Globalisation, Labour Standards and Protection of Labour Rights

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I. Introduction

Under the circumstances of globalisation, the World Trade Organization (“WTO”) plays a positive role in propelling the realisation of “market economy and free trade” all over the world. However, one of the consequences of capital expansion is the suppression and exploitation of labour resulting in an extreme imbalance between capital and labour. Although the entry into the WTO was a logical consequence of China’s decision to choose market economy, it sharpens the conflicts in the fields of economy, society and law. The protection of labour rights and legislation of labour standards becomes one of the most important issues. Against the background of globalisation, labour relations and the strength of the labour movement have changed greatly since the 1990s. Taking economic development as their first priority, states follow a rational line to favour and support capital. To pursue economic development at the expense of labour rights has been a tacit starting point of policymaking. This practice has intensified labour-capital conflicts and social instability in many countries and regions. Globalisation has intensified the labour problems in the world at the same time with promoting economic development and growth. These labour problems reflect the unfair distribution of social wealth and rights rather than an underdevelopment of the concerned economies.

II. International Labour Standards

An active advocate of social clauses is the International Labour Organisation (“ILO”). The director of ILO proposed social clauses in his report on the International Labour Congress in 1994, suggesting that basic labour standards should be met in international trade regulations and violators should face sanctions. After the WTO was founded in 1995, the problem of social clauses came on the agenda again. At the 1st Ministerial Meeting of the WTO in December 1996 in Singapore, Core Labour Standards were listed as a very important new issue in the final declaration being the result of a furious debate. The declaration claimed: “we renew our commitment to the observance of internationally recognised core labour standards. The ILO is the competent body to set and deal with these standards, and we affirm our support for its work in promoting them. We believe that economic growth and development fostered by increased trade and further trade liberalisation contribute to the promotion of these standards. We reject the use of labour standards for protectionist purposes, and agree that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question.” This Declaration actually indicates that developing countries have admitted labour standards to be a ‘problem’ and have promised to find solutions. However, the debate about the direct link between social clauses and international trade has not come to an end yet and has also been a big obstacle in the negotiating process of China’s entry into the WTO.

As a reflection of social and economic issues, the emergence of the problem of social clauses has two reasons: Firstly, along with the integration into the globalisation of developing countries, especially Southeast Asian countries, the export of these countries boomed, mainly because of the low price of labour. This situation influenced the market and the employment in developed countries. The developed countries tried to directly link the social clauses with international trade in order to impair the comparative advantage of developing countries so as to realise protectionism and non-tariff barriers. The opinion of western countries is as follows. Due to the different levels of wage, working hours, working environment, situation of vocational safety and health in different countries, the countries with low labour standards can lower their production cost and enjoy comparative advantages in international trade resulting in ‘social dumping’ to the countries with high labour standards. Therefore, uniform international labour standards should be agreed to. Secondly, with the rapid development of globalisation and free trade, social problems and labour conflicts have become more and more pressing. The rich benefited much from the globalisation while the
number of unemployed workers increased rapidly, social security became inadequate and working conditions worsened. These problems not only generally exist in developing countries but also spread into developed countries.4

Although both developed countries and labour organisations demanded a direct link between social clauses and international trade, their focuses and purposes were different. The developed countries aimed at seeking for trade protection and non-tariff barriers by social clauses, while the labour unions hoped to protect labour interests. For example, the American Federation of Labour - Congress of Industrial Organizations ("AFL-CIO") stressed that in the globalising world workers are exploited because the WTO has not forced to implement minimum labour standards. The ILO Declaration on Fundamental Rights at Work adopted by the International Labour Conference in 1998 put forward that, ‘labour standards should not be used for protectionism trade purposes, and that nothing in this Declaration and its follow-up shall be invoked or otherwise used for such purposes; in addition, the comparative advantage of any country should in no way be called into question by this Declaration and its follow-up.’5

Although neither the focus nor the purpose of the developed countries and the labour organisations are identical, their postulation is the same. Therefore they actually support and cite each other. In the case of the Seattle Conference in 1999, the government of the U.S. with the support from AFL-CIO not only put forward a proposal that labour standards should be included in WTO agreements, but also ratified ILO convention No.182 which calls for immediate action to ban the worst forms of child labour. The direct purpose of the labour unions in developed countries is to protect the workers’ interests in their countries. For this purpose, they even opposed China’s entry into the WTO.

