

Staff Representative Conference and the Institutional Representation of Staff Benefits

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Abstract: This paper will first trace the historical development of the role of Staff Representative Congress in China as well as some other socialist countries. Then, it will study to what extent the Staff Representative Conference is representing the benefit of the staff. The study will be based on statistics provided by the National Trade Union, and diversified variables analysis will be applied to find out how the staff would evaluate the performance of the Staff Representative Conference in terms of welfare and responsibilities. In the end, the paper will suggest that a small proportion of state-owned and collectively-owned enterprises can model on the working relations in Germany and Japan as opposed to the Anglo-Saxon ones.

In past 7 or 8 years, researches and reports on rural elections in China flew like tidal waves. However, being the contrastive aspect of the matter, attention paid to factories has been obviously little and cheerless. Until now, analyses on Staff Representative Conference in China are still rare. Reports by media that workers used Staff Representative Conference to ask for their benefits impelled us to start to look closely at the roles of Staff Representative Conference. In those cases we've collected, Staff Representative Conference activated by workers who fought for the companies and their jobs didn't work efficiently. On these occasions, crises were always the reasons that led the workers to adopt Staff Representative Conference as legal weapons.

Questions surrounding Staff Representative Conference are: whether it can work as the bridge among the "participation of democratic management" under regular conditions? According to the 1997 research studying on the factories and workers by National Trade Union, we found out something that was out of our expectation. For the sake of researching this phenomenon, we spent three weeks from August to September in 2000 carrying through field observation in Beijing, Tianjin and Lishu county of Jilin province, then in 2001 and 2002 we visited and had interviews in Tianjin and Kunming in order to find a better coordinates on the explanation of the cases and statistics.

This paper will first trace the historical development of the role of Staff Representative Conference in China as well as some other socialist countries. Then, it will study to what extent Staff Representative Conference is representing the benefit of the staff. The study will be based on statistics provided by the National Trade Union, and diversified variables analysis will be applied to find out how the staff would evaluate the performance of Staff Representative Conference in terms of welfare and responsibilities. In the end, the paper will suggest that a small proportion of state-owned and collectively-owned enterprises can model on the working relations as in Germany and Japan which are opposed to the Anglo-Saxon models.

1. System of “Democratic Socialism” Workshop in which Staff Congress Works as A Transit

In other former socialist countries, staff representative committee which was usually short for workers committee is the transit structure in the socialist system. However, we still prefer to use the title "Staff Representative Conference" which is more comprehensive rather than the univocal one "Workers Representative Conference". The reason is that if we ignore the word "staff", that means we ignore the different benefits of the existence of two employee groups in the workshop -- office clerks and laborers. Of course, if we only mention the workers, it is much closer to the ideological basis which indicates that workers are the master of the country, and it will help alleviate the tense state of the relations between the management and the labor. Although Staff Representative Conference will conflict with the interests of management side, but it should not be inconsistent with the enterprises and the country's interests. In socialist countries, only workers committee in Yugoslavia had pledged to engage in self-management. This is the model stroke up by Tito besides the Stalin's. And it had aroused much attention inside and outside the socialist camp.

However, in socialist countries, there was no workers committee that could achieve success of democracy in the workshop, and workers committees weren't able to spread the workers' discontent on the enterprises' administrative-level management and the country. Although the Yugoslavian model gave workers a certain degree of self-management, ultimately, it is inevitably difficult to escape economic collapse. During the course of political unrest, workers committee always had to face two kinds

