

**CLASHES BETWEEN REFORM AND OPENING:
LABOR MARKET FORMATION IN THREE CITIES**

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Up through 1996, nearly two decades of marketizing restructuring in China spelt spiraling increases in output, living standards, and incomes throughout the economy. Despite a rash of ominous social externalities, such as heightened corruption and widening inequalities, the consensus was that, insofar as the economy itself was concerned, markets were a success. Even times of overheating and occasional inflation—as in the mid-‘80’s, the late ‘80’s and the early to mid-‘90’s—were terminated relatively rapidly through officially-triggered recessions; even inter-firm debts seemed capable of being brought under control by 1995.

In the cities, though some small proportion of state workers were being laid off as early as 1988,¹ in the main managers refrained from dismissing employees openly well into the 1990’s. Even then, because of each firm’s responsibility to see to the future of its own displaced workers, a range of disguised forms of unemployment emerged, including early retirements and “long holidays,” often entailing reductions in benefits and underpayment or non-payment of wages, but without calling the worker “unemployed.”² Meanwhile, numbers of peasants moving off the land and into the municipalities to take on urban jobs ranged

between some 60 to 80 million by the late 1990's, and in the main they found work to do.³ Indeed, it appeared near the end of the century that once-socialist China was truly turning into a market society, in the process producing an urban labor market of national scope that could accommodate both city workers and sojourners from the countryside. Internal economic reform and external opening (gaige and kaifang [?? and ??]) seemed congruent and mutually reinforcing.

But the year 1997 saw sudden shifts that were fundamentally to undermine this optimism about the ease and the outcomes of market transition. The financial crisis that began its ominous journey across Asia in summer 1997 was soon joined temporarily by the Chinese Communist Party's 15th Congress, convened in September that year, in spelling momentous economic change for the country. Probably more by coincidence⁴ than design, the two events had parallel outcomes: both boded ill for the fate of the famous iron-rice-bowl-provisioned city worker in China, and indeed for any laborer, whether of urban or rural origin, hoping to hold a city factory job. The China Daily Business Weekly reported in a late August 1998 edition that an unnamed China trade expert had admitted that, "Devaluations in East Asia have greatly reduced the competitiveness of Chinese exports in the world market,"⁵ while officials at the Ministry of Labor and Social Security revealed around that time that the crisis had "reduced our competitiveness," and that "it will influence our employment."⁶

In the several years since these events coalesced, the nation has seen surging unemployment for urbanites—probably exceeding 10 or even 20 percent in a number of urban areas⁷--coupled with greater uncertainty than had been the case in a decade for the job prospects of peasant migrants in the metropolises. Regime leaders remain vitally

concerned about resettling those among the city-born who have been laid off, getting them retrained, finding them new placements, and compelling localities to issue them basic living allowances when necessary. Yet at the same time, as Teh-chang Lin and Jae Ho Chung's chapters indicate, top officials at the same time continue to proclaim their unaltered aims of economic reform, growth, enterprise restructuring, and labor market formation. According to Premier Zhu Rongji, speaking at a January 1999 State Council meeting on state enterprise laid-off workers:

The central authorities have laid down the major policy on state enterprise reform. As long as we resolutely implement the central authorities' policy; do not engage in duplicate construction; adjust and reduce the redundant and backward portion of the productive forces; cut personnel and improve efficiency; do a good job in ensuring the basic livelihood of state enterprises' laid-off workers and in providing reemployment for them; and improve the leading groups of enterprises, we will be able to free most of the large and medium-sized loss-incurring state enterprises from predicament in about three years so that most of the key enterprises can initially establish a modern enterprise system.⁸

While throwing millions out of work may be the first step in forcing the jobless to fend on a newly forming non-state-directed job market, at the same time Party chiefs are not content to leave these people wholly to their own devices. But the rising competition thrust on the country as currency devaluations ran rampant around its borders in 1998-99 meant that many localities and firms preferred to hire on the cheap, which often meant employing

peasant labor—a move that was beneficial to the formation of a genuine labor market but threatening to the jobs of urbanites.

Thus, clearly, there are fundamental contradictions between two sets of goals. As against what Jae Ho Chung argues, modernizing, marketizing, and making competitive and prosperous the national economy and its labor market—to meet the challenge of global rivalry for markets but also ultimately, leaders hope, to provide jobs for currently dismissed urbanites—is only one of these. Simultaneously, central leaders also order that local bureaucrats succor city workers whose jobs disappear as their former firms try to save money—or, more frequently, to cease losing money in such large quantities as they have been of late.

This paper uses interview and documentary material from three cities to examine how three very diverse localities were coping with these essentially opposed imperatives by autumn 1998. These are Guangzhou at the core of the southeast region, Shenyang in the northeast, and Wuhan in central China. Each of these is the site of a different type of political economy, the product of its geographical location, its resource endowment, and its treatment over time by the central government. These factors have produced local economies of quite varying levels of economic health in recent decades.⁹

Guangzhou and its surrounding area, as the recipient of preferential central policies, has been the part of the country most involved in the external economy since reforms began, both as the recipient of foreign investment and as exporter. Shenyang is an old industrial base, where central governmental investment over the decades devoted much capital to

the creation of heavy industrial infrastructure, equipment, and output, but where the level of industrial losses has been especially high in recent years. Wuhan, though like Shenyang also the home of much aging and failing industrial, state-owned plants, is a marketplace as well. The city is notable too for serving as one of the chief hubs of the national transport network and as a major national-level emporium, as it lies at the intersection of the Guangzhou-Beijing trunk rail line going north-south and the Yangtze River, along the east-west axis.

The diverse characteristics that location, resources, and treatment have shaped in each—characteristics seen in the overall health of the local economy, the level of domestic market activity in the city, the extent of international economic interactions, and the degree of labor market absorptive capacity resulting from these characteristics would lead one to expect differences in their rates of unemployment, their abilities to reabsorb the laid-off and to form a labor market, and in their receptivity to migrant labor. In fact, as I will show, this spate of what the Chinese are calling “layoffs” (*xiagang*),¹⁰ has been variously met in Guangzhou, Shenyang and Wuhan, by what we could term a Thatcherite, a Keynesian, and a mixed response, respectively. But in them all after 1997 open markets shut at least a bit, in a bid to placate the old proletariat, some numbers of whom have gone out on strike and demonstrated, and with increasing frequency across urban China.¹¹

POLICY AND POLICY CONTRADICTIONS IN LABOR MARKETS

The new surge of people needing jobs has clearly presented the leadership with a quandary. There is a direct conflict between the desire to develop a locals-only job market

to absorb the *xiagang* or “laid-off” workers, who are the product of the switch to a market economy, on the one hand, and the need to reduce costs to meet external competition, an imperative that is yet another outcome of China’s mesh with markets, in this case the global one, on the other.

Policymakers at all levels are well aware that the real solution to the problem of state-induced unemployment is, at least in the longer run, to strengthen a genuine national labor market. As announced in a State Council decision of early June 1998, this should entail “establish[ing] and perfect[ing] the market mechanism, and under state policy direction carry[ing] out a combination of workers’ autonomous job selection, labor market adjustment of employment, and government promotion of employment.”¹²

Given this understanding, city administrations have been handed the daunting and probably impossible task of facilitating the formation of a national, unified labor market that can at once manage outside labor and yet guarantee locals’ full employment.¹³ This takes concrete form in local versions of a national “Reemployment Project,”¹⁴ a monumental effort which originated in April 1995 with the ambiguous aim of somehow arranging the settlement of the laid-off workers. As Jae Ho Chung’s chapter shows, localities have discretion in balancing the goal of promoting enterprise reform—with its call for efficiency and layoffs—and of establishing a genuine labor market, while also addressing leaders’ persisting but antithetical concern about placing locals.

Indeed, in the wake of the Asian crisis and the 15th Party Congress, there was ambivalence about the very effort at reemployment itself—its proper direction and the

strategies that could achieve it. As one interviewee quite aptly phrased it, “the Reemployment Project is a half-planned economy method, which has the goal of developing a market.”¹⁵ One study referred to its various prongs as “really, just one one welfare system replacing another..[a program that is] trying to protect urban residents’ original superior position under market conditions.”¹⁶ Yet a third critic charged, “This governmental guidance is merely a way of temporarily alleviating employment pressure, not a sign of a healthy market economic system.”¹⁷ These remarks all point to a certain tendency of the leadership to revert to the old default position of the command economy when the economy seems under threat, despite, as Dali Yang demonstrates, a weakening commitment to the state sector.

But at the same time, the project is also touted as one that—in forcing at least some workers out of the factory and providing them with preferential treatment (such as tax exemptions and reductions, cancellation of licensing, management, sanitation and other fees, provision of market sites and stalls, etc.) if they start new businesses—can be seen as “symbiotic with the development of a market economy.” Moreover, unemployment is a “necessary product of the law of value, the law of competition, and the law of supply and demand,” according to this line of thought.¹⁸ For those who believe this, unemployment (a term used today in China to refer to those whose firms have altogether disappeared due to economic loss) and layoffs should be the wedge that forces China to switch from “arranging” to marketizing labor, from the dominance by state and collectively-owned enterprises to the growth of non-governmental firms, and from contracted to more flexible forms of employment.¹⁹

Also, as layoffs drive former state industrial workers to find jobs in the private and tertiary sectors, the project “readjusts the industrial structure and deepens enterprise reform,”²⁰ claims one advocate. And, some hope, “the diversion and arrangement of surplus labor [will] make the flow of labor follow the demands of the market economy’s laws.”²¹ Thus, depending on one’s perspective—and on the particular push of various local enforcers—the project may have either a Keynesian or a Thatcherite thrust, as we will see when we turn to the three cities.

I go on to consider how the three cities are grappling with these issues—issues which concern the economy as a whole. Each of them has a distinctive political economy and thus a different set of structural factors driving its unemployment—and either facilitating or obstructing a solution. As an overview, Wuhan planners put primary emphases on placing workers in the tertiary sector and in the district and street-level economy, both official and both of which were showing the most vitality and ability to absorb laid-off personnel.²² In Guangzhou, however, the private sector was to be the chief recipient of laid-off workers, while in Shenyang, leaders seemed most concerned with preferential policies for laid-off people and with merging giant plants. Overall, at both central and local levels, leaders were forced to confront the very fundamental contradictions inherent in openness and market involvement, contradictions especially poignant for a once-socialist state.

