

VI. INDUSTRIAL RELATIONS AND DEMOCRACY IN ASIA

Political and Workplace Democracy in Taiwan

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Introduction

Taiwan has enjoyed enormous success in economic development over a period now spanning more than half a century, which is internationally recognized as the “Taiwanese economic miracle.” This economic miracle has led to another phenomenon that is becoming increasingly recognized as “Taiwan’s political miracle,” due largely to the extraordinary transformation of Taiwan over a period of less than two decades from an authoritarian state to an open and democratic society.

For scholars of industrial relations, there are many intriguing questions arising out of this political democratization, such as what role was played by unions during Taiwan’s move towards political democracy and what impact political democracy has had on Taiwan’s industrial relations system. We therefore begin this paper with a discussion of the role that unions have played in Taiwan’s move towards political democracy, followed by a brief examination of the impact that such political democracy has had on Taiwan’s overall labor movement and on industrial relations as a whole.

The Contributions of Trade Unions to Taiwan’s Move towards Political Democracy

As noted by Cheng (2001), amongst others, one of the unique characteristics of the process of democratization in Taiwan was the gradual nature of

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the transition. Many scholars believe that a gradual transition is the most appropriate way of moving from authoritarian governance to democratic governance, rather than attempting to make great strides towards democracy, since gradual steps can undoubtedly assure a smooth and successful transition. Cheng (2001) cited Spain, Portugal, South Korea, the Philippines, and some of the Latin American countries as examples of countries where attempts to move towards democracy in great strides had led to political turmoil, social unrest, and most of all, unnecessary interruption to the economic growth of these countries. Cheng also pointed out that with a high rate of economic growth during the process of political transition, a country can enhance its chances of a successful transition (2001, 128–29). Taiwan is a prime example of a gradual move towards democracy and at the same time maintains a high rate of growth during its transition towards democracy. Indeed, the island's economy was booming during the late 1980s and through the 1990s, the time of Taiwan's gradual shift towards democratization, and the island even managed to escape the ravages of the 1997 Asian financial crisis. Taiwan's trade unions have clearly made important contributions to the island's success in its gradual transition towards political democracy. This is partly as a result of the support by the unions for many different opposition parties, as opposed to providing support for one particular party *en bloc*. Such widely dispersed support meant that it was virtually impossible for any one party to make any attempts towards a rapid and major push for democracy, which naturally led to only gradual changes in the move towards political democracy. The shift in the support of the island's independent trade unions also had an important contribution to the change in the ruling party in the 2000 presidential election.

The inability of the unions to unite and support any one particular opposition party stemmed from the lifting of martial law in 1987, when different opposition parties were beginning to form and candidates were in need of the votes and support of union members in order to get elected to legislative appointments and positions in public office. Workers, and particularly organized unions, are important sources of votes and support; therefore, despite the fact that immediately after the lifting of martial law most unions were still under the control of the ruling party, the newly-formed opposition parties were overtly seizing every opportunity to work closely with them.

One particularly important opportunity for parties to gain the support of workers and unions that arose was the government's demonstrated gross ineptitude in its attempts to enforce the 1984 Fair Labor Standards Law (FLSL). Opposition parties began working closely with groups of workers encouraging them to form independent unions and to fight for the rights that were supposedly guaranteed under the FLSL. They ensured that workers became

better informed and educated about these rights, and helped them to pursue the benefits enshrined within the FLSL; consequently, there was a significant increase in the number of work stoppages between 1988 and 1990.

It seemed perfectly logical that workers would put their support behind whichever political party was prepared to help them, and it was through such logical thinking and actions that the support of unions and workers became widely spread across many different political parties, as opposed to being concentrated within one particular party. As a result, no one political party had sufficient power to push for rapid democracy. From the perspective of the ruling KMT party, which was faced with the increasing demands for change by both workers and opposition parties, in order to remain in power, it had no alternative but to take effective steps to meet some of these demands. Such interactions between workers, independent unions, various opposition parties, and the ruling party ensured that Taiwan was automatically put on a gradual course and not a big push towards democracy.