of destiny. In the Hungarian events of 1956, workers took advantage of opportunities turning the workers committee which rooted in the factories into concentrated one. This organization had even become "anti-government" threats. In Eastern Europe the most constant model is that the ruling elites promised workers more rights of participation in social unrest and political upheaval, the approach is to reform workers committees and enable them to be in accordance with their roles. During such a critical period, all the countries and workers were staring at the workers committee of Yugoslavian model. Countries with actions included Hungary and Czechoslovakia which just went through the 1968 incident. In the 1980s, this kind of complexion happened again under the background that the entire socialist camp intended to launch reforms to avoid solidarity trade union movement from appearing in their land. In 1981, the discussion topic of workers' self-management had become the keystone of policy assessment in Poland. Bulgaria also started to redesign the deployment of labor relations in the early 1980s. In 1984, Bulgaria's trade unions organized enterprises group leadership (equivalent to the workshop leaders) into a secret ballot-style democracy election. In the 50,000-post elections, 1,132 (2.2 percent) persons could not be re-elected. In the 5,500-manager elections, 117 (2.1 percent) managers could not be re-elected. These figures seemed insignificant, and even the Defending Communist Party Central Committee also condemned that the result was "formalism which did not correspond to the self-management." But two scholars who investigated this process had noted that the democratic roles that the committee played was:

.....When there are fierce internal strives between competitive groups in a unit, the elections will reveal this kind of situation clearly.....thus the election convention will become a mechanism that can raise the problems from grass roots of the unit, then attract the upper levels' attention . In most cases, such problems being brought forward won't pose any direct threat to the election or re-election of the group leadership and manager. What they usually contribute is to raise a public warning of needs and requirements of concrete action for resolving these issues. From this point of view, the significance of these elections, especially the significance of the group leadership elections can not be simply evaluated by a number such as how many

leaders will be elected for the swap, or how many votes will be against the successful candidate and so on.

2. Brief History of the Chinese Staff Representative Conference

In China, Staff Representative Conference firstly had a non-institutionalized precursor: representatives' meeting of staff, this organization was founded in 1949. Before socialist transformation, Staff Representative Conference only existed in the state-owned enterprises and its power was very limited. Its stated task was to "increase productivity and enhance the management capacity of the staff."

Since the industrial management system of Soviet model which was called "system of one-man leadership" was introduced to China in 1953, the roles of Staff Representative Conference has been further weakened. And workers and trade unions are discontent with this change. When the Hungarian incident broke out, workers took the great opportunity of domestic flourishing campaigns for more open complaining. The Chairman of the National Trade Union Lai Ruoyu claimed that there should be wider and more clearly defined power for Staff Representative Conference, for instance, workers should be entitled to the decision of social welfare and workplace size affairs, and they also had rights to "give suggestions on the removal of managers to their superior organization". However, when the 1957 Anti-Rightist Strike Movement began, all of these intellectuals and workers who dared to stand out and speak were put into castigation. Lai Ruoyu himself was also dismissed, and there was no hope that Staff Representative Conference could play any real function.

Since the reform and opening up, changes of the situation have taken place. "(Draft) on the Acceleration of Industrial Development" promulgated in 1978 requested the resumption of Staff Representative Conference. From 1979 to 1980, due to the concern that the united campaign of trade unions in Poland which acted like a raging fire might spread to China, the Communist Party decided to put the issue of Staff Representative Conference into the reformational agenda. At that time, the reform ideas were similar to other socialist countries, and they also turned their attention to the Yugoslavian model. In 1980 the State Council promulgated the "Reports on the Attempted Promotion of Autonomy Power of Enterprises" which underlined that enterprises should be given more autonomy rights and all enterprises should establish

a system of Staff Representative Conference. Communist Party estimated that if enterprise management got more power in the economic reforms, workers should be given some corresponding power against the management side.

In fact, no matter under what economic structure and management system (capitalism and socialism are the same), to workers, difficulties always exist when they organize themselves to ask for any decisional power from the management side. Especially when China was at the time of expanding the power of enterprise management, it is obviously tougher. In the 1980s, although significant progress had been made, there were also scholars who still keenly felt that Staff Representative Conference increasingly became just furnishings of "formalism". That was ascribed to "the factory director and manager responsibility system under the leadership of the Party Committees and the Staff Representative Conference system under the leadership of the Party Committees". However, in the state-owned and collectively-owned enterprises, the congress finally became a basic configuration.