THREE CITIES

Three variables have a bearing on the positions different cities adopt toward three tightly linked issues: the issues are the formation of (and involvement in) a labor market; the

employment (and, lately, more importantly, unemployment and reemployment) of locals; and receptivity toward outsiders. These variables are: 1) the health and wealth of a city's economy (principally a function of the nature of its industrial structure—including factors such as how much of its industry is heavy industry, how large is its GDP and GVIO, and how fast is its growth in recent years); 2) the vitality of its domestic markets (as measured by such factors as its level of retail sales, the number of its market sites, the proportion occupied by its tertiary sector—meaning chiefly its service (thus, informal) sector—and the vigor of its non-state industry); and 3) its international involvement—as seen in levels of foreign investment and exports. All of these variables are functions of geographical location, resource base, and central governmental policy. (See Tables I to VI.)

As of the time covered in this study (1998), Guangzhou's industry was clearly the healthiest of the three cities—its domestic markets the most vibrant and its international involvement by far the greatest, the result of geographical and policy factors. Shenyang, by contrast, had the most ailing industrial economy, the least active domestic markets, and a level of international involvement far below Guangzhou's, but slightly above Wuhan's. Wuhan's industrial economy was not notably stronger than Shenyang's, and its amount of foreign trade and investment were a bit lower, but its domestic markets—and thus its attraction for migrant labor as well as its ability to reabsorb the unemployed—were more developed. A final point is that the populations of the three cities were roughly comparable:

Population Distributions in the Three Cities, 1997 (unit=1,000,000)

<u>City:</u>	<u>District</u> ²³	<u>City District</u>	<u>Of which,</u>
	<u>Population</u>	<u>Population</u>	<u>Non-rural</u>
Guangzhou	6.56	3.90	3.22
Shenyang	6.71	4.77	3.84
Wuhan	7.16	5.17	3.82

Source: Urban Statistical Yearbook 1997.

Guangzhou

Geography quite vividly sets the context for the crucial disparities among the three cities. Guangzhou, along the southeast coast, has had the benefit since 1980 of the central government's preferential policies, and also of proximity to Hong Kong and the world beyond. Its industrial development, thwarted in Maoist times because of its perceived vulnerability along the coast, never saw the intensive investment in huge and heavy industrial plant that occurred in the inland and the north.

Perhaps these features help to explain why only 31 percent of the city's firms were suffering loss in 1997, as the negative offshoots of marketization began to be felt—a relatively small proportion when placed in a national context, even then. Moreover, the city's light industrial output represented a full 61.3 percent of GVIO in 1997. The state-owned sector accounted that year for just 33.5 percent of ownership, the collectively owned for 18.3 percent, and “other” categories (private and foreign-invested) for as much as 48.2 percent. In the province as a whole, the urban private and individual economies provided 51.7 percent of new jobs in 1997, while the city's tertiary sector's output value accounted for 48.4 percent of GDP.²⁴ Thus, it is not surprising that one scholar commented in late summer 1998 that, “*Xiagang* in Guangzhou is not serious...there are more and more jobs in the informal sector.”²⁵

In line with this economic profile, as of late 1997, Guangdong chose to focus on a particular aspect of the 15th Party Congress's message: its leadership emphasized the call for actively readjusting the ownership structure and making the private economy into a new growth point.²⁶ But it wasn't long before a less optimistic outlook began to appear in provincial and urban statements. Indeed, even before the Asian crisis broke, a national economic slowdown beginning around 1994 had begun to have adverse effects in the area. An analysis of the provincial economy prepared late in 1997 or early in 1998 noted that, “Because the market is very active in Guangdong, when supply surpasses demand nationally, restraints on production created by low demand are most obvious here.”²⁷ As for Guangzhou itself, although the city had “emphasized competitive employment in the past,”

by early 1998 a city paper announced that, “This year we will turn the keypoint to guaranteeing employment.”²⁸

Once the effects of the Asian crisis began to be felt, Guangzhou was first forced to face a problem it had not fully encountered up to then: international competition. As an early 1998 study of the city’s economy noted, “In 1998 the Southeast crisis will cause Guangzhou’s industrial firms to face greater difficulty in expanding their use of foreign capital and in increasing their exports.”²⁹ Guangzhou, it warned, had lost its original superiority” because of international and domestic competition. Already in late 1997, international competition had pushed Guangzhou’s export growth rate down to 15.7 percent while the national average remained at 20.9 percent.³⁰ By the end of the summer, even the official *China Daily* had admitted that, “The monetary disorder in Southeast Asia has thwarted the city’s foreign trade.”³¹ Accordingly, by the end of 1997, the city’s economists had concluded that, “only by reducing personnel can we quickly increase labor productivity and get a slight increase in economic results.”³²

By the end of 1997, slower growth, along with state enterprise reform, was perceived to be making “employment and reemployment increasingly serious” in the view of local analysts.³³ Although Guangzhou had the lowest number of *xiagang* personnel among the nation’s ten largest cities, and also the lowest proportion of its workforce laid off—officially 53,400 or 2.67 percent of all staff and workers, in comparison with a national official average rate of 8.18 percent³⁴--still, even these figures were disturbing in an area that had had nothing but good news for nearly two decades.

As the provincial economic study remarked, “In 1996, urban unemployed staff and workers’ reemployment suddenly became a hot point of social concern, and it did so even more in 1997,” when the numbers of layoffs saw an increase of 13.3 percent over the year before.³⁵ Accordingly, the term “*mingong*,”—loosely, a label used to specify casual labor, which had formerly referred to surplus rural workers from the interior—in 1998 began to designate the urban laid-off and unemployed as well.³⁶

By 1998 the city for the first time took reemployment as “important work,”³⁷ adopting a distinctive approach to the campaign, one much in line with the city’s prior pro-market and non-state-sector-based growth: Of the three cities, it was the one closest to a Thatcherite, marketist strategy. When the provincial leadership first turned its attention to the issue of reabsorbing the newly jobless in 1996, its members determined that maintaining growth and supporting the non-state economy were to be their thrust.³⁸ Later, even as the city’s economy seemed to falter, official statements continued to emphasize that, “the precondition for solving reemployment is to guarantee a certain growth speed.”³⁹

Forcefully developing the tertiary sector and promoting the non-public economy were held to be the winning tactics through 1998.⁴⁰

And despite Guangzhou’s leaders having joined the rest of urban China in worrying about reemployment—including relying like other cities on a series of supportive active labor market policies, such as preferential rents, loans, provision of sites, reduction of fees, and free licensing⁴¹—they adopted a version of the project that explicitly aimed at “pushing labor toward the market, using the labor market to arrange labor resources.”⁴² Thus, in

promoting reemployment, unlike the governors of the other two cities, Guangzhou used the program as a means of entrenching a non-state market employment mechanism.⁴³ And, also unlike the other two cities under review, Guangzhou's authorities believed they could control the rate of the flow and the scale of the numbers of layoffs so that they matched the city's absorptive capacity.⁴⁴

The strategy appeared to be working fairly well as of summer 1998. In the first half of the year the rate of registered unemployed had dropped .19 percent compared with the same period a year earlier.⁴⁵ And in a survey of 10,000 respondents later in the year, 46.58 percent of those reemployed claimed to have joined the private sector.⁴⁶ It is quite striking that as of the end of 1997, only 340,000 were known to the authorities to be without work in all of Guangdong province, while in the cities of Wuhan and Shenyang at that point at least that many were officially counted as without work just at the city level alone.⁴⁷

Against this background, one would expect that peasant migrants into the city would not be much of a cause for concern. The press frankly acknowledged that there were "jobs with no one to do them" in the city—partly for the simple reason that urbanites would not do catering, sanitation work or clothing and footwear manufacturing, and partly because of unmet needs for highly educated, technically trained, or specially skilled professionals. The solution to both these gaps was to depend on outside labor, whether peasants to meet the former need or urbanites from elsewhere for the latter one.⁴⁸

But despite the marketist orientation here, by early 1998 concerns about layoffs had led officials to decide that it would no longer do just to allow the market to remedy the city's

shortages. Since the locally laid-off were often not as suited as outsiders, ran one commentary, “We can’t entirely let the market economy govern whom enterprises hire”; “Guangzhou must restrict the proportion of outsiders in certain trades to solve the reemployment of local labor,” it read.⁴⁹

According to the then-current U.S. Consul General in the city, Edward McKeon, events seemed in accord with this policy. Not just foreign enterprises but Chinese companies in the city as well, he noted, were sending outside labor home because business had fallen off, with both foreign investment and exports down.⁵⁰ And the then-Program Officer at the Ford Foundation, Stephen McGurk, drawing on the Foundation’s various field research projects, concurred that Guangzhou had indeed tightened up against incoming peasants because of the Southeast Asian crisis.⁵¹

Also evincing a growing concern to stem the tide of immigrants, the province reported in 1997 that—relying on a nine-province inter-regional program organized years before—it had undertaken stronger macrocontrol measures toward the labor market, toward rural surplus labor flowing across regions, in particular. As a result, the numbers of incomers declined for the first time in 1996; in 1997 new entries from other provinces coming for work dropped by nine percent, according to a study of Guangdong’s economy.⁵² A new public security regulation appearing on the city’s walls in summer 1998 illustrated this posture against outsiders: it decreed that one’s identification card should be merged with one’s household registration card and that the items on it would be increased to include blood type and height, along with a photograph.⁵³

The province also demanded that employers engage urbanites before ruralites, locals before outsiders, and provincials before those from other provinces, with priority for the unemployed and the laid-off. This would mean, regulators acknowledged, a “serious attack on peasant workers’ hopes for equal competition in employment and to stay in the city.”⁵⁴ “Even in rich Guangdong,” commented Hong Kong’s frank-speaking *Ming Pao*, “dealing with local workers’ livelihoods would have to entail extending a [regulatory] hand toward the labor market.”⁵⁵

In sum, Guangzhou was surely the city of the three best situated to generate jobs and absorb labor of all kinds, whether peasant or unemployed local worker. Initially it shrugged off the concerns besetting other places, not really paying attention to the problem of reemployment until 1996, 1997, or even later. It also chose to stress the marketist prong of the decisions of the 15th Party Congress. But even in this wealthy and open metropolis, the fallout of those decisions—when combined with the financial crisis affecting neighboring countries and domestic factors slowing down the national economy—caused city officials to constrain their earlier receptivity toward migrants. And there are signs that their policies may have had some results.

