also be more involved in making legislation and policies and supervising over their enforcement for the socialist market economy, virtually a rule-by-law economy.

In face of the new situation, it was decided in the Second Session of the ACFTU 12th Executive Committee convened in December 1994 that the ACFTU's major tasks for 1995 are as follows :

1) Taking the Enactment of the Labour Law as a strong boost to Trade Union Work.

2) Strengthening Trade Union Work in the Midst of Transforming Operational Mechanism and trying out the Modern Corporate System in State-Owned Enterprises.

The reform of State-Owned Enterprise is the focus of China's economic restructuring this year. One hundred State enterprises have been chosen to practise the modern corporate system on a trial basis. Trade Unions will join in the leading bodies responsible for the experiments and get involved in the experimental work. In

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addition, while maintaining and perfecting the workers' congress system, trade unions will probe into new ways and means for workers' participation in democratic management and push forward the formation of the systems in which workers' representatives (including union leaders) are entitled to join the board of directors and the board of supervisors in enterprises as well as the system of the board of worker shareholders.

### 3) Beefing Up the Reforms and Building of Trade Unions

At present, the main objective of the reform and building of the Chinese Trade Unions is to reform the organisational structure, operational mechanism and style of work that are incompatible with the Labour Law.

The ACFTU calls for the further improving of the leading groups of Trade Unions at various levels and strives to uplift the quality of Trade Union cadres. Steps include training Trade Union Cadres, organising them to study politics, economics and expertise on production and operation in enterprises, so as to improve their ability to speak and work for workers according to law. The Chinese trade unions hold that the current international trade union movement is in the process of disintegration and realignment and advancing in exploration. Peace, development and workers' rights remain the major issues facing the workers and trade unions throughout the world.

## IV

### **Some Interesting Provisions from the Constitution of the Trade Unions of the Peoples Republic**

(adopted by the 12th National Congress on 30th October 1993)

#### **GENERAL PRINCIPLE**

##### **The role of TUs**

The Trade Unions of China are mass organisations of the Chinese Working Class led by the Communist Party of China and formed by the workers and staff members voluntarily. They are the bridges and bonds linking the Party and the masses of the workers and staff members. They are the important social pillar of the State Power, and are the representatives of the interests of the Trade Union members and workers and staff.

##### **The Working Class**

The working class are the leading class of China, the representatives of the advanced productive forces, and the relations of production, the main force in the reform and opening up and socialist modernisation drive, and the powerful and concentrated

social force in maintaining the social stability. Guided by the theory of building socialism with Chinese characteristics, the Chinese Trade Unions implement the Party's basic line of concentrating on the economic construction.

### **Functions of TU's**

#### **i) To protect the workers**

The major social functions of the Chinese Trade Unions are as follows : The protect the legitimate interests and democratic rights of the workers and staff members; to mobilise and organise workers and staff members to take an active part in the construction and reform and accomplish the tasks of economic and social development; to represent and organise workers and staff members to take part in the administration of the State and social affairs and to involve them in the democratic management of the enterprises, undertakings and offices; to educate workers and staff members to constantly improve their ideological and ethical qualities and enhance their scientific and cultural levels in a bid to build up a well educated and self-disciplined contingent of workers and staff members with lofty ideals and moral integrity.

#### **ii) to safeguard the socialist state :**

The Chinese Trade Unions shall safeguard the socialist State power of the people's democratic dictatorship led by the working class and based on the worker-peasant alliance assist the people's Governments at all levels in their work and play the role of democratic participation and social supervision when the Government exercise the State's administrative powers.

The Chinese Trade Unions shall strive to consolidate and develop the worker-peasant alliance, adhere to the patriotic united front and strengthen the great unity of the people of all nationalities in China including the compatriots in Taiwan, Hongkong and Macao as well as overseas Chinese with a view to promoting the unification of the motherland and enhancing its strength and prosperity.

#### **iii) Role in the Industries**

In enterprises and undertakings, the Chinese Trade Unions shall support the management to exercise the administrative powers in accordance with the laws, organise the workers and staff members to participate in the democratic management and democratic supervision. establish the system of consultations with the management so as to guarantee the legitimate rights and interests of the workers and staff members, mobilise their initiatives and promote the development of the enterprises and undertakings.

### **Duties of Members**

**Article 4 :** Trade Union members shall fulfill the following duties:

- 1) To acquire political, economic, cultural, scientific, technological knowledge, to acquire the basic knowledge about trade unions.
- 2) To take an active part in democratic management and fulfill production and work assignments.
- 3) To abide by the Constitution and laws of the State, uphold social morality and professional ethics, and observe labour discipline.
- 4) To handle properly the relations among the interests of the State, collective and individual and combat all conducts harmful to the interests of the State and society.