During this period, Staff Representative Conference was called by some people as "Golden Ages." In 2000, we visited dozens of workers who belonged to the 1980s; they got a sense of nostalgia when comparing that period with today. In their opinions, the trade unions and Staff Representative Conferences were more active at that period. The National Trade Union also made use of the relaxed environment between 1978 and 1988 to add clauses which would be conducive to the workers into the legislation draft that was under drawing up. One case among those is the "Enterprise Law" passed in 1988. After a round of heated debates, the National Trade Union insisted on making a series of amendments, and finally it turned out to legalize the existence of Staff Representative Conference and strengthened its mission to "democratic managing rights." Passed in 1992, the enterprise regulations of townish collective ownership had given more power to collectively-owned enterprises than state-owned enterprises. For instance, Article 28 of which states: Staff Representative Conference has the power to "elect, recall, employ and dismiss the factory director (manager) and deputy factory director (deputy manager)."

We will see later, that statutory differences of Staff Representative Conference between the state-owned enterprises and collectively-owned enterprises and that collectively-owned enterprises actually have more competence to assume sole

responsibilities for their own profits and losses will have certain effects on the function of Staff Representative Conference.

3. Functions of Staff Representative Conference: Theory and Reality

According to Article 51 in Chapter Five of the “Enterprises Law”, Staff Representative Conference in the state-owned enterprises is "the organization in which employees exercise democratic management rights." And in accordance with article 52 of the “Enterprises Law”, Staff Representative Conference has five obligations and rights, which are well-known by the trade union system as “Five Functions”:

(1)to hear and deliberate the factory director's reports on the policy of operation, long-term and annual plans, programs for capital construction and major technical transformation, plans for the staff training, programs for the distribution and use of the retained funds and programs for contract and leasing systems of managerial responsibility, and to put forward opinions and suggestions.

(2)to examine and endorse or to reject the enterprise's programs for wage adjustment, programs for bonus distribution, measures for labor protection, measures for awards and penalties and other important rules and regulations.

(3)to deliberate and decide on the programs for the use of the staff’s welfare fund, programs for the allocation of the staff’s housing and other important matters concerning the well-being and benefits of the staff.

(4)to evaluate and supervise the leading administrative cadres at various levels of the enterprise and put forward suggestions for rewarding or punishing them and for their appointment or removal.

(5)to elect, by decision of the competent department of the government, the factory director and report to such department for approval.

The largest power of Staff Representative Conference in state-owned enterprises is in the welfare and the house distribution aspects. Secondly it is the common decision power to determine wages and allocate bonuses with the management side, in this aspect Staff Representative Conference has veto power. So far as the major issues and matters of the enterprises’ development are concerned, the power of Staff

Representative Conference is limited to make comments. However, staff have rights to evaluate their superiors. Although they don't have the power to dismiss a factory director and manager, they have rights giving advices on the removal. In addition, in accordance with Article 44, there are two ways to appoint a factory director and manager: appointed by the competent departments while the opinions of the staff representatives shall be solicited; elected by Staff Representative Conference and reported to the competent department for approval.

As the election of People's Congress, the right of the voters is mainly the veto power of leader candidates. In practice, managers are usually nominated by superiors, but Staff Representative Conference will have the choice to refuse those candidates. Therefore, as pointed out, the fundamental nature of Staff Representative Conference in state-owned enterprises is the control and restriction of the overall management and rules.

In accordance with the regulations, at least 50 percent of the representatives in Staff Representative Conference should be generated from the grassroots workshop. However, that workers' involving in the process of production management is not the main function of Staff Representative Conference. To restrict the privileges of the factory director is more important than to engage in the production. In the light of our interviews, we realized that the above functions of Staff Representative Conference seemed to meet the workers' expectations. As a matter of fact, domination of the production process has never been the fierce entangled problem in the work field of China.