Shenyang

Among our three cities, Shenyang stands at the other extreme from Guangzhou, in many ways. Not only were there substantially more laid-off workers, but there were fewer peasants as well. The three-fold set of factors identified above—the health of the local economy, the nature of urban domestic markets, and the extent of global economic

involvement, itself a function of geography and history, explain these differences. Situated in the northeast, Shenyang became a regional trade center in the mid to late 1980's, but not a national or international one. Location also meant that the city was industrialized early, first as a part of the Japanese imperial system in the 1930's and '40's and later as the recipient of Soviet aid in the First Five-Year Plan. This early development meant the placement of a disproportionate number of the nation's large state-owned enterprises here.⁵⁶ According to informants from the provincial Planning Commission, the non-state economy accounted for about 17 or 18 percent of GVIO in 1997, whereas the non-state economy in Guangzhou was 48 percent of GDP at that time.⁵⁷

But for the problems of the late 1990's, geography also offered a blessing: Liaoning province, of which Shenyang is the capital city, boasts the largest non-agricultural population nationally. According to one interviewee, 53.1 percent of its population was counted as urban then.⁵⁸ It also has more open land and thus more land per peasant than many other areas (see tables VIA and B). So even if the province led the nation in numbers of industrial enterprise staff and workers, it did not have to contend with inflowing peasants to the same extent as much of the rest of eastern China did.⁵⁹

Once large plant was set in place in the 1950's, little was done to modernize it: renovation was too costly, so the original equipment, generally unaltered, was still in operation in the 1990's, turning out limited varieties.⁶⁰ Moreover, Shenyang mainly produces for the internal market, with vastly less foreign investment than Guangzhou attracts, and, since its enterprises' results were already poor in the 1980's, the economy there could not absorb

much new labor.⁶¹ By 1997, 51.7 percent of state-owned firms were suffering losses (as compared with 31 percent in Guangzhou).⁶² And in the first eight months of 1997, when Liaoning's financial income was RMB 11.77 billion, an increase over 1996 of only eight percent, Guangdong's was 32.92 billion, having grown 21.2 percent.⁶³ Over the first ten months of the year, Liaoning's GVIO rose at the rate of 9.4 percent, Guangdong's at 18.2 percent.⁶⁴

As for market activity in the city, one third of Liaoning's workers were employed in the tertiary sector,⁶⁵ but before 1996 such workers had represented only one fourth of total staff and workers. In 1996 and 1997, however, there had been much governmental investment and a set of official preferential policies, so that the original 300,000 workers rose to over 500,000 in just a year or so.⁶⁶ Foreign involvement, as tables IIIA and B indicate, was not insignificant in Shenyang. But as of mid-1998 a mere five percent of the province's workers were employed in foreign-invested firms, and only one fifth of the economy was internationally involved.⁶⁷

Problems in the Shenyang economy were both structural and cyclical. Structurally, Shenyang, like all of the Northeast, had been the heartland of the planned economy, dependent upon generous state investment, reliant on guaranteed state purchases whatever the quality of the output, and free from paying back any debts incurred. Assured support provided no incentive to turn out marketable products, so that even the city's name-brand goods got stocked in warehouses, where they generated mounting storage costs. The problems caused by excessive and unbalanced investment in heavy industry became

quite apparent once the economy shifted to the market mechanism, especially given the low level of science and technology in the city's industry.⁶⁸ With that vital switch, steep losses began to emerge and the demand for labor plummeted with the drop in demand for local products, particularly those of such "sunset industries" as steel, coal, chemical, and energy, the chief components of the area's economy.

The cyclical dimension was one Shenyang shared with the rest of the nation, when the total demand for labor fell after 1994 as national policy dictated slower growth.⁶⁹ Following the 1994 Third Plenum of the 14th Party Congress, the proportion of output taken by state purchases declined sharply.⁷⁰ Against this background, the call for speeding up reform, restructuring assets, and putting increased emphasis on competitiveness and efficiency hit the city with a severe blow. The only way its leaders could imagine raising productivity and meeting the demands of the new market economy was to implement drastic cuts in staff.⁷¹

The Southeast Asian financial crisis exacerbated the local economy's difficulties. For instance, one fourth of the exports in the machinery trade had gone to that region before the crisis began; by mid-1998 the amount had been cut in half. And where the trade's export growth rate had been in the range of 10 to 20 percent in the early 1990's, in 1997 it grew a mere 2.5 percent.⁷² The Southeast Asia crisis was also a contributing factor in the city's problems with mounting unemployment:⁷³ The *China Daily Business Weekly* declared in August 1998 that in Liaoning investment from Asian countries in 1998 had fallen by 32.6 percent, with that from Japan alone declining by 55 percent. This was particularly serious

since over half the investment in the province in recent years had come from Japan, South Korea and Thailand.⁷⁴

And although Liaoning leaders chose to interpret the Party's 15th Congress primarily as a call to readjust the ownership structure in the state sector, and to intensify state enterprise reform,⁷⁵ the meeting's credo of emphasizing efficiency and competition definitely had an impact as well. For instance, even as a senior engineer at the provincial Machinery Bureau bragged that no other Chinese city's products could possibly compete with Liaoning's, he (almost mindlessly, it seemed) professed that, "We have to increase our competitiveness; to increase our efficiency, we must cut off some workers..⁷⁶

Resulting from a combination of these domestic and international factors, the numbers of laid-off staff and workers across the Northeast were notoriously higher than in most of the rest of the country. Already in mid-1996, when the problem was only just beginning to be noticed in Guangzhou, the city of Shenyang announced publicly that over 300,000 people had been *xiagang*'d, of a total of 2.3 million.⁷⁷ By the end of that year, when the average rate of registered "unemployed" (those whose firms had been merged, bankrupt, or otherwise shut down, so that the workers no longer had any tie with their previous enterprises) plus "laid-off" personnel was 10.3 percent nationally, in Liaoning it was 16.7 percent.⁷⁸

By early 1998, the officially admitted figure had shot up to 378,000, of whom 249,000 remained without any placement; even of those who had been settled, about 30 percent were engaged in only temporary or seasonal work, and so would soon need a new

“arrangement.”⁷⁹ During the summer, informants put the likely figure of layoffs at at least 400,000, with one even estimating that some 40 percent of Shenyang’s staff and workers were either laid off or unemployed.⁸⁰

Of the three cities, Shenyang’s reemployment policy was the most Keynesian, on balance relying more on state initiatives than on leaving people to the market. Liaoning instituted its Reemployment Project in 1994, initially placing the focus on readjusting the province’s industrial structure and deepening enterprise reform. Under this program, Shenyang created 17 large enterprise groups in electronics, automobiles, and clothing, among other industries, a plan, it was claimed, that could solve the arrangement of surplus labor. So the Reemployment Project (hereafter REP) was to be an opportunity for the province and the city to take advantage of their comparative superiority in being the site of many very large plants.⁸¹ As in Robert Ash’s chapter on agriculture in this volume, in some places state channels still counted for a lot.

But in Shenyang the project had another dimension: this was to create a “new iron rice bowl” for the idle workforce of the city, as one booster article in the local press described the effort in the city’s hardest hit district, Tiexi.⁸² The mission of this program was to organize neighborhoods and enterprises; and to develop preferential policies for laid-off workers that would both encourage them to set up businesses and would spur firms to employ sizable numbers of them.⁸³ The city government invested RMB 6.5 million yuan in Tiexi district alone to create the most complete center in the province for the provision of work opportunities for the local *xiagang*’d.

By autumn 1996 Shenyang boasted 13 reemployment “bases” providing free training; by the start of 1998 the city government had set up over 250 basic-level job introduction stations and six specialized labor markets, and had allocated funds to open some 128 new commercial markets, to build new factory sites, and to offer training.⁸⁴ But despite a multitude of measures aimed at providing new opportunities for employment, Shenyang like the Northeast in general was plagued by two stubborn obstacles: a serious shortage of funds and a gross insufficiency of jobs. As one writer lamented,

The financial situation of the state-owned enterprises all over the Northeast is below the average level in the other regions. And because the financial situation is inferior, there are so many xiagang'd staff and workers; it is also the cause of the low level of compensation [that can be offered to those without jobs].⁸⁵

Seconding this statement, one article reported that in Shenyang those who had been let go were getting less than one third the relief they ought to have received, with “capital sources unstable, [appearing] irregularly and in small fragments.”⁸⁶ Training programs were affected by the shortfall too, as it was not possible to invest in skill development.⁸⁷ Consequently, whereas the rate of reemployment of the laid-off nationwide ranged between 40 and 50 percent, with the city of Shanghai actually able to reemploy as many as 70 percent-plus, in Liaoning, the rate did not even reach 40 percent.⁸⁸ Indeed, as against what Teh-chang Lin reports, many workers of the late 1990's had so far failed to develop any sort of dependable livelihoods independent of the state.

As for the city's effort to construct a labor market to absorb the jobless, problems abounded here as well. First of all, former state workers were reluctant to settle for jobs outside the state sector: in one survey, over half (53.5 percent) insisted on returning to a state-owned firm.⁸⁹ And with most district- and street-level firms not participating in pension pooling, and with no way to transfer one's pension relationship, workers were very leery of cutting themselves off from their original firms.⁹⁰ Even concerted exertions on the part of the city directly to construct a labor market beginning in October 1995 fell far short of the mark.⁹¹ The intention was to connect the city—along with its subordinate counties, districts, townships, and towns—with other Liaoning cities, so as to shift laborers needing work to spots where they could be employed.

Reportedly, all the way from the metropolitan level right down to the residents' committees, professional introduction networks, labor adjustment exchange meets, specialized talk hot lines, and newspapers were created to serve the laid-offs. But as of the end of 1997, information channels proved inadequate: only the labor department was able to install communication networks, while job placement organs run by the trade unions, women's federation and other social groups had not yet managed to do this.