Certainly, both labour unions and governments of developed countries have definite political purposes putting forward the problem of labour standards. They hope to influence the concept and framework of law in developing countries according to western values. However, we shall not simply say no to it because firstly, the process of international trade can not but relate to labour standards. To promote social development together with economic development is an inevitable demand. Secondly, up to now, the frame of multilateral trade regulations of the WTO has mainly been set up by developed countries and governments and labour unions in these countries are energetical promoters of labour standards. Besides, employers also accept this. The proposal of labour standards also has been taken in by international organisations such as the UN and the ILO. Therefore, in the long run, it is an obligatory trend to connect labour standards with international trade. At the 1st Ministerial Meeting of the WTO in December 1996 in Singapore, the final declaration reflected that most member countries, including developing countries, are acquiescent to this trend. However, it is still not sure when and how to put it into practice.

China is not only a typical developing country, but also a socialist country. Under the circumstances of globalisation China has become a rare case of a surviving socialist system. The fundamental demand of the Constitution of China is to insist on socialism and to represent the interests of the working class.6 To insist on better labour standards is an important legal measure in order to represent and protect the interests of the working class. China must not leave the impression in the international community that we only care for economic growth, but not for workers’ rights and interests. Under the circumstances of globalisation, the conflict between labour and capital is still one of the essential conflicts in the world. Workers all over the world share the same interests and demands. The slogan “Proletarians of All Countries, Unite!” still should be the principle which China’s government and the labour union movement should follow.

III. China’s Labour Legislation and the Implementation of International Standards

Generally speaking, international labour standards are conventions and recommendations ratified by ILO conferences and other principles or rules which have been agreed to on an international level. The aim of ILO conventions is to define and to protect labour rights in the world.7 Labour standards mentioned in social clauses are so-called Core Labour Standards or Fundamental Rights at Work, which have firstly been put forward at the Summit Conference on Social Development Issues in 1995.8 The ILO Declaration on Fundamental Principles and

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4 Hans Peter Martin/Harald Schumann (supra note 2).
6 “The People’s Republic of China is a socialist state under the people’s democratic dictatorship led by the working class and based on the alliance of workers and peasants”, Art. 1 of the Chinese Constitution (1982).
Rights at Work adopted by the International Labour Conference in 1998 indicates the following fundamental principles: freedom of association and the effective recognition of the right to bargain collectively, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation. These four principles are mainly embodied in eight International Labour Conventions.10

According to the ILO Declaration on Fundamental Principles and Rights at Work, all Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the Organisation to respect, to promote and to realize in good faith and in accordance with the Constitution the principles concerning the fundamental rights which are the subject of those Conventions.11 Because international labour standards have the nature of international law, even in member states these rules can have direct legal authority only when the states have taken the necessary measures in accordance with their domestic legal system. These necessary measures may be domestic legislation or the direct implementation of ratified conventions or they may consist in giving tacit consent to the binding force of international labour conventions.12

As a member state of the ILO, China has the responsibility and obligation to observe the fundamental principles and rights at work as well as to ratify more ILO labour conventions, especially core labour conventions. Until now, China has ratified 23 ILO Conventions, including 14 ratified by the former government of China before 1949. The 23 ratified Conventions only amount to 12.5 per cent of the 184 ILO Conventions and are less than one third of the average number of conventions ratified by all member countries.13 This situation is extremely unfit for our position and function as one of the founders of ILO and a socialist country. In the context of the demand for labour legislation in China, to strengthen and to better legislation on labour standards is one of the most important approaches to protect labour rights and interests and harmonise labour relations.

The rights of workers are set out in the Labour Law of the People’s Republic of China, promulgated in 1994, together with regulations issued later. It is fair to say that except for the areas of freedom of association and forced and compulsory labour, China’s labour legislation basically meets the international standards. Some labour standards such as working time even exceed the general international labour standards.

1. Right of Association

In legal terms, Chinese workers have the right to organise trade unions: China’s Constitution provides for the right of association. According to the Constitution “citizens enjoy freedom of speech, of the press, of assembly, of association, of procession and of demonstration”.14 According to the Trade Union Law, workers have the right to organise and join trade unions according to law.15 The trade unions which can be organised and joined by workers according to law are only the trade unions of the All-China Federation of Trade Unions (“ACFTU”), the unified national workers’ organisation (Art. 10, 11). Such provisions clearly differ from the concept of “freedom of association” as defined by the ILO.16 However, the ILO Convention No. 87 does not require states to introduce a pluralistic trade union system. It merely requires them to provide for the possibility of a pluralistic trade union system.17 The monopoly status of the ACFTU is a result of the history of Chinese trade union development and of the centralisation of the planned economy.