If Staff Representative Conference can authentically exercise legal rights, then workers in state-owned and collectively-owned enterprises of China may enjoy more rights than in any capitalist system. But Staff Representative Conferences in the real world have been facing great difficulties in exercising their rights. A large majority of Staff Representative Conferences were just formal systems. Thanks to the deep implementation of enterprise reformation, the expansion of management power and a large scale of layoffs caused by massive losses of the enterprises, Staff Representative Conference in State-owned and collectively-owned enterprises also had difficulties to maintain its presence. Macroeconomic conditions such as the trend towards privatization and non-state-owned economic expansion also weakened the functions

of Staff Representative Conference. Managers of State-owned and collectively-owned enterprises usually don't feel like to execute instructions which request the implementation of democratic management by the superiors. And eras when the managers have to be docile and obedient implementing instructions from their supervisors have gone.

As trade union of the workshop takes charge in dealing with the daily work of Staff Representative Conference, whether Staff Representative Conference can run their work or not depends on the effects caused by the chairman of the trade unions. The trade union is also responsible for organizing the representatives' election of Staff Representative Conference and submitting the grassroots' opinions to the congress for discussion. Theoretically, the workshop trade union committee is entitled to Staff Representative Conference. But in fact, the trade union is the organ responsible for organizing of congresses. Therefore, whether Staff Representative Conference can fulfill their responsibilities or functions such as the feedback opinions from the discussion of the factory policy, the election of staff representatives, the collection of rationalization suggestions and the preparation of congressional proposals and so on, depends on the enthusiasm and the capabilities of the trade unions.

Trade union of workshop is theoretically under the dual leadership of Staff Representative Conference and a higher-level trade union. Observing the discussion inside the trade union on how to ensure the exertion of the functions of Staff Representative Conferences, the trade union committee actually regards Staff Representative Conference as its own area of jurisdiction. So far as the organizational structure is concerned, Staff Representative Conference can be considered as the power foundation of the Chinese trade union.

General observers and workers themselves often regard Staff Representative Conference as furnishings of "formalism". In accordance with interviews and investigation impression in our survey in 2000, there was one case that was considered as purely form furnishings, the situation there is that a vast majority of representatives are senior managers. There were two successful cases of Staff Representative Conference. In one of those two cases Staff Representative Conference is an advisory institution to a certain extent between workers and the

factory while in the other one Staff Representative Conference is much closer to the organization in which the representatives were democratically elected, happening in a research institution, the staff were dissatisfied with that their research outlay was embezzled and ran off by the leadership, finally they had to “find out” Staff Representative Conference which has power to intervene such things, and it turned out that Staff Representative Conference elected democratically could be set up to stop the misdeeds of the leadership and held regularly. There was also a case discovered in 2002 after Zhu Xiaoyang’s interview with a representative of a collective ownership factory in Kunming. Although the representative also realized that Staff Representative Conference “actually could not play their roles” and the situation was getting worse. When being asked about the factory’s major decisions on issues such as the sales of land and relocation of the factory, acquisition of large capital equipment and happening of large-amount transaction, he said: the factory director and secretary took proposal to Staff Representative Conference for discussion, if passed, the proposal would be implemented, if not, then “they still did not dare to put it into practice”. He cited an example that in the past five years there were two Staff Representative Conferences has successfully rejected the factory director’s recommendations on the purchase of major equipment and change direction of products.

4. Ideal Staff Congress and Europa’s – Japanese Workshop Consultation Model

At the beginning of this paper, we firstly put Staff Representative Conference in the context of the workers committee in the socialist camp for research. But in the late 1990s, there had been great changes. In Eastern Europe and the Soviet Union, the workers committee did not survive; In China, the wave of reformation also pushed the Chinese Staff Representative Conference to the situation other socialist countries had never been. The Chinese Staff Representative Conference was inherited from the planned economy era but could not be operated in the political and economic environment of yesterday; the non-centralization of autonomy operation and the conversion of property rights had been injected into a new sense, the system on which