For the most part, though a Northeast Labor Market was established in 1996 centered in Shenyang, labor exchange remained quite localized: though the city labor department claimed to have formed five information networks, interlinked via a microcomputer network, of these four were just within the city itself, the fifth being with eight nearby cities in the province. And as of early 1998, when the numbers of the laid-off approached at least

400,000, a mere 10,000 workers had been moved around among trades and firms;⁹² meanwhile, fewer than 5,000 workers had gone to other regions during all of 1997.⁹³

As in Guangzhou, by late summer 1998, the spontaneous labor market was dwindling as well. Here too there was a perception among residents that the numbers of outside peasants in town had decreased. In earlier years, when urban construction had flourished in Shenyang, there were enough rural laborers migrating into the city that as of early 1998 local economists maintained that their presence rendered the solution of urban unemployment more difficult.⁹⁴ Just what the actual numbers were is impossible to gauge, given the quite discrepant figures at my disposal: An account in an early 1998 study of reemployment cited about 300,000 peasants and persons from other cities entering Shenyang annually to work,⁹⁵ but a contemporaneous study of Liaoning claimed that by 1998 only 400,000 outsiders were arriving in all of Liaoning per year.⁹⁶ Perhaps as evidence that the situation had really changed over the course of the 1990's in response to stricter bars against outsiders, another source, depicting the situation three years earlier (as of 1995), claims that at that time as many as 900,000 rural surplus laborers were moving into the cities of the province every year.⁹⁷ An administrator from the provincial textile system remarked that,

We can't deal with the *xiagang* workers, [so] how could we hire peasants? Those who have finished their contracts have already left, and the enterprises suffering losses are reducing personnel, not adding anyone.⁹⁸

Another sign comes from an outdoor produce market, where *xiagang*'d ex-workers, now market salespeople, confirmed that in the past, before the city's industrial workers had been laid off in great numbers, the business there had been conducted mainly by peasants.⁹⁹

As early as 1995, the provincial government formulated a directive entitled "Methods to Strengthen the Management of Outside Labor," which requested various levels of government to restrain the speed and scale of the movement of rural surplus labor into the cities, to create more openings for unemployed and surplus native workers. And by 1997, managers in over 100 work categories in the machinery, chemical, electronics, and building materials trades were ordered to reduce their use of outside labor and to hire their own surplus workers first. Only if there were no way at all to meet their needs using locals could any unit recruit outsiders. Firms behaving otherwise were to be fined.¹⁰⁰ That regulations had stiffened with time and were at least somewhat effective was confirmed by one local scholar who noted that peasants were perceived as employment competitors with locals and so were being made to pay money and get certificates to enter town, whereas no such controls had existed previously.¹⁰¹

In sum, Shenyang's government began to focus its energies on the overwhelming issue of its laid-off workers as early as 1995. Because of its shortage of capital and its dearth of posts, there was more laying off in the first place and more difficulties addressing those dismissed than in most of the rest of the nation. Peasants were surely restricted to some degree here, but probably the work of officialdom was spent more on job creation than on

active expulsion of outsiders. In any event, the weakness of the local labor market was apparent and not readily rectified despite much official effort.

Wuhan

Wuhan's local economy combined elements of those of both Guangzhou and Shenyang. While its geographical situation—which has earned it the popular label of “the thoroughfare of nine provinces”—renders it a national-scale communications, trade, and transport center, at least as critical to the domestic economy in this regard as is Guangzhou, it is at the same time an old industrial base like Shenyang, similarly favored in the initial heavy industrial push of the 1950's and so cursed with outdated technology, obsolete facilities and equipment, and uncompetitive products.

This mix of features meant that Wuhan's commercial centrality had a pull on peasantry from its own region; it also enabled the city to offer possibilities for reabsorbing some of the city's mounting numbers of laid-off workers. But its historical legacy of large heavy industrial plant made for massive layoffs. Thus its *xiagang*'d workforce approached Shenyang's in size, but its magnetism for peasants resembled Guangzhou's.¹⁰²

Although the state sector was decidedly dominant (state and collective sectors combined accounted for 80.6 percent of employment in 1996)¹⁰³, the non-state sector was vibrant. Compared with Shenyang, where a labor bureau administrator described this sector's advance as slow, in Wuhan (whose population was just over 6.7 million in 1997--see

population table above), more than a million people were reportedly working in the sector in mid-1998.¹⁰⁴ And the tertiary sector accounted for 45 percent of GDP in 1997.¹⁰⁵

The Asian financial crisis was not a critical component of Wuhan's *xiagang* problem, but it did contribute to it. In the past, enterprises with good results could export, and Wuhan's products did find a market in Southeast Asia. But with the drop in receptivity there to Chinese imports, many goods which were once exported had to be sold domestically, where heightened competitiveness then increased the pressure on local employment.¹⁰⁶

Light industrial firms had been the chief exporters, so these were the ones most influenced by the Asian crisis, with most layoffs in these firms. Some products that had once been exported not only could no longer be exported but instead had to be imported because their Southeast Asian versions had become so low-priced. The crisis had also had an effect on steel exports, as Korean and Russian output had become so much cheaper.¹⁰⁷

The new stress on competitiveness in national policy in 1998 also found its echo in Wuhan, intensifying problems of unemployment.¹⁰⁸

By the end of 1996, Wuhan's laid-off workers were said to total 289,000 or 13.7 percent of the total of staff and workers in enterprises.¹⁰⁹ That year the registered unemployed and the laid-off together comprised 10.3 percent of staff and workers nationally, but 13.2 percent in Hubei province (as against 16.7 percent in Liaoning, as noted above).¹¹⁰ A year later the official figure had mounted to 300,000; but another estimate that year was 340,000, or 16.5 percent of 2.08 million staff and workers.¹¹¹

Reflective of its middling position between Guangzhou and Shenyang economically and geographically, Wuhan's approach to reemployment partook of both a Keynesian emphasis and a Thatcherist/marketist one. Many of the city's solutions remained within the state sector, with government departments being pressured to arrange the laid-off¹¹² and both government offices and enterprises being told to create more jobs for those without work.¹¹³ The city directly guided much of the process, as by arranging labor exchange meets and forming "reemployment bases"—such as evening markets that offered preferential policies just for the *xiagangd* (and not for peasants)—and mandating that firms and trades set up "reemployment service centers" to which their laid-off workers could be entrusted, where they were to be trained, and which were to find new jobs for them.¹¹⁴ The city also invested in infrastructure and the private sector, in the hope of maintaining 15 percent economic growth.¹¹⁵ The local leadership admitted in mid-May 1998 that the city would aim to solve its problems of employment "basically" within five years, as against the three years being urged at the central level.¹¹⁶

Like Shenyang, Wuhan got started with reemployment early, in the second half of 1994; in 1996, when Guangzhou was just getting underway, Wuhan's effort was picking up speed.¹¹⁷ The city put primary emphasis on placing workers in the tertiary sector, and in the district and street-level economies, both official and both of which were showing the most vitality and ability to absorb laid-off personnel.¹¹⁸ Wuhan also demonstrated a certain flexibility of approach, as in its tolerance of seemingly hundreds of pedicabs clogging the streets, a picture absent in the other four cities I had visited in 1998 (besides Guangzhou and Shenyang, I also was in Beijing).¹¹⁹ Moreover, in 1995 Wuhan eliminated the

management fee for the members of its private sector, something done in Shenyang only two years later.¹²⁰

The most outstanding obstacle to reemployment that the city faced, as in Shenyang,, was its woeful deficiency of funding for the program. In 1995 a special fund was created of just RMB 10 million, with another 10 million added in 1996 and 1997, so that by 1997 the city had 30 million in the till, at a time when Shanghai had over two hundred million just for its two service centers and 626 million in all.¹²¹ Nonetheless, its administrators took the project very seriously. For instance, in 1997 the party and government leaders of the city named this work the number one topic for research that year and issued over 10 separate policy documents concerning it.¹²²

The other crucial issue was the limitation on posts that could be provided.¹²³ These two core problems informed many of the other ones. For instance, since 70 percent of the laid-off came from firms with losses, funds for their sustenance while off the job and for their social insurance were hard to come by.¹²⁴ Plus, as one example, it was so difficult to get former workers who were temporarily based in the textile trade's reemployment service center hired that only 130 of the 400 placed (of the 10,000 laid-offs in the center) managed to hold onto a job for at least three months. Thus, in cities such as Shenyang and Wuhan, unlike what Teh-chang Lin reports in his chapter in this volume, many workers' exit from their original posts was not a matter of their own choosing.

And for those who did get positions, their new employers usually refused to sign a work contract or to turn in any pension fees; they were also grossly underpaid.¹²⁵ Some of those

reemployed rapidly turned into new unemployed.¹²⁶ And the publicity about the program was so poor that those in need of it were usually unable to obtain accurate and timely employment information. The absolute majority of the 300 who did find work in the summer 1997 survey took over two years to do so, while most did not understand anything about the city government's preferential policies that were supposedly aimed at themselves.¹²⁷ Of these, 26 percent were working in state firms, 21 percent in collectives, 14 percent in joint ventures, another 31 percent in private firms, and the last 7 percent in individual operations.

Were peasant migrants a source of these difficulties? Again Wuhan is middling in its hospitality to labor from elsewhere, as compared with Shenyang and Guangzhou. Table IVB. shows that in the period running up to 1996 Guangdong province was increasing its immigrants, as was Hubei, though those coming into Guangdong represented a far larger increase (+18.57 percent into Guangdong as against +.41 percent for Hubei). Wuhan had from the start of the reform period extended a special welcome to outsiders, under the auspices of a slogan coined by Wuhan University Prof. Li Chonghuai, which made Wuhan famous as the home of the "two *tong's*" (*jiaotong* and *liutong* [?? and ??], or communications and circulation), and because of then-Mayor Wu Guanzheng's effort to make Wuhan into a regional central city.

