

**THE APPLICATION OF TRIPARTISM IN CHINA IN ITS
TRANSITION TOWARD A MARKET ECONOMY – NTCC CASE
STUDY**

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Abstract

Responding to internal market and social pressures that centre on the inadequate protection accorded to workers' rights, China's government has begun constructing a tripartite industrial relations regime. As this process matures, it is to be expected that it will have a significant impact on those business enterprises that elect to invest in China in order to capture the profits to be made by labour exploitation and may well change the national origin of China's investment inflow. This paper examines the emerging tripartite consultation mechanisms that are being established by the government, trade unions and employers' organisations and explores three research questions relating to the viability of tripartism in China. It is concluded that, despite many constraints and limitations, the nascent system of tripartite consultation is becoming an integral part of China's industrial relations regime, and that gradually the tripartite mechanisms will enhance the representativeness of the social partners and further respect for the rights of labour in China.

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THE APPLICATION OF TRIPARTISM IN CHINA IN ITS TRANSITION TOWARD A MARKET ECONOMY – NTCC CASE STUDY

SETTING THE CONTEXT

The admission of China to the WTO in 2001 was a landmark in the ongoing integration of China into the global economy, as was the fact that in 2002 China overtook the United States as the world largest recipient of foreign direct investment (FDI) (World Bank, 2003). A key factor widely perceived to have contributed to China's emergence as an exporting nation and investment location is the low cost of Chinese labour and the inadequate respect accorded to the interests of workers by the state and by employers (Chan, 2001). This situation has already caused deep concern amongst advocates of workers' rights both in China and within the developed nations. The response of the latter was taken to a new level in 2004 when the American Federation of Labor – Congress of Industrial Organizations (AFL-CIO) filed a petition to the United States Trade Representative in accordance with Section 301 of the U.S. Trade Act of 1974 (AFL-CIO, 2004). Section 301 petitions traditionally have been the sole province of business firms concerned that foreign enterprises can export to the U.S. by engaging in dumping or by receiving unacceptable forms of state subsidy. Extending this notion, the AFL-CIO petition called on the American Government to halt what it deemed to be social dumping on the part of China's government. More specifically, the AFL-CIO alleged that China was using the power of the state to bolster the capacity of its employers to resist labour market pressures that would otherwise increase labour costs. In short, it was held, that by suppressing workers' capacity to exercise their market power, the state was actively subsidising China's employers and enabling them to keep wages below what they would be if a free labour market was allowed to function. In particular, the petition focused on the worsening situation faced by Chinese migrant labourers working in the export sector and the fact that China's government systematically encouraged violation of these individuals' right to freedom of association, collective bargaining, and the ability to withdraw their labour.

Although the AFL-CIO petition was rejected by the Bush Administration, at the behest of the financial sector which was seeking to encourage the Chinese government to liberalise capital outflows and integrate (read U.S.) financial services firms into Chinese market, the petition has added to the worldwide debate on the relationship between globalisation and worker exploitation. This debate has already had a far-reaching impact on businesses and especially on multinationals with brand names to protect. Particularly important in this regard has been the campaign for a link between the trade rights and labour rights sustained by the International Confederation of Labour and the popular campaigns launched by international NGOs that have aimed to impose social responsibilities on the multinationals. Responding to these efforts, many firms now highlight their commitment to the SA8000 (Social Responsibility) system, which contains a voluntary standard for workplaces based on widely-accepted ILO (International Labour Organisation) provisions and other human rights conventions. SA8000 was initially developed in 1996 by Social Accountability International (SAI, formerly known as Council on Economic Priorities Accreditation Agency), a non-profit organisation consisting of activists from the labour movement, businesses and NGOs committed to "the development, implementation and oversight of voluntarily verifiable social accountability standards". Through independent, expert verification of compliance and the involvement of all stakeholders, including workers and trade unions, companies, socially responsible investors, NGOs and governments, SA8000 is broadly recognised as a credible, comprehensive and efficient tool for ensuring "retailers, brand companies, suppliers and other organizations maintain just and decent working conditions throughout the supply chain" (SAI, 2004; see also BSD, 2004). The positive impact brought about by SA8000 has been registered in China with the associated jargon becoming popular among the business circles in the export sector (see for instance ALN, 2004). This response in many cases hides the deep hostility extant in those companies, both domestic and foreign funded, that have been able to escape their obligations under the Chinese labour law due to the fact that these laws have traditionally not been enforced effectively.

