Most-Favored-Nation Status and the Political Potential of Chinese Labor

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The question of whether or not the United States should renew most-favored-nation (MFN) trading status for China sparked a national debate this past spring. While most of the American business community was predictably enthusiastic in its support of extending MFN status, American labor felt otherwise. In the end, of course, President Clinton reversed his previous position and decided to renew MFN for China despite that country's lack of progress in the area of human rights.

On May 26, 1994, the AFL-CIO issued a statement by its president, Lane Kirkland, concerning President Clinton's decision to renew most-favored-nation trading status for China. The statement read as follows:

This decision is a disappointing setback to those who are risking their lives and liberty in China for the values and principles that America was created to advance.

The dictators in Beijing thumbed their nose at the conditions the President set last year for MFN renewal. They've made no progress toward greater freedom and democracy in that country. They continue to persecute, imprison, banish, torture and shoot citizens who dare to speak out for democracy and trade union rights. Products of forced labor are still exported to the United States, and the People's Liberation Army continues to terrorize the Chinese people while it modernizes and grows stronger through its business ties with American firms.

The President's decision to extend MFN in spite of this behavior sends a clear message to the world: No matter what America says about democracy and human rights, in the final analysis profits, not people, matter most.

A country that seeks comparative advantage in the brutal deprivation of human rights does not deserve to engage in a normal trading relationship with the United States. We are deeply disappointed that the President has chosen to reverse his policy at the behest of the Beijing government's fifth column,

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American corporations, which don't give a tinker's damn about human rights in China or jobs in the United States, and whose only concern is to retain their license to profit from the abuse and exploitation of Chinese workers.

The most effective means to compel respect for human rights is to make that a condition for privileged access to America's market, and that has now been surrendered.

The tragedy in all this is that we now have a China policy that is driven by narrow, commercial interests—a policy that will surely come to no good end. America should be standing with the Chinese people, not their oppressors.

Much as I agree wholeheartedly with the sentiments—and even many of the arguments—of this impassioned statement, I cannot accept its basic conclusion. Renewing most-favored-nation trading status for China was, I believe, the correct decision. In defending Clinton's extension of MFN status to China, one could of course simply cite U.S. trade policy with respect to other countries. Haiti and Iran, for example, can hardly boast superior records in the area of human rights, yet in contrast to China these other countries are granted unconditional MFN status. Only in the case of China have MFN status and human rights been linked in this fashion. Moreover, judging from the very poor success that the international community has historically had in trying to enforce political morality with trade sanctions, there is a good case to be made for disentangling these issues. But here I wish to stress another point: MFN status for China, I believe, is good not only for American business but also for Chinese labor. It will do more to further than to forestall the cause of human rights and democracy in China—a struggle in which the working class will play a crucial role.

It is certainly true, as the AFL-CIO statement charges, that the Chinese government continues to arrest and persecute political prisoners. It is also true that products of forced labor in China continue to be exported to the United States (just as it is true that products of American prison labor are still sold abroad). We should publicize and protest such abuses forcefully and relentlessly. Yet ultimately, the greatest hope for both the prosperity and the political freedoms of ordinary Chinese, workers included, lies not in economic isolation but in international engagement. China's recent turn toward the global marketplace has already given her the fastest growing and the third largest economy in the world. Just as the stunning economic successes of Taiwan and South Korea over the previous decade helped to generate demands by workers and other citizens for greater democratization in those Newly Industrialized Countries (NICs), so we may hope that continuing economic success in China will eventually lead to similar bottom-up pressures for political reform.

Much as we all deplored the Tiananmen massacre of 1989, and much as we may have cheered the successful revolutions against Communist rule that spread across Eastern Europe later that same year, the situation today appears less clear-cut. Five years after these momentous events, so-called "Communist" China has a dynamic market economy fuelled by the non-state sector, whereas much of so-called "formerly Communist" Eastern Europe is an economic basket case. The ethnic bloodletting in former Yugoslavia is perhaps the most gruesome indication of the failure of the revolutions of 1989, but there is other evidence that toppling the Berlin Wall
did not mean a flowering of democracy across the formerly Communist world. Within two years, Lithuania voted Communists back into power, Poland followed in 1993, and in the Ukraine ex-Communists did well in recent parliamentary elections. Then, in the most shocking turn, last month Hungary handed its parliament over to the old Communists as well. In short, history has not ended and the world has not been engulfed by benign tides of market freedom and liberal democracy flowing toward a single ocean of peace and prosperity for all. Ironically, it may well be China—rather than Eastern Europe or the former Soviet Union—that now holds the greatest promise of liberalizing both its economy and its politics.