And again there are signs of flexibility. For instance, in the hotel in which I stayed in Beijing, a maid told me that there had been people working in that hotel from other provinces more than two years before, but not at the time I was there, because of "regulations" (*guiding*).¹²⁸ But at my hotel in Wuhan the staff were Wuhan *xiagang*, Hubei

peasants, and also people from other provinces, all mixed in together.¹²⁹ And among pedicab drivers, despite the occupation's capacity to absorb and thus mollify displaced workers, it was not reserved for locals: operators included peasants and other outside workers.¹³⁰ Perhaps these signs reflect the attitude of city leaders: unlike what one hears about other cities, according to one informant, "The enterprises and the city government don't want to limit incoming peasant workers."¹³¹

The outside rural labor entering Wuhan was mostly from nearby counties and provinces: altogether 81 percent of the total was from Hubei province alone (Guangzhou, by contrast, attracted just 50 percent of its outsiders from its province and a full 30 percent from elsewhere).¹³² But rather than organizing an inter-regional macrocontrol program such as the one attempted in Guangdong, the city allowed rural workers to come in spontaneously. Densely-populated countryside around the city (provincial average arable in Hubei was 1.6 where it was 2.96 in Liaoning in the late 1990's, as shown in Table VIB.), plus Wuhan's geographical position—which meant that the city naturally attracted people in transit—combined to raise the numbers of outsiders.¹³³

Estimates vary, but most placed the figure of peasants working in the city in the mid to late 1990's at about 700,000.¹³⁴ They were clearly numerous in particular occupations. Unlike in Shenyang, everyone interviewed in Wuhan on this topic agreed that peasants remained at work in the textile trade there despite efforts to reemploy the natives.¹³⁵ The city's labor officials reported that an enterprise needed to invest RMB 30,000 to hire one urban

worker, but just 10,000 for a peasant one. The result of this was that, “Though the city controls peasant workers, their seizure of employment posts is still serious.”¹³⁶

As in other places, but as distinct from Guangzhou which only did this in 1998, the city government began as early as July 1995 to issue rulings dividing job categories into those that could and could not hire peasant workers. But given the laxity in the city leaders’ stance and the difficulties of supervising every firm, these rulings did not stick.¹³⁷ Many outsiders entered the city without going through any procedures, and went on to do business without reporting their presence.¹³⁸

Perhaps one obstacle to tightening up control was that as of mid-1998 the city still had not been able to levy an “adjustment fee” (*tiaojiefei* [? ? ?]) on firms that employed outsiders. The reason for this was that Hubei’s leaders, concerned about the whole province where rural labor was in surplus, hoped to have these workers absorbed in Wuhan, and so refused to authorize the fee.¹³⁹ Moreover, at the end of May 1998, in a local menu of five suggested solutions to unemployment, the problem of outside labor was not even mentioned at all.¹⁴⁰ Relatedly, most informants believed that Wuhan’s recent economic development had opened up new jobs over time, so that overall there were not fewer peasants than in the past.¹⁴¹

Surprisingly in light of Wuhan’s geographical and commercial centrality, even its own publicists lamented its inability to realize the formation of a labor market, even within the confines of the city itself, much less beyond it. There were plans to make Wuhan into the

core of a regional labor market, ideally forged out of professional introduction organs and an active information network, but they were running into snags as of 1998.¹⁴²

Though there were arrangements underfoot for a nationwide labor market based on seven regional centers, Wuhan had not yet even begun to establish its own portion as of September 1998.¹⁴³ One sticking point appeared to be conflicts among the cities involved. For instance, a Yangtze liaison committee (*lianxihui* [?? ?]) preparing to serve the mid- and lower Yangtze and proposed by the Ministry of Labor to run from Wuhan to Shanghai, got stuck, its members grappling with pleas from Chongqing to join.¹⁴⁴ Possibly the problem was that the huge numbers of surplus rural laborers from the Chongqing area were perceived to threaten to overwhelm the trade in workers between Wuhan and Shanghai.

In lieu of joining or facilitating the formation of a larger network, Wuhan concentrated its efforts on developing a computer network for jobs just within the city, and establishing one large building where the jobless could come to try to locate positions.¹⁴⁵ The other main thrust of the city's efforts was to decree that each of the city's seven districts install a localized labor market of its own, each of which was to share job information with the city's central labor market computer network and organize reemployment meets.¹⁴⁶ But even these smaller scale projects fell short. In April 1998 the press held the city's labor market development to be "seriously behind, far from satisfying employment needs." This judgment rested chiefly on the sorry fact that the urban-level market had not yet connected

up even with the city's own districts and the neighborhoods within them, much less with various places within the central China region.¹⁴⁷

One of the main difficulties continuing to obstruct the flow of labor were ongoing blockages between ownership systems¹⁴⁸; another was inadequate publicity. A telling illustration of the latter problem was my attempt in September 1998 to find the building administering the Jiangan district labor market, which had opened in June 1998, by then a full three months earlier. As my taxi drove up and down the street where it was situated, no pedestrian knew of the place.¹⁴⁹ Other obstacles included the gross mismatch between the types of employees in urgent need in many reform-era firms—highly skilled salespeople—and the mass of ordinary, ill-trained laborers left over from the planned economy.¹⁵⁰

All told, Wuhan was striving to use its traditional strength in the state sector to settle its laid-off workers, at the same time that its location and its markets provided possibilities for tertiary and private sectoral placements. But in early autumn 1998 there was not much sign of local labor market formation to absorb its numerous unemployed.

CONCLUSION

This paper has revealed the complexity of China's openness, especially as it relates to the shifting implications for both employment and labor market formation. The year 1997 uncovered a new sort of underside to domestic marketization and entry into the global marketplace, as a financial crisis that began among China's immediate neighbors intensified pressures of competitiveness that the central political leadership had been

stirring up already. Since these pressures came to the fore with great force and immediacy in late 1997 and throughout 1998, localities were compelled simultaneously to handle problems of enterprise reform—which meant rising lay-offs and unemployment, plus calls for cheaper labor—and also of finding work for the displaced.

Thus, economic openness can create a labor market, but it also creates unemployment under certain economic conditions. Besides, even under favorable circumstances, a policy of openness cannot quickly forge a labor market upon the ruins of a planned economy. I drew upon data from three cities, Guangzhou, Shenyang, and Wuhan, which differ in location, industrial health, extent of domestic marketization, and involvement with the world economy, to illustrate how the relationship between openness and the formation of a labor market can take varying forms, depending on the economic environment. As Jae Ho Chung's chapter in this volume shows, these differences have been greatly amplified with the increasing discretion for local governments in the reform era.

To some local leaders it has appeared as if generating the growth requisite to meeting the need for jobs—and necessary for besting international competition—depended upon cheap labor; this meant hiring workers from the countryside without benefits or security for over a decade and a half within China. But other leaders elsewhere focused rather more on protecting their own local workers, especially in the late 1990's, which made for more closed doors among cities than it did for greater domestic openness. Even in the most marketized city in this study, Guangzhou, new pressures meant some reduction in openness in the labor market; in Shenyang, which was less tied into the markets to begin

with, it appears that the reduction was greater. Wuhan, which shares some traits with each city, seems to have been in-between in this regard.

In the process, cities also chose to interpret the state's Reemployment Project in variable ways, emphasizing either a more Keynesian approach, in which government assistance almost substituted for the market in creating jobs; or a more Thatcherite one, which stressed forcing people onto the market, and, for China, thereby assisting in the creation of a labor market de novo with the termination of the planned economy. The cities also differed both among themselves and over time in the extent to which they viewed the peasant laborer as a stimulus to the economy or as a competitor for their own people's posts. And each had somewhat different roots for its unemployment and differing attractions and degrees of attraction for migrant workers.

In sum, the failure to install a truly free national labor market at least as late as 1998, despite widely touted "market reform" was in large part the result of an effort to meet contradictory economic imperatives. For given simultaneous pressures both to be competitive and yet to provide employment for locals, each city's economy and its labor market remained rather separate, more or less protected, and run according to different rules. Indeed, after mid-1997 the Chinese state's program of marketization and opening crafted a political economy that embodied opposed objectives. Whether one objective will triumph over the other in the medium term, or whether an uneasy amalgam of the two will linger on, may turn out to be settled locally rather than nationally.

TABLE I. HEALTH OF THE LOCAL ECONOMY

A. District Gross Domestic Product, 1996 unit=RMB 10,000

Guangzhou 14 449 358

Shenyang 7 718 047

Wuhan 7 821 325

Source: Zhongguo tongjiju chengshi shehui jingji diaocha zongdui bian [Chinese Statistical Urban Social and Economic Research General Team, ed.], Zhongguo chengshi jingji nian jian 1997 [1997 Chinese Urban Statistical Yearbook] (Beijing: Zhongguo tongji chubanshe, 1998) (hereafter Urban Yearbook), 164, 153, 163.

B. District GVIO (current prices),1996 (unit=RMB 10,000)

Guangzhou 20 685 796

Shenyang 10 212 166

Wuhan 10 126 592

Source: Urban Yearbook, 244, 233, 243.

C. Profits and taxes (lishui) of all indep. acctg. ind. ents.

(city distr.), 1996 (RMB 10,000)

Guangzhou 14 360 389

Shenyang 5 742 538

Wuhan 6 246 777

Source: Urban Yearbook, 264, 253, 263.

D. District Fixed investment total assets, 1996 (RMB 10,000)

Guangzhou 3 392 397

Shenyang 1 220 038

Wuhan 2 897 650

Source: Urban Yearbook, 364, 353, 363.

E. District Local Financial In-Budget Income, 1996 (RMB 10,000)

Guangzhou 725 203

Shenyang 376 228

Wuhan 343 259

Source: Urban Yearbook, 464, 453, 463.

F. Average Annual Growth Indices, Gross Domestic Product, 1991-96

Guangzhou 118.97

Shengzyang 111.60

Wuhan ---

Sources: Guangzhou shi tongji ju bian [Guangzhou City Statistical Bureau, ed.],
Guangzhou tongji nianjian 1996 [Guangzhou statistical yearbook 1996] (Beijing: Zhongguo
tongji chubanshe, 1997), 15 and n.a., Guangzhou nianjian 1997 [Guangzhou yearbook
1997] (Guangzhou: Guangzhou nianjian chuban she, 1997), 448 (hereafter Guangzhou
1996, 1997 yearbook); Shenyang nianjian 1997 [Shenyang 1997 yearbook] (Beijing:
Zhongguo tongji chubanshe, 1997) (hereafter Shenyang 1997 yearbook), 551.

