Economic Informalisation by Fiat:
China's New Growth Strategy as Solution or Crisis?

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June 2001
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Informalisation of the Urban Chinese Economy: Its Signs and Its Statistics

Along the streets of Chinese inland cities these days, the service sector, starved nearly to death until the early 1980's, seems full of life. You can get your shoes shined for two yuan[1] by three different peddlers on just one block, buy the same pair of nylons for the same 10 yuan five or six times or the same ballpoint pen for two or three yuan in the same lane. Or you can choose any one of 10 pedicabs to deliver you as far as a couple of miles away, for as little as a piddling three to five yuan.

Besides such self-employed city folk, others among these sorry, suddenly informal urban labourers work for wages.[2] One of my informants was a woman who, first let go by her own firm, had later been dismissed from a private enterprise when its business deteriorated, and was currently dishwashing at a restaurant for 12 hours per day for 300 yuan a month, about US$1/hour. Another, on her third post-enterprise position, was charged with standing at the gates of the idle plant where she had once been employed. A third woman did housework when contacted by the Women's Federation, sometimes just once a month. When she did get this very temporary employment, she was paid by the hour, at the measly rate of 3.2 yuan.[3]

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[1] A Chinese yuan is equal to about US$.12, so this shoe shine would cost about US$.25.

[2] By the term "informalisation," I refer to a process whereby formal rules regulating employment are greatly relaxed or eliminated altogether. Employment thus becomes more "flexible," entailing the phasing out of entitlements and benefits, reduction of safety and other humane provisions at the workplace, and denial of job security, where all of these guarantees once existed. These cutbacks in welfare go along with a surge in short-term, temporary jobs having these features, and a marked upswing in very petty projects of brief self-employment. See Michael Pinches, "`All that we have is our muscle and sweat': The Rise of Wage Labour in a Manila Squatter Community," in M. Pinches and S. Lakha, eds., Wage Labour and Social Change: The Proletariat in Asia and the Pacific (Clayton: Centre of Southeast Asian Studies, Monash University, 1987), 103-40, especially 104-05, which distinguishes two forms of labour, self-employment and wage labour, both associated with the informal sector in a neighbourhood of Manila.

[3] Wuhan street interviews, September 1999.

A trade union study found that 48.7 percent of the "reemployed" it counted were self-employed, while of the other 51.3 percent who had been hired, well over half (59 percent) were engaged in work that was only temporary.[4] People doing this second type of informal worker are described in a set of sobering vignettes that graced the pages of the local newspaper in the central China city of Wuhan in early summer 1998, as the numbers of those making up the new informal class of furloughed workers mounted steadily:

> Now in a lot of units there's irregular use of labour, obstructing the [laid-off] staff and workers' reemployment.. The textile trade's reemployment service Centre is entrusted with 10,000 laid-off staff and workers, of whom about 400 have become reemployed.. not one of the 100 units that hired them has taken over social security responsibilities for them or signed a formal contract.
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> Three hired as transport workers for a store's household appliance department were paid only 200 yuan after a month, while the store's regular workers' monthly income averaged more than 1,000 yuan. These three workers were angry, but didn't dare to speak: without a contract people can fire them at any time.
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> According to relevant regulations, staff and workers have a three month-probation period, in which wages are rather low. But after the three months a clothing enterprise fired those it had taken on. Of all those placed out of the [reemployment] service Centre, 44 percent of the total were soon fired for reasons that had nothing to do with their job performances.[5]

A sympathetic writer in a trade union journal worried about the troubles of these workers:

> For a long time, they've been drifting outside the enterprise in a socially marginal situation, especially those in small-scale, scattered, mobile informal departments.. They meet up with many problems and annoyances, but lack any organisation's loving care, are without any opportunity to get education or to participate in society.[6]

The startling thing is that the demeaned drudges practising these trades today are city-born and -registered citizens, members of the once celebrated factory proletariat, turned now into the cohort of the xiagang [off-post or laid-off] workers,[7] and not second-class immigrating

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[4] Xue Zhaoyun, "Dui xiagang zhigong zaijiuye xianzhuang di diaocha, sikao yu jianyi" [Research, reflections, and suggestions about the reemployment situation of laid-off staff and workers], Gonghui gongzuo tongxun [Bulletin of trade union work] 7 (2000), 8).

[5] Changjiang ribao [Yangzi daily] (hereafter CJRB), June 2, 1998, 2.

[6] Xue, op. cit., 10.

[7] Officially, a xiagang worker is one who meets all three of the following conditions: 1) s/he began working before the contract system was instituted in 1986 and had a formal, permanent job in the state sector (plus those contract laborers whose contract term is not yet concluded); 2) because of his/her firm's problems in business and operations, has been let go, but has not yet cut off relations with the original firm; and 3) has not yet found other work in society (see Guo Jun, "Guoyou qiye xiagang yu fenliu you he butong?" [What's the difference between laid-off and diverted workers in the state firms?] Zhongguo gongyun [Chinese workers' movement] (hereafter ZGGY), 3/99, 32, among many other places).

peasants, who had held such posts just a few years back.[8] In illustration of this collapse of status hierarchies, the term "mingong,"--loosely, a label used to specify casual labour, which in the recent past was employed just to refer to surplus rural workers from the interior--in 1998 began to designate the urban laid-off and unemployed as well.[9]

According to a mid-1999 report, some government officials believe the real number of workers who should be counted as unemployed--including all those currently labelled "as waiting for work" but not included in the unemployed statistics--could be as high as 100 million.[10] In their current guise as informal labourers, these people constitute an unstudied component of the transition to capitalism in China, a blight on that rosiness of reform with its supposed rising prosperity that one often hears about.[11]

It is literally impossible to offer a true reckoning of the numbers of laid off labour in China during the mid- and late 1990's. A review of some of the statistics announced over the past few years is sure to confuse the analyst. For instance, in mid-1997, even before the mass separations that happened later in the year, Vice Premier Wu Bangguo declared in a national meeting on employment issues that there were then already nine million workers out of work and nearly 11 million unpaid or being only partially paid.[12] But a news release from the official

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8 According to Lora Sabin, in 1987 Beijing, three quarters of the employees in the city's private sector were from the countryside, and by the early '90's, half the labor force (including owners and employees) held rural household registrations. See Lora Sabin, "New Bosses in the Workers' State: The Growth of Non-State Sector Employment in China," China Quarterly (hereafter CQ), 140 (1994): 944-70. Also, Shi Xianmin, "Beijing's Privately-Owned Small Businesses: A Decade's Development," Social Sciences In China 14, 1 (Spring 1993), 161-62. In Wuhan, reportedly, a 1998 investigation of 50 local large-scale private firms, done by the city's Federation of Industry and Commerce, revealed that on the average 42 percent of their combined 6,286 employees were laid-off staff and workers, and in some firms the proportion went as high as 92 percent. In such firms, "outside" [meaning peasant] labor was used a lot in the recent past. This is in Changjiang ribao [Yangzi Daily] (hereafter CJRB), June 14, 1998.
9 Ming Pao [Bright Daily] (hereafter MP), February 12, 1998.