Withholding MFN status from China would undoubtedly have hindered this process, a process in which the working class is bound to play a catalytic role. Until recently, Western scholars and journalists did not pay much attention to Chinese workers. Since its Communist system was a product of rural revolution and since China remained overwhelmingly agrarian, most observers naturally looked to peasants in the countryside rather than to workers in the cities as the social class that held the key to China's political destiny. But with the forces of industrialization and urbanization gaining momentum in recent years, both the size and the political influence of the Chinese working class have grown commensurately. And, as several recent social science analyses make clear, workers play a pivotal role in the political changes of industrializing countries. Whether regimes develop in a democratic or an authoritarian direction has much to do with the manner in which the labor movement is incorporated politically.

In the case of China, and indeed of East Asia in general, the prevailing image has been of a quiescent labor force, weakened by the harsh industrial policies of unusually strong states. Harvard sociologist Andrew Walder's now classic depiction of factory workers in Communist China argues that labor was rendered politically compliant by its dependence on the Maoist party-state for rewards, punishments, and cradle-to-grave securities. Workers might engage in politics at the behest of supervisors to whom they were linked by patron-client ties, but they were incapable of independent protest. Thus it came as a shock during the Tiananmen uprising of 1989 when workers formed autonomous unions and took to the streets to join students in protest against the regime. As Yale political scientist Wang Shaoguang characterizes this development, "workers' involvement in the protest movement of 1989 marked a turning point of changing class relations ... the working class in China is no longer a pillar of continuity but a force for change." Likewise, Walder describes worker participation in 1989 as a "new species of political protest" which does not fit earlier modes of worker activism "where factions of political leaders mobilized their local followers for political combat." Even general comparativists have picked up the theme. Sociologist Jack Goldstone expresses the common view: "unlike other confrontations that involved mainly intellectuals, such as the Hundred Flowers Movement, or other events that were in some sense orchestrated by the regime, such as the Cultural Revolution, Tiananmen marked the first time that intellectuals and popular elements acted independently to challenge the regime." The conventional image of Communist China before the uprising of 1989 is of a place where dissident intellectuals periodically raised a ruckus, but ordinary workers remained silent or were at most mobilized into activities directed by the authorities. My current research, on the other hand, is uncovering a "hidden history" of labor protest under Communism.
this record of labor strife is important not simply for revising our understanding of the past but also for projecting future possibilities. Inasmuch as social movements build on previous repertoires of collective action, it is instructive to unearth this hidden history.

While labor unrest has been a constant feature of industrial relations under the People's Republic, it has escalated at moments of political crisis. This protest, I suggest, was largely generated by divisions within the labor force, some of which were imposed by the Communist regime and some of which predated the Communists by many years.

In 1956-57, at the time of the Hundred Flowers Campaign in which Chairman Mao called upon the masses to criticize "bureaucratism" within the party, a strike wave of monumental proportions swept across the urban landscape. In the six months from the fall of 1956 to the spring of 1957, Party Central acknowledged that more than 10,000 labor strikes had erupted nation-wide. And over the next three months China's industrial capital of Shanghai was engulfed in an extraordinary outpouring of strikes, slowdowns, and public demonstrations. The strike wave of 1956-57, which occurred at the time of the socialization of industry in China (when private firms were taken over by the state), was launched by those workers who felt especially threatened by this process: workers at small firms, temporary workers, apprentices, and the like. Stripped of many of the welfare measures they had enjoyed under private ownership, yet denied the privileges that came with permanent employment at large state enterprises, such workers felt particularly disadvantaged by the industrial reforms of the mid-1950s.