TABLE II. DOMESTIC MARKETS

A. Proportion of City District Population Employed in Tertiary Sector (%), 1996

Guangzhou	53.8
Shenyang	42.1
Wuhan	44.1

Source: Urban Yearbook, 144, 133, 143.

B. City District Tertiary Sector as Percentage of GDP, 1996

Guangzhou 53.6

Shenyang 52.7

Wuhan 46.9

Source: Urban Yearbook, 184, 173, 183.

C. District Social Commodities Retail Sales, 1996 (RMB 10,000)

Guangzhou 6 864 426

Shenyang 3 655 427

Wuhan 3 800 808

Source: Urban Yearbook, 424, 413, 423.

D. Numbers Employed in Private Enterprises; Numbers Self-Employed

in Urban Areas, Province, End 1997 (10,000 firms, individuals)

<u>Province</u>	<u>Numbers in Private Enterprises</u>		<u>Numbers Self-Employed</u>	
	Firms	People	Firms	People
Liaoning	4.0	54.8	63.8	100.4
Hubei	2.4	33.5	68.2	141.8
Guangdong	8.9	105.8	71.7	138.0

Source: Zhongguo tongji ju bian [Chinese Statistical Bureau, ed], Zhongguo tongji nian jian 1998 [Chinese statistical yearbook 1998] (Beijing: Zhongguo tongji chubanshe, 1998), 153, 154.

TABLE III. INTERNATIONAL INVOLVEMENT

A. Actually Utilized Foreign Direct Investment, 1996 (U.S. \$10,000)

Guangzhou 260,002

Shenyang 78 783

Wuhan 50 100

Source: Urban Yearbook, 431ff.

B. Total imports and exports, 1996, unit=U.S. \$10,000

Guangzhou 65.14

Shenyang 9.33

Wuhan 8.04

Source: Wuhan nianjian bianzuan weiyuanhui zhubian [Wuhan yearbook compilation committee, ed.], Wuhan nianjian 1997 [Wuhan 1997 statistical yearbook] (Wuhan: Wuhan nianjian she, 1997), 359-61.

C. Average Annual Growth Indices, Actually Utilized Foreign Capital, 1991-95

Guangzhou 153.2

Shenyang 136.8

Wuhan ---

Sources: Guangzhou 1996 yearbook, 21; Shenyang 1997 yearbook, 550.

TABLE IV. UNEMPLOYMENT

A. Numbers of Registered Unemployed at Year End, 1996

Guangzhou 48,237

Shenyang 72,000

Wuhan 56,955

Source: Guojia tongjiju renkou yu jiuye tongjisi, Laodongbu zongje jihua yu gongzesi, bian [State Statistical Bureau, Population and Employment Statistics Department, Department of Overall Planning and Wages, Ministry of Labour, ed.], Zhongguo laodong tongji nianjian 1997 [China Labour Statistical Yearbook] (Beijing: Zhongguo tongji chubanshe, 1997) (hereafter Labor Yearbook), 100, 105, 106.

B. Numbers of Laid-Off State-Owned Firm Workers

as Percentage of Total SOE Workers, by Province, 1996 (10,000 people)

Province	SOE Total Workers	Laid-Off (LO) SOE Workers	LO's as % of Total
Liaoning	668.4	63.88	9.50
Hubei	566.1	37.92	6.69
Guangdong	551.8	25.53	4.60

Source: Labor Yearbook, 227, 213.

TABLE V. MIGRANTS

<u>A. Rural Labor Employed Outside</u>	<u>Of Which, Employed in Other</u>
<u>Their Homes, 1995</u>	<u>Counties in Own Province</u>
Guangdong 1,572,800	1,493,300
Liaoning 300,460	250,500
Hubei 1,700,000	600,000

B. Employment of Rural Labor From Other Localities

<u>City</u>	<u>End of 1995</u>	<u>End of 1996</u>	<u>1996 as % of 1995</u>
Guangdong	3,940,300	4,672,100	+18.57

Liaoning	464,600	308,200	-33.66
Hubei	850,000	853,500	+00.41

Source: Labor yearbook, 126, 127.

TABLE VI. PER CAPITA ARABLE ACREAGE

A. Average Arable Per Capita Acreage (district),

urban areas, 1996 (mou)

National 1.10

Shenyang 1.27

Wuhan .47

Guangzhou .29

Source: Urban yearbook, 91ff.

B. Average Arable Per Capita Acreage, Provincial, 1996 (mou)

National	2.30
Liaoning	2.96
Hubei	1.60
Guangdong	.88

Source: Guojia tongjiju bian [State Statistical Bureau, ed.], Zhongguo tongji nianjian 1997 [1997 Chinese statistical yearbook] (Beijing: Zhongguo tongji chubanshe, 1997), 379.

NOTES

¹ Shi Yongfeng and Xiao Binchen, "Chinese Workers Faced with the Perplexity of Unemployment," *Liaowang Overseas*, 5 September 1988, pp. 5, 6, in U.S. Foreign Broadcast Information Service (FBIS), 14 September 1988, 36-37; Andrew G. Walder, "Workers, Managers and the State: The Reform Era and the Political Crisis of 1989," *The China Quarterly* (CQ), 1991, no. 127, p. 477.

² Andrew Watson, "Enterprise Reform and Employment Change in Shaanxi Province," (paper presented at the annual meeting of the Association for Asian Studies, Washington, D.C., March 28, 1998), 15-16; and Antoine Kernen, "Surviving Reform in Shenyang—New Poverty in Pioneer City," *China Rights Forum*, 1997, Summer, p. 9.

³ Dorothy J. Solinger *Contesting Citizenship in Urban China: Peasant Migrants, the State and the Logic of the Market*, Berkeley, University of California Press, 1999, Chaps. 1, 6.

⁴ At a January 1997 State Council National Work Conference on State Enterprise Staff and Workers' Reemployment—months before the crisis broke—attendees were told that solving their firms' difficulties depended upon enterprise reform, system transformation, cutting staff, normalizing bankruptcies, and encouraging mergers. This is noted in Yang Yiyong et al., *Shiye chongji bo* [The shock wave of unemployment], Beijing: Jinri zhongguo chubanshe, n.d. (probably 1997), p. 220.

⁵ *China Daily Business Weekly (CDBW)*, 23 August 1998, p. 2.

⁶ Interview at the Ministry's Employment Section, September 1, 1998.

⁷ According to Jim Mann, writing in the *Los Angeles Times*, 17 February 1999, p. A5, citing the Chinese paper, the *Economic Times*, a conservative estimate puts the figure at 9.3 percent in the cities as of early 1999. Kathy Wilhelm states there are more than 17 million laid off, or more than one in five workers, in "Out of Business," *Far Eastern Economic Review*, 18 February 1999, p. 12.

⁸ *Xinhua* (hereafter XH) 14 January 1999, in *Summary of World Broadcasts* (hereafter SWB), FE/3436, January 19, 1999, p. G/4.

⁹ On Wuhan's fate in the first decade and a half of reform, see Dorothy J. Solinger, "Despite Decentralization," CQ, 1996, no. 145, pp. 1-34.

¹⁰ "Laid-off" or *xiagang* workers are those who have left their production and work post and are not doing any other work in their own unit owing to the enterprise's production and work situation, but who retain their labor relationship with the unit. See No author, "Woguo di shiye ren yuan he xiagang zhigong tongji diaocha," [A statistical investigation of our country's unemployed personnel and layoffs] *Zhongguo laodong* [Chinese labor] (ZGLD), 1998, No. 5, pp. 15-16.

¹¹ See Dorothy J. Solinger, "The Potential for Urban Unrest," in David Shambaugh, ed., *Is China Unstable?* (Armonk, NY: M.E. Sharpe, 2000), pp. 79-94.

¹² *Guangming ribao* [Bright Daily] (GMRB), 23 June 1998, p. 4.

¹³ Yan Youguo, "Wanshan laodongli shichang shixian" [Realize the perfection of the labor market] ZGLD, 1998, no. 1, p. 17.

¹⁴ Ru Xin, Lu Xueyi, and Dan Tianlun, eds., 1998 nian: zhongguo shehui xingshi fenxi_yu yuce [1998: Analysis and prediction of China's social situation], Beijing, Shehui kexue wenxian chubanshe, 1998, p. 86.

¹⁵ Author's interview with Prof. Yao Yuchun, People's University sociologist, September 1, 1998.

¹⁶ Beijing daxue zhongguo jingji yanjiu zhongxin chengshi laodongli shichang ketizu [Beijing University Chinese Economy Research Center Urban Labor Market Task Group] (hereafter Beijing University), "Shanghai: Chengshi zhigong yu nongcun mingong di fenceng yu ronghe" [Shanghai: Urban staff and workers and rural labor's strata and fusion], *Gaige* [Reform], 1998, no. 4, p. 109.

¹⁷ Kong Pingsheng, "Jiejue jiuye xu xingcheng heli" [To solve employment we must pool efforts] *Laodong neican* [Labor internal reference] (LDNC), 1998, no. 3, p. 42.

¹⁸ Wang Baoyu, "Zai jiuye gongcheng renzhong dao yun" [Reemployment Project: the burden is heavy and the road is long]. (Unpublished manuscript prepared for the Wuhan City People's Congress, Wuhan, 1997).

¹⁹ Liu Zhonghua, "Guanyu zaijiuye gongcheng yu laodongli shichang jianshe di sikao" [Thoughts on the Reemployment Project and labor market construction] LDNC, 1998, no. 2, p. 42.

²⁰ No author, "Yi bashou gongcheng zai Liaoning" [Number one project in Liaoning], *Zhongguo jiuye* [Chinese employment], 1998, no. 3, p. 13.

²¹ Li Zhonglu, "Zai jiuye gongcheng di diaocha yu jishi" [An investigation and on the spot report of the Reemployment Project], *Gongyun cankao ziliao* [Workers' movement reference materials] (GYCKZL) 1997, no. 11, p. 17.

²² *GMRB* (probably), 21 December 21, and Wuhan planning commission interview, 9 September 1998.