As for bringing the DPP into power, during the 2000 election, the DPP's presidential candidate, Chen Shui-bian, had made several campaign promises that if he was elected he would promote industrial democracy, including expanding codetermination, eliminating the "one workplace, one union" provision that existed under the Trade Union Law, legalizing multiple unions and federations, reexamining the policy of privatization of public enterprises, immediately creating one hundred thousand jobs for the unemployed, and amending the three major labor laws with the overall aim of making them more favorable to workers. The unions in Taiwan were thereby led to believe that the DPP was indeed a great friend of the workers, and hence, all of the island's independent unions campaigned hard for the DPP's success in the presidential election.

The Impact of Political Democracy on the Labor Movement in Taiwan

The Development of Independent Unions

The development of the independent unions can be divided into two distinct periods, the development of local independent unions during the early period from 1987 to 1997, and the subsequent development of permanent independent unions and nationwide federations during the period from 1997 to the present time.

The development of local independent unions: 1987–1997. Frustrated by the ineffectiveness of the government-controlled unions, and despite the fact that legitimate unions already existed within their workplaces, once martial

law had been lifted, certain groups of workers decided to form their own independent unions. Although the formation of such unions was illegal under the Trade Union Law, the government did not take any action to remove them, since it feared that this might trigger a more militant labor movement.

Most of the independent unions developed during this period had a number of common characteristics; they were workplace based, oriented on local issues, self-reliant, and *ad hoc* in nature, and since they were often formed to deal with a particular issue that had been encountered, such as disputes over year-end bonuses, pay increases, or the unfair treatment of employees due to their union activities, they were usually dissolved once they had accomplished their aims. Only employees within the workplace involved were admitted into these unions, and they were totally reliant upon their own efforts to resolve their problems, seeking no external help. Only on very rare occasions would these unions become involved in mass demonstrations on the streets in an effort to catch the attention of the public. The tactics that were commonly adopted by these independent unions included slowdowns, short-term work stoppages, or "collective vacations," whereby large numbers of employees would simultaneously take time off work leading to significant pressure on their employers.

The independent unions formed between 1995 and 1996 were concerned with different issues than those that had been formed between 1987 and 1995. The major issues in the later years were job security (layoffs in particular), severance pay, pensions, and the right to work; this was essentially because Taiwan had found itself in a brief period of recession in 1995 and large numbers of workers were being laid off. However, at the same time, labor-intensive plants were beginning to relocate their production facilities abroad, mainly to Southeast Asian countries and to mainland China, in search of lower land and labor costs; thus any actions these unions took against their employers only resulted in accelerating their move abroad. As a result, despite the fact that the unions formed during this period included some affiliated with publicly-owned long distance bus companies, none of which could move abroad, most of these independent unions failed to accomplish any of their goals. The transport unions were, however, similarly powerless because when the drivers and conductors decided to strike for overtime pay or for shorter working hours, the government responded by deregulating their bus routes. As the publicly-owned bus companies were facing increasing competition from a growing number of private companies, their independent unions instantly lost any bargaining power that they might once have had.

The development of permanent independent unions and national federations: 1997 to present. Faced with such unfavorable economic conditions, the

development of these independent unions dwindled noticeably for a while; however, given the government's announcement in 1996 of a five-year plan for the privatization of all public enterprises, considerable alarm was raised amongst workers in these public enterprises, which in turn led to another round of independent union development. However, this time, the independent unions did not necessarily arise as rivals to the existing unions in their workplaces, and on many occasions, the old unions were in fact transformed into independent unions through free elections of their own chosen leaders. The Taiwan Federation of Railroad Workers Unions, the Federation of Postal Workers Unions, the China Telephone and Telegraph Workers Union, the Taiwan Power Workers Union, the Taiwan Petroleum Workers Union, and the Taiwan Highway Workers Union all provide examples of members successfully electing their own candidates to union office, and thereby successfully transforming themselves into independent unions.

As more of the existing unions gained independent status, there was a move to split with the CFL to form their own independent federation. As a result, in March 1998, five large unions from the public enterprises announced that they would leave the CFL and form the Taiwan Confederation of Trade Unions (TCTU); this was soon followed by the formation of other federations by groups of independent unions.

