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## CHALLENGING STATE CORPORATISM: THE POLITICS OF TAIWAN'S LABOR FEDERATION MOVEMENT

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Ming-sho Ho\*

Taiwan's authoritarian postwar regime instituted numerous legal and extralegal restrictions to ensure labor quiescence. The right of workers to strike and other forms of collective bargaining were highly proscribed, and a system of extensive state-corporatist control emerged.<sup>1</sup>

According to Philippe Schmitter, state corporatism is a system of noncompetitive, compulsory, hierarchical and limited-interest representation which helps the ruling élites to "repress and exclude the autonomous articulation of subordinate class demands".<sup>2</sup> In Taiwan, state corporatism was characterized by two layers of control. At the workplace level, individual labor unions were closely monitored and manipulated by Kuomintang (KMT) party branches. The latter made sure that only KMT loyalists were elected as union officers so that the state and management could effectively control the unions. At the national level, the KMT pre-emptively recognized one federation of trade unions as the only legitimate representative of Taiwan's labor. The Chinese Federation of Labor (CFL, *quanguo zonggonghui*) was patronized, financed and staffed by the KMT and, as a result, labor unions became mere extensions of state rule. They did not represent the rank-and-file.

To be sure, the term "corporatism" only captures one dimension of Taiwan's labor control. Probably unique among non-Communist countries, the KMT also built an extensive Leninist system of party organizations in major factories in the

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<sup>1</sup> Cheng-kuang Hsu, "From Alienation to Autonomy: Basic Characteristics and Trends of Labor Movement in Taiwan", in Cheng-kuang Hsu and Wen-li Soong (eds), *Taiwan xinxing shehui yundong* (New Social Movements in Taiwan) (Taipei: Chuuliu, 1989), pp. 103-26.

<sup>2</sup> Philippe C. Schmitter, "Still the Century of Corporatism?", in Philippe C. Schmitter and Gerhard Lehbruch (eds), *Trends Toward Corporatist Intermediation* (London: Sage, 1979), p. 25.

early 1950s. The KMT actively recruited its party cadres and put them in charge of personnel, welfare and security departments in industries. Labor unions, whether at the national, local or factory level, were directly answerable to the KMT's party organizations. Under long-term authoritarian KMT rule, state corporatism and Leninism worked together to reinforce labor's subordination. This paper focuses on the corporatist principle of singularity (representation by a sole organization) and on how the independent labor movement sought to challenge it.<sup>3</sup>

In the worldwide third wave of democratization, reforming authoritarian labor systems has been a side effect of a greater degree of political opening. In some Latin American countries, the transition to democracy has led to the relaxation of state corporatism and to the restoration of collective bargaining rights.<sup>4</sup> Among late democratizers in East Asia, South Korea has seen the rise of a strong independent labor movement that successfully challenged official unionism and established itself as a viable political force.<sup>5</sup>

In Taiwan, workers began to voice their discontent in the wake of political liberalization in the late 1980s. Labor disputes were initially focused on bread-and-butter issues such as overtime and the annual bonus, but workers quickly seized control of their unions, loosening management's hold on administration and the close connections with KMT party branches.<sup>6</sup> In addition, the KMT's own policy positions galvanized workers into action—for example,

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<sup>3</sup> For an analysis of declining Leninist institutions, see my "The Rise and Fall of Leninist Control in Taiwan's Industry", *China Quarterly* (forthcoming).

<sup>4</sup> Maria Lorena Cook, "Labor Reform and Dual Transition in Brazil and the Southern Cone", *Latin American Politics and Society*, Vol. 44, No. 1 (Spring 2002), pp. 1-34; Armando Boito, Jr., "The State and Trade Unionism in Brazil", *Latin American Perspective*, Vol. 21, No. 1 (Winter 1994), pp. 7-23; Arturo S. Bronstein, "Labor Law Reform in Latin America: Between State Protection and Flexibility", *International Labour Review*, Vol. 136, No. 1 (Spring 1997), pp. 5-26; Paul G. Buchanan, "State Corporatism in Argentina: Labor Administration under Perón and Onganía", *Latin American Research Review*, Vol. 20, No. 1 (1985), pp. 61-95.

<sup>5</sup> Hagen Koo, *Korean Workers: The Culture and Politics of Class Formation* (Ithaca: Cornell University Press, 2001); Hochul Sonn, "The 'Late Blooming' of the South Korean Labor Movement", *Monthly Review*, Vol. 49, No. 3 (July/August 1997), pp. 117-29.

<sup>6</sup> Yin-wah Chu, "Democracy and Organized Labor in Taiwan", *Asian Survey*, Vol. 36, No. 5 (May 1996), pp. 495-510, and "Labor and Democratization in South Korea and Taiwan", *Journal of Contemporary Asia*, Vol. 28, No. 2 (Summer 1998), pp. 185-202; Hsin-huang Michael Hsiao, "The Labor Movement in Taiwan: A Retrospective and Prospective Look", in Dennis Fred Simon and Michael Y. M. Kau (eds), *Taiwan: Beyond the Economic Miracle* (New York: M. E. Sharpe, 1992), pp. 151-68; Chang-ling Huang, "The Politics of Reregulation: Globalization, Democratization and the Taiwanese Labor Movement", *The Developing Economies*, Vol. 40, No. 3 (September 2002), pp. 306-09. Ming-sho Ho, "Democratization and Autonomous Unionism in Taiwan", *Issues and Studies*, Vol. 39, No. 3 (September 2003), pp. 105-35.

on issues such as the privatization of state-owned enterprises, workers often sided with the independent union movement.<sup>7</sup> By the mid-1990s, the local pillars of state corporatism had collapsed as more and more labor unions fell into the hands of independent activists. KMT party branches lost virtually all their privileges.

However, the rise of grassroots challengers did not signal the demise of state corporatism. At the national level, the CFL continued to be the only legal representative of all Taiwan's labor unions until its political patron, the KMT, was defeated in the 2000 presidential election. Only after this defeat did independent labor unions win the right to organize the Taiwan Confederation of Trade Unions (TCTU, *quanguo chanye zonggonghui*)<sup>8</sup> as an alternative national federation.

Taiwanese workers' struggle to break loose from state corporatism developed on two fronts. One was the attempt to wrest union leadership in the workplace away from KMT officials, and the other was to win recognition by the national government. This paper focuses principally on the second strategy, which thus far has not been thoroughly researched. It explains how Taiwan's state corporatism, *the pre-emptive control that outlawed independent organizing at the national level*, crumbled in the process of democratization.