### **Withdrawal of Members**

**Article 5 :** Trade Union members are free to withdraw from the Union.

A union member who fails to pay membership dues and to participate in union activities for six months in succession without justification and refuses to mend his or her ways after education, shall be regarded as automatically having given up membership.

**Article 6 :** A union member who does not carry out union decisions or abide by the Trade Union Constitution shall be educated by criticism. A union member who seriously violates laws, commits a crime and thus receives due criminal sanction shall be expelled from the union.

### **Membership even after retirement**

**Article 7 :** Membership can be retained when the Trade Union member retires or waits for a job. He or she will be exempted from membership dues during the period of retaining his or her membership. Trade Union organisations should show concern for the life of their members who have retired or wait for jobs, and enthusiastically report their wishes and demands to the departments concerned.

### **To follow democratic centralism**

**Article 8 :** Chinese Trade Union practise the principle of democratic centralism, the main contents of which are as follows :

Individual union members are subordinate to the trade union

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organisation, the minority is subordinate to the majority, and the lower trade union organisations are subordinate to the higher trade union organisations.

### **Election**

**Article 9** : The election shall be conducted by secret ballot. No organisation or individual shall in any way compel voters to elect or not to elect a candidate.

### **Women Workers**

**Article 13** : Trade Union organisations at all levels set up committees for women to reflect and safeguard the legitimate rights and interests of women workers. Nominated by trade union committees at the corresponding levels, committees for women workers are formed on the basis of full consultation and work under the leadership of trade union committees at the corresponding levels.

### **In the FFEs**

**Article 28** : Trade Unions in foreign-funded enterprises and private enterprises shall set up a consultative and negotiating system with the administration, participate in the democratic management, represent and defend the political rights and material interests of workers and staff members according to law and safeguard the interests of the state and the society, while respecting the legitimate rights and interests of the investors with an aim to jointly seek for development of the enterprises.

### **Cadre building**

**Article 31** : Trade Union organisations at all levels shall build up cadres contingents in line with the principle that the cadres should be more revolutionary, younger in average age, better educated and more professional competent. These cadres' contingents must adhere to the Party's basic line, be familiar with their own profession, love trade union work and enjoy the trust of the masses of workers and staff members.

All trade union cadres must do their best to meet the following requirements :

- 1) To study diligently Marxism-Leninism and Mao Zedong Thought, and the theory of building socialism with Chinese characteristics as well as economics, law and trade union professional knowledge.
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- 2) To implement the Party's basic line and various principles and policies, abide by state laws and rules and regulations and be bold to open up new roads and bring forth new ideas in the reform and opening up to the outside world and the socialist modernisation construction.

**Article 32 :** Chairmen and Vice-chairmen of trade unions at all levels should not be transferred to other positions before the expiration of their terms. Whenever any transfer is necessary, it must be approved by the corresponding trade union committees and the next higher trade union committee.

**Article 33 :** Trade union organisations at all levels must set up and perfect systems for training cadres, and run well the colleges and schools for trade union cadres and various types of training classes.

**Article 34 :** Trade union organisations at all levels must concern themselves with the ideology, studies and livelihood of trade union cadres, supervise and urge the fulfilment of provisions concerning their corresponding treatment, support them in their work, guarantee their right to perform their functions according to laws, and resolutely combat acts of persecution and retaliation against trade union cadres.

#### **Funds of the TUs**

**Article 35 :** The sources of trade union funds are as follows:

- 1) Membership dues paid by union members.
- 2) Appropriations made by the enterprises, undertakings and offices for the trade unions with a sum equivalent to 2 per cent of their respective total payrolls of all workers and staff members.
- 3) Proceeds from enterprises and undertakings sponsored by trade unions.
- 4) Subsidies from the people's governments at all levels and from the enterprises, undertakings and offices.
- 5) Other incomes.

## **V**

### **SOME GENERAL OBSERVATIONS ON CHINESE LIFE**

**BI-CYCLE EVERYWHERE :** Crores of Bi-cycles form the main-transport of the people, young and old, men and women, in rural and urban areas. This mode of transport help, in three ways :  
 i) avoids pollution ii) reduces China's Oil consumption, iii) keeps the



people physically fit and slim. This is something worth emulating by other developing nations, which pay a heavy price for pollution and spend huge amount towards import of petroleum.

**HOSPITALITY** : Chinese people in general are warm and hospitable. During the 10 days of my maiden visit to China, I fully enjoyed this at all levels. Not knowing Chinese language did not come as a barrier between me and the people I came across. From my intepreter to the Chairman of ACFTU, from the waiters at the hotels to the sales girls in "Friendship Super Bazar" in Beijing or Tianjin they entertain a smiling face and kind words, without antagonistic murmer or resenting look.

