

The Controversy over the Reform of Chinese Trade Unions under Marketization

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Chinese trade unions have been faced with a set of new challenges under marketization. First, they are faced with a decline in their membership that is accompanied by both a rapid increase in the private sector and by the restructuring of state-owned enterprises. Secondly, an increase in labor-management conflicts among the 'working class' is occurring and needs to be managed more effectively in terms of practical day-to-day operations and in the equally important arena of ideology. These new conditions have made some union cadres and scholars clearly recognize the necessity for revitalization of trade unions as a distinct interest group of laborers. The discussions on the fundamental reforms, including the reforms of the personnel and financial management systems of the trade unions, have been heated.

This paper focuses on the controversies surrounding the general membership, the cadre management and financial management systems, and categorizes them into a passive reform approach and a drastic reform approach.

The aim of a passive reform approach is to enlarge the roles of the trade unions as interest groups, while maintaining relations with and their position as a part of the party and the government. The proponents of this approach argue that trade union membership should be open not only to management staff of state-owned enterprises but also to private entrepreneurs who are now redefined as responsible parties to build socialism according to the 'Three Represent' theory. Regarding the trade union cadre management system, this approach advocates letting vice-party chairpersons or vice-administrative managers serve as chairpersons of basic-level trade unions concurrently in order to elevate the position of the trade unions. As for financial matters, this approach proposes to commission the tax revenue department to collect union dues from enterprises in order to solve the problem of non-payment and it even proposes to redefine the union dues as 'workers' rights and interests protection tax'.

Unlike passive reform, the aim of a drastic reform approach is to make the trade unions more independent from the party and the government by separating personnel and financial management systems. In order to facilitate and support them to better represent and protect blue-collar workers' interests, this approach precludes private entrepreneurs or management staff of state-owned enterprises from being union members. Regarding the cadre management systems, the drastic reform approach opposes letting entrepreneurs and their relatives and even the management of state-owned enterprises become committee members of basic-level trade unions. Direct elections of chairpersons of basic-level trade unions; the establishment by local-level trade unions of a cadre-bank to send appropriate staff to basic levels; and recruiting local trade union committee members based on examinations, are notable examples of drastic reforms that aim to empower the unions to manage their own cadres independently of the party and the government. Moreover, proponents of the drastic reform approach feel that the trade unions should not depend financially on enterprises but should rely only on their membership fees. And they are also negative about asking the tax revenue departments to collect union dues as it may confuse financial affairs of trade unions with administrative financial affairs.

The trade union reform movement seems to be advancing very slowly, caught in a cleft stick

between these two approaches. However, the controversies contain significant policy arguments which could generate tremors to shake the foundations of national ideology and the one-party system.

SUMMARY

The Development of Manchuria's Chemical Industry and its Effect on the People's Republic of China

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The North East Region of China, also known as Manchuria, became the chemical production base of the newly formed socialist China up to the time of the 'open door' policy. This chemical production base was originally developed by Japan prior to World War II. Only recently has Japan begun to undertake academic research on this region; this hesitation is at least partly a reflection of Japanese attitudes to their invasion of China. However, US researchers had long held a high opinion of the industrial development of this region. Edwin Pauley, the first Westerner to visit Manchuria after the end of World War II, reported in 1946 to US President Truman concerning the Japanese assets in Manchuria, which he evaluated highly, to his surprise, as a war indemnity. Since then many researchers on China have written in the United States about the industrial development of this region as part of China, but not in Japan. However, more recently, researchers have begun to make studies on the industrial development of Japan-era Manchuria. Some remarkable research works have been published, especially concerning the steel and iron industry. Regarding the chemical industry, however, little research work has so far been done. This paper therefore starts with a description of how the Manchurian chemical industry was incubated and developed by Japan.

First, this paper outlines the chemical production base developed by Japan in Manchuria. It then describes how Japan needed to develop and construct a chemical production base in Manchuria, where natural resources, including coal are abundant, in order to put its economy on to a war footing. The construction of the highly organized industrial production base in Manchuria was only possible with the strong support of the Japanese Army. As a result the industrial structure of Manchuria was highly dependent on heavy industry, including the chemical industry. This paper also analyzes the characteristics of the economy of Manchuria and makes comparisons between the Republic of China and Japan based on GNP/CDP and on some data on three major representative chemical products: sulfuric acid, soda ash and ammonia. The analysis shows clearly that the economy of Manchuria was oriented towards the war economy.

This paper also analyzes the early days of the newly formed socialist China, when the production base in the North East Region played a key role in the national economy. After the defeat of Japan in 1945, Manchuria was invaded by Soviet soldiers and much of the production facilities were destroyed. Soon after socialist China was formed in 1949, the new government made recovery of the North East Region a top priority. This urgency was caused partly by the Korean War, which broke out in 1950, the year after the formation of socialist China, and partly by the existence of the highly organized modern heavy industry which was indis-

pensable to the construction of the national economy. Since then this region has contributed a great deal to the development of China's chemical industry not only as a production base but also as an R&D and technical center. Some examples of the economic heritage of the industry from the days of Manchuria are introduced by referring to the Chinese literature as well as to papers written by the Japanese engineers and technicians who remained in China after World War II in order to help the recovery and reconstruction of China's economy.