²³ "District" is my definition for the Chinese term "*diqu*"; I translate "*shiqu*" as "city district."

²⁴ *Guangzhou shi jihua weihiyuanhui* [Guangzhou City planning committee] (hereafter, *Guangzhou shi*), ed., *Jingji shehui bai pishu* [Economic-social white paper], Donghuang, Guangdong jingji chubanshe, 1998, pp. 79-81, and p. 156 for Guangzhou; and, for Guangdong, Zheng Zizhen, "Dui Guangdong sheng renkou qianyi liuru wenti di zhanlue sikao" [Strategic considerations about the issue of Guangdong's population migration and inflow], *Zhongguo renkou kexue* [Chinese Population Science], 1997, no. 3, p. 43; and Li Zhao and Li Hong, eds., *Guangdong jingji lanpishu: jingji xingshi yu yuce* [An Analysis and Forecast of the Guangdong Economy], Chaoqing, Guangdong renmin chubanshe, 1998, pp. 237, 242.

²⁵ Author's interview with Professor Huang Ping, (the CASS Institute of Sociology), September 3, 1998.

²⁶ Li Zhao and Li Hong, *Guangdong jingji*, p. 237; and *Yangcheng wanbao* [Sheep City evening news] (YCWB), 26 November 1997.

²⁷ Li Zhao and Li Hong, *Guangdong jingji*, p. 236.

²⁸ YCWB, 3 January 1998.

²⁹ Guangzhou shi, *Jingji shehui*, pp. 132, 159.

³⁰ Guangzhou shi, *Jingji shehui*, p. 185. The tariff reduction of October 1997 on nearly 5,000 products was expected to intensify domestic market competition (pp. 126 and 159).

³¹ *China Daily*, 24 August 1998, p. 5.

³² Guangzhou shi, *Jingji shehui*, p. 125.

³³ Guangzhou shi, *Jingji shehui*, p. 234.

³⁴ *Shijie ribao* [World daily], 25 April 1998, p. A9. According to *Ming Pao* [Bright daily] (*MP*), 13 January 1998, the city's mayor claimed that only about 40,000 were *xiagang*'d but that more than an additional 60,000 were officially unemployed as of the end of 1997. However, XH, October 26, 1998, in SWB FE/3369, 28 October 1998, p. G/5, cited, quite discrepantly, that 55,600 workers who had been laid off by state firms had found new jobs in 1997(!).

³⁵ Li Zhao and Li Hong, *Guangdong jingji*, p. 241.

³⁶ *MP*, 12 February 1998.

³⁷ Article from July or August 1998 in *Guangzhou ribao* [Guangzhou daily] (hereafter GZRB). Unfortunately there is no citation because I received this article from a Beijing University student who did not note the article's date. But photos of the summer floods on the same page as the cut-out article place it in either July or August.

³⁸ Li Zhao and Li Hong, *Guangdong jingji*, p. 236-37.

³⁹ *Caijing zhoukan* [Asian-Pacific Economic Times] (the paper has these two names on its masthead) (CJZK), 2 April 1998, p. 1.

⁴⁰ CJZK, 2 April 1998, p. 1, and GZRB, July or August 1998.

⁴¹ MP, 17 May 1998 and *Jingji ribao* [Economic daily] (JJB), 24 March 1998.

⁴² CJZK, 2 April 1998, p. 1.

⁴³ *JJB*, 24 March 1998.

⁴⁴ *YCWB*, 26 February 1998.

⁴⁵ *GZRB*, July or August 1998.

⁴⁶ *SWB* FE/3369, G/5.

⁴⁷ For Guangdong, MP, 17 May 1998; for the other two cities, see below.

⁴⁸ *YCWB*, 26 November 1997 and 3 January 1998.

⁴⁹ MP, 13 January 1998.

⁵⁰ Author's interview, August 11, 1998.

⁵¹ Author's interview, August 28, 1998.

⁵² Li Zhao and Li Hong, *Guangdong jingji*, p. 243. The program, or "agreement plan" [xieyi jihua, 协议计划], that the nine provinces devised involved setting up labor coordination centers in each province responsible for channeling and modulating the outflow of workers (interview, Zhongshan University, May 12, 1992); see also XH, 17 December 1991, in FBIS, 24 December 1991, p. 38; and Liaowang (Overseas Edition) 12 1992, no. 12, pp. 5-6, in FBIS, 7 April 1992, p. 30. By the spring of 1995, a Center for Information Exchange on the Labor Needs of South China, created to provide estimates of demand and to integrate information on regional supply and demand conditions, was at work, with the support of ministries and commissions under the State Council, as well as with the cooperation of the provinces involved in the network (JJRB, 20 December 1994, p. 1, in FBIS, 16 March 1995, p. 34..

⁵³ Document observed on the street, August 7, 1998.

⁵⁴ No author, "Guangdong sheng zhigong duiwu di zhuangkuang ji zhuyao tezheng" [The situation and important special characteristics of Guangdong's staff and worker ranks]. No documentation. This article was given to me by a Beijing University student who acquired it from "a friend."

⁵⁵ MP, 17 May 1998.

⁵⁶ Author's nterview, Shenyang City Industrial and Commercial Bureau, August 19, 1998.

⁵⁷ Author's interview, Planning Commission of Liaoning province, August 14, 1998. See note 24 on Guangzhou.

⁵⁸ Planning Commission interview.

⁵⁹ *Singdao Daily*, 20 July 1995; interviews with officials from the Liaoning Planning Commission, at the Liaoning Academy of Social Sciences (LASS), and with Prof. Yao Yuchun, People's University.

⁶⁰ Interview at LASS, August 18, 1998.

⁶¹ Author's nterview with Jin Weigang, Division of Strategy in Ministry of Labor and Social Security's Institute for Labor Studies, August 27, 1998.

⁶² Xu Jinshun, Gao Xiaofeng, Zhang Zhuomin, *1997-1998 nian Liaoning sheng jingji_shehui xingshi fenxi yu yuce* [1997-1998 Liaoning province economic social situation analysis and prediction], Shenyang, Liaoning renmin chubanshe, 1998, p. 28.

⁶³ Xu, Gao, and Zhang, *1997-1998 nian*, p. 142.

⁶⁴ Li Zhao and Li Hong, *Guangdong jingji*, p.404.

⁶⁵ Planning Commission interview.

⁶⁶ Author's interview, Shenyang Labor Bureau, August 18, 1998.

⁶⁷ Planning Commission interview.

⁶⁸ Author's interview with provincial Textile Industrial Council, August 17, 1998.

⁶⁹ Author's interview, LASS, and Xu, Gao, and Zhang, *1997-1998 nian*, pp. 143, 274-76 and 280-81.

⁷⁰ LASS interview.

⁷¹ Xu, Gao, and Zhang, *1997-1998 nian*, p. 276 and author's interview with an official from the Shenyang Labor Market Management Committee's Office and the city's Employment Work Leadership Small Group Office, August 18, 1998.

⁷² Author's interview, provincial Machinery Bureau, August 19, 1998.

⁷³ Author's interview, City Labor Bureau, August 18, 1998.

⁷⁴ *CDBW*, 23 August 1998, 7.

⁷⁵ Xu, Gao, and Zhang, *1997-1998 nian*, p. 274.

⁷⁶ Author's interview, August 19, 1998.

⁷⁷ *Liaoning ribao* [Liaoning daily] (LNRB), 17 October 1996. LNRB, September 1996, p. 4 gives the number of staff and workers as of early September; if the laid-off people were being counted

as members of the staff and workers this would mean that 13.04 percent of the total had already been laid off.

⁷⁸ No author, "Woguo dengji shiyelu gediqu bupingheng" [The imbalance among various districts in our country's registered unemployment rate] *ZGLD*, 1998, no. 1, p. 44.

⁷⁹ Wang Chengying, ed., *Zhongguo zaijiuye* [Reemployment in China], Chengdu, Sichuan daxue chubanshe, 1998, p. 201.

⁸⁰ Interviews with the city Industrial and Commercial Administration, August 19, 1998 and with Zhou Qiren of Beijing University's Chinese Economy Research Center on September 1, 1998.

⁸¹ No author, "Yi bashou," pp. 13-14.

⁸² *LNRB*, 1 June 1995.

⁸³ The preferential policies were essentially the same as those offered in Guangzhou or in any other city to deal with the local laid-off, including free business licenses for the first year, no management fees, sites for carrying out their new businesses, tax exemption for the first year, reduction in commercial and other types of management fees for the first year. Firms where over 60 percent of the workers had been previously unemployed or laid off could escape income tax for three years. But the government of Shenyang seemed more energetic in pursuing these policies than Guangzhou's did.

⁸⁴ For instance, Wang Chengying, *Zhongguo zaijiuye*, pp. 201-04; No author, "Shishi 'zaijiuye gongcheng' jingyen jieshao" [Enforce the introduction of experience on the reemployment project],

GYCKZL, 1996, no. 1, pp. 12-15; *LNRB*, 5 September 1996; interviews with city's labor official, August 18, 1998 and with officials at the city's Industrial and Commercial Administration, August 19, 1998. See also *Shenyang renmin zhengfu* [Shenyang People's Government], "Pizhuan shi laodongju guanyu shishi zaijiuye gongcheng anshan fenliu anzhi qiye fuyu zhigong yijian di tongzhi" [Circular transmitting the city labor bureau's opinion on implementing the reemployment project, properly diverting and arranging enterprise surplus staff and workers], Shenyang, 1996, p. 31. This document was obtained for me by a student at Beijing University and there is no further documentation.

⁸⁵ Niu Renliang, "Xiagang zhigong chulu sikao" [Thoughts on the way out for the laid-off staff and workers] *Lingdao canyue* [Leadership consultations] 1998, no. 1, p. 10. Similarly, Xu, Gao, and Zhang, *1997-1998 nian*, p. 283; and No author, "Yi baoshou," p. 14.