Staff Representative Conference relied had become more capital in its nature. From a broader point of view, labor relations in developed industrial countries could be divided into two types of systems. One is the Europa's workers committee model whose character is of more integration and the enterprise consultation system of Japan (roshi ku ogi-sei). The other one is the Anglo-Saxon model. Here is our question: compared with these two models, what kind of position does the Chinese Staff Representative Conference stand? After the reference of the above study, we realized that Staff Representative Conference was closer to the former, that is, Europa's – Japanese model. Our perspective is similar to Ng Sek Hong and Malcolm Waner's. They reckoned that Staff Representative Conference would be the possible Chinese substitution for the "European Commission (works council). " The basis of European / Japanese model is that workers and employees don't have total voting rights at workshop-level but at least rights of negotiation. It is a truism that European countries (such as Germany, the Netherlands, Italy, Sweden, Denmark, Austria, etc.) have their own unique labor relations structure, legal framework, historical trace, social and cultural background, etc. Generally speaking, all these countries' working committees at the workshop-level are intended to provide workers with some rights of participation in order to increase production and maintain safety of the labor relations. This kind of integration-state relation which is more consultative and consensual indicates the difference between European / Japanese model and the Anglo-Saxon model. Ronald P. Dore had made a good summary on the distinction of these two models in his recent book entitled "Stock Market Capitalism: Welfare Capitalism -- Japan and Germany versus the Anglo-Saxon". Furthermore, we believe that the Japanese model and the Chinese employment system have something in common. In the post-socialist system the differences of these two models have still been shown. Since the reunification the former East Germany has established the working committee in the workshop. They "usually held positive and cooperative attitudes to the new (sometimes the Western) management in the process of the 'rationalization' and 'modernization' (although not always did so)." However, comparison of these two

opposing systems and structures is a matter beyond the context of this paper, we hereby just want to point out that the Chinese Staff Representative Conference and the working committee would have some resemblances.

We are fully aware that the participative level of the Chinese Staff Representative Conference is much lower than the European Commission. And it is full of possibility that in process of our survey, workers' positive evaluation of Staff Representative Conference is exaggerated. In addition, there are many structural, cultural and historical aspects of difference between Chinese model and the above models. The differences in political systems are much larger, and in fact it will sufficiently determine the differences of the independence of Staff Representative Conference. However, we still believe it deserves the attention, and we shall also have certain expectations, in other words, we hope that it work as a trademark in the process of the Chinese integrative administration evolution and diversification.

Between the ideal state of the Chinese Staff Representative Conference and European Commission, there are some basic structural similarities. The most basic common ground of these two systems is that workers are granted rights to take part in the factory affairs. As the case of Bulgarian workers committee previously quoted in this paper, under its formalism, as a workshop system, Staff Representative Conference can also play its roles as channels which concentrate the grass roots' benefits. Survey statistics we've analyzed also show that Staff Representative Conference and the trade union in enterprises are not as useless as the general assumption. Especially in the collectively-owned enterprises, the power of Staff Representative Conference against the factory director is much larger than in any other type of enterprises. Such power includes the evaluation and dismissal of the factory director (of course there is a need for the approval by the higher-level competent department of the government). So far as we know, in times of crisis, when class consciousness and public conflicts suddenly came out, workers would stand out to dismiss their factory director. Of course what happened much more frequently was that they encountered opposition by the management side and the local government.

The close affiliation and coincidence (many representatives of Staff Representative Conference are also the representative of the trade union) of the institutional roles and the personnel facet of the factories' trade union and Staff Representative Conference

is not Chinese characteristic. For example, in the "dual system" of labor relations in German model, the previous situation is that trade union was responsible for collective negotiation while the working committee worked independently as a so-called representative of the workshop, but now dual system has basically united as one.