SUMMARY

The Low Agricultural Wage Rate in Central Gujarat, India: Focus on the Local Informal Credit Institution as the Factor

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According to the *Agricultural Wage in India*, published yearly by the Indian Government, the agricultural wage rate in central Gujarat remains around Rs. 24–30 per day. This is much lower than the rates in other areas such as northern and peninsular Gujarat, where the rate has risen sharply, reaching Rs. 60 during the 1990s. It is also perhaps surprising that the agricultural wage in central Gujarat remains low even after the recent increase in rural non-farm employment opportunities that provide wages of around Rs. 60–200 per day. This suggests that the 'trickle-down' effect of economic development to the agricultural labor classes is not working well. Why does the agricultural wage rate in central Gujarat remain at such a low level despite the opportunities of high wage, non-farm employment? Why doesn't the 'trickle-down' effect work well in central Gujarat? This paper aims to examine this question through an intensive field survey at a sample village in central Gujarat.

The paper addresses this question by considering two factors, one external the other internal. The external factor is the limitation of non-farm employment opportunities. If these opportunities are separated from agricultural labor markets by high barriers (e.g. high education requirements), the 'trickle-down' effect will not work well. The internal factor is the local informal credit institution. As K. Basu (1983) explained in his 'inter-linkage theory', if the agricultural laborer is in debt to his employer with a low interest rate, his wage will also be low because the employee gets the benefit of low interest.

Investigation showed that 44% of the agricultural laboring classes (landless and marginal farmers) are working in non-farm sectors, and 40% out of the 44% are employed in high-wage and low-education sectors. No clear segmentation is found. On the other hand, the internal factor has a stronger effect on low agricultural wages. There is a local informal credit institution called *Kaymi* that exists especially in rural areas of central Gujarat. Under this local institution, 22% of agricultural laborers are in debt to their employers free of interest. Evaluating the benefit of interest-free credit that is enjoyed by these laborers gives their 'effective wage' to be Rs. 48, which is close to the wage of non-farm employment. This local institution also affects low wages of the other 78% of agricultural labors. With restricted opportunities for the agricultural labor classes to get formal loans, this local informal institution is the only way for them to obtain credit and ease risk burdens associated with their livelihood. This paper also

asserts that this kind of 'social institution' has been developed upon long-term social relationships that are based on land distribution inequity, which closely corresponds to caste segmentation.

SUMMARY

Globalization and Internationalization of the Indian Raw Silk Market

FUJIMORI Azusa

During the last decade, aspects of globalization such as economic liberalization, deregulation of industry and the introduction of market economies have come to affect the least-developed countries and have enabled them to change their industrial structures. According to Sachs and Hoffman (1995), economic reforms and the liberalization of trade have a positive effect on the economic growth of the least-developed countries. This can be seen in the case of the industrialization of the new industrial economies (NIEs). Such measures affect not only manufacturing industry, but also labor-intensive industries.

This paper is mainly concerned with globalization and the market for labor-intensive and small-scale products in the least-developed countries; the market for raw silk in India serves as an example. Sericulture and the raw silk industry are among to the most typical traditional industries encountered in southern India; and such industries have experienced stagnation in recent years. This might have been caused by liberalization and internationalization of the Indian market for raw silk.

After gaining independence, India for a long time implemented import-substitutive and protective trade policies. As a result, it was faced with a balance-sheet crisis in 1980 characterized by large current-account and budget deficits. In order to overcome these problems, in 1991 then-Prime Minister Narasimha Rao began drastic economic reforms that included (1) liberalization of domestic investments; (2) reform of the financial system; (3) liberalization of foreign direct investment in India and of foreign currency exchange; (4) deregulation of trade and abolishment of import licenses; and (5) privatization of public companies. These changes all had a strong effect on traditional small-scale industries in India. In particular, (4) and (5) are important for private companies that now have the ability to trade without import licenses and a multitude of privately held Indian companies were able to access foreign markets more freely. The above-mentioned reforms changed the structure of India's domestic market and industry.

This paper is structured as followed: Section I gives an overview of India's sericulture, raw silk production and the conditions of trade policies concerning raw silk and textiles. Section II is an integration analysis of India's domestic raw silk market and the international market. The results are discussed in section III, while section IV is a conclusion.

Contradictions Being Solved? Forest Conservation Policy in Thailand

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Since the 1990s, the forest management policy of the Thai government has increasingly emphasized nature conservation. Protected areas, such as national parks and wildlife sanctuaries, have been expanded to enclose existing hamlets and farmlands, as defined by customary tenure. Therefore, the use of these hamlets and farmlands by citizens has become illegal, as they remain within protected areas. This contradictory land use classification originated with the National Forest Reserve system, which initially aimed at sustainable logging management but failed to achieve this goal because of farmer encroachment on forests. In an earlier study, I considered how this contradiction — created by the National Forest Reserves, which were largely converted to farmlands by illegal encroachment — had emerged and been maintained. In this study, I examine the policy changes created by the current nature-conservation-oriented forest management system aimed at dealing with this contradiction. I pay special attention to the multi-layered social process in this instance, involving the interaction of policymakers, local administrators, and villagers.

After the cultivation rights for large areas of degraded forestlands in the National Forest Reserves had been given to farmers by means of several projects between the 1970s and 1993, the contradiction that had arisen with respect to the National Forest Reserves seemed, in the main, to be resolved. Moreover, communal forestlands are now being authorized as ‘community forests’, and many types of customary land use that were classified as ‘illegal encroachment’ now seem to be formally recognized. In addition, the government plans to confer cultivation rights for older farmlands in protected areas. However, the strict conditions that protected lands currently must satisfy for their cultivation rights to be conferred, or for them to be classified as ‘community forests’, may render a significant proportion of such lands illegal for use. While these conditions remain, these ‘illegally encroached lands’ and *de facto* ‘community forests’ will remain without a definitive legal status. Moreover, these lands will not be forcibly resettled or completely abandoned. As long as the flexible implementation of forest management systems is socially acknowledged, the basic mechanism shaping such contradictions will be maintained.