These interventions into the way China sustains its international business activity have added to domestic demand on the Chinese government to pay more attention to workers' interests. After two decades of growth oriented reforms, a major adjustment of the development strategy was made at the 3rd Session of the 16th Plenary Central Committee of the Chinese Communist Party in 2003, which called for a more equitable approach to development by placing "people first" (CCP, 2003). According to the new development philosophy, China henceforth will prioritise human needs as part of a comprehensive, coordinated and sustainable development program (see e.g., *China Daily*, 7 November 2003; and *China.com.cn*). The character of this new development philosophy was further clarified in the Report on the Work of the Government which was presented to the National People's Congress. The report features "five balanced aspects", including balancing economic and social development and balancing development of human beings and nature. If this policy shift results in significant change to government practice, by for example inducing the state to enforce its labour laws, the situation may have fundamental implications for running both domestic and foreign funded businesses in China.

It is in the foregoing context, that this paper explores one of the major changes introduced in China recently in regard to labour relations – the application of ILO inspired forms of tripartism. More specifically, the paper addresses the following questions:

1. Can tripartism function in China's situation given the fact that as a legacy of the command system the government still takes the dominant role in industrial relations and the trade unions are subordinated to the party-state and have a weak place in enterprises?
2. In what ways is tripartism reshaping labour relations in China? and
3. What is the possible future path of the tripartite mechanism?

DEVELOPMENT OF INDUSTRIAL REPRESENTATION IN CHINA DURING THE REFORM ERA

Unprecedented reforms in China over the past two decades have substantially transformed the command economy to a 'socialist market economy' (Howell, 1993; Liew, 1997). This is a development that has had a far reaching impact on industrial representation (Warner, 2000; Chan, 1993 and 2001; Taylor, Chang and Li, 2003). A key area of China's economic reform is to make the state-owned enterprises (SOEs) financially self-reliant producers and independent competitors in the market (Liew, 1997; Lin et al, 1996). This move is essentially a process of separation of government administration from business management – shifting decision-making power on business from government departments to enterprise managers (Ishihara, 1993; Zhu, 2000; Zhu and Dowling, 2000). To aid enterprise reforms, accompanying reforms of the traditional labour system were also carried out which aimed at breaking the "iron rice bowl" enjoyed by urban workers since the foundation of the People's Republic of China (Leung, 1988; Warner, 2000). This was done by introducing a system of labour contracts, and by establishing a labour market from the mid-1980s, which gradually replaced the government in defining employment relations between enterprises and employees (Zhu and Campbell 1996; Ng and Warner 1998).

These reforms have dramatically transformed the relationships between the state, capital and labour. In short, the government has changed form being an omnipotent 'administrator' who monopolised decision-making power in relation to major issues of industrial relations, e.g., labour allocation, job security, wages and welfare, to a 'regulator', 'mediator' and 'arbitrator', withdrawing from direct intervention in workplace labour relations (Chan 1995; Chang 1995; Ip 1995; Song 1995; Zhu and Campbell 1996; Ng and Warner 1998). As a consequence, enterprise management has gained autonomous powers to deal directly with employees on the major issues of employment relations (Zhao and Nichols 1996; Morris, Sheehan and Hassard 2001). The workers have been cut off from their direct economic relationship with the government, and they now have to negotiate directly with the managers/employers on the terms of employment (Chang 1995).