10 William H. Overholt, "China in the Balance," Nomura Strategy Paper, Hong Kong, May 12, 1999. I discuss the difficulties of estimating the total numbers who have lost their workposts in the past decade and of the numbers currently without real jobs in Dorothy J. Solinger, "Research Note: Why We Cannot Count the `Unemployed,'" CQ, 167 (2001), 671-88.

11 A number of outside scholars have reported on the attitudes of the workforce and former workforce in the China of recent years and their protests. See, for instance, Ching Kwan Lee, "From Organized Dependence to Disorganized Despotism: Changing Labour Regimes in Chinese Factories," CQ 155 (1999): 44-71; Antoine Kernen and Jean-Louis Rocca, "The Reform of State-Owned Enterprises and its Social Consequences in Shenyang and Liaoning" (Ms., 1999); and Jean-Louis Rocca, "Old Working Class, New Working Class: Reforms, Labour Crisis and the Two Faces of Conflicts in Chinese Urban Areas" (first draft). Paper presented at the Second Annual Conference of the European Union-China Academic Network, January 21-22, 1999, Centro de Estudios de Asia Oriental, Universidad Autonoma de Madrid, Spain; Marc Blecher, "Strategies of Chinese State Legitimation Aong the Working Class." Paper presented to the Workshop on Strategies of State Legitimation in Contemporary China, Center for Chinese Studies, University of California at Berkeley, May 7-9, 1999; and Ching Kwan Lee, "The `revenge of history': Collective memories and labor protests in northeastern China," Ethnography 1 (2): 217-237 (2000). But no work with which I am aware of has yet discussed their occupations, with the exception of my paper, "Sudden Sackings and The Mirage of the Market: Unemployment, Reemployment, and Survival in Wuhan, Summer 1999," presented at the 2000 annual meeting of the Association for Asian Studies, March, 2000, Chicago, Illinois.

12 Summary of World Broadcasts (hereafter SWB) FE/2950, S1/1, June 20, 1997, from Xinhua [New China News Agency] (hereafter XH), May 28, 1997.

Xinhua News Agency of December 9, 1997 reported that state-run firms had already laid off a full 25 million workers by that time[13]; though another, dated February 5, 1998, gave the figure as 12 million.[14]

Then two years later, in early 2000, one account asserted that 5.64 million state workers had been laid off or diverted in 1995, 8.9 in 1996, 9.4 million in 1997, plus an additional 6.1 million in 1998 (or a total of 30 million).[15] Another article in an official journal noted that in 1998 and 1999 combined, there was a total of 24.28 million xiagang workers, a figure reached by adding the 12.54 it said were laid off in 1998 to the 11.74 in 1999. Yet, most puzzling, it then goes on to announce that in 1998, 5.62 million joined this pool, plus another 5.64 million in 1999.[16]

At the end of 1999, however, apparently citing an economist at the Chinese Academy of Social Sciences, the China News Digest disclosed that a full 30 million had been laid off over the three years 1997 through 1999.[17] Finally, Minister of Labour and Social Security Zhang Zuoji said at a press conference at the year 2000 annual session of the National People's Congress in March that as of the end of 1999, a total of 11.74 million people had been laid off from state firms, while the official New China News Agency proclaimed on the same day that 6.5 million workers had been laid off that year.[18] At this time, the total urban employed was said to equal 210.14 million people, of whom 121.3 million were working in urban "units," and of those, 117.73 were still "on [their] posts." Among this number, 83.36 million were employed in state firms, 16.52 million in urban collectives, and 17.85 million in firms of "other" categories.[19] These numbers, when considered all together, are clearly difficult to interpret. But no matter how many of them and no matter how market-like their business seems to be, these data suggest one crucial fact: The presence on the roads of so many misplaced persons has come about for one obvious reason--because their former work posts have disappeared.

Official statistics on "reemployment" are similarly slippery. One might be suspicious when even those who compile these figures have to admit that, "One can't be clear about these statistics; they're relative, not absolute. The situation is dynamic and there's no way to count them [..shuobuqing ..xiangduide..meibanfa tongji].[20] According to this official, who cited a

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13 Translated in SWB FE/3098, G5, December 10, 1997.

14 From Sing Tao Jih Pao (Hong Kong), February 4, 1998, in SWB FE/3143, G/3, citing the State Statistical Bureau.

15 Luo Zhuanyin, "Jiaru WTO zhongguo jiuye mianlinde jiyu yu tiaozhan" [Chinese employment is facing opportunity and challenge in entering the WTO], Zhongguo laodong [Chinese labor] (hereafter ZGLD] 3 (2000), 9.

16 N.a., "1998-1999 laodong baozhang tongji baogao" [Report on 1998-1999 labor insurance statistics], Laodong baozhang tongxun [Labor insurance bulletin] (hereafter LDBZTX) 3 (2000), 35.

17 China News Digest, Global News GL99-172, December 27, 1999.

18 SWB, FE/3784, S1/5, March 9, 2000, from XH, March, 7; SWB, FE/3784, S1/4, March 9, 2000, from XH, March 7, 2000, respectively.

19 Laodong he shehui baozhangbu [Ministry of Labor and Social Security], Guojia tongjiju [State Statistical Bureau], "1999 nian laodong he shehui baozhang shiye fazhan tongji gongbao," [Public statistical announcement of the development of the work in 1999 in labor and social security] ZGLD 7 (2000), 52. This report cites 9.37 million xiagang nationwide, of whom 6.52 million were said to be from state firms.