By 2003, in addition to the existing CFL and TCTU, a total of four other union federations had been formed in Taiwan: the Chinese General Federation of Workers' Unions (CGFWU), the National Trade Union Confederation (NTUC), the Chinese General Labour League (CGLL), and the Republic of China Federation of Craft Workers Unions (FCWU). Of these, the CFL and the TCTU are the largest and the most influential federations.

Although the number of union members has been declining in recent years, one should not jump to any conclusion of the declining influence of Taiwanese unions. On the contrary, union influence is increasing and not decreasing. Indeed, the increasing influence of the unions in recent years is evidenced by the rapid rise in the number of grievances. Council of Labor Affairs (COLA) records show that in 1997 the total number of labor disputes stood at just 2,600 cases, but by 2002, this had risen to 6,701 cases. Furthermore, there was also a marked increase in the number of issues that were being raised in each case. It is also clear that the composition of labor disputes has been rapidly shifting from the former concentration on retirement benefits, industrial accidents, and resultant claims for compensation, and more towards contract termination and wage-related issues, such as dismissal pay and wage arrears.

Increased Union Participation in Public Policy

The inroads into the political arena that the opposition parties have made have also had a demonstrative effect on the unions. Having seen what the opposition parties were able to achieve by putting pressure on the ruling party, which ultimately led to changes in the ruling party's course of action, or which led to the opposition parties being allowed to participate in certain public policy decision-making processes, unions soon desired similar privileges. Although the unions have had very little success in terms of becoming involved in public policy decision-making processes, there have nevertheless been several events that could have long lasting effects on the changing practices of industrial relations in the future.

One obvious example was the national collective bargaining on issues relating to the adjustment of the minimum wage that took place between employers and union representatives in 1997. Each year the government decides on the magnitude of the minimum wage adjustment, and without exception, the unions and management have consistently been dissatisfied with the government's final decision. The unions usually consider the adjustment to be insufficient, whereas management conversely considers the same adjustment to be too high.

In 1997, the Commissioner of the COLA announced the decision of the government that union and management representatives would be allowed to negotiate, and to come to a mutually acceptable agreement, on the magnitude of the minimum wage adjustment for the current year. It was the government's hope that such a move could satisfy both the unions and management alike, and reduce the level of government involvement in labor management affairs.

The Commissioner appointed the CFL to represent the unions, and the Chinese Industrial Association (CIA) to represent all employers. After lengthy negotiations, the CFL and CIA came to the following five-point agreement: (i) for members of the CIA, the wage increase was to be at least 3 percent for all workers; (ii) there would be no adjustment of the minimum wage rate for the current year; (iii) the agreement would come into effect on August 1, 1997, with the duration of the agreement being one year; (iv) the CIA would be responsible for the enforcement of the agreement; and (v) the agreement would have to be ratified by members of both the CFL and the CIA before coming into effect.

This was the first national union and management collective agreement, and there was a general expectation by all the parties involved that such a model could be used to resolve other important union and management disputes. Unfortunately, when the agreement was submitted to the CIA for ratification, the members voted against the proposals on the basis that if some

members failed to comply with the agreement, the Association could face numerous law suits; thus, an attempt to achieve the island's first national collective negotiation agreement ended in failure.

In 1998, the COLA Commissioner made a second attempt to bring together the unions and management to negotiate the minimum wage adjustment for that year; however when some independent unions challenged the legitimacy of the CFL in its supposed representation of all workers, the negotiations ended abruptly. Since the DDP took office in 2000, there have been no attempts made by the new government to carry out any adjustment to the minimum wage rate, and there have been no further attempts by the COLA to engage the unions and management in nationwide negotiations.

One other occasion when union members were allowed to participate in national policy decision making was their participation in the 2001 National Development Conference. High ranking government officials, union leaders, management, and academicians were invited to this conference with the aim of discussing the future of Taiwan's overall political, social, and economic development. There was some degree of success on this occasion, because President Chen subsequently ordered the implementation of many of the conclusions drawn from the discussions.