In this paper, the term "labor movement" refers to the collective actions organized by independent unions that have successfully broken free of KMT control. I argue that democratization eventually enabled the labor movement to achieve *a strategic political alignment* with the growing opposition Democratic Progressive Party (DPP). With this up-and-coming political ally, the labor movement was able to launch a powerful national federation movement that attained legal status after the political power shift in 2000. State corporatism's fall was not enough to warrant a strong labor representation in national politics, or to enable societal corporatism in which labor, capital and the state could be equally represented. Successful alignment allowed labor to score a major political victory despite an inadequate organizational basis, but cost valuable resources. The more resources were devoted to political work, the less were left for organizing. As a result, the TCTU remains organizationally weak despite the fact that state-corporatist institutions have been fundamentally undermined.

## **Two Faces of Taiwan's State Corporatism under the KMT: Monopoly of Representation, and Fragmentation**

From the end of the Second World War to the late 1980s, Taiwan's state corporatism was characterized by a monopoly of representation at the national level and fragmentation at the local level. The legal structure of labor unions was

<sup>7</sup> Chin-fen Chang, *Taiwan gongyingshiye minyinghua: jingji misi de pipan* (The Privatization of State-Owned Enterprises in Taiwan: A Critique of the Economic Myth) (Taipei: Institute of Sociology, Academia Sinica, 2002), pp. 109-17.

<sup>8</sup> As the following analysis shows, the TCTU is actually composed of industrial unions only, but its English title does not reflect its composition.

designed to meet the needs of KMT control. At the national level, it was mandatory for all unions to become members of the Chinese Federation of Labor, which was the nation's only legal labor representative. Like its political patron, the KMT, the CFL was an *émigré* organization whose leadership had come from mainland China. Before the 1990s, the organization's leaders were not periodically re-elected by member unions.<sup>9</sup> The CFL maintained a formidable structure divided into administrative districts, and member unions were obliged to join it but had no say in its policies. For example, a union founded in Taipei County had to become a member of the Taipei County Federation of Labor, which, in turn, was part of the Taiwan Provincial Federation of Labor, a CFL organization (see Figure 1). In addition, regardless of the union's administrative level (county, city and so on), the CFL's representative regulations favored smaller unions, so that larger and more militant unions were often deprived of a meaningful voice. In the past the CFL had worked closely with the KMT, helping it to secure workers' support. Consequently, when rank-and-file workers began to voice their discontent in the late 1980s, the CFL failed to champion workers' demands and became a target of their protest.

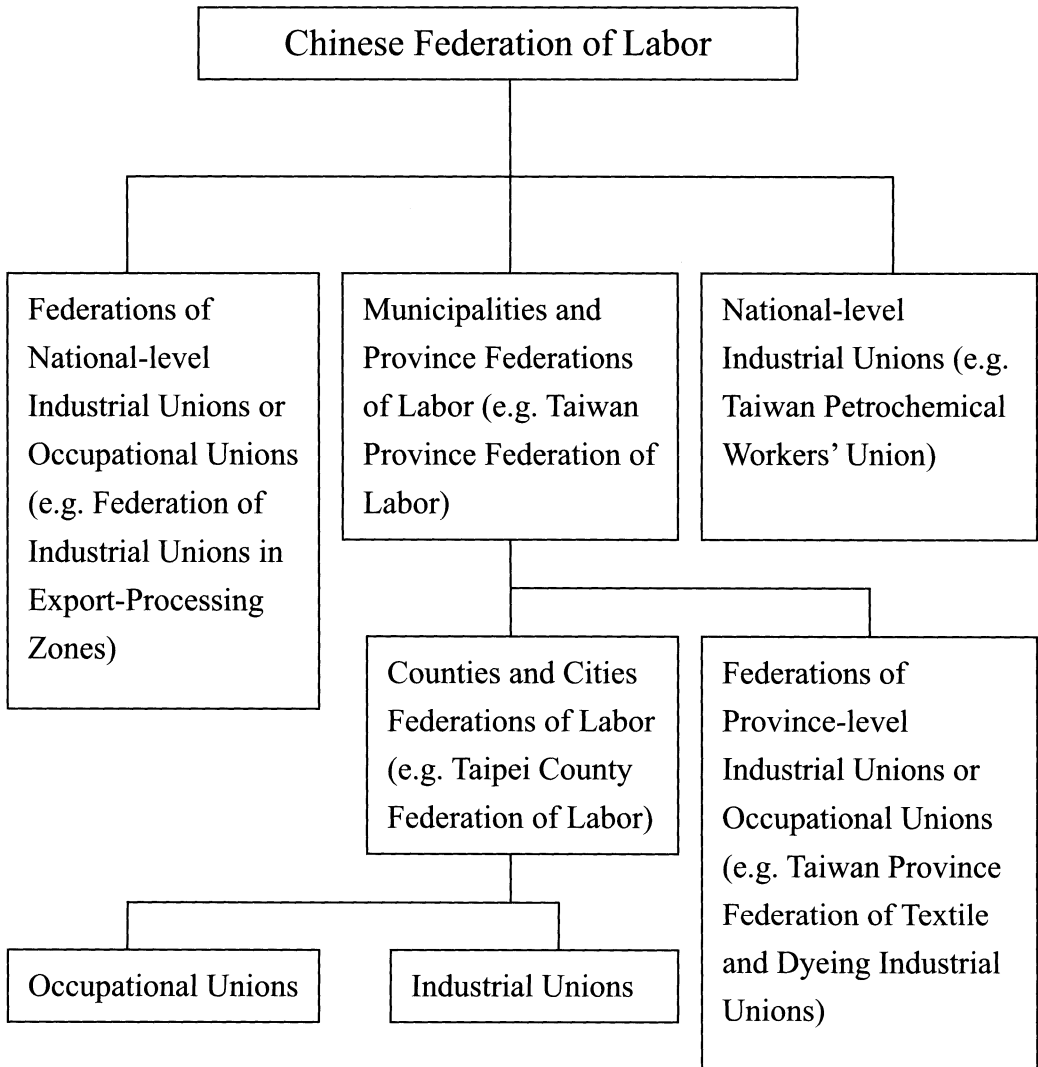
The CFL's monopolistic status was legally underpinned by the Labor Union Law, which had been codified in 1929 and was last substantially revised in 1949.<sup>10</sup> Article 8 stipulated that there could be only *one union for a category of workers*. Thus, there was no way for another national federation to receive official recognition without a revision of the Labor Union Law. The CFL's legal status also came with government subsidies and, more importantly, the right to participate in the official meetings of the Council of Labor Affairs (CLA) after 1987. The ministry-level CLA was the top administrative agency for industrial relations, created to respond to the sudden outburst of workers' discontent. The CLA's major decisions were the result of consultation between business and labor. The CFL's privileged status meant that it was the sole labor organization taking part in CLA meetings. Unsurprisingly, the KMT-dependent CFL did not champion labor's cause *vis-à-vis* the conservative alliance between bureaucrats and business.

At the local level, the Labor Union Law ensured that individual unions were organizationally fragmented and weak and that there was no horizontal linkage available other than CFL membership. The Labor Union Law stipulated that there were only two legitimate forms of unions: industrial unions and occupational unions. Workers in a workplace exceeding 30 employees were allowed to organize "industrial unions" (*changye gonghui*), while workers in smaller workplaces or the self-employed could organize an "occupational union" (*zhiye gonghui*).