20 Admission by an official at the Wuhan General Trade Union's Professional Introduction Service Center, September 13, 2000.

percentage of about 30 percent reemployed in Wuhan, it is the numbers of positions known to be newly filled [renci], and not the number of people with new jobs, that is counted up once each month, and each year these figures are added up, eliminating from the total the jobs that are known to labour administrators to have ended. These figures certainly involve counting the same person--who may have held several very short-term posts that year--more than once.

In addition to this vagueness about how to tally the reemployed, there are wide variations in official announcements about their proportions among the laid-off. One article in an internal publication cited a miserable rate of just 27 percent nation-wide who had found new placements as of the end of June 1999.[21] But an open official pronouncement asserted that a study of 10,000 laid-off workers in 10 cities showed that a full 82 percent of those furloughed had subsequently performed some income-earning work. The weight of this statistic is sharply qualified by the accompanying information that as many as 68 percent had held their new jobs for just six months or less, a proportion that includes 40 percent of the total who did so for under three months. A mere 17.26 percent managed to hold onto their new post for longer than a year.[22] And after surveying 160 firms in 16 cities in August 1999, a research group from the All China Federation of Trade Unions found that the reemployment rate in most provinces fell between 20 and 40 percent.[23]

Another cause for concern about the numbers is the amount of time people are spending out of work: In Hubei province, a September 1997 random sampling of 3,000 laid-off workers in 580 firms in 10 cities and counties revealed that, although 47 percent were said to be reemployed, as many as another 26 percent had already been without employment for three years or more, while only 29 percent had been in that situation for less than a year.[24] Not only that, but the occupations they took up were most unpromising.

According to this same study, 18.6 percent had turned into odd-job manual workers, 10 percent did various sorts of hourly work (which usually refers to activities such as picking up others' children from school); 5.2 percent had seasonal jobs; 60 percent were individual retailers operating stalls; and a mere 6.8 percent had obtained formal, contracted employment. Among the stallkeepers, a worrisome 45 percent were discovered to be working as vulnerable, mobile peddlers, selling in shifting sites without a license.[25] Other research in 1997 among 360 reemployed staff and workers in Wuhan found that over a third of them (34.54 percent) had set

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[21] Yang Yiyong, "2000 nian wo guo jiuye xingshi fenxi" [An analysis of the employment situation in our country in the year 2000], Neibu canyue [Internal consultations] (hereafter NBCY), 4 (2000), January 28, 2000, 11.

[22] N.a., "1990-1999," 35.

[23] Quanguo zonggonghui diaoyanzu [All China General Trade Unions research group], "Guanyu guoyou qiye xiagang zhigong jiben shenghuo baozhang he zaijiuye gongzuo di diaocha" [An investigation of state enterprise laid-off staff and workers' basic livelihood insurance and reemployment work], Zhongguo gongyun [Chinese workers' movement] (hereafter ZGGY), 2 (2000), 14.

[24] Hubeisheng zonggonghui shenghuo baozhangbu [Hubei province general trade union livelihood guarantee department], "Yunyong zhengce he falu shouduan, quanli tuijin zaijiuye gongcheng xiang zongshen fazhan--hubeisheng xiagang zhigong di diaocha" [Utilize policy and legal methods, fully promote the reemployment project to develop in depth]--an investigation of Hubei's laid-off staff and workers], Lilun yuekan [Theory monthly] (hereafter LLYK 2 (1998), 18.

[25] Ibid., 8-9.

up a stall, were operating a pedicab or driving a taxi; by autumn 2000, a pedicab jockey claimed in private conversation that he had a startling 26,000 competitors in his trade in the city![26] If there is any accuracy at all in such a sum, it is not surprising that the streets of the city are crammed with empty carts, and that their daily take is tiny.

To understand the nature of this miniature form of business, one must ask why a massive displacement of the labour force of China has occurred (and is occurring). In what way is the process a segment of the complex of forces associated with the financial crisis of 1997 and 1998; to what extent chiefly a simple function of China's own economic reforms and entry into the global market of the past two decades? To what degree is the Chinese state itself implicated in the production of this job loss, and in what ways is it coping with the fall-out? How do the workers themselves respond? The answers to these questions are interlinked.

How did the Unemployment Come About?

The state abandons its former coalition partner

Despite appearances, this deregulated economic activity does not represent just a straightforward manifestation of the metamorphosis of the Chinese urban economy, some uncomplicated consequence of that system's steadily deepening marketisation. Nor do these sellers merely symbolise one more instance of an "informal economy" resulting from the widespread process of privatisation that is attending the advance of capitalism on a global scale.[27] It is also inappropriate to view their labour as the latest incarnation of the secondary sector of China's longstanding "dual market," as if a market, operating according to principles of supply and demand, had merely become bifurcated along some new fault line.[28]

What is usually billed as the "secondary economy" across the world is a sector comprised of marginal and/or denigrated people, usually migrants or minorities, who have been relegated to the least desirable and most unstable work available. Their lives, however, no matter how bitter, have generally improved significantly in material terms as a result of having joined such markets, as compared with what their existence was like before.[29] As distinct from the usual secondary market worker, they are downwardly, not upwardly, mobile.

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[26] Interview, Wuhan, September 16, 2000.

[27] P. Connolly, "The Politics of the Informal Sector: A Critique," in N. Redclift and E. Mingione, eds., Beyond Employment: Household, Gender and Subsistence (Oxford: Blackwell, 1985) and Alejandro Portes and John Walton, Labour Class and the International System (New York: Academic Press, 1981). Both these works are cited in Pinches, op. cit., 104.

[28] Louis Putterman, "Dualism and Reform in China," Economic Development and Cultural Change 40 (1992), 467-93; and Flemming Christiansen, "The Legacy of the Mock Dual Economy: Chinese Labour in Transition, 1978-1992," Economy & Society 22, 4 (1993), 411-36.