The skeptics might question the proportion of positive feedback of the research carrying out by the National Trade Union. However, we would like to draw the reader's attention to the circumstances in the system of capitalist democracy. In the workshops power of participation in management which organized by the worker representatives was institutional and legal. Take Holland as an example, if the management side who does not comply with these laws and regulations which protect the participant rights of workers will finally get prosecuted. Scholars who studied the European Commission found out that they are also mixed, in fact, some of them are controlled by management side while others are the real representatives; Some are paternalistic ones while others are representative; some are "management committees" while others look like the "battlefield for class dissension "

Someone has launched an investigation in Australia, the results indicated that among 538 interviewed unionist 46 percent of them are satisfied with their trade union representatives while other 35 percent of the respondents' opinions are "normal". We should acknowledge that workers in these developed countries have different standards to evaluate their working committees and trade unions. However, we still believe that various responses from the research in China ensured the distinction between factories with Staff Representative Conference and those ones without it; they also affirmed that Staff Representative Conference was not just a formalism institution but also a congress could exert influence. Such sums of the differences are significative and also can not be ignored or erased.

Among the criticism of Staff Representative Conference, there is a non-realistic high expectation. Thus we can response by referring to the fairytale criticism by Michael Burawoy and Janos Lukacs that the socialist countries are inevitably less inefficient than the developed capitalism ones. They pointed out that neo-classical economics "compare the experience and reality of the society in the Soviet system with the ideal capitalism", and their comparison was based on the assumption that capitalist reality

would achieve its ideal state but socialist society would inevitably stand behind it. Similarly, in China, we can not expect that a large majority of congresses will operate closely to the ideal model.

5. Conclusions and Predictions

In the historical part at the beginning of this paper, we pointed out that workers committee usually grew up in critical moment of the polity and economy. In the past few years, Staff Representative Conference has become a problem in China. Thus shall we say that it also corresponds to a critical period? Found by our research on Staff Representative Conference, it has two kinds of functions. Firstly, in normal times, as the survey data indicated, a small number of Staff Representative Conferences in some workshop rose as institution, they could enhance the common understanding of labor relations. And the National Trade Union was also promoting and regulating the functions of Staff Representative Conference from top to bottom. Meanwhile, management side who was more enlightened also felt like to achieve more cooperation with the staff by making use of Staff Representative Conference.

In this connection, the National Trade Union was increasingly realizing that during the period of enterprises restructure and establishment of the new employment relations, taking advantages of Staff Representative Conferences could consolidate its legitimacy position. During this period, due to the management side's dissatisfaction with the trade union in enterprises the National Trade Union's sectional status in the system was eroded and its membership shrunk so much. For instance, on the May 6th of 2001, the National Trade Union raised the ideas of pursuing the "five breakthroughs." Two of which were to "persist in the development of Staff Representative Conference to protect workers' democratic rights" and "emphasize that in the state-owned and state-holding enterprises, representatives of Staff Representative Conference should be added to the Council and the Board of Supervisors." Not long before that, the "Worker's Daily" also proposed to bring Staff Representative Conference into "non-public" enterprises.

In advancing Staff Representative Conference system, the National Trade Union has been advocating activities such as "the publicity of factory affairs" and democratic elections of trade unions. These measures might have an influence on the exertion of

Staff Representative Conference' functions. We felt great efforts in this regarded aspects when we visited the trade union of Lishu County which was famous for democratic election of cadres. However, there was no knowledge of the democratic element in the election. With regard to the above situation, there will be a big rapid development of Staff Representative Conference in the next few years. This trend is similar to the process of the rural election which was well-known all over the world. And this also have close relation to the fact that China has been increasingly becoming a society with an adequate legal system.

Secondly, on the contrary of the above trend, the place where relations between workers and enterprises were deteriorated, particularly where the enterprises were facing life-and-death, Staff Representative Conference might become a battlefield. The staff would change Staff Representative Conference into a territory where they expressed their interests and rights, the results might be severe, but if workers succeeded, then Staff Representative Conference would be likely to remain becoming a really democratic system. And in such enterprises, workers would certainly give higher comments on Staff Representative Conference.

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