As the traditional labour relations system was dismantled, China has attempted to establish a new labour relations framework, centred on "autonomous consultation by both parties and regulated by

the government according to law” (State Council Information Office, 2002 and 2004). This new framework is characterised by labour contracts and labour dispute settlement procedures, enterprise collective consultation between trade unions and employers, and more recently tripartite consultation at national, provincial and local levels. As regards the tripartite mechanisms, it is accepted that its effectiveness will depend on the representative ability of the trade unions and the employers’ organisations. Although industrial representation has changed considerably over the past two decades, Chinese trade unions and employers’ organisations are still struggling to acquire the necessary autonomy and capacity to be accountable for their respective constituencies (Warner, 2000; Clark and Lee, 2002). Given the strong statist tradition and the weakness of the social partners, it is reasonable to expect that there needs to be a long transitional period before the new industrial relations system can effectively operate. It would be desirable to have a transitional arrangement within which the government can take a leading but gradually reducing role, in order to allow enough time for the social partners to ‘grow up’ to fulfil their designated parts. Tripartism seems appropriate for such an arrangement, as it emphasizes the importance of the government’s role in industrial relations while supporting the independence of social partners (Mansfeldova 1995; Yin, Stelzer and Yang 2001).

THE CONCEPT OF ILO TRIPARTISM

The International Labour Organisation (ILO), born in 1919, is the only international organisation with a structure that requires each member state to appoint two government representatives, one worker representative and one employer representative to attend the International Labour Conference. All representatives enjoy equal status in the making of international labour legislation (Tikriti, 1982; Shao, 1997). A commitment to tripartism is not merely a requirement for a member state to be represented at the International Labour Conference by a tripartite delegation, but a fundamental principle guiding all the aspects of the work of the Organisation. Moreover, the idea has been persistently sponsored by the ILO and embedded at the national level, e.g., the transitional societies in Eastern Europe (Kylloh, 1995; Yin, Stelzer and Yang 2001).

ILO tripartism is defined as “the process by which workers, employers, and governments contribute to the setting of workplace standards and protection of workers’ rights worldwide” (Simpson, 1994). The concept “is founded in evidence that voluntary interaction and dialogue among representatives of the various parties is vital for social and economic stability and progress, while being consonant with democratic ideals” (Simpson 1994; see also Treblicock 1994). To the extent that this latter assertion has validity, it offers the hope that tripartism may provide a valuable instrument to the reform of China’s industrial relations framework. Because as a transitional, time-buying institution, within China’s ‘socialist market economy’, tripartism could help ensure social and economic stability without jeopardizing China’s economic momentum and political stability as China moves toward greater political democracy” (Yin, Stelzer and Yang 2001).

THE EMERGENCE OF TRIPARTISM IN CHINA

Since the People’s Republic of China (PRC) sent its first tripartite delegation to the International Labour Conference in 1983, the ILO has become an influential source of ideas for the Chinese Government to reform its industrial relations in coping with the development of market forces (see Kent, 1997-1998; *China Labour Bulletin*, 2001). The Chinese Government has showed its particular interest in the idea of tripartism. This is evident in the ratification by the Chinese Government in 1990 of ILO Convention on Tripartite Consultation (International Labour Standards) (No. 144), 1976, which is one of a very limited number of ILO Conventions ratified by the PRC so far. Under the Convention, a ratifying member state is required to operate procedures which ensure effective consultations between representatives of the government, employers and workers on issues concerning ILO standards.

China's desire to promote tripartism was first reflected in a regulation on labour dispute settlement, introduced in 1987, to adjudicate labour disputes in SOEs, and that was later extended to cover all types of enterprise. It was subsequently integrated into the *1994 Labour Law*. The most important institutional innovation was the tripartite composition of the arbitration committees set up at and above the county level. The committees were composed of equal representation from the following three bodies – (1) labour department; (2) trade unions; and (3) employers or government departments responsible for managing enterprises. But it was not until a 2001 amendment that an explicit provision of tripartite consultation was found in the *1992 Trade Union Law*. It is stipulated in paragraph two of Article 34, that: "Administrative department for labour under the people's government at various levels shall, together with the trade unions at the corresponding levels and the representatives of enterprises, establish trilateral consultation mechanisms on labour relations and jointly analyse and settle major issues regarding labour relations" (quoted from the English version of the ACFTU).