[29] See Michael J. Piore, Birds of Passage: Migrant Labor and Industrial Societies (Cambridge: Cambridge University Press, l979) for the classic statement of this phenomenon. According to David Stark, the "second economy" is "a broad range of income-gathering activity outside the boundaries of the redistributively coordinated and managed economy" (see David Stark, "Bending the Bars of the Iron Cage: Bureaucratization and Informalization in Capitalism and Socialism," Sociological Forum 4, 4 (1989), 637-64). He also distinguishes between the "second" and the "informal" economies. While the two types of economy share the features of private ownership and operation according to a hard budget constraint, he holds, and though they both coordinate their external relations in the market, what Stark classifies as the "informal" one exists only in capitalist economies.

Unlike informalities in other places, the urban people on Chinese streets today are not situated in this niche voluntarily in order to build businesses or to amass capital. Rather, they have found themselves in this spot because their former rice bowl was snatched away, and for them there is no other means of survival. Since most of these small-time sellers of odd merchandise and manual labour were until recently full-time, life-tenured, completely welfare-entitled and state-employed manufacturing workers, one needs to go beyond the surface signs of their quotidian practices--their superficial appearance as a reborn "private sector" linked to economic "reform" in the urban areas--to get a good grasp of what is going on.[30]

In understanding their condition, one is led astray by official formulations aimed at inciting urban residents into the new tertiary or private sectors. In 1999 the National People's Congress amended the state constitution, proclaiming the private sector a "component part" of the national economy. A hopeful sign appeared to be the expanding portion of the national economy occupied by this branch: in spring 1999, the State Economic and Trade Commission announced that "private enterprises" were accounting for almost one fifth of the gross value of industrial output nationally and for a full 37 percent of the retail trade in consumer goods,[31] figures that are probably much lower than the reality.

Despite these promising bits of information, however, a report on the sector admonished--in an analysis which still holds true--most practitioners in the private sector are seriously restrained by a lack of funding channels.[32] In the especially stricken Northeast, people attempting to open their own businesses are unable to obtain any government support for their little ventures, and have been heavily taxed.[33] Moreover, activity within the "service sector," which the regime so wants to promote, conceals an array of subcategories. So when Premier Zhu Rongji called for policies favourable to this industry, it appears he had in mind the development of the information, insurance, and financial services along with the software sector, surely very different segments of this trade from those that could be populated by the laid-off people.[34]

I argue here that the predicament of these people is by no means a product of "the market" acting alone. Instead, it derives mainly from state policies. Unlike what scholars reviewing the economic adjustments of the late 1980's and early 1990's in other countries concluded, by the second half of the 1990's the Chinese state adopted its new policies quite

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[30] There has indeed been a reborn private sector in China since the early 1980's. But the current informalites have emerged from a very different social process from the ones that produced the earlier segments of this sector. Those who earlier joined the post-1980 private sector are actually people who were or hoped to become capitalists, if often just petty ones. They were young people waiting for their first state jobs, migrants from the countryside, ex-convicts, demobilized soldiers, rural cadres, and, especially in more recent times, officials and state enterprise managers (See Susan Young, Private Business and Economic Reform in China (Armonk, N.Y.: M.E. Sharpe, 1995); Ole Bruun, Business and Bureaucracy in a Chinese City: An Ethnography of Private Business Households in Contemporary China (Research Monograph 43. Berkeley: Institute for East Asian Studies, University of California, 1993); Ole Odgaard, "Entrepreneurs and Elite Formation in Rural China" Australian Journal of Chinese Affairs 28 (l992), 89-108; and David L. Wank, Commodifying Communism: Business, Trust and Politics in a Chinese City (New York: Cambridge University Press, 1999).

[31] SWB FE/3520, April 27, 1999, G/11, from XH, April 26, 1999.

[32] SWB FE/3520, April 27, 1999, G/11, from XH, April 26, 1999.

[33] In South China Morning Post, June 7, 1999.

[34] SWB FE/3913, August 9, 2000, G/6-7, from Sing Tao Jih Pao, August 3, 2000.

unrestrained by the nature of the social coalition that had formerly buttressed its rule.[35] Indeed, it abandoned its putative past political partners, the working class, quite callously, in a step it has disingenuously justified as being in labour's own "long-term interest."[36] Just as the sacking campaign was getting underway in force, the 1997 May Day editorial in the Party paper, the People's Daily, admonished its readers that, "It's possible benefits of some workers may be temporarily affected. Seen from long-term benefits, the pains are worth enduring."[37]

Ironically enough, in its march toward modernisation and economic reform, even as the Chinese leadership has unleashed and encouraged the forces of the market, at the same time it has arrested the full unfolding of some of the chief social processes that generally emerge from marketisation elsewhere. Thus in China, instead of the advancing affluence, rising levels of education, and embourgeoisment of a large section of the working class that took place in many societies along with economic development--and quite markedly so in China's East Asian neighbours, South Korea, Japan and Taiwan--this informalisation of the urban economy represents a regression, not an ascent, for quite a numerous portion of the urban populace.

Thus, there has not ensued in urban China the shift in the principle of social stratification from cast to class that a recent treatise on China's urbanisation announced as being underway on the basis of data from 1995 and before.[38] Though one could label these newly jobless members of a lower class in formation, their situation is now defined and shaped much more by their status as xiagang workers than by some new class category. For this group of people, chiefly of middle age, have together and all at once fallen onto a downward trajectory in their lifestyles and in their prospects.

The overwhelming majority of them were deprived of formal education from having been compelled to quit school and join in the Cultural Revolution (including, for most, a lengthy stint in the countryside) over a decade or so after 1966, and therefore lack any skills. Study after study more or less replicates the findings of sample research done in 1996 nation-wide by the State Statistical Bureau. That inquiry discovered that as many as 57 percent of those laid off had been educated only up to junior high level; another 14 percent had received just a primary school education or even less. As many as 70.4 percent were between the ages of 25 and 44,

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[35] See Stephan Haggard and Robert R. Kaufman, eds., The Politics of Economic Adjustment: International Constraints, Distributive Conflicts, and the State (Princeton: Princeton Univ. Press, 1992) and Joan M. Nelson, ed., The Politics of Adjustment in the Third World: Economic Crisis and Policy Choice, (Princeton: Princeton University Press, 1990).

Haggard and Kaufman, eds., op. cit., 32). Nelson, op. cit., 18 makes the argument that the support base or political coalition undergirding a regime determines whether or not it will undertake economic adjustment. This is a tenet in the literature that looks mainly at the 1980's.