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<sup>9</sup> *Laodongzhe* (Laborers), Vol. 65 (November 1993), p. 6.

<sup>10</sup> Gou-shiung Shieh, *Chunlaodong: Taiwan laodongtizhi zhulun* (Labor Only: Essays on the Labor Regime in Taiwan) (Taipei: Institute of Sociology, Academia Sinica, 1997), pp. 280-81.

**Figure 1: Taiwan Union Structure under State Corporatism (Before 1994)**

*Note:* Before the 1998 reform, the KMT government adopted a cumbersome administrative framework. The Taiwan Provincial Government supervised 21 counties and cities, but not Taipei and Kaohsiung Municipalities and two tiny offshore counties. The Municipalities and the Province were seen as administrative units at the same level. Hence, the CFL's union structure followed the official administrative design by setting up province-level federations, which were seen as local, not national, despite the fact that they comprised the majority of unions.

Given the minimal requirement of 30 employees, it was more difficult to form an industrial union than an occupational union. Occupational unions were based on the idea that their members were of the same trade. In reality, however, they functioned as *a residual category* available to those who could not join industrial unions. Hence, self-employed workers (such as plumbers and taxi drivers), workers in small-size firms (such as hairdressers) and even bosses of small companies could all become members of occupational unions. Given the range of social status and economic conditions among members, it was rare for occupational unions to launch collective actions for their worker members.

If occupational unions failed to represent members' interests, why did workers choose to join them? Occupational unionism survived and even flourished because union membership was a prerequisite for government-supported labor insurance. For certain workers, there was no way to enlist in a labor insurance scheme except by joining an occupational union. As a result, occupational unions in Taiwan functioned as officially licensed insurance agents and did not engage in activism on workers' behalf. It was not uncommon for the leadership of occupational unions to be in the hands of small-business owners who saw an opportunity to profit from the scheme.<sup>11</sup> Financial irregularities and mismanagement were common. In one case, members of one family were in charge of as many as 11 occupational unions.<sup>12</sup> An official enquiry exposed embezzlement of union fees and labor insurance funds<sup>13</sup> as well as improper bookkeeping, irregular elections and over-reporting of membership, but the scandal did not lead to a substantial reform of the system.<sup>14</sup>

Industrial unions were more capable of standing up for workers, and represented members with more homogeneous interests. Hence, since the late 1980s, industrial unions had become the main organizational base for labor militancy, as grassroots workers were able to win leadership by defeating KMT candidates in union elections, while this did not happen among occupational unions.

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<sup>11</sup> Before the advent of national health insurance in 1995, many workers had to join an occupational union in order to be covered by labor insurance. Occupational unions, in turn, made a profit by collecting annual membership fees and handling fees and a premium advance of up to six months. After 1995, joining the national health insurance became a duty for every person in Taiwan. Occupational unions were still able to continue in this business because their members' insurance was more subsidized by government.

<sup>12</sup> *Laodongzhe*, Vol. 69 (May 1994), pp. 8-10. The principal person was once a Kaohsiung City Councilor. He controlled occupational unions such as the Peddlers' Occupational Union, the Used Goods Occupational Union and the Religious Workers' Occupational Union (all in Kaohsiung City). It is a reasonable guess that his political clout was important in building this impressive empire, which further contributed to his political base.

<sup>13</sup> *Zili zaobao* (Independent Morning Post), 6 August 1995, p. 5.

<sup>14</sup> For example, see the annual official review of Tainan City Government, *Fucheng laogong* (Workers in Tainan City), Vol. 3 (May 1991), pp. 26-29.

Taiwan's industrial unions were fragmented as a result of the Labor Union Law which required that industrial unions be organized only at the plant or workplace (*gongchang*) level. With the exception of state-owned enterprises, it was not even permitted to form joint unions representing workers in different factories under the same owner. The small size of these industrial unions inherently weakened workers' collective-bargaining power. As a result, only industrial unions in large state-owned enterprises were able to exert nationwide political influence, since their organizations were not restricted to one locality. Incidentally, only these labor unions were allowed to join the CFL directly, rather than through the local federations of labor. The restriction of industrial unionism to individual workplaces had the effect of facilitating control by KMT party branches and of preventing workers from developing horizontal solidarities on a larger scale.

To sum up, the labor movement in this period faced two constraints. At the national level, the CFL, rather than responding to grassroots demands, continued to function as a Leninist organ enabling the KMT to prevent horizontal organization of the working class. At the level of individual unions, they were either weak (industrial unions) or did not adequately represent workers' interests (occupational unions).

### **From Unionizing to Legal Battle (1987–93)**

In 1989, the CLA director commented, "We never heard such expressions as 'the rise of labor consciousness' or 'strike' until two years ago".<sup>15</sup> Indeed, the late 1980s witnessed the first wave of labor militancy since the consolidation of the KMT regime. Discontented workers were galvanized into action by the relaxation of authoritarian control, epitomized by the 1987 decision to lift martial law. The period from 1987 to 1993 witnessed the rise of workers' protest and the subsequent strategic shift from unionizing to political lobbying.

In the initial phase, the labor movement focused on what could be called a "unionizing" strategy. Labor activists either organized non-union workers or seized control of KMT-sponsored unions. Organizing non-union workers usually happened in the private sector where there were no pre-existing pro-KMT unions because the KMT party branches were not welcomed by business. Workers then had to overcome the hostility of management and officials in order to organize their unions. In 1988, some northern subsidiaries of Formosa Plastics, a private petrochemical conglomerate, were successfully unionized in this way.<sup>16</sup> In the state-owned enterprises, where unions had long been under KMT control, activists concentrated on taking control of the existing unions. As a result of this strategy, the late 1980s witnessed an expansion of labor's organizational basis (see Table 2). Labor protests in this period were aggressively focused on wage

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<sup>15</sup> Quoted from *Laogong xingzheng* (Labor Administration), Vol. 13 (1989), p. 3.

<sup>16</sup> *Laodongzhe*, Vol. 19 (March 1988), p. 2.



and benefit demands, including issues of overtime, holiday pay and annual bonuses, which were legally guaranteed by the Labor Standard Law but often not honored by the management.

To overcome the fragmented nature of individual industrial unions, union activists began to experiment with new forms of inter-union solidarity. In September 1987, autonomous union leaders in northern Taiwan formed an informal "Brotherhood Union" (*xiongdi gonghui*) to coordinate their collective action.<sup>17</sup> In April 1988, a similar organization called the Association of Union Cadres (*gonglianhui*) was set up in southern Taiwan.<sup>18</sup> In May 1988, a National Federation of Independent Trade Unions (*zizhu gonglian*) was organized which was later even accepted as a member of the World Confederation of Labor despite the fact that the government denied it legal status.<sup>19</sup> Prior to the legalization of the TCTU in 2000, many comparable attempts were made to extend inter-union linkage in a geographic area or an industry.

