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Modernism vs Realism

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Chinese Labor Relations in a Changing Work Environment

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The work environment in Chinese factories is a unique combination of elements in socialist central planning, traditional kinship ties, and market competition. These factors have varying consequences on employees' job satisfaction, work commitment and workplace interest articulation. Market reform changed the social contract between the government and workers. It brought higher wages, but less security and more market whip. The changing social contract had a mixed effect on work satisfaction and commitment, and resulted in increased managerial authority and declining bargaining power among workers. Data are drawn from a 1991-1992 enterprise employee survey in 100 firms.

Employees in state-owned enterprises were part of a labor aristocracy. They enjoyed superior benefits compared to other social groups and ample chances to pursue personal interests through individualistic contacting in socially dense enterprises. This labor aristocracy is now threatened with the loss of many of its privileges relative to other social groups. Manual workers were falling behind other urban sectors under reform. Their income was somewhat lower than the other sectors. They were less likely to have a secondary job to supplement their income. They were more likely to get stuck in a job. These disadvantages present the possibility of an increasing gap between high expectations shaped by prior gains and decreasing real social status.

This sense of relative deprivation is putting a severe test on labor relations, including an increased propensity to strike. Workers joined the students in the 1989 urban protests against the negative consequences of reform. In the one year from 1992 to 1993 alone, the number of labor disputes increased more than 50%.¹ In early 1995 workers in bankrupt state enterprises protested and demanded compensation in Dalian.²

In response to these types of tension, the government has taken several steps. In 1991, trade union representatives provided 28% of the membership on labor dispute

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1. 1994 China Statistical Yearbook (Beijing: State Statistical Bureau, 1994).

2. *China New Digest*, (9 January 1995).