The National Tripartite Consultation Conference (NTCC)¹ was inaugurated in August 2001, which marked the formal establishment of tripartite consultation system in China. With the enormous effort of the NTCC and its three parties – the Ministry of Labour and Social Security (MOLSS) representing the government, the China Enterprise Confederation (CEC) as employers' representative organisation, and the All China Federation of Trade Unions (ACFTU), the tripartite consultation mechanism has been extended to provincial and county levels (Clark and Lee, 2002). The establishment of the tripartite consultation system was strongly promoted by the ILO, which has provided continuing assistance in training participants involved in the tripartite mechanisms.

However, it has been widely questioned whether tripartism can be effectively applied in China's situation, because as a form of 'corporatist' regulation, tripartism implies not only the institutional representation of corporate interests, but also that the representatives of the three parties are independent of one another, and so presupposes an element of 'pluralism' in the political system (Treblicock 1994; Clarke and Lee 2002). The ILO assumes certain enabling conditions are needed for social dialogue which include "strong, independent workers' and employers' organisations with the technical capacity and access to the relevant information to participate in social dialogue; political will and commitment to engage in social dialogue on the part of all the parties; respect for the fundamental rights of freedom of association and collective bargaining; and appropriate institutional support" (ILO, 2003).

It is the aim of this research to find solution to the problem mentioned above. For this purpose, a case study of the National Tripartite Consultation Conference is used for a close and systematic examination of China's nascent tripartite mechanism at the national level.

DATA COLLECTION METHODS

The case study was conducted in China during a period from November 2003 to April 2004. Methodological triangulation was achieved by utilising documentation, interviews and direct observation. Documentation included the records of each meeting of the NTCC, materials prepared for conferences and seminars, reports, and research findings and policy papers from various sources concerning the NTCC. Formal semi-structured interviews of nine NTCC members from the three parties were conducted, including some with senior officials prominent in the organisations. In addition, formal and informal discussions with officials from the MOLSS, ACFTU, CEC, experts from the ILO and Chinese academics also provided invaluable insights into China's tripartite mechanisms. The researcher was also invited to sit in on the meetings of the NTCC in order to enable him to directly observe the proceedings of the institution. Moreover, the researcher attended several seminars and conferences on industrial relations in China, sponsored by the MOLSS, CEC and ILO either respectively or jointly. All the information reported in this paper

¹ Some commentators have wrongly translated it as "National Tripartite Consultation Committee", e.g., Clark and Lee (2002).

derives from these interviews, conversations and direct observation, and relevant documentary materials, unless otherwise stated.

CASE STUDY – NATIONAL TRIPARTITE CONSULTATION CONFERENCE

The NTCC is the peak body of China's tripartite consultation system. In addition to participation in the discussion on national legislation and policy concerning industrial relations, it also has responsibility for the guidance and promotion of tripartite consultation at provincial and local levels. Therefore, the NTCC is the key for the understanding of China's tripartite consultation system. This section outlines the main features of the NTCC in relation to its structure, procedures, functions, and what it has achieved since it came to existence in 2001. Following this background information is the revelation of the perceptions of the NTCC in terms of its necessity, effectiveness and possible future path.