⁸⁶ Huang Jian, "Yanjun di wenti yu changqi di tiaozhan" [Severe problem and longterm challenge] *NBCY*, 1998, no. 400, pp. 7, 8. According to Xu, Gao, and Zhang, *1997-1998 nian*, pp. 278, once Mu Shi became Mayor, he allocated RMB100 million for the REP; the context, plus Wang Chengying, *Zhongguo zaijiuye*, p. 203, which was published in early 1998 and which also speaks of an allotment of 100 million "this year" reinforces my guess that this was the amount for 1997. But No author, "Yi bashou," states that the original REP fund was 100 million and that in 1997 there had been an increase of RMB20 million for training.

⁸⁷ Xu, Gao, and Zhang, *1997-1998 nian*, pp. 282-83.

⁸⁸ Niu Renliang, "Xiagang zhigong," p. 9.

⁸⁹ Wang Chengying, *Zhongguo zhigong*, p. 204.

⁹⁰ Li Zhonglu, , "Zai jiuye gongcheng," p. 18.

⁹¹ The following draws on Li Zhonglu, "Zai jiuye gongcheng," p. 18; *LNRB*, 5 September 1996; No author, "Yi bashou," 15; and author's interview with official from the city labor bureaucracy, August 18, 1998.

⁹² Wang Chengying, *Zhongguo zaijiuye*, p. 203.

⁹³ Xu, Gao, and Zhang, *1997-1998 nian*, p. 282. No author, "Yi bashou," p. 15, which saw publication at just the same time, claims that the province had organized nearly 20,000 unemployed and *xiagang*'d to go to other provinces and other countries to work. Even so, this is still not very many, given that just one city in the province contained 20 times that many in the category of *xiagang*, not to mention those fully "unemployed."

⁹⁴ Xu, Gao, and Zhang, *1997-1998 nian*, p. 305.

⁹⁵ Wang Chengying, *Zhongguo zaijiuye*, p. 203.

⁹⁶ Xu, Gao, and Zhang, *1997-1998 nian*, p. 277.

⁹⁷ No author, "Shishi," p. 13.

⁹⁸ Author's interview, August 17, 1998.

⁹⁹ Author's talks with marketers, August 20, 1998.

¹⁰⁰ Li Zhonglu, "Zai jiuye gongcheng," p. 19; Xu, Gao, and Zhang, *1997-1998 nian*, p. 277; Wang Chengying, *Zhongguo zaijiuye*, p. 203; and interview with labor bureau official, August 18, 1998.

¹⁰¹ LASS interview.

¹⁰² Interviews with Huang Ping, the Wuhan Labor Employment Management Bureau of the city's labor bureaucracy, September 7, 1998 (labor interview), and Wang Baoyu, former head of the Wuhan Social Science Academy and former vice-chair of the city people's congress's finance and economics committee, September 9, 1998.

¹⁰³ Author's interview, Wuhan Planning Commission, tertiary sector planning coordination office, September 9, 1998.

¹⁰⁴ Wuhan labor interview.

¹⁰⁵ Interviews, labor bureau and planning commission.

¹⁰⁶ Labor interview.

¹⁰⁷ Author's interview, Wuhan Economic Commission, September 8, 1998.

¹⁰⁸ *Changjiang ribao* [Yangtze daily] (*CJRB*), 9 April 1998, p. 1; Si Yuan and Zeng Xiangmin, "Wuhan 1998 hongguan zhengce shou xuan mubiao—zaijiuye" [Reemployment—Wuhan's 1998 macro policy's first objective] *Wuhan jingji yanjiu* [Wuhan economic research] 1998, no. 3, p. 56.

¹⁰⁹ Jiangnan daxue ketizu [Jiangnan University Project Group], "Wuhan shi shishi zaijiuye gongcheng duice yanjiu" [Policy research on Wuhan City's implementation of the reemployment project], Wuhan, 1998, p. 2.

¹¹⁰ No author, "Woguo dengji shiyelu," p. 44.

¹¹¹ The first report was from, I believe, *GMRB*, 21 December 1997 (the article was clipped for me without the source having been noted); the second from Jiangnan daxue ketizu, *Wuhan shi*, p. 2.

¹¹² Author's interview with planning commission officials.

¹¹³ Instructions from the Mayor, in *CJRB*, 9 April 9, 1998, p. 1.

¹¹⁴ Labor interview.

¹¹⁵ *CJRB*, 9 April 1998, p. 1 and 30 May 30, 1998; and No author, "Wuhan shi zhuazhu sanxiang gongzuo da da zaijiuye gong jianzhan" [Wuhan city grasps three items of work, boldly storms the strongholds of the battle of reemployment] *ZGJY*, 1998, no. 2, p. 17.

¹¹⁶ *CJRB*, 30 May 1998; a report on the central level meeting can be found in *JJRB*, 18 May 1998, p. 1.

¹¹⁷ *JJRB*, 2 May 1998; labor interview, 6 September 1998.

¹¹⁸ *GMRB*, (probably), 21 December 1997, and planning interview.

¹¹⁹ According to *Sing Tao Jih Pao*, 22 February 1998, in *SWB*, FE/3162, 27 February 1998, p. G/8, the Chinese Information Center for Human Rights and Democratic Movement reported that Tu Guangwen, a pedicab driver who organized a demonstration in Wuhan in October 1997, had been sentenced to three years in prison by the city's Jiangxia District People's Court for the crime of gathering people to disrupt traffic order. He stood accused of blocking traffic for up to six hours. The information center said that to improve the city's appearance, the Wuhan city government had issued a circular on rectifying the pedicab trade in October 1997. The rectification cut the drivers' incomes sharply, and also meant that drivers without temporary permits would be unable to continue their trade. The drivers are mainly laid-off workers. When repeated negotiations with the government proved fruitless, some 1,000 workers held a demonstration on October 16 in Zhifang town, in Wuhan's Jiangxia District. The authorities sent in police to suppress the demonstration and arrested five people, one of whom was Tu. The government neither eliminated this conflict, nor held talks to resolve it, according to the center.

¹²⁰ For Wuhan, author's interview with Industrial and Commercial officials, September 10, 1998; for Shenyang, interview with the same office there on August 19, 1998.

¹²¹ On Wuhan, No author, "Wuhan shi zhuazhu," p. 16, *JJB*, 2 May 1998, and Jiangnan daxue ketizu, "Wuhan shi," p. 61; on Shanghai, Yang Yiyong, *Shiye chongji bo*, p. 230. On both, Si Yuan and Zeng Xiangmin, "Wuhan 1998", p. 56.

¹²² *CJRB*, 5 November 1997 and another article from the same paper sometime just after the Ninth National People's Congress (article clipped for me but without the date).

¹²³ *CJRB*, 1 December 1997, p. 11 and *JJRB*, 2 May 1998.

¹²⁴ No author, "Guangyu Wuhan shi zaijiuye wenti di diaocha baogao" [An investigation report on Wuhan City's reemployment problem], Wuhan, n.d., p. 3 and *JJRB*, 2 May 1998. For comparison, Guangzhou shi, Jingji shehui, p. 84 states that, "at many levels the social security system is gradually being completed and unemployment coverage is expanding."

¹²⁵ *CJRB*, 2 June 1998, p. 2.

¹²⁶ Wang Baoyu, "Zai jiuye," p. 2.

¹²⁷ *CJRB*, 2 June 1998, p. 2 and Jiangnan daxue ketizu, "Wuhan shi," pp. 57, 58.

¹²⁸ Author's interviews, August 25 and 28, 1998.

¹²⁹ Author's interview, September 5, 1998.

¹³⁰ Street interview, September 6, 1998.

¹³¹ Author's interview with Prof. Yang Yunyan, Central China Finance and Trade University, Wuhan, September 6, 1998.

¹³² Zeng Yanhong, "Wuhan shi yu qita da chengshi liudong renkou bijiao yanjiu," (Comparative research on Wuhan city and other large cities' floating populations), *Zhongguo renkou*, 1997, no. 4, p. 32.

¹³³ Also see Si Yuan and Zeng Xiangmin, "Wuhan 1998," p. 56.

¹³⁴ Though the labor bureau officials claimed a figure of 800,000, many other sources said 700,000, and one (an undated newspaper clipping from 1997 or 1998) said 600,000. The planning commission officials and *CJRB*, 1 December 1997, p. 11, both said 700,000, and Si Yuan and Zeng Xiangmin, "Wuhan 1998," p. 56, noted that in 1995 there was a floating population of 1.5 million in the city but that only about 700,000 of them were working.

¹³⁵ "Among those still working in textiles, some are peasants," according to the planning commission informants; and Prof. Yang Yunyan claimed that, "Textiles uses peasants on a large scale." But Wang Baoyu said that "the factories are shrinking, so peasants are leaving."

¹³⁶ Jiangnan daxue ketizu, "Wuhan shi," p. 3. Wang Baoyu said much the same thing in my interview with him.

¹³⁷ Labor interview.

¹³⁸ No author, "Guanyu Wuhan shi," p. 4. In *Contesting Citizenship in Urban China*, I note that this has tended to be more the case in cities further from Beijing and where the market is more active.

¹³⁹ Labor interview.

¹⁴⁰ 30 *CJRB*, May 1998.

¹⁴¹ Wuhan Economic Commission interview, September 8, 1998.

¹⁴² No author, "Wuhan shi zhuazhu sanxiang gongzuo da da zaijiuye gong jianzhan" [Wuhan city grasps three items of work, boldly storms the strongholds of the battle of reemployment], *ZGJY*, 1998, no. 2, pp. 16-17.

¹⁴³ Planning commission interview, September 9, 1998.

¹⁴⁴ Wuhan labor interview, September 7, 1998.

¹⁴⁵ No author, "Wuhan shi zhuazhu," p. 17; labor interview; planning commission interview; *CJRB*, 18 December 1997.

¹⁴⁶ Planning commission interview; *Wuhan wanbao* [Wuhan evening news], 24 February 1998.

¹⁴⁷ *CJRB shichang zhoukan*, [Yangtze Daily Market Weekly] (*CJRB SCZK*), 2 April 2, 1998, p. 14.

¹⁴⁸ *CJRB SCZK*, 23 April 1998, p. 14.

¹⁴⁹ This occurred on September 16, 1998. We eventually found the building and learned that about 3,000 visits had been made there, eventuating in 800 persons' names being entered into the center's computer, only several 10's of which were peasants'.

¹⁵⁰ *CJRB SCZK*, 3 September 1997, p. 14.