Increased Workplace Democracy

The FLSL stipulates that all enterprises must establish labor-management committees for the purpose of providing unions and management, or employees and management representatives, with a platform for the discussion of matters relating to workers' immediate benefits. However, few employers complied with this provision. In 1987 only 460 labor-management committees registered with the COLA, and indeed, up until the early 1990s, most companies were simply ignoring this provision (Lee 2000). Nevertheless, as Taiwan becomes more democratized, more workers are demanding that their employers form the requisite labor-management committees so that they can enjoy the right to participate in the management decision-making processes. Thus between 1997 and 2002, the number of labor-management committees in Taiwan has almost tripled, from 1,013 committees in 1997 to 2,701 committees in 2002.

Furthermore, along with the rise in the number of labor-management committees in recent years, there has been a corresponding rise in the share of these committees within the private sector; slightly more than half of all labor-management committees were found in the private sector in 1992, but by 2002, this figure had risen to 77 percent.

Increased Industrial Democracy through the Appointment of Union Leaders as Board Directors

In accordance with a law enacted on June 30, 1990, union officials would be allowed to serve as members of the board of directors of their own companies; and indeed, in 2001, the Taiwan Petroleum union appointed three union officials to the Board of Directors of China Petroleum Company, whilst the National Federation of Bank Employees Union also appointed a union official to the Board of Directors of Taipei Bank. There are no official figures on the number of union officials currently serving on boards of directors, and indeed, it is most people's belief that this is only a beginning. However, it has been pointed out by many that up to this point, such union directors have not been very helpful to the workers they represent, largely because most of them do not yet have experience at board level and are consequently still at the learning stage.

Increased Union Democracy

Although the Trade Union Law has always required unions to re-elect their leaders periodically, most of these leaders were traditionally nominated by the ruling party and not by workers. Today, unions are increasingly selecting their own leaders through periodic elections, and, in fact, unlike the old days, many incumbent union leaders today do not want to serve a second term because of the difficulties involved in satisfying the wishes of the diversified union members.

The Future Effects of Political Democracy on Workplace Democracy in Taiwan

Questions remain as to what the future holds with regard to the ongoing democratization of Taiwan's political system and its effects on Taiwan's labor movement and workplace democracy. The answers to these questions remain uncertain, since political democratization has thus far shown itself to be a two-edged sword for the labor movement in Taiwan. On the one hand, it has had a positive and demonstrative effect on the labor movement. Workers have learned to fight for more favorable legislative measures as well as the benefits that are supposedly guaranteed under the existing labor laws. Political democratization has also had a positive effect on workplace democracy.

However, political democratization has also had negative impacts on the labor movement in Taiwan, largely because it has led to the significant lengthening and increasing complexity of the public policy decision-making process; thus, it has affected the efficiency of the government, the rate of economic

growth, and led to higher unemployment, which clearly have some adverse effects on both union strength and workplace democracy.

A further negative effect of political democratization on workplace democracy is the campaign tactics adopted by the DPP, with the emphasis being placed upon ethnic issues. During the 2000 presidential election, and in their preparations for the forthcoming 2004 presidential elections, the DPP campaigners have continually tended to place emphasis on the differences between mainlanders (those who followed the Nationalist government to Taiwan in 1945 and their children who were actually born in Taiwan) and native Taiwanese (those who came to Taiwan before 1945). They argue that since many of the leaders in the KMT originate from mainland China, they therefore represent “foreign rulers,” whereas the senior figures in the DPP are all “native” Taiwanese. Thus, the argument goes, all native Taiwanese should vote for the DPP, the “true representatives” of the island’s people.

Such campaign tactics not only split the KMT but also the solidity of the labor movement, and therefore these tactics have a negative effect on the labor movement as a whole. Voters have recently started to voice their dislike of this type of campaigning tactic, and if such tactics prove to be ineffective in the 2004 presidential election, then the next stage of the process towards political democratization in Taiwan will clearly continue to have very positive effects on both the labor movement in Taiwan, as well as workplace democracy in general.

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