Structure, Procedure, Functions and Achievements

The NTCC consists of three hierarchical layers. At the top are three chairpersons who have a say on all important issues in relation to the NTCC. It is chaired by a vice-minister of the MOLSS, while the two vice chairs are appointed by the ACFTU and CEC respectively. In addition to the three chairpersons, the MOLSS, ACFTU and CEC respectively appoint their own delegates (department heads) to the NTCC. Originally the ratio of the members of the three parties to the NTCC was 5: 6: 4, but the number of delegates has increased and the current ratio among the members of the three parties is 6:7:5. The NTCC conference is the formal organ at which discussions are held and consensus is reached. The NTCC appoints its secretariat, namely the General Office of the NTCC, located in the Department of Labour and Wages in the MOLSS, but consists of members of the three parties. The directorship of the General Office is assigned to the director general of the Department of Labour and Wages, MOLSS, in addition to three deputy director positions assumed by the three parties respectively. Apart from these director positions, the three parties nominate more staff to the General Office, most of whom is branch chief. The tripartite office operates more or less like a liaison body and meets more frequently. It plays an important and essential part in the whole system, as it is where the three parties are engaged more closely in exchanging information, ideas and communicating formally and informally. It is also where the essential issues, such as the agenda of the NTCC conference, are decided, and differences are reconciled.

The compositions of the delegation of MOLSS to the NTCC and its General Office are too narrow, being confined mainly to the Department of Labour and Wages, whereas the ACFTU appoints delegates covering broader areas. The ACFTU once raised a request at a NTCC General Office meeting that the MOLSS delegation should include its Department of Legislation, but received no answer.

It should be pointed out that the NTCC was not created in accordance with a specific law or government decree. Therefore, it made its own rules and procedures. Very brief written rules and procedures were adopted at its first meeting. The NTCC follows the following principles in its work: legitimate, just and timely; mutual understanding, trust, support and cooperation; to take care of the interests of the state, enterprises and employees in all; and equal consultation. However, these principles are not guaranteed by concrete measures of application and practical procedures. This can be seen from the few explicit procedures which merely required (1) the NTCC to meet quarterly, with ad hoc meetings if necessary; (2) the items of agenda to submit to the General Office two weeks prior to each meeting, and the Office to decide the agenda and inform the chairpersons.

Even the observation of the few written provisions could not be guaranteed. For instance, the NTCC had only six regular meetings by April 2004, despite the requirement for a regular meeting in the first month of every quarter. (It would have met 10 or 11 times had the procedures been strictly followed). The frequent turnover of the delegates to the NTCC, and the availability of the three

chairpersons, affected the observation of these rules. Each party has, and did exercise, the right to propose agenda items to the General Office, and the ACFTU was most active in structuring agendas. But the MOLSS was more influential in the settlement of the agenda, as it directed the work of the Office. As one interviewee put it, “the Office would include the agenda made by our party if the MOLSS is not against it”.

The lack of detailed and practical procedural requirements, especially the rules on decision-taking methods, leaves much room for the chairpersons to exercise their discretion. So far as the NTCC and its General Office are chaired by the MOLSS, the vague and informal procedures allow for the easy domination of the government. This is evident in an actual instance observed by the researcher. At a NTCC General Office meeting, an ACFTU delegate proposed a suggestion that the MOLSS issued separate guidelines for collective consultation on wages in enterprises, in addition to a document concerning enterprise collective consultation in general, as he believed consultation on wages was more important and there needed specific attention. Whereas, a MOLSS delegate felt that it was not necessary, since the document guiding the implementation of collective consultation in enterprises would certainly cover the issues regarding wages. The chairperson asserted that the matter might be considered further after the meeting. Hence the discussion did not proceed further among the delegates, and the issue was left undecided. The argument was raised again at the sixth NTCC meeting, and again no further discussion, nor decision, was taken on the matter.

The objective of the NTCC is to strengthen communication and consultation between the government, trade unions, and enterprise organisations, so as to facilitate stable labour relations in the long term and maintain sustainable social and economic development. To this end, the NTCC has defined its major functions as follows:

- to study the impact of economic reform and social policies on labour relations;
- to provide advice on the making and implementing of labour law;
- to provide guidance on the establishment of tripartite mechanisms at lower levels; and
- to investigate and propose solutions for collective labour disputes or group grievances that have severe impact nationally.