**FOOD** : We, in India, go for Chinese food on special occasions, as Chinese dishes relish but do not irritate. We were always fed with 15 to 20 items in every meal/dinnier. Though they were 'heavy' meals/dinner, they did not cause laziness or sleepishness.

Chinese tea is special and famous. Light tea is always taken without sugar or milk. They say some herbs are added in the special tea packets.

**WAGES & SERVICE CONDITIONS** : Minimum wages (about 200 yuans) is low compared to many developed/developing countries. The new policy has evoked a lot of favourable response towards rapid industrialisation. As a result, the middle class is on the increase. They have a better life, better facilities and savings also. The newly emerging banking system is of enormous help to them.

Service conditions are not equally available in all industries/establishemts. A lot of efforts are being put by the party and trade unions for the upliftment of the service conditions. Much more has to be done. For example, I understood during my visit to one of the fully Japanese funded factory employing more than 1100 young women in Tianjin there was no 'crech' in that factory. Normally crech/nursary facility is taken care of legally and the absence of this is causing concern.

### **Certain General Achievements of China (1990 figures)**

- ☆ Phenominal growth of Agriculture, due to Extensive Land Reforms.
  - ☆ Decline Of poverty (came down from 35% to 10%)
  - ☆ Life Expectancy - 70 years.
  - ☆ Infant Mortality - 29 per 1000.
  - ☆ Adult Literacy - 73 to 75%.
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## VI

### Some Interesting Observations Gathered from the speeches of International Delegates in the Symposium

- 1) Compared to the wages prevalent in the local Chinese industries, wages in the Overseas Funded Enterprises is higher by 30% to 50%.
- 2) There are about 800 Overseas Funded Enterprises in Cuba.
- 3) In Germany, on 1st October 1994 a settlement was reached according to which in the Metal industries (including MNCs) the working hours is 35 hours per week.
- 4) 'COSATO', South African Trade Union, supports the "Social clause" of WTO.
- 5) Merger of all the 3 National Trade Unions is reaching the final stage in Italy.
- 6) 6000 Joint Ventures have come up in Kazakhstan Transition from public sector to private sector is taking place.
- 7) In Poland, some large enterprises are closed down; TUs losing membership. Joint Venture managements do not care Trade Unions; Market Economy & Privatisation have caused breach of contracts. The President (who was himself a trade union leader) was good then but now bad towards working class, the delegates observed.
- 8) Russian delegate said that their trade union is young, only 6 years old.
- 9) According to "Japanese delegates" China is proved to be a stable place for Japan's investment and China is marching towards globalisation.
- 10) In Japan, there is no difference between blue and white collared workmen; generally there are no excess demands from both sides.
- 11) MNCs also should abide by Japanese Law.
- 12) COSATO (SA) rejects Structural Adjustment Programmes. In COSATO's recent Socialist Conference, it was resolved to crush capitalism and reaffirmed on socialism; to fight the TNCs/MNCs; to protect the migrated, prison and child labour, to strive to create one world TU body : To fight all forms of imperialism.

Some foreign investors want a conducive climate and labour law to go and trade unions should not be militant.

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- 13) Technological upgradation in Uruguvan industries have caused reduction of employees and displacement; the bargaining power reduced.
- 14) Usbeskistan delegates explained that they are in the transitional stage and fundamental changes are taking place.
- 15) In Vietnam, 45 foreign countries invested in 1200 companies. As per law, within 6 months trade union committee to be set up in these companies. However, only 30% of the Joint Venture companies have set up TU committees.
- 16) In CIS (Russia), the Joint Venture Companies, do not follow the labour standards and in fact managements want no union. In the Joint Venture companies compared to local companies, wages are more. However, there is discrimination between the home workers and foreign workers. These companies give favourable treatment to those who do not join the trade unions.

## VI

### **Some questions and Apprehensions**

#### **1. What are the guarantees and counter guarantees in the Overseas Funded Organisations?**

In India, it is the MNCs which tend to utilise the maximum prospects under New Economic policy/New Industrial policy. The Government has altered the earlier policy, extending a lot of concessions to the MNCs, NRIs and other foreign investors. The customs and other duties for imports have been slashed; counter guarantees have been ensured; in other words the returns on foreign capital in India is ensured to the minimum extent of 16% in power sector. They are also allowed to import their own machinery and it is not made a mandate to use the products of our own giant Bharat Heavy Electricals Limited which won many global orders in competition. While exploration of Oil is with the Oil and Natural Gas Commission (ONGC), the MNCs are being allowed to enter oil industry which is one of the best profitable sector in India. In the field of telecommunications also, instead of encouraging the Indian manufacturers in the public sector such as Indian Telephone Industries, MNCs are given unduly preferential treatment. Traditional fishing is sought to be affected by the MNCs plan of deep sea fishing in the India's vast coastal areas. Though India's financial institutions under the public sector in particular Insurance Sector have been making an excellent profit and service, American companies are being given way to enter this sector, though the track

record of the latter has been subjected to severe criticism on account of corrupt and undesirable practices. The MNC Cargil was given the permission to manufacture salt and had to be withdrawn faced with popular upsurge. Instead of capital, capital goods were allowed to be imported to India, which brought sufferings to the prime sector, notably machine tool industries in recent years. In this background one has to approach the impact of the induction of foreign capital in China.