Andrew Walder's influential depiction of the Communist Chinese factory as a place where workers were bound to the party-state through complex clientelist networks has much to tell us about the situation of permanent workers at state-owned enterprises. As it turns out, however, such privileged workers were never more than a minority of the industrial workforce. For the majority of the labor force--employed at collective enterprises or as temporary and contract workers at state firms--the prerogatives bestowed upon permanent workers were a source of envy and a fuse for protest. These "have-nots" of Chinese socialism were denied the permanent jobs (known as an "iron ricebowl"), the generous subsidies for food and transportation, the free medical care and the liberal retirement pensions made available to regular state employees.

At the outset of the Cultural Revolution in 1966-67, when Chairman Mao called upon the masses to combat revisionism, these tensions within the work force again burst into flame. Thousands of contract and temporary workers took to the streets to demand a redress of grievances, creating a so-called "wind of economism" that was soon denounced by the regime. Initially Jiang Qing, Chairman Mao's wife, took the side of these disprivileged workers but she quickly recanted, convinced that it would be impractical for the Chinese state to guarantee equal treatment for those who had been shut out of the benefits of socialism.

In both the Hundred Flowers campaign and the Cultural Revolution, these disadvantaged workers managed to form a variety of autonomous associations ("united command posts," "redress grievances societies," "red rebel leagues," etc.) to advance their cause. Thus the
formation of autonomous workers' organizations during the unrest of 1989 was by no means an unprecedented phenomenon in Communist China.

There were also other organizational resources at the disposal of Chinese workers, some of which had been supplied by the state itself. Even regularly employed state workers were not immune to protest. And in their case, socialist work units themselves provided the basis for organization. Between March 30 and April 5, 1976, more than a million mourners gathered at Tiananmen Square to pay homage to deceased Premier Zhou Enlai (who was widely viewed as a voice for moderation during the Cultural Revolution) and to express their disgust with the continuing radical excesses of that campaign. Up to two thousand work units in Beijing laid wreaths at the monument to the martyrs in Tiananmen Square; in Nanjing more than a thousand work units acted in similar fashion. As recent research on this important incident makes clear, socialist work units were the critical organizing force in the so-called "April Fifth Movement." In factories, actions were planned at the workshop or department level and then publicized throughout the plant at large.13

The spectacle of workers marching toward Tiananmen Square behind banners emblazoned with the names of their work units--widely touted by the foreign press as a novel phenomenon in 1989--had occurred in the April Fifth Movement of 1976 as well. But there is no doubt that the crowds were larger and more vocal in 1989. Let us turn now to that historic event. On May 17 that year, as the hunger strike entered its fifth day, the Chinese press described the scene:

Millions of workers, peasants and clerks from government organs, personnel from cultural and publishing circles and from the press took to the streets to show they supported and cared for the students ... Particularly noticeable were the marching columns of workers. They came from scores of enterprises such as the Capital Steel Corporation, the main factory of the Beijing Internal Combustion Engines, Beijing Lifting Machinery Factory and state-run Number 798 Factory.14

Even the government-sponsored unions provided support for the protesters, with the All-China Federation of Trade Unions taking the bold step of donating 100,000 yuan for medical aid to fasting students on the sixth day of their hunger strike.15

As it turned out, however, students and workers journeyed to Tiananmen Square with rather different objectives in mind. Whereas students were generally in favor of greater economic reform, workers--especially the permanent employees in state enterprises who comprised the bulk of the worker protesters in 1989--evidenced considerable hostility toward the post-Mao economic restructuring. Workers pointed to the rampant bureaucratic corruption that had developed under the reforms as the root of their own oppression:

We have carefully considered the exploitation of the workers. Marx's Das Kapital provided us with a method for understanding the character of our oppression. We deducted from the total value of output the workers' wages,
welfare, medical welfare, the necessary social fund, equipment depreciation and reinvestment expenses. Surprisingly, we discovered that the "civil servants" swallow all the remaining value produced by the people's blood and sweat! The total taken by them is really vast! How cruel! How typically Chinese! These bureaucrats use the people's hard earned money to build luxury villas all over the country (guarded by soldiers in so-called military areas), to buy luxury cars, to travel to foreign countries on so-called study tours (with their families and even baby sitters)! Their immoral and shameful deeds and crimes are too numerous to mention here.16

Forty-five years of Communist rule have thus provided both the organizational resources and the rhetoric for serious labor protest. Decades of political education which stressed the leading role of the working class, the bases of class exploitation, and the necessity for class struggle have not been entirely wasted on the Chinese proletariat. A recent strike manifesto by sanitation workers in Beijing shows that even the humblest of China's workers have absorbed some lessons in Communist rhetoric:

We are the masters of society. The honchos depend on our hard work to stay alive, but all they show us is their butt-ugly scowling faces. They take all the credit and rewards and the biggest pay envelopes, while we workers get paid less. We are the ones sweeping the streets and cleaning up the city. Where do the honchos get off acting like lords?