As a narrowly formed voluntarist body with limited resources and authorisation, it is realistic for the NTCC to operate as a forum of discussion, focusing on the issues falling within the competence of the MOLSS, rather than a decision-making body with broad responsibility. The NTCC holds firmly on this stance, despite the appealing of some delegates - especially from the ACFTU and CEC, to make the institution a powerful body, whose decisions are binding.

Perhaps, the most celebrated outcome of the establishment of the NTCC is that it has consolidated and institutionalised the informal and irregular bipartite and tripartite consultation practice that already existed for some time into a regular and systematic mechanism. Since its inauguration in August 2001, the NTCC wasted no time to propagate the idea of tripartite consultation and press for the accelerated expansion of tripartite mechanisms at provincial and local levels. By the end of 2003, all the provincial units had tripartite institutions in place, and some had advanced the system at county level. In a few regions forms of tripartite consultation were even extended into local communities of suburbs and townships.

Apart from the significant outcome in promoting the institutional building for tripartite consultation nationwide, the NTCC's influence in formatting labour legislation has also borne some considerable results. From the very beginning, the NTCC saw its involvement in influencing the formation and implementation of labour legislation as one of its important functions. So far it has focused attention on the regulations of labour relations in the workplace. For instance, the NTCC adopted a resolution on the conduct of collective consultation in the enterprise, based on the findings and recommendations of three inspection teams led by the three NTCC chairpersons. The resolution was enacted by the MOLSS in January 2004 in a form of Decree of MOLSS, entitled the “Regulations on Collective Contracts”. This document replaced the old one of the

same title enacted by the MOLSS in 1994. In comparison, the new document extends the scope of the system of collective consultation and collective contracts, and enlarges and details the contents of subject matters for enterprise collective consultation. It clarifies the selection, rights and responsibilities of representatives, and stipulates procedural requirements for consultation proceedings, as well as the conclusion, amendment and termination of collective contracts. It further stresses tripartism in handling disputes arising from collective consultation and the formation of collective contracts.

It should be noted that the NTCC, while keeping itself focused on narrowly defined labour relations issues, has not been able to deliberate on many issues that concern both workers and employers. This is probably attributed to its limited resources, competence, and the capabilities of its members.

Perceptions Relating to the Necessity, Effectiveness and Future Path of the NTCC

The research questions were designed to explore how people perceive the tripartite system in relation to its necessity, effectiveness and future paths. Semi-structured interviews were conducted with key players of the NTCC from the three parties. The interview schedule was developed based on a review of the literature prior to undertaking the fieldwork in China.

In regard to the issue of necessity, there was a clear consensus among all nine interviewees that tripartism should be a necessary and effective means in reforming China's labour relations framework. Conversations with other people from the three organisations, ILO experts and academics also confirmed the necessity of tripartism. In two government white papers, the tripartite consultation mechanism is acknowledged as an essential part of the "new labour relations regulatory mechanism" (State Council Information Office, 2002 and 2004). Indeed, it is commonly believed among people concerned that tripartism is an effective means of labour relations regulation, which works well in the developed market economies, and therefore should be adopted in China, but with necessary modifications to accord with the characteristics of China's socialist market economy.

Contradictory and controversial messages were obtained on the effectiveness of the NTCC. This might be caused by the confusion over the concept of tripartism and the nature of the tripartite body. There seems to be a gap between the high expectation of what a tripartite body should be, taking the ILO model and the experience in advanced market economies as an example, and the actual being of the NTCC as it is. The chairperson of the NTCC made a reasonable comment about the NTCC. He stated: "Since its foundation, the NTCC has conducted research on some significant issues in the field of labour relations, participated in the formation of relevant policies and achieved considerable results in a series of work programs. It has played a guiding role for the development of tripartite mechanisms at regional and local levels. When looking at how the NTCC's decisions have been carried out, it can be said that the NTCC has basically operated in a healthy, orderly, pragmatic and effective way." He asserted that the tripartite mechanism was playing an important and irreplaceable role in coordinating labour relations, in safeguarding both the legitimate interests of employees and enterprises, and in maintaining social stability. A vast majority of the interviewees were in agreement with these claims.