From 1989, labor's strategy encountered more hostile responses from the government and business. A 1989 strike in the Far Eastern Chemical Fiber Company was ruthlessly suppressed by the police.<sup>20</sup> One year later, eight activists were found guilty of disturbing public peace and received sentences varying from three months in prison to two-year probation.<sup>21</sup> Indeed, amid repeated warnings from the KMT government, still harsher sentences were meted out to labor activists. One activist was given a sentence of twenty months for marshalling a protest by a group of laid-off workers in 1990.<sup>22</sup> In the wake of this repression, spontaneous strikes, which had been a common feature of labor protests in the late 1980s, became rare. A 1992 strike at Keelung Bus Company was probably the last episode of grassroots radicalism. Even this strike did not end with an unambiguous victory, but was dragged into prolonged litigation which was resolved only 8 years later.<sup>23</sup> After this, labor adopted more moderate means such as lawsuits and dispute mediations to protect their rights.

Together with increased repression, the KMT government also announced its intention to further restrict legal protection of labor rights by revising the Labor Union Law, the Labor Dispute Law and the Labor Standard Law in a way

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<sup>17</sup> Shuet-yin Ho, *Taiwan: After a Long Silence* (Hong Kong: Asia Monitor Research Center, 1990), pp. 87-88.

<sup>18</sup> Shuet-yin Ho, *Taiwan*, pp. 92-93.

<sup>19</sup> *Laodongzhe*, Vol. 28 (February 1989), p. 1.

<sup>20</sup> Kang Chao, *Gaobie duhen* (Farewell to Resentment) (Taipei: Taiwan A Radical Quarterly in Social Studies, 1998), pp. 1-34.

<sup>21</sup> *Lianhebao* (United Daily News), 25 August 1991, p. 3.

<sup>22</sup> *Laodongzhe*, Vol. 39 (September 1990), p. 21.

<sup>23</sup> See <http://labor.ngo.org.tw/weekly/C210215.htm>, accessed 11 October 2005.

designed to favor management.<sup>24</sup> These revisions included removal of compulsory union membership, legalizing parallel unionism in the same workplace so as to undermine existing unions, banning unions from certain industries such as utilities, and requiring a higher level of consultation with the union membership regarding any industrial action. Clearly, these measures aimed to destroy the institutions which had hitherto nourished the autonomy of the labor movement.

To meet these new challenges, Taiwan's labor movement changed the focus of its action from the grassroots to the legislature, allying itself with the opposition party to bring about change. With the pro-business revision drafts waiting to be heard in the parliament, labor activists had to concentrate their

**Table 1: Industrial Unions and their Membership in Taiwan (1987–2002)**

Year	Number of Industrial Unions	Membership
1987	1,160	703,526
1988	1,285	696,515
1989	1,345	698,118
1990	1,354	699,372
1991	1,350	692,579
1992	1,300	669,083
1993	1,271	651,086
1994	1,237	637,095
1995	1,204	598,479
1996	1,190	587,559
1997	1,196	588,997
1998	1,176	575,606
1999	1,175	613,963
2000	1,128	588,832
2001	1,091	584,337
2002	1,104	561,140

*Source:* Council of Labor Affairs, Labor Statistics at <http://163.29.140.81/html/htm/33010.csv>, accessed 11 October 2005.

<sup>24</sup> Jenn-hwan Wang and Xiau-ding Fang, "Guojia, laogong zhengce, yu laogong yundong" (State, Labor Policies and Labor Movement), *Taiwan shehui yanjiu jikan* (Taiwan: A Radical Quarterly in Social Sciences), Vol. 13 (November 1992), pp. 1-29.

attention on influencing the legislative process. In 1990, an *ad hoc* organization was formed by labor activists from different groups, with the sole purpose of preventing the proposed revisions.<sup>25</sup>

Table 1 shows the development of industrial unions in Taiwan since 1987. The number of industrial unions peaked in 1990, followed by a gradual decline in both the number of unions and their overall membership. By 1990 the pro-union drive stirred by the political reform in 1987 was exhausted. While most of the larger public and private companies were unionized, it became increasingly difficult for unions to penetrate other workplaces where management doggedly espoused a non-union policy. A large number of microelectronics factories, for example, were not easily unionized because employees were often co-opted by management with reward schemes including the distribution of stocks and options.<sup>26</sup> The economic transformation of the 1990s also constrained labor's unionizing offensive. As many companies relocated their production to mainland China, Taiwan experienced a steady reduction in manufacturing jobs. Labor activists found it difficult to push unionizing campaigns beyond their traditional strongholds of heavy industries and transportation. These difficulties in organizing workers also contributed to labor's strategic alignment with the opposition party. As the DPP increasingly consolidated its national political position, its seats in the Legislative Yuan became instrumental in the efforts by labor to resist the KMT.

The alliance between labor and the DPP became possible for two main reasons. First, the trade union rank-and-file despised the KMT, which they blamed for their troubles.<sup>27</sup> In 1986 under the now-defunct functional representative system, two relatively obscure DPP candidates were elected as workers' functional representatives. This result indicated that the DPP was an attractive outlet for discontented workers, mainly because of workers' disillusionment with the KMT.<sup>28</sup> Second, since the KMT continued well into the 1990s to mobilize voters using mass organizations built in the authoritarian period, the DPP saw an advantage in developing an alternative federation of labor unions, independent of the monolithic CFL.<sup>29</sup> Sponsoring an independent federation would weaken the KMT's overall capacity to mobilize voters. The CFL, with its dense network of constituent unions, had been pivotal in securing

<sup>25</sup> *Laodongzhe*, Vol. 41 (November 1990), pp. 6-10.

<sup>26</sup> Jenn-hwan Wang, "Contesting Flexibility: The Restructuring of Taiwan's Labor Regime and Spatial Organization", *International Journal of Urban and Regional Research*, Vol. 25, No. 2 (June 2001), pp. 346-63.

<sup>27</sup> Ming-sho Ho, "Democratization and Autonomous Unionism in Taiwan".

<sup>28</sup> Hsiao-chun Chang, *Laoxinlaoliji* (Essays on Intellectual Labor and Manual Labor) (Taipei: Shihbao, 1987), pp. 82-88.

<sup>29</sup> Shelley Rigger, "The Democratic Progressive Party in 2000: Obstacles and Opportunities", *China Quarterly*, Vol. 168 (December 2001), pp. 947-48.

working-class support for the KMT. Since the mid-1990s, the KMT had made it a practice to reserve a seat in the Central Standing Committee for the CFL President.<sup>30</sup> Even after the 1989 abolition of a functional representative system in the Legislative Yuan, the KMT continued to nominate the CFL President as its proportional representative throughout the 1990s. During the electoral campaigns, the CFL played a key role in brokering support for the KMT, for example by organizing meetings between KMT candidates and CFL members.