However, now that China has become a member of the WTO, the workers’ right to freedom of association needs to be strengthened. This is also required by globalisation and market-oriented industrial relations.18 In contrast to the situation of the labour unions, the employer associations in China, including national associations, are not organised as a single unified body. The national employer associations include the Association of Foreign Invested

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10 See Convention No. 87, Convention Concerning Freedom of Association and Protection of the Right to Organize; Convention No. 98, Convention Concerning the Application of the Principles of the Right to Organize and to Bargain Collectively; Convention No. 99, Convention Concerning Forced or Compulsory Labour; Convention No. 105, Convention Concerning the Abolition of Forced Labour; Convention No. 100, Convention Concerning Equal Remuneration; Convention No. 111, Convention Concerning Discrimination (Employment and Occupation); Convention No. 138, Convention Concerning Minimum Age; Convention No. 182, Convention Concerning Worst Forms of Child Labour.
11 Art. 2 ILO Declaration on Fundamental Principles and Rights at Work.
12 WANG Jiachong (supra note 7), pp. 16-17.
14 Art. 35 PRC Constitution (1982).
16 Art. 2 of the ILO Convention No. 87 provides: “workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization.”
Enterprises, the Association of Public Ownership Enterprises, China’s Entrepreneur Association and many others. There is no restriction on organising local employer associations, which only need to observe the general regulations governing mass organisations. This situation has resulted in unequal rights in industrial relations. To resolve the problem, China needs to strengthen the workers’ right to freedom of association.

In the decision ratifying the International Covenant on Economic, Social and Cultural Rights (ICESCR) in March 2001, the Standing Committee of the National People’s Congress of China announced that "the PRC will interpret the first item of the first paragraph of Article Eight according to the Constitution of the PRC, the Trade Union Law of the PRC, the Labour Law of the PRC and other relevant provisions". Art. 8 of this Covenant provides for "the right of everyone to form trade unions and join the trade union of his choice ... for the promotion and protection of his economic and social interests. No restrictions may be placed on the exercise of this right other than those prescribed by law and which are necessary in a democratic society in the interests of national security or public order or for the protection of the rights and freedoms of others."20

Concerning the decision of the Standing Committee, the spokesman of the fourth session of the ninth National People's Congress commented: 'The first item of the first paragraph of Article 8 deals with the workers’ right to form and join a trade union. The Constitution, the Trade Union Law, the Labour Law and other laws of the PRC effectively provide China's workers with the right to participate in political, economic, social and cultural life, including the right to form and join trade unions. Since the establishment of the PRC, the workers of China have formed and joined trade unions according to these laws. Ratification of the ICESCR indicates that China's government will continue to protect the workers' right to form and join trade unions according to the Constitution, Trade Union Law, Labour Law and other laws of the PRC."21 This is a mild approach, but it clearly means that the Government is insisting on the principle of national legislation and the unified system of trade union organisation.

A more realistic approach is to organise the workers in existing trade unions and to prevent the employers from controlling these unions. By the end of 1998, trade unions existed in 7.3 per cent of private enterprises, covering 11.5 per cent of workers, whereas only in 4 per cent of public enterprises there were trade unions.22 However, in many privately owned enterprises without trade unions, workers are at a disadvantage. The ACFTU has selected the unionisation of privately owned enterprises as its priority task and has already made considerable progress. A total of 610,000 trade union committees had been established in privately owned enterprises with a membership of 20 million workers by the end of 2000.23 The ACFTU planned to increase the number of trade union committees in the private sector to 1 million and their membership to 36 million by the end of 2002.24

2. Collective Bargaining

In order to protect the workers' right to organise, it is necessary to guarantee the independence of trade unions and to prevent the rise of "company unions". Although the ACFTU has made great efforts to organise workers, most trade unions in privately owned enterprises ("POEs") are still controlled by employers. Furthermore, some unions were set up by the employers or on their behalf. In some cases union presidents even are the wife of the employer or the second owner of the plant.25 ILO Convention No. 98 stipulated that national law should forbid employers to discriminate unions or union members; the Convention also prohibited the creation of company unions or company-dominated trade unions. This is an important problem in China, demanding urgent legislation against unfair labour practices.26 The revised Trade Union Law of the PRC imposes restrictions on employer-dominated trade unions.27 However, because workers in POEs are in a weak bargaining position, the ACFTU still has a long way to go to remove employers’ influence on trade unions.