[36] Jingji ribao [Economic daily] (hereafter JJRB,), April 27, 1998; Deng Baoshan, "Zhengfu, qiye, he xiagang zhigong zai zaijiuye gongcuozhong de cuoyong" [Government, enterprise, and laid-off staff and workers' role in reemployment work], ZGLD 3 (1999), 11; also see Zhu Rongji's speech in Tianjin, from Jingji guanli wenzhai [Economic management digest], in Gongyun cankao ziliao [Workers' movement reference materials] (hereafter GYCKZL) 3 (1998), 5.

[37] Renmin ribao [People's Daily] (hereafter RMRB), May 1, 1997, in SWB FE/2908, May 2, 1997, G/6.

[38] Wenfang Tang and William L. Parish, Chinese Urban Life Under Reform (Cambridge: Cambridge University Press, 2000).

while another 18.5 percent were over 45. Women accounted for a total of 64.3 percent of the sample, though they represented under half the workforce before the sackings started.[39]

True, with the demise of the planned economy, economic forces have played an important role in changing society. For one thing, they have surely infringed on state institutions' old monopoly on shaping people's fates. And there has certainly been a diminution in the determining power over urbanites' lives of specific institutions such as the danwei [work unit].[40] But this move away from planning, with its shunting aside of the former urban workforce, has not, unlike marketisation in other settings, eventuated in any meaningful autonomy for most members of this contingent, as some predicted.[41]

The state's project of marketisation is evolving distinctly in yet another way. To a large extent the emerging labour market lacks true demand-driven economic activity, at least insofar as the work done by the furloughed is concerned. This is the case because, given the immense proportions of the official program of enforced dismissals, plus the unspecialised nature of the labour the affected workers have to offer, there cannot be demand sufficient to forge a decent livelihood for the millions made redundant, now struggling to find takers for their wares and their services.

So the Chinese leadership has fostered a novel style of economic growth and development, one that entails sacrificing and discarding the very working class that once laid the foundation for the present rise. In short, in the state's very rush to reform its municipal economy, most of marketisation's typical social concomitants have been suppressed or halted for many. This is especially ironic as the state's mouthpieces propound the virtues of "the market," when what politicians have produced is a market heavily influenced by state measures. It is the statist measures, and not economic forces by themselves, that have engendered the present surge of unemployment. So this street activity I have described is the outcome not so much of marketisation per se. Rather, it is much more the result of a fundamental reconstruction underway of the liaison between the state and its former premier workforce.

For more than 40 years, the Chinese state and its elite labourers, the workers at the urban state-owned enterprises (SOE's), enjoyed a relationship that was multifaceted, to be sure. But at its core this tie embodied a strong dose of paternalistic protection, of succour, albeit one laced with surveillance. As is well known, workers laboured under a reign of "organised dependency,"[42] in which plant leaders could generally consider themselves to be caretakers--for the employees--but for the state as well, under whose commission managers controlled their charges. In prosaic terms, factory officials were there to administer the daily business of

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[39] For one example, see MoRong, "Dui guoyou qiye zhigong xiagang yu zaijiuye wenti di renshi" [Thoughts about state enterprises' staff and workers' layoffs and the question of reemployment] ZGLD 2 (1998), 12.

[40] Lowell Dittmer and Lu Xiaobo, "Personal Politics in the Chinese *Danwei* Under Reform," Asian Survey XXXVI, 3 (1996), 247-49; and Barry Naughton, "*Danwei:* The Economic Foundations of a Unique Institution," in Xiaobo Lü and Elizabeth J. Perry, eds., Danwei: The Changing Chinese Workplace in Historical and Comparative Perspective (Armonk, NY: M.E. Sharpe, 1997), 169-82.

[41] Ming-kwan Lee, "The Decline of Status in China's Transition from Socialism," Hong Kong Journal of Sociology 1 (2000), 72.

[42] Andrew G. Walder, Communist Neo-Traditionalism: Work and Authority in Chinese Industry (Berkeley: University of California Press, 1986).

production and workers' welfare. But in a larger sense they were joined with the Chinese state in enacting a role of benefactor as well as guardian, if a very intrusive one.

Now all that has changed in the space of just a few short years. Increasingly as the century came to a close, the nature of this once often benign connection turned sour. With the sudden surge in shedding state workers after 1995 that had already seen a start in the late 1980's, the key component of the linkage between state and this labouring segment of society has become fear, a searing dread on both sides. At the same time, many of the one-time intermediaries standing between them, the plant officials--especially those in the failing firms--have shucked off their pose of custodian and taken on that of embezzler, thereby no longer serving either the central state (except insofar as they obey orders from above to push the workers from their plants) or their original worker-wards.

Thus the more or less clear line of command and superintendence of old--along which management acted toward labour as the agent of the Centre, which was its principal, directing production and disbursing benefits--has been deflected, such that the three parties (state, enterprise administrators, workers), once supposed allies, have become mutually antagonistic. Now in the relation between state and this recast lower portion of society, the state's moves are motivated primarily by its fear (though probably also, at least for some among its staffers, by guilt), as it abandons its prior roles, along with its prior proteges. At the same time, the workers, in turn, experience despair mixed with their fear, and, in a growing proportion of cases, embitterment and daring. This is the mid-term inter-echelon and inter-personal dynamic that is developing with the informalisation of the urban economy, as the process affects that economy's once so-styled "masters."

The upshot is that the state and its rulers have fallen captive to an increasingly pronounced paradox in the trio of their stated aims--reform, development, and stability: While the leaders strive to develop the economy through market reforms, they must balance a treacherous trade-off between their objectives of growth and marketisation, which, in their version, has meant massive discharges, on the one hand, but a resultant and mounting social instability among the newly disenfranchised, on the other. I turn now to asking how this outcome came about, and how the state and its old workforce are reacting to the fall-out.

A brief history of policy

A macro policy shift began in China in 1979. I consider here one critical aspect of its human dimension, mass sackings and economic informalisation, the end-product of nearly two decades of tortuous deliberations over economic reform within the communist elite, assisted by the ruminations of official theoreticians and approved economists. This outcome was also the offshoot of many prior years of much official economic experimentation, and of the very uneasy interaction between the planned demise of the planned economy and the initiation of a market one. So to place this phenomenon of enormous job loss properly into an analytical framework, we must think of it not as a budding segment of a typical private sector, but as a product of several state policies, taken over previous decades and into the present.