The DPP's strategy of allying itself with the nation's burgeoning labor movement could clearly be seen in the legislative record of the Executive Yuan. Of the thirteen written appeals presented between 1991 and 2000 in favor of liberalizing the corporatist structure, the DPP initiated ten, with only two coming from KMT ranks.<sup>31</sup> The combined effects of repression, exhaustion of "unionizable" workers and the emergence of a powerful political ally eventually paved the way for a movement in the mid-1990s challenging the role of the CFL.

### **The KMT's Containment of Militant Independent Unions**

Before labor decided to build a brand-new federation, there were some attempts to utilize the existing channel, the CFL. Most labor unions were already CFL members before the rise of the workers' movement in the late 1980s. As required by law, they had kept paying their dues even without any hope of influencing the CFL. Hence some independent unions sought to reform the local federations of labor to make them more accountable.<sup>32</sup> Though the independent camp did win some seats in the local governing bodies,<sup>33</sup> these efforts in the end failed to transform the local federations of labor comprehensively into movement-oriented organizations, primarily due to the KMT's opposition and the influence of the conservative occupational unions.

In order to contain the more militant industrial unions, the KMT government had approved the creation of more occupational unions in the hope that they might become a constraining political force. In 1987 there were 1,160 industrial unions and 1,286 occupational unions; by the year 2000, there were 1,128 and 2,613 respectively. The increase in the number of occupational unions was matched by a steep rise in their individual memberships, from 1,390,287 to 2,279,498.<sup>34</sup> This assured the predominance of conservative voices in the CFL.

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<sup>30</sup> *Jingji ribao* (Economy Daily), 28 August 1994, p. 4.

<sup>31</sup> Why were there two KMT appeals? On a closer look at the wording, it was very likely that labor activists wrote these appeals and asked KMT legislators to submit them. For the appeal records of the Legislative Yuan, this paper relies on the data bank at <http://www.ly.gov.tw/ly/ly11/ly11000.htm>, accessed 11 October 2005.

<sup>32</sup> *Laodongzhe*, Vol. 12 (June 1987), p. 12; Vol. 51 (January 1992), pp. 23-4.

<sup>33</sup> *Laodongzhe*, Vol. 53 (May 1992), p. 7.

<sup>34</sup> Council of Labor Affairs, Labor Statistics, at <http://163.29.140.81/html/hm/33010.csv>, accessed 11 October 2005.

Thus, when it came to taking sides in disputes between labor and capital, the CFL was more likely to support management against workers' interests. One noteworthy example of this was the labor insurance dispute of 1994, when the projected rise of insurance premiums was challenged by the mobilization of labor, but not supported by the CFL whose constituencies were mainly the self-employed and small entrepreneurs.<sup>35</sup>

To circumvent the legal prohibitions, labor activists exploited a loophole in the existing Labor Union Law. Article 47 of the Labor Union Law, which defined the conditions for organizing a local federation, did not explicitly prohibit industrial unions establishing their own local federations without the participation of occupational unions. While the CLA tried to uphold the principle of state corporatism by denying the legality of other labor federations, the labor movement could still elicit favorable responses from local mayors and magistrates, who had the authority to legalize a local federation. If recognition by local government was indeed possible, the labor movement would have better leverage in legalizing a national federation. In this way, cultivating good relationships with non-KMT politicians became strategically vital. In Taiwan's changing political environment, an increasingly strong opposition party had emerged with substantial local backing, and the labor movement was able to capitalize on the new situation and to establish independent federations.

### **Forging an Independent Labor Federation (1994-2000)**

The local executive (city mayor or county magistrate) elections were "the Achilles' heel of the KMT political machine".<sup>36</sup> The KMT's organizational basis was a formidable weapon for distributing votes evenly in multiple-seat elections. However, the election of local executives required a simple majority and played more to a candidate's personal charisma and political ideology. This provided the opposition party with a better chance of victory. As early as 1989, the DPP élites had drafted a strategy of "encircling the central by the local" (*difang baowei zhongyang*), which focused electoral efforts on local jurisdictions, with the eventual goal of winning the general elections.<sup>37</sup> Among the 23 mayoralties and magistracies in Taiwan, those controlled by elected DPP representatives rose from 6 in 1989 to 13 in 1997 (not counting Taipei Municipality and Kaohsiung Municipality, which were not open to popular election until 1994).

With the KMT's refusal to accommodate the labor movement within the existing institutional setting and the growth of the opposition party in local politics, the rise of labor's demand for autonomous federations ran parallel to the DPP's road to power. By the time of the founding of the TCTU in 2000, 8 local

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<sup>35</sup> *Taiwan gongyun* (Workers' Movement in Taiwan), Vol. 10-11 (May 1995), p. 10.

<sup>36</sup> Shelley Rigger, *Taiwan's Democratic Progressive Party* (Boulder: Lynne Rienner, 2001), p. 44.

<sup>37</sup> Chun-hung Chang, *Dao quanli zhi lu* (Road to Power) (Taipei: South Press, 1989).

federations of industrial unions had been created, of which 6 were in DPP-controlled municipalities/counties/cities (see Table 2). Non-DPP local executives—one non-partisan magistrate in Miaoli County and one KMT mayor in Kaohsiung City—legalized only two local federations of industrial unions.<sup>38</sup>

**Table 2: Local Federations of Industrial Unions (1994–2000)**

Location	Founding Date	Partisanship of Local Executive
Taipei County	1994.4	DPP
Tainan County	1995.11	DPP
Kaohsiung County	1996.2	DPP
Ilan County	1997.2	DPP
Taipei City	1997.3	DPP
Kaohsiung Municipality	1997.3	KMT
Hsinchu County	1997.8	DPP
Miaoli County	1998.2	Non-partisan

Source: *Laodongzhe*, Vol. 95 (April 1998), pp. 6-8.

The first local federation of industrial unions (*changye zonggonghui*) was organized in 1994 in Taipei County. This breakthrough was made possible by the support of the local Bureau of Labor Affairs, headed by Kuo Chi-jen. Kuo, who had begun his career as a labor lawyer and activist, was among the numerous activists who entered the administration with the rise of the DPP in the 1990s. He had previously served as Chief of the Bureau of Labor Affairs in the Taipei County Government in 1991 and Chief of the Department of Labor in the Taipei Municipality Government from 1995, and went on to become Vice-Director of the CLA in 2000. During his term in Taipei County, labor activists proposed setting up a county-level federation independent from the CFL system. At that

<sup>38</sup> These two cases deserve a closer look. The Miaoli case was special in that workers in this KMT stronghold had no strong pro-DPP identity. Further, during the organizing period, labor leaders were lucky to have a non-partisan local executive, who had recently broken with the KMT because of a factional dispute. The magistrate sided with the dissenting wing within the KMT, which developed into the People First Party after 2000. Thus, he was willing to support a separate federation to weaken the original local CFL. Here, the factional struggle, exacerbated by the growing electoral competition, turned out to be favorable to the labor movement.

time, Kuo supported a liberal interpretation of the Labor Union Law. As he said in a published interview,

Should there be only one labor federation in each county? The law does not specifically rule out multiple unions. The Labor Union Law says what is “applicable” to the other regulations on unions. But the term “applicable” has many interpretations. The [Taipei] County Government is inclined to take a positive stand [and recognize a second local federation].<sup>39</sup>

Kuo’s interpretation contrasted with the CLA’s restrictive view. Even after the Taipei County Government had granted its official license to the local federation of industrial unions, CLA officials still claimed that this was not a genuine labor federation and asked that its permit be revoked.<sup>40</sup> The issue of an independent local federation of industrial unions became a legal tug-of-war between the DPP and the KMT.