25 This problem has caused concerns in trade unions and legal circles. Many experts have expressed their worries and put forward suggestions related to employer control over trade unions, and "boss's trade union" and "yellow union" in the column of 'the laws should back up our trade unions' in the Workers' Daily. See Workers’ Daily, Beijing, 1 March 2000, 10 March 2000, 20 April 2000.
27 It is clearly stipulated that 'the close relatives of major managerial staff can't be the candidates of members of trade union committee in enterprises.' See Art. 9 Trade Union Law (2001).
Concerning the right to bargain collectively, China's Labour Law lays down that "the staff and workers of an enterprise as one party may conclude a collective contract with the enterprise on matters relating to remuneration, working hours, rest and vacations, occupational safety and health, insurance and welfare" and that "a collective contract with the enterprise shall be concluded by the trade union on behalf of the staff and workers" (Art. 33). In 1996, a joint circular mandating the gradual implementation of a collective consultation and contract system was issued by the Ministry of Labour and Social Security, ACFTU, the State Commission of Economics and Trade and the China Entrepreneurs' Association. In this circular the four governmental or quasi-governmental organs required their own subordinates at all levels to participate in implementing the system. Furthermore, the work of establishing and implementing collective contracting systems was emphasised as being the most important part of "establishing an effective system to protect economic and political rights of workers and staff" at the 13th National Congress of the ACFTU in October 1998. On 8th November 2000, the Ministry of Labour and Social Security issued its "Trial measures on settling wages through collective bargaining". In spite of the government supporting the implementation of a collective contract system, trade unions in China encountered the rejection of the employers, especially in POEs and foreign-invested enterprises ("FIEs"). The management usually adopts one of two strategies for rejecting collective bargaining: it simply rejects the request to bargain collectively, or it controls the bargaining.

One important way of perfecting the system of collective bargaining in China is to give it legal recognition, especially to enact a national law on collective contracts and to specify the mode of implementation. In terms of law, the system of collective bargaining and collective contract amounts to the self-regulation of labour and capital. A necessary condition for such a system is that trade unions should be independent of the employer and should enjoy the right to collective action. However, the organisational strength of workers in China, especially in POEs and FIEs is rather weak and they lack any definite guarantee of the right to strike. It is important to strengthen trade unions' right to collective bargaining by prohibiting unfair labour practices and by legal assistance. At the same time, it is necessary to speed up the reform of the trade union system in order to make unions truly independent from employers. The trade union's right to collective action should also be guaranteed. Through these measures, the system of collective contracts in China can be given full play in a market economy.

3. Right to Strike

Some maintain that the Chinese Government prohibits strikes. Strictly speaking, Chinese law neither allows nor bans strikes. In brief: "the existing law system generally evades the problem of strike. At present, labour law experts in China agree that legislation should be adopted when the opportunity arises so as to guarantee workers' right to strike. We have already mentioned that the Standing Committee of the National People's Congress of China ratified the ICESCR in February 2001. Article 8 of this Covenant provides that: "workers enjoy the right to strike, but should exercise the right according to the laws of each nation." In the declaration ratifying this Covenant, China has not made any special comment on the Article, which indicates that it has the same effect as domestic laws in China. This means that Article 8 of the ICESCR could serve as a legal basis of strike legislation in China. The phrase: 'should exercise the right according to the laws of each nation' also requires concrete legal provisions on the right to strike in China.

4. Discrimination of Workers

Concerning equal remuneration and eliminating discrimination in respect of employment and occupation, the equal treatment of men and women at work has been a continuing concern of the Government of the PR China. Accordingly, China has ratified the Equal Remuneration Convention (No. 100). The Labour Law of the PRC stipulates: "Workers, regardless of their ethnic group, race, sex, or religious belief, shall not be discriminated against in employment." According to the ILO Convention