The current unemployment can be traced to the early days of the reform of the socialist economy. Long years of leadership indecision passed from the time when official economist

Xue Muqiao first suggested eliminating permanent jobs in 1979.[43] The principal spur initially was the overwhelming numbers of young people, sent to the countryside during the Cultural Revolution and straggling back into the cities after 1978, where a serious dearth of work posts confronted them. In the next few years, as top politicians contemplated the series of alterations they would need to make in marketising their economy, they only quite reluctantly found they would have to confront the commodification of labour, as well as that of goods and services. Though the notion of fixed-term--as opposed to lifetime--tenure was first raised as early as 1982, the affront it posed to what the Chinese considered core socialist values of full employment and job security meant that even this idea was very slow to take hold. A lively and earnest debate on whether or not labour could really be treated as a commodity, bought and sold on an open market, filled the press in the mid-1980's.[44]

In 1986 the government promulgated a Regulation on Labour Contracts specifying that all new labour be hired on limited-term contracts. But two years later, a mere eight percent of state industrial workers had been engaged on a contract.[45] And despite a growing determination within the leadership to shatter the famous "iron rice bowl" of permanent jobs, work for all with life-long tenure was still the norm at the end of the '80's.[46] The ruling on contracts was followed by a Regulation on the Employment of Staff and Workers, intended to transform the recruitment system from the long-term socialist one based upon the administrative allocation of labour into an arrangement that would offer firms more autonomy in defining criteria for hiring. Also, a Regulation on Discharging Employees, for the first time giving the enterprises the power to dismiss workers, appeared at the same time.[47]

Although not particularly effective, new regulations on the operation of state enterprises were announced in 1992, delegating control of the workforce to enterprise managers,[48] in the hope that this would place state firms onto a stricter market regimen. In November of the next year, an important turning point came with the Third Plenum of the Fourteenth Communist Party's Central Committee. That meeting issued a "Decision on Issues Concerning the Establishment of a Socialist Market Economic Structure," authorising the full-scale development of an urban labour market for the first time, and calling for pressing on with bankruptcies and

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[43] Richard Baum, Burying Mao: Chinese Politics in the Age of Deng Xiaoping (Princeton: Princeton University Press, 1994), 94-95.

[44] Gordon White, Riding the Tiger: The Politics of Economic Reform in Post-Mao China (Stanford: Stanford University Press, 1993), 138-43, 159; Tang Yunchi and Liu Yunhai, eds., Zhuanguizhong de zhennan: zhongguo xiagang wenti zhuizong yu tansuo [Shock in transition: tracking and exploration of China's layoff problem] (Beijing: Zhongguo laodong chubanshe [Chinese labor publishers], 1998), 115.

[45] White, op. cit., 140.

[46] Deborah Davis, "Job Mobility in Post-Mao Cities: Increases on the Margins," CQ 132 (1992), 1085.

[47] Lin Lean Lim and Gyorgy Sziraczki, "Employment, Social Security, and Enterprise Reforms in China," in Gregory K. Schoepfle, ed., Changes in China's Labor Market: Implications for the Future (Washington, D.C.: U.S. Department of Labor, Bureau of International Labor Affairs, 1996), 50.

[48] Thomas G. Rawski, "China: Prospects for full employment," (Geneva: International Labour Office, Employment and Training Department, Employment and Training Papers 47, 1999), 7. The regulations are in Foreign Broadcast Information Service (hereafter FBIS), July 28, 1992, 27-37, and are entitled, "Regulations on Transforming State Firms." See Article 18, p. 31.

mergers of firms in trouble, along with an ill-specified "diversion" of the workforce in them.[49] And in July 1994 the Eighth Session of the Standing Committee of the Eighth National People's Congress passed a new Labour Law[50] granting firms freedom to fire: its Article 27 stated they could shed workers if near bankruptcy or in serious difficulty. It also called for contracts for all employees, which by that time were becoming irrelevant, as the growing push to downsize was gathering force.

Despite these deliberations and decisions, in reality from 1979 through the mid-1990s the practice was to succour a firm's original workers, via an array of disparate strategies over the years: first by permitting retirements, following which workers' own offspring could take over their spots [dingti, or replacerment]; then by forming "labour service companies" that provided job training and job creation; next by insisting that firms "redeploy" their redundant workers, retraining them and/or setting up new affiliated enterprises, along with restrictions against dismissing workers, even if there was no work for them and little or no pay[51] By the late 1980's there were scattered reports of job losses for "redundant workers."[52] But, in the main, up to around 1995 managers were still constrained in most places from dismissing employees openly.[53]

Economic spurs to actual change

Oddly enough, most of these developments and choices appeared during and immediately following an era of generally rampant economic growth--between l984 and l995, China's real gross domestic product grew by an average of 10.2 percent annually, and in 1993, the year when the notion of laying off workers finally received some genuine commitment, up 13.4 percent

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49 Deborah S. Davis, "Self-employment in Shanghai: A Research Note," CQ 157 (1999), 28; and Niu Renliang, "Xiagang zhigong chulu sikao" [Thoughts on the way out for the laid-off staff and workers] Lingdao canyue [Leadership consultations] (hereafter, LDCY) 1 (1998), 8.

50 Translated in FBIS, July 19, 1994, 18-26, from XH, July 5, 1994. See also James V. Feinerman, "The Past--and Future--of Labor Law in China," in Schoepfle, op. cit., 119-34.