Success in creating the first autonomous local labor federation in Taipei County had a nationwide impact. Once a legal precedent was set, independent unions were allowed to apply for a government subsidy, to take part in labor administration and to have a say on such issues as labor dispute mediation, labor education and legal questions, from which unofficial labor federations (such as the 1989 National Federation of Independent Trade Unions) had been excluded. Labor activists began to pressure their respective mayors or magistrates for permission to form their own local federations. As Table 3 shows, the close link between the labor movement and the opposition party had become explicit, with six new local federations being licensed by local governments controlled by the DPP.

This did not necessarily mean that DPP politicians were more pro-labor than their political opponents; indeed, labor activists met with only lukewarm support from some DPP local executives.<sup>41</sup> In other cases, KMT officials gave in to the demands of labor activists. In Kaohsiung Municipality, the DPP was not able to win office until 1998. Kaohsiung is often described as “a typical Fordist city in

<sup>39</sup> *Taiwan gongyun*, Vol. 5 (March 1994), p. 22.

<sup>40</sup> *Ibid.*, p. 24; *Lifayuan gongbao* (Proceedings of the Legislative Yuan), Vol. 83 (June 1994), p. 133.

<sup>41</sup> For example, union leaders applied pressure on the DPP Tainan County magistrate, who had tried to delay the legalization on technical grounds. In Kaohsiung County, the situation proved more complicated, as the then President of the local federation of labor was a county councilor and belonged to the same local faction as the magistrate, see *Laodongzhe*, Vol. 83 (July 1997), p. 8. Final approval came only after a lengthy period of political bargaining. Nonetheless, relations between labor and the DPP could not be characterized as adversarial, for there were many informal occasions when both sides conducted under-the-table negotiations. As one labor activist commented, this kind of informal bargaining was more effective than open lobbying, especially in the arena of local politics. Interview with Kuo-wen Kuo, the former general secretary of the TCTU, 10 September 2003.

Taiwan”,<sup>42</sup> with a high level of unionization, especially in the petrochemical and steel industries. Thus, faced with the KMT mayor’s reluctance, workers were able to exert pressure in the City Council through the opposition. In April 1996, a bipartisan decision was made to shelve a budgetary review indefinitely unless the Municipal Government agreed to legalize the federation of industrial unions. On May Day, the Mayor hinted at possible concessions.<sup>43</sup> Several months later, the Municipal Federation of Industrial Unions was legally established and became one of the TCTU’s best-organized branches.<sup>44</sup> These instances showed the success of elite patronage even where the DPP was not in office. The labor movement was empowered by ongoing democratization and, as elections became more competitive and representatives more responsive, electoral campaigns became arenas in which workers could have their voice heard.

In 1998, after independent labor unions had been established successfully in some localities, an attempt was made to create a national federation to replace the KMT-controlled CFL.<sup>45</sup> The CFL found itself in a severe financial crisis as the government decided to reduce its annual subsidy. The situation was so difficult that the CFL contemplated selling or leasing its headquarters office, while a number of unions decided to withdraw from it.<sup>46</sup> Labor dissent coalesced into the Taiwan Confederation of Trade Unions Preparatory Committee. On 1 May 1998, the Preparatory Committee staged a large-scale demonstration, which put the legalization issue formally on the agenda.<sup>47</sup> In September 1999, a Labor National Affairs Conference was held to demand immediate official recognition of the now-nationwide confederation.

Despite this mobilization, the KMT government remained adamant that there was no possibility of legislation for a TCTU without a revision of the Trade Union Law. For CLA officials, the decision against the TCTU proposal was legally grounded, despite the arguments of labor activists that the existing Labor Union Law was already inapplicable to the current situation. Before the 2000 presidential election, the Preparatory Committee lobbied all three leading candidates for their support. Lien Chan, the KMT’s candidate, concurred in the overall direction of union liberalization, but still insisted on legal revision as a precondition. In contrast, the two opposition candidates, the DPP’s Chen

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<sup>42</sup> Wang, “Contesting Flexibility”, p. 360.

<sup>43</sup> *Laodongzhe*, Vol. 83 (July 1997), p. 7.

<sup>44</sup> For instance, the Kaohsiung Municipality Federation of Industrial Unions pioneered the direct election of its president in March 2003.

<sup>45</sup> In fact, some unions in state-owned enterprises proposed the idea of a national-level TCTU as early as 1997. See *Lianhebao*, 5 January 1997, p. 6. But substantial organizing activities began one year later.

<sup>46</sup> *Lianhebao*, 3 March 1998, p. 7.

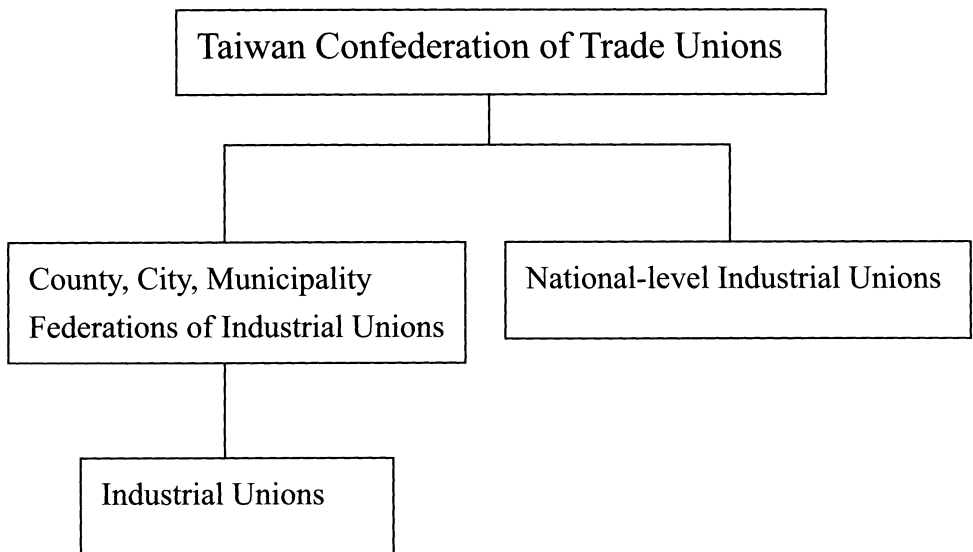
<sup>47</sup> *Lianhebao*, 1 May 1998, p. 6.