29 Trade unions of China pay more attention to the number of collective contracts; thus the management's strategy of "rejecting the request of bargaining" was often referred to in the documents of ACFTU. However, the situation of management's control over collective bargaining has never been mentioned formally.
30 See ZHANG Kai (supra note. 26), pp. 71-82.
31 See ZHANG Kai/ZHANG Derong, General Theory of Trade Union Law, Beijing 1993, pp. 319, 327.
32 In 1988 I proposed that the working class should be given the right to strike. See ZHANG Kai, A survey of strike movement, in: Collected Papers on Contemporary Trade Unions, Vol. 1, Beijing 1988, pp. 51, 58; also see SHI Tanjing, Discussion on situation of labour disputes and strike legislation in China, in: Law Research, Vol. 6, 1999, pp. 54, 56. Besides, many scholars put forward the same opinion at many legislation seminars in mainland China. The clauses about strike were placed on the agenda of drafting the "Collective Contract Law" many times. However, the academy and organs concerned have not reached an agreement on the proper time for legislation on strike.
No. 111, the term “discrimination” mainly includes "any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation". From a legal perspective, there are few differences between the ILO Convention and Chinese Labour Law in defining employment discrimination. In practice, some forms of discrimination including gender discrimination continue to occur, mainly because of inadequate legislation and problems of enforcement. The area of registered residence (hukou) discrimination refers to restrictions on rural workers employed in urban areas. This type of discrimination is caused by the separation between urban and rural labour markets. Improving the labour market system requires a unified market and social security provisions. Therefore, gradually eliminating discrimination between urban and rural labour will develop the labour market in China.

5. Child Labour

For a long time, the Chinese government has been attempting to prohibit child labour. There is no problem of child labour in SOEs. In order to stop the tendency of recruiting child labourers in some POEs and FIEs in November 1988 the national Ministry of Labour, the National Educational Committee, the Ministry of Agriculture and the ACFTU jointly issued the Circular of Prohibition of Child Labour. In April 1991 the State Council issued a Law of Protection of the Minor, which stipulates that "state organisations, social organisations, enterprises and institutions as well as individual industrial and commercial households, rural households and urban inhabitants are prohibited from employing child labour". The Chinese Labour Law also prohibits employers to recruit juveniles under the age of 16.

We should say that China’s regulations of prohibition of child labour are in accordance with the ILO Convention No. 138. However, there is some evidence as to the fact that in recent years some non-public enterprises employ more and more child labourers in order to lower their production costs. This problem is more serious in some remote areas. Although there are only few statistics relating to the problem, the cases reported by the media are shocking. The reason for this problem may be a lack of adequate supervision and effective punishment. It is important to complete the legislation concerning the prohibition of child labour and to promote the implementation of the relevant laws and regulations.

6. Forced Labour

Concerning forced labour, for the purposes of ILO Conventions, the term "forced or compulsory labour" shall mean any work or service which is exacted from a person under the menace of any penalty and for which the said person has not offered himself voluntarily. In fact, forced labour amounts to a restriction and infringement of personal freedom. It is an issue relating to basic human rights. In China, there are two aspects of abolition of forced labour: one is the employers in enterprises forcing ordinary labourers to work, the other one is criminals being forced to work.

China’s law strictly prohibits forced labour and protects workers employed in enterprises from forced labour. But this kind of regulations is mainly embodied in the criminal law and civil law aiming at protection of human rights and personal freedom.

With the rapid development of non-public sectors, the problem of forced labour has been becoming more and more serious especially in POEs and FIEs. Some employers disregard the law; they arbitrarily extend working hours, force workers to work in unbearable working conditions, employ guards to prevent workers from escaping and seek profits at the expense of workers’ lives. In some cases, forced workers have to “work for 12 to 20 hours everyday and can not go out without permission of supervisors and are often punished with punches and kicks”. Such cases amount to criminal offences. However, many cases of forced labour do not reach the level of personal injury and can not be punished under criminal law while civil law also does not completely prohibit these cases. Therefore, in order to abolish forced labour, we should strengthen and better the regulations concerned in labour law by referring to international labour standards and prohibiting forced labour on pain of penalties.

34 Art. 1 ILO Convention No. 111.
38 Art. 2 ILO Convention No. 29, Convention Concerning Forced or Compulsory Labour.
39 LU Jinbao, Why are the Infringements more and more Serious?, in: Workers’ Daily, 26 June 2001.
The concept of "reform of criminals through labour" is beyond the field of ordinary labour law because its subjects are not workers and employers in the usual sense of these terms. What is related to this issue is the prison system. China’s system of reforming criminals through labour does have shortages and limitations, which have been discussed among lawyers. The reform of the system is still on the way. However, the subject of China’s prison system is beyond the scope of this paper.

IV. Conclusion

The globalisation and China’s entry into the WTO make protecting labourers’ interests an urgent social and legal issue. In order to provide more protection for Chinese workers, the Chinese government has to take international labour standards as a reference and to complete the domestic labour law system. Undoubtedly there are still gaps between the Chinese labour standards and the international core labour standards. However, these gaps also mean a great chance for China to develop its labour law system.