51 According to the South China Morning Post, March 9, 1997, the Ministry of Labor admitted at the annual session of the National People's Congress that about 10 million state firm workers had not been paid or were being underpaid. But one delegate countered this figure, putting the total at 25 million, including 19 million who were surviving on a low income. Antoine Kernen, "Surviving Reform in Shenyang--New Poverty in Pioneer City," China Rrights Forum, (hereafter CRF) Summer 1997, 9, states that as of 1997 in the northeastern city of Shenyang only five percent of the firms were paying workers' salaries on a regular basis! Also, see Naughton (1996), 287, 289; Leonard J. Hausman and Barry J. Friedman, "Employment Creation: New and Old Methods." Unpublished ms. (n.p., n.d. [1996 or 1997]), 43; Barry L. Friedman, "Employment and Social Protection Policies in China: Big Reforms and Limited Outcomes," in Schoepfle, op. cit.,, 151-66; Harry G. Broadman, "Reform of China's State-Owned Enterprises," in Schoepfle, op. cit.; Lim and Sziraczki, op. cit.; Loraine A. West, "The Changing Effects of Economic Reform on Rural and Urban Employment." Paper to be presented at "Unintended Social Consequences of Chinese Economic Reform" conference, Harvard School of Public Health and the The Fairbank Center for East Asian Studies, Harvard University, May 23-24, 1997 (draft); Feinerman, op. cit.; Hilary K. Josephs, "Labor Law Reflects New Realities," CRF, Fall 1996, 25, and Christine P.W. Wong, Christopher Heady, and Wing T. Woo, Fiscal Management and Economic Reform in the People's Republic of China (Hong Kong: Oxford University Press, l995), 14.

52 FBIS, September 14, 1988, 36, and September 28, 1988, 52-53; Andrew G. Walder, "Workers, Managers and the State: The Reform Era and the Political Crisis of 1989," CQ 127 (1991), 477.

53 Walder, (1991), 473.

(with industry increasing at a rate of over 20 percent, according to official Chinese statistics[54]). Certainly there were no external threats either; indeed, the initial resolution to downsize, even if not yet actively implemented, got underway well in advance of the 1997 financial crisis, and in the absence of any external competition.

Yet there were trouble signs at home nonetheless. In spite of the steady and heady growth of the period, China experienced two harsh austerity programs in these years, both the outcome of leadership decisions taken on internal grounds, with political factors playing a heavy role. These austerity programs (and the prior domestic economic policies that seemed to make them necessary) were the forces that eventually worked to set radical change in employment norms into motion. The first program was installed in 1988 after a spree of inflation which itself had been sparked by state policies; it was soon endorsed in the following year by the more reform-shy, conservative, pro-planning faction of the political elite in the wake of the Tian'anmen denouement of 1989. For these politicians, briefly having the upper hand, understood the demonstrations as having been largely sparked by popular dissatisfaction with the inflation that had resulted from a decade of market reforms.[55]

Their period of power, however, was short-lived. For one thing, the awesome power the U.S. military displayed in the Gulf War of 1991 signalled for the leadership the folly of falling behind economically. Besides, that war came almost simultaneously with the collapse of the Soviet Union, a catastrophic event for its communist neighbour that must have strengthened even further the hand of then pre-eminent leader Deng Xiaoping in his desire to step up the speed of economic development. Soon after these two events, enormous publicity given to Deng's February 1992 journey to the special economic zones in the south spurred local bureaucrats to goad the market genuinely into gear in the months that followed.

The result was severe overheating and inflation which led into the second austerity program in less than a year and a half. This program was launched by then-Vice Premier (Premier, beginning March 1998) Zhu Rongji in mid-1993.[56] Because of the stiff curtailment of access to guaranteed credit for state firms under both austerity programs, losses in state enterprises rose significantly. Such losses were already a prominent feature of the earlier effort: in 1989 and 1990, total firm losses doubled each year[57]; after a 1991 relaxation was followed by Deng Xiaoping's 1992 pro-growth prodding, the second program led to almost half the state firms showing operating losses in 1994 and 1995. That plan, which induced significantly heightened market pressures with its stiff curtailment of guaranteed credit--and the consequent escalation in firm losses--led at last to a serious outbreak of unemployment.[58]

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[54] Naughton (1966), 285, 273; idem., Growing Out of the Plan: Chinese Economic Reforms, 1978-1993 (New York: Cambridge University Press, 1995), 297.

[55] Naughton (1995), 286.

[56] Barry Naughton, "China's Emergence and Prospects as a Trading Nation," Brookings Papers on Economic Activity 2 (1996), 294; and Thye Woo, "Crises and Institutional Evolution in China's Industrial Sector," Joint Economic Committee, Congresss of the United States, ed., China's Economic Future: Challenges to U.S. Policy (Armonk, NY: M.E. Sharpe, 1997), 164-65. See also Naughton (1995), 274-300.

[57] Naughton (1995), 286-87.

[58] Naughton (1996), 294; idem., (1995), 274-300; and Wing, op. cit., 164-65;
SWB FE/3358 (October 15, 1998), G/3, from XH, October 14, 1998.

In tandem with that program, a slowdown in domestic demand began in 1994, and continued, even as the austerity program was easing into a "soft landing" in late 1996.[59] Already by the time the 1995 Labour Law granted firms freedom to fire, the phenomenon called xiagang (according to which employees in name retained their tie to their danwei but were effectively without work to do) had begun to gather some speed. By 1996, 45 percent of the state sector was operating at a loss; for the first time state firms collectively lost more money than they took in. Industrial operating losses in state-owned firms amounted then to 53 billion yuan, up more than a third over the year before, with 12,000 enterprises the victim of long-standing deficits. At that point about one fifth of the business of banks consisted of bad loans, the effect of the vulnerability of state bankers to continual requests by failing firms for operating capital.[60]

This enterprise indebtedness and failure was ultimately domestically induced, first by decades of overstaffing dictated by a socialist vision of full urban employment bolstered by soft-budget investment for all state firms, and then later driven by an economic reform program replete with fits and starts and a tendency toward overheating. It was in this context that the really crucial shift in enunciated employment policy emerged for this once socialist system. The shift occurred a year or more before the regional (and later global) financial crisis of 1997-98 was even imagined. But it was motivated in the first place by the aim of bringing China up to par economically with the industrially developed world, and corresponded to the leaders' adoption of neo-liberal formulas in vogue world-wide, urging downsizing to spur competitiveness.