The overwhelming majority of the members of the three parties to the NTCC viewed the tripartite mechanism as a significant progress in the decision-making process in China, in that tripartism prevailed over the tradition of government monopoly. The ACFTU and CEC were more positive toward the tripartite institution, as they saw it provided an effective means by which they could institutionalize and consolidate their influence from the top. There have existed for some time irregular bipartite consultations between the government and the trade unions, and the government and the enterprise organisations, in which the government has much discretion to listen to or decline the opinions of the social partners. Whereas, the NTCC serves as a formal forum where meaningful interactions between the three parties can occur, in-depth deliberation and discussions are possible, and the concerns of the social partners are reflected in decisions. For instance, in

drafting the new “Regulations on Collective Contracts”, the ACFTU was eager to provide the workers’ representatives with more protection by detailing their rights and practical procedural safeguards. The CEC, on the other hand, felt that some provisions of the old regulations were not practicable and should be amended accordingly. For instance, the old regulations required that the employment of a workers’ representative must not be terminated within five years from his/her appointment as a representative, while in practice collective contracts normally lasted for one to three years and new representatives might be appointed for negotiating new contracts. After profound discussions for more than two sessions of the NTCC meetings, the final version of the new regulations absorbed the concerns of both parties with compromises.

The effectiveness of the NTCC can also be seen in the implementation of its decisions. The three chairpersons expressed a similar view at the sixth NTCC meeting. As the chairperson stated, “it has been approved in the practice that whenever we three parties reached a consensus on an issue, it would be carried out easily and effectively”. Another aspect of the issue may be ignored by many, but is nonetheless of great importance. That is the NTCC has generated remarkable effects on the strengthening of capacity and accountability on the part of the social partners. This is particularly true for the CEC as it has seen the organisation had restructured, centring on the fulfilment of its new role as the representative body of employers to the NTCC.

Needless to say, it is not without criticism on the performance of the NTCC in its present form. For instance, a general feeling is that it should engage more in deliberation on issues of practical implications than nominal discussions. Much criticism, however, may be linked to the high hopes of people on the tripartite body to be of the same effect as some models envisaged in their mind. Some would like it to be more influential in terms of its status, terms of reference and binding effect of its decisions. Others wish that the trade unions and employers’ organisation are more active and powerful in interactions within the mechanism. These criticisms, whether realistic or envisaged, are more or less relevant to the issue that is to be discussed below: what is the likely path that the NTCC will follow in the future?

There are both optimistic and pessimistic views on the future of the tripartite institution. Again, this might be a reflection of confusion about the concept of tripartism, and the gap between realist approach and idealist anticipation. In general, the overwhelming majority of the interviewees were unsure as to how the NTCC will evolve in the foreseeable future, though they felt confident that the tripartite mechanism would be improved steadily. Seemingly, it comes to a point that the direction must be determined for the future development of the NTCC after it came to existence for four years. The issue was of general concern and was raised at the sixth NTCC meeting. The chairperson aired his worry that the NTCC would become irrelevant if it remained merely nominal, unless substantial adjustments were carried out to make it more practical and influential. Some suggestions were proposed at the meeting, such as: to make the NTCC a substantial body by improving its structure so as to maintain its consistence and sustenance; to manoeuvre for formal recognition of the status of the NTCC by a specific legislation or in a major law; to win over financial support by the state budget; to make its importance known to the public by active propagating and organising various activities; to strengthen theoretical research and learning from the experience of the ILO and of other countries; and other concrete suggestions with regard to the structure, procedures, and functions. However, making some of the proposed changes is beyond the competence of the NTCC and the support of higher decision-making circles is a prerequisite. Moreover, this could be a long time endeavour as pointed out by the NTCC chairperson.