We say to our fellow workers, comrades-in-arms, brothers and sisters throughout the city: We cannot put up with this any longer. We are people, too. We cannot be mistreated by these honchos. All of the workers and staff at the Eastern District Sanitation Team No. 1 are uniting to recover the money that those blood suckers and parasites have taken from us workers. We are taking back whatever has been embezzled from us. We are going to show those honchos that the working class is not to be trifled with, that the working class is the master of society, that it is a class with lofty ideals. We are going to make every social class and every prominent person sit up and take notice of the ones with the lowest social position, the ones everyone looks down upon, the ones everyone regards as smelly: the sanitation workers who sweep the streets!

Officials are so cocky and proud. They go everywhere in cars, and bark out what they want to eat, like chicken, duck fish, squid rolls, swallow's nest soup . . . The gnawed bones they throw out are the compensation that we, the working class, get. In today's socialist society, can we the working class allow them to treat us this way?

We demand higher wages, improved working conditions and recognition of the Association of Sanitation Workers and Staff, a working class organization.

The strike will include the following actions: We will be sure to go to work, but we will not do any work. We will have all our tools, arrive at work on schedule and leave work on schedule. We must stay on the job for eight
hours and continue to do so until the struggle has been won, which is to say, until all our conditions have been met.  

A demand for individual human rights does not figure prominently in the central concerns of workers in contemporary China. Instead, they are exercised about official corruption and the failure of the socialist regime to live up to its promise to make the working class the master of society.

This does not mean that Chinese workers are undemocratic, but that Chinese-style democracy—if and when it develops—is bound to differ substantially from an Anglo-American model of democracy that enshrines individual human rights as its centerpiece. We should not expect democratization in China, if and when it develops, to follow some unilinear path forged by the West. As political scientist Gordon White suggests, the most likely prospect for China "is a form of state capitalism along East Asian lines (comparable to Japan and South Korea/Taiwan since the mid-1980s) with a competitive political system and a capitalist economy with a high degree of state involvement."  

The workers—as the most rapidly growing social class in contemporary China and a group whose education under socialism leads it to expect certain privileges—are assured of a critical role in any such political transition. Whereas those workers who benefited disproportionately from the socialist system as employees at state enterprises have proven somewhat conservative in their demands for political reform, workers denied the privileges of stable employment at state-owned firms (temporary and contract laborers, collective sector workers, and the like) have been much more vociferous in calling for fundamental change.

It is workers in this non-state sector who are fueling China's remarkable industrialization effort, much of which is dependent upon export-led growth. Revocation of MFN would have exacted a serious toll on this disprivileged and feisty segment of the Chinese working class. In so doing, it would also have jeopardized the pressures for reform that this fledgling group is beginning to bring to bear on the political system. In the long run, increased international engagement is likely to prove as beneficial to Chinese workers and the future of Chinese democracy as it is to American business.
Endnotes


2. One of the first to make this argument was Seymour Martin Lipset, Political Man: The Social Bases of Politics (Garden City, NY: Doubleday, 1966).

3. For the East Asian NICs, see Frederic C. Deyo, Beneath the Miracle: Labor Subordination in the New Asian Industrialism (Berkeley: University of California Press, 1989).


17. FBIS, January 14, 1993, pp. 20-22. [Emphasis added.]


20. For more on the protests of this group, see Elizabeth J. Perry, "Labor's Battle for Political Space: Worker Associations in the PRC," in Deborah Davis, Richard Kraus, Barry Naughton, and Elizabeth J. Perry, eds., Urban Spaces: Autonomy and Community in Contemporary China (Cambridge University Press, forthcoming).