Thus, by the second half of the 1990's, China's state leaders were finally calling seriously for an abrupt increase in the numbers of those to be let go from their jobs, even as sizeable layoffs were starting to occur more or less spontaneously. In the spring of 1996, urban unemployment, once strictly anathema to the Communist Party, was, remarkably, suddenly being termed "inevitable in a market economy," which in China by that time unquestionably obtained.[61] And when, later that year, the Party adopted a policy of "grasping the large [firms] and releasing the small [ones]" (zhuada fangxiao), this for all practical purposes amounted to a justification for selling off the smaller state enterprises,[62] whose workers then unceremoniously lost their posts. Then, at a January 1997 State Council National Work Conference on State Enterprise Staff and Workers' Reemployment, attendees were told that solving their firms' difficulties depended upon enterprise reform, system transformation, cutting staff, normalising bankruptcies, and encouraging mergers [emphasis added].[63]

The Communist Party's Fifteenth Congress of September 1997 served as a watershed in the campaign to cut back labour. Party head Jiang Zemin delivered a political report there that in effect authorised dismantling the state sector, in his insistence that socialism in China could

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[59] Rawski, op. cit., 5-6, 19; H. Lyman Miller, "Institutions in Chinese Politics: Trends and Prospects," in Library of Congress, "China's Future: Implications for US Interests: Conference Report" (Washington, D.C., September 1999), 45; and Barry Naughton, "The Chinese Economy Through 2005: Domestic Developments and Their Implications for US Interests," in Library of Congress, op. cit., 54-55.

[60] West, op. cit., 6; Lo Ping, "Wenjian toulou qigai xian pingjing" [Document Reveals Enterprises in a Bottleneck] Zheng Ming [Contend], No. 12 (1997), 17.

[61] FBIS, June 14, 1996, 52, from Jinrong shibao (Beijing) [Financial Times], April 15, 1996, 1.

[62] Joseph Fewsmith, "China in 1998: Tacking to Stay the Course," Asian Survey XXXIX, 1 (1999), 100.

[63] See Yang Yiyong et al., Shiye chongji bo [The shock wave of unemployment] (Beijing: Jinri zhongguo chubanshe, 1997), p. 220.

persist even without the dominance of state ownership.[64] In the wake of the congress's pronouncements, privatisation, dispossession, and forced bankruptcies became widespread. The corollary sloughing off of labour has been painted in the press as not merely a "necessary" process but also a positive measure in enterprise reform and economic development; it was even termed, then and later, the critical key to the entire three-year program initiated in 1997 to "throw off difficulties" in state enterprise management.[65]

At the close of the year 1997, the Ministry of Labour's National Work Conference announced, apparently with much chagrin,

> Dismissing and laying off workers is a move against our will taken when we have no way to turn for help, but also the only way to extricate ourselves from predicament.[66]

For the workers whose firms could no longer accommodate them, layoffs were to become standard practice, the better to enhance the productivity of their original firms, while the firms were supposed to make efforts to divert these people to other posts. The hope was that, once cut off from their employers and thrown into society, many dismissed workers would turn to the private and tertiary sectors. In this way what began as "enterprise restructuring," it was claimed, would eventually "readjust the industrial structure"[67] and create a labour market, as the process eventually "cause[d] the flow of labour to follow the laws of the market economy."[68]

A solution that was explicitly suggested at the meeting for workers whose firms abandoned them was to "make the urban unemployed do the work that people are unwilling to do and that is done by migrant workers."[69] This amounted to a blatant effort to convince the discarded that their best future would lie in accepting the notion of becoming informal labour. There could well be a connection here to an unusual media campaign that followed within a few weeks of this meeting, glorifying as a national heroine a poor migrant woman who had leapt from a building to escape her boss's advances.[70] At least one intention behind the publicity could have been to elevate the prestige of migrants and their work, with the aim of enticing into similar labour the millions of suddenly jobless urban citizens who were soon to be engaging in it.

After the Fifteenth Congress, in a newly stepped-up drive for "competitiveness," "flexibility," and "efficiency," the leaders actually adopted these internationally fashionable terms in their speeches.

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64 Miller, op. cit., 45.

65 Teyue pinglunyuan [special commentator], "Guoyou qiye gaige he changyuan fazhan yu laodong shehui baozhang gongzuo" [State enterprise reform and long-distance development and labor social welfare work], Zhongguo jiuye [Chinese employment] (hereafter ZGJY) 1 (2000), 4.

66 MP, December 19, 1997, in SWB FE/3107 (December 20, 1997), G/7.

67 N.a., "Yi bashou gongcheng zai Liaoning" [Number one project in Liaoning], ZGJY 3 (1998), 13.

68 Li Zhonglu, "Zai jiuye gongcheng di diaocha yu jishi" [An investigation and on-the-spot report of the Reemployment Project], GYCKZL 11 (1997), 17.

69 MP, December 19, 1997, in SWB FE/3107 (December 20, 1997), G/7.

70 Rone Tempest, "China Hails Woman Paralyzed in Leap to Escape Boss," Los Angeles Times, January 9, 1998, A4; RMRB, January 8, 1998.

Another typical refrain had it that the process of shedding workers would have the positive functions of raising labour productivity, motivating activism, raising enterprises' technical level, cutting wage costs, and generating a more rational redeployment of labour resources.[71]

Thus, a major ingredient in the process of firing the urban workforce en masse was purposive state policy. This policy was tortuously arrived at, and emerged only bit by bit over the course of nearly two decades. And it eventually became an externality of other state policies, such as an overheated drive for development and the need thereafter to cut back on all fronts with force. Moreover, in the end, this policy also fell explicitly under the influence of slogans and canons that were au courant internationally. But even considering these caveats--leaders' long-term reluctance to take the step, what for some years was a very gradual and often half-hearted implementation, its sometimes derivative status, and, finally, the foreign origin of its tenets--one must conclude that the policy of layoffs was at least as much state as market-driven.

Influences from the Asian financial crisis

Just at the point when decisions about sackings that had been mainly domestically induced were taking effect, employment was further undermined by frightening external events. As the Asian financial crisis menaced across China's borders, slowed-down export growth in 1997 turned flat in 1998, combining with official policy to cut further into available work posts.[72]

That the impact was felt nation-wide becomes evident when very different cities' situations are considered, although the effects took particular forms in each. For instance, in North-eastern China, an old and important base for heavy industry, serious problems of unemployment already brought to the fore with marketisation--related to obsolescent technology and unproductive plants--became even more severe with the onset of the crisis. According to a textile industry official in the Liaoning provincial capital of Shenyang, the crisis added to difficulties that had commenced a few years earlier with the tightness in credit nation-wide and the lack of competitiveness in the city's industry.[73] In the machinery trade in particular, there had been a big impact, since one fourth of its exports had gone to Southeast Asia before the crisis began; by mid-1998 that 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