Shui-bian and the independent James C. Y. Soong, were in favor of the immediate legalization of the TCTU.<sup>48</sup>

Following Chen's electoral victory in March 2000, the DPP government kept its promise and recognized the TCTU. Chen was even present at the TCTU founding ceremony. Nevertheless, CLA officials still delayed final approval for several months. To overcome this last obstacle, TCTU leaders had to resort to their DPP patrons to put pressure on recalcitrant CLA officials.<sup>49</sup> The official approval of the TCTU, issued in September 2000, marked the end of postwar state corporatism in labor relations.

**Figure 2: Taiwan Confederation of Trade Unions**



After legalization, local federations of industrial unions immediately joined the TCTU, and so did a host of national-level industrial unions. The TCTU was organizationally more streamlined than the CFL, because it did not possess province-level or other national-level federations (see Figure 2). With legalization of the TCTU, the CFL no longer maintained a government-sanctioned monopoly

<sup>48</sup> *Zhongguo shibao* (China Times), 1 March 2000, p. 3.

<sup>49</sup> Information from a speech given by Kuo-wen Kuo, 6 July 2002.

over unionized workers. Loss of government backing plunged the CFL into organizational chaos. The KMT's fall from power further deprived the CFL of its political support and aggravated the internal factional struggle. As many as five national federations (excluding the TCTU) were organized and received official government recognition within the first two years after the DPP assumed power.<sup>50</sup> These newly-created national federations were all composed of occupational unions that had seceded from the CFL.<sup>51</sup> Without KMT rule, there was simply no way to keep occupational unions under the common umbrella of the CFL. The new situation revealed that the CFL was less a representative of labor interests than an agent of the authoritarian Party-state.<sup>52</sup>

### **Political Representation without a Mass Base: An Evaluation of the First Years of the TCTU (2000–04)**

What did the labor movement gain from the end of state corporatism? The struggle for recognition had produced great expectations. At the 1999 Labor National Affairs Conference, organized by the TCTU Preparatory Committee, Zhang Xu-zhong, then President of Chungghwa Telecom Workers' Union, eloquently spelled out the TCTU's mission. He attributed the labor movement's previous failures to the lack of a strong organizational base. With legal recognition of the TCTU, it was anticipated that a new movement to organize industrial unions would begin. Second, the TCTU was largely perceived as the political umbrella for all workers in Taiwan. With further organizing and more extensive education, Taiwan's workers would be united into a powerful class.<sup>53</sup>

Between 2000 and 2004, the TCTU succeeded in championing workers' interests in the national arena but not in strengthening the unions' mass base. With state-corporatist coercion out of the way, labor's organizational difficulties could not be attributed to political or legal constraints. Rather, I argue, the strategy of political alignment resulted in a necessary trade-off: labor had indeed been able to score political victories in toppling state corporatism and winning

<sup>50</sup> Labor and Social Policy Research Association, *Taiwan gonghui zhidu jiegou zhuanxing yu weilai fazhan* (Structural Transformation and Future Development of Taiwan's Union Structure) (Taipei: CLA, 2002), p. 1.

<sup>51</sup> They are the National General Federation of Workers (*Quanguo gongren zonggonghui*) (2001), National Confederation of Occupational Unions (*Quanguo zhiye zonggonghui*) (2001), United National Federation of Occupational Unions (*zhiyезonghui quanguo lianhe zonghui*) (2001), National General Federation of Trade Unions (*Quanguo lianhe zonggonghui*) (2000) and the National General Alliance of Labors (*Quanguo laogong lianmeng zonghui*) (2000).

<sup>52</sup> Even CFL sources confirmed the fact that factional struggles led to its breakup in 2000. *Zhongguo laogong* (Journal of China Labor), Vol. 1008 (August 2000), p. 35.

<sup>53</sup> Hsu-chung Chang, "Laogong ruhe qude zhengzhi quanli" (How Can Labor Gather Political Power?), in *Laogong guoshi huiyi dahui shouce* (Proceedings of Labor National Affairs Conference) (Kaohsiung: TCTU Preparatory Committee, 1999), pp. 78-82.

new national representation but, at the same time, it had failed to reverse in any fundamental way the long-term decline in union participation among Taiwan's workforce.

After its legalization, the TCTU was entitled to join the CLA's decision-making committees (for example, those supervising labor insurance and pension, equal employment and so on) which had previously been monopolized by the CFL. In some cases, the TCTU actively submitted proposals that later became official policies. For example, after considerable TCTU insistence, the labor pension fund was authorized to give loans to laid-off workers. Also, TCTU lobbying contributed to lifting the ban on union participation by employees of political organizations and trade unions.<sup>54</sup>

In addition, its newly-won national influence allowed the TCTU to promote progressive labor legislation. To improve economic performance, the DPP government held an Economic Development Advisory Conference in 2001 seeking national consensus. TCTU representation at this conference was substantial, and the TCTU president was invited to join the preparatory committee from the very beginning. Labor delegates obtained an official promise of further legal reforms and exposed the attempts of business interests to eliminate the Labor Standard Law.<sup>55</sup> A number of work-related regulations were passed as a result of the conference, including the Protection for Workers Incurring Occupational Accidents Act (2001), the Gender Equality in Employment Act (2002), the Employment Insurance Law (2002) and the Protective Act for Mass Redundancy of Employees (2003). In the past, trade unions had long been excluded from the political decision-making circle, and could only protest against official decisions once they had been made. After the creation of the TCTU, labor leaders gained more political clout, could actively join policy debates and could push through their own proposals, if these were not too controversial.

However, labor's political ascendancy was not reflected in an increase in establishment of unions, even though this had been proclaimed as part of the TCTU mission. The number of industrial unions continued to decline, as did worker membership (see Table 2). There were 1,128 industrial unions in 2000, but the number had dropped to 1,104 in 2002. Arguably, such objective constraints as the relentless reduction of manufacturing jobs and the persistent difficulty in unionizing the service sector continued to thwart union growth. However, the TCTU still found it difficult to expand its constituency among already-unionized workers. During the first three years, although it gained one local federation of industrial unions and some national unions in the banking

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<sup>54</sup> Interview with Mr. Chung-hong Lin, former Secretary of Communication, TCTU, 31 January 2004.