The question I asked in China, wherever I visited "is there minimum and maximum profit limits prescribed for MNCs in China". There was no answer. Some said no such minimum or maximum profits prescribed. Will this be in the interest of China?

## **2. Approach to private and foreign capital**

In a developing country with large population and backward economy, state regulation is indispensable. It exists even in the developed countries in some form or other. Increasing emphasis and reliance on the basis of the new policy create more problems of varied nature for the developing countries and workmen. The example of Mexico is a case in point. Will China escape this situation?

## **3. Safety Health and Environment?**

The world known Bhopal tragedy of Union Carbides Co. a multinational, where thousands were killed several thousands were maimed, is still fresh in our mind. Has China strictly regulated on protection of Safety, Health and Environment by MNCs ?

Trade union movement in India feels that the MNCS are coming, not just for building exports from India, but mainly for making profits in a large market that India offers.

**4. Is it not the case with China, which also has a vast middle class intersted in consumer goods, as they have purchasing power because of the enormous inflow of foreign funded enterprises?**

## **5. Big Gobbling The Small**

One survival mechanism of the big corporation is to extend its market in as many directions as possible. This includes buying out smaller business, many of which operate on a mere local, substantial level than do multinational. This trend can be evinced not only in the third world, but all over the Europe, in the McDonalds and Burger Quicks which are replacing brasseries and local groceries on city streets; (Incidentally, it is noted that Mc Donalds has come to the Capital of China) in the predominance of indistinctive, mass-produced beers like Heineken and Caninsberg with which

small breweries cannot compete; and with the disappearance of small family or co-operative farms and their substitution by gigantic agro-business. Has China come across any such confrontations so far.

## **6. Transnational Freedom - "Freedom Without Responsibility"**

MNCs have come under criticism in a number of areas. They have been accused for example, of exploiting cheap labour in developing countries, of marketing dangerous products, of avoiding taxation and of causing serious environmental destruction.

Even so MNCs remain largely untouched by any form of international regulation. Citizens of individual countries may make demands that their Governments regulate local companies, but such efforts generally stop short at national borders. The problem for those national Governments desparate for investment is that if they try to exert pressure on MNCs the companies, can move elsewhere. **Did China face such situation?**

## **7. WTO and China**

The new World Trade Organisation protects the freedom of international trade; it does not protect other freedoms, and so risks exacerbating a fundamental imbalance in global society, International business cannot be expected to adhere to their own regulations, this is the job of good governance. The Government shall ensure the foreign investment for mutual benefits. Hope China has done this as foreign investment is enormous.

## **8. Tripartite Declaration of Priciples Concerning MNCs and Social Policy 1977**

The above declaration approved by the ILO in 1977 is one of the few internationally recognised standards designed specifically to control the conduct of the foreign funded enterprises - MNCs. It is not a Convention and therefore is not ratified by member governments. However, the principles described in the declaration should be respected by all international corporations and by the countries in which they operate.

**Has China ratified these and placed as pre conditions to foreign investors?**

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## VII

### Conclusion

While demanding the UN code of conduct for MNCs (summit at Copenhagan), the Secretary of the World Federation of Trade Unions chalked out certain strategies, which included the following :

- 1) The Trade Unions in all countries, irrespective of affiliation, hold an unanimous view about the immense social consequences of the neo-liberal economic policies, which are now universally applied in both developed and developing countries. These policies should be replaced by policies which have a truly social dimension and which are compatible with the objectives of this summit.
  
- 2) When it comes to implementation of the summit's decisions, the United Nations and its member States have to confront and resolve the problem of regulation and control over the operations of the transnational corporations and banks which are now virtually free of any control whatsoever. The time has come to seriously deal with the negative consequences of the operations of these international cartels and to ensure that they respect national sovereignty, public interest as well as international labour standards. The work at the UN on a Code of Conduct for the TNCs should be revived. The ILO Tripartite Declaration on Multinational Enterprises and Social policy should also be upgraded as an ILO Convention.

**Let us wish and hope that China/Chinese Trade Unions adopt the above strategies.**

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