DISCUSSION AND CONCLUSION

Based on the findings of the case study, the three research questions raised earlier suggest the following conclusions. Tripartism is being recognised as a necessary and effective means of industrial relations regulation in China and is being integrated into a new system of labour relations regulation characterised by “autonomous consultation by both parties and regulated by the government according to law” (State Council Information Office, 2002 and 2004). At the infant

stage, China's tripartite mechanisms, with many limitations and constraints, may not meet the high hopes of many who would wish it to be as effective and influential as those systems of social dialogue in advanced market economies. Nevertheless, it does symbolise a break with the statist tradition of China's industrial representation, and constitutes an encouraging step toward a plural and democratic society. The nascent tripartite consultation system is of particular significance for it has the capacity to strengthen the autonomy and capacity of the trade unions and employers' organisations, and facilitate the conduct of collective consultation in the enterprise. While it is not certain at this early stage how the tripartite arrangement will evolve, two factors point to a positive trend. First, all three parties are committed to improving the effectiveness of the NTCC. In particular, the ACFTU and CEC are eager to see the tripartite institutions become more influential. Second, the party-state has recently made a significant adjustment to its development strategy moving from a growth focused development philosophy to a more balanced and coordinated development approach. This adjustment has created a favourable environment for the development of tripartite mechanisms, which in turn may have much to contribute to the implementation of the new development strategy.

Despite many uncertainties, what is clear is that the future form of tripartite consultation mechanisms will be closely aligned with China's overall development strategy with its emphasis on gradualism and experimentation. This "feeling the stones" strategy has been the norm in China since it began down the path of marketisation in 1978 and in line with this approach it is to be expected that the tripartite system will continue to be strengthened so long as it facilitates both growth and social stability or at least does not impose high costs on either of these variables. As this process unfolds, the representative capability of the AFCTU and CEC will be enhanced and this in turn should reinforce the status and roles of the NTCC and respect of rights of China's workers.

The findings of this research bear important messages for those concerned with China's labour rights. For a long period, the Chinese government has been faced with the dilemma of how best to balance development and equity. The government has feared that stressing the interests of the workers would mean productivity and competitiveness would be impaired, but was also aware that to focus solely on economic growth risks social unrest and even a potential challenge to the ruling party-state. Confronted by this dilemma, the past two decades have seen the government, especially local governments, emphasise economic growth at the cost of ensuring labour gain a fair share of the associated benefits. Indeed, it is reasonable to assert that the Chinese government has intentionally and systematically denied workers' rights in the years since 1978. But in advancing this observation, it is necessary to recognise that China has made considerable efforts to further the acceptance of mandated labour standards. This is evident in the growing body of labour laws and regulations, and the increasing autonomy enjoyed by the trade unions and employers' organisations. Now that the party-state has decided to moderate the growth-focused development philosophy, the likelihood that the concern with social justice manifested in this emergent body of labour law will result in real progress. This progress would be more likely should Chinese workers become more conscious of their rights and begin to take the defence of their interests into their own hands. Indeed, there are indications this is already occurring and more importantly that this response is generating an unprecedented 'labour shortage' of low and non-skilled in some coastal areas. This 'shortage' has been generated, according to the MOLSS, because migrant workers have begun refusing to work in the areas and the firms reputed to engage in blatant worker exploitation (MOLSS, 2004). This development will certainly add pressure on the firms and the local governments concerned to rectify their treatment of labour and this changing situation will have important implications for those firms operating in China on the basis of cheap and vulnerable labour. Although in the foreseeable future China will continue to be an attractive destination for investment as the low labour cost will not change dramatically, companies will need to be better prepared for effective compliance with China's labour law and internationally recognised standards such as SA8000.

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