<sup>55</sup> Ching-hsyen Huang, *Quanchanzong laogong daibiao canyu jingji fazhan zixun dahui zongjie baogao* (A Summary Report of TCTU Labor Delegates in Economic Development Advisory Conference), unpublished report (August 2001).

industry, it was abandoned by one local federation,<sup>56</sup> the Taiwan Railroad Workers' Union and the Chunghwa Telecommunication Workers' Union. Overall membership dropped from around 280,000 in 2000 to 243,000 in 2003,<sup>57</sup> fewer than half the 558,195 workers in industrial unions.<sup>58</sup>

Legal recognition did not result in improved financial conditions either. Because of incessant factional infighting, the TCTU had difficulty collecting monthly fees from its constituent federations and unions. Several times the TCTU failed to pay its own workers' wages on-time.<sup>59</sup> In this situation, the TCTU had no choice but to rely heavily on state subsidies: in 2003, the government was the source for as much as 48 per cent of its annual revenue.<sup>60</sup> Financial dependency is likely to compromise its political autonomy in the long term.

The TCTU was not solely responsible for this structural weakness: adverse external economic conditions also continued to limit the growth of industrial unionism. Nonetheless, its previous political alignment was in part responsible, for two reasons. First, this strategy shifted resources and energy from workplace organization to parliament, elections and local governments. Although in theory lobbying and unionizing were not mutually exclusive, the more time labor leaders spent with politicians, the less they devoted to rank-and-file workers. During my fieldwork,<sup>61</sup> I noted visible discontent even among unionized workers, who thought that their leaders became more detached from the grassroots as their political careers rose.<sup>62</sup> Arguably, there is a problem of perception here. From the workers' perspective, if their elected officials spend more time with politicians, they are viewed as careerists. Further, once the TCTU obtained national political access, its leadership became more concerned about general policies rather than

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<sup>56</sup> In 2001–03, the Taipei County Federation of Industrial Unions' membership was suspended because its factional struggle resulted in default of membership dues.

<sup>57</sup> *Quanchanzong gongzun*, Vol. 1 (January 2001), p. 3; Vol. 9 (July 2003), p. 5.

<sup>58</sup> Data from Council of Labor Affairs, <http://statdb.cla.gov.tw/html/year/rptmenueyear.htm>, accessed 11 October 2005.

<sup>59</sup> Information from a speech given by Kuo-wen Kuo, 6 July 2002.

<sup>60</sup> *Quanchanzong gongzun*, Vol. 9 (July 2003), p. 7.

<sup>61</sup> I conducted my fieldwork in Kaohsiung from 2002 to 2004. I focused mainly on China Petroleum Company's Refinery workers, whose union leader became the first TCTU President. Instead of boosting the employees' sense of efficacy, the TCTU President's career seemed to demoralize them, as they did not see him as often as previously and their working conditions were worsened by the DPP government's attempt to reorganize the state-owned enterprises.

<sup>62</sup> See the report at <http://www.detnews.com/2005/business/0507/24/A01-257526.htm>, accessed 11 October 2005. Incidentally, as the TCTU suffered from chronic organizational hemorrhage, the current AFL–CIO leadership in the United States was criticized by dissenting unions for not being able to “focus on organizing, but throwing money at politicians”.

immediate benefits for workers. As a result, the TCTU leadership finds it increasingly difficult to mobilize lukewarm constituencies.

Second, political alignment necessarily brought the divisive issue of partisan identities within the arena of the labor movement. By using the DPP's political power to fight state corporatism, the TCTU became associated with the DPP, or, even worse, was perceived as a DPP subsidiary, much as the CFL had been seen as a client of the KMT. With this unwelcome stigma, the TCTU found it hard to attract other existing industrial unions as well as to build more local federations of industrial unions when Taiwan's politics polarized after 2000.

Within the TCTU, conflicts also gave rise to intense factionalism. Twice in TCTU elections, in 2000 and 2003, two camps fought along a pro-DPP/anti-DPP (but not necessarily pro-KMT) fault-line. Twice the pro-DPP camp won by a small margin, with the result that the anti-DPP faction claimed that improper intervention by the DPP government had influenced the outcome. On each occasion, fierce electoral battles effectively paralyzed the TCTU. To avoid another factional struggle, the TCTU decided not to endorse any candidates in the 2004 presidential election.<sup>63</sup> The 2004 decision was not a declaration of political independence, but rather a temporary truce or, better, a belated effort to address problems deriving from the strategy of political alignment.

## Conclusion

Reflecting on the trajectory of post-authoritarian state corporatism, Schmitter ruled out the possibility of "politically continuous transformation toward societal corporatism". More likely, corporatism would first "degenerate into openly conflictual, multifaceted, uncontrolled interest politics".<sup>64</sup> The case of Taiwan testifies to the tortuous path out of state corporatism. The trade unions spent many years trying to break free from corporatist control. The historic breakdown of a monopolistic representation by a clientelistic, conservative national federation amounts to an important political success. However, the labor movement's political ascendancy was not matched by comparable organizational strength. The strategy of political alignment not only failed to address the long-term decline of union membership, but also intensified the insidious factionalism that continued to plague the TCTU. True, independent labor unions have won the right to political representation at the national level, but their political recognition is based upon the fact that they claim to represent a sizable group of workers. There were signs that the TCTU was drifting into a privileged club of "aristocratic labor", if the trend of union decline could not be reversed. As a result, the current labor regime could hardly be characterized as a societal corporatism, since the TCTU's political position was not consolidated because of its shaky organizational foundation.

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<sup>63</sup> Personal correspondence with one TCTU official, 16 February 2004.

<sup>64</sup> Philippe C. Schmitter, "Still the Century of Corporatism?", p. 41.

This paper has traced labor's mobilization in the context of democratization as well as its impact upon the state-corporatist system. It has demonstrated that the democratic transition produced both opportunities and risks for the labor movement. Taiwan's labor movement opted for the strategy of political alignment with the DPP. For nearly a decade, union leaders focused on obtaining politicians' support, rather than on building a stronger organizational base in order to promote the labor federation movement. In this way, labor's success had followed the growth of DPP's political strength. Most local federations of industrial unions were formed under the auspices of DPP executives, and the national TCTU was only legalized after the inauguration of President Chen Shui-bian. Close cooperation with the opposition élites enabled the labor movement to bend the iron bars of state corporatism without building up comparable grassroots strength. With the legalization of the TCTU, CFL hegemony was dethroned and independent industrial trade unions finally acquired an institutional position within the political system.

Labor's strategy also produced unexpected results. As labor leaders spent less energy in organizing, they were unable to stem the erosion of union popularity among Taiwan's workers. Political alignment also exacerbated partisan struggles within the labor movement: as the TCTU was seen as pro-DPP, its claims of political independence were partly compromised. As a result, unions and the TCTU remained organizationally minuscule, financially weak, and faction-ridden. The very success of the strategy of political alignment had resulted in diminution of the organizational base.

Ultimately, labor unions' strength resides in the number of workers they represent and mobilize, and autonomy comes from economic and political independence. Unless the TCTU can use its political clout to expand its base among Taiwan's working class, the demise of state corporatism is not going to lead to the emergence of genuine societal corporatism, in which labor is able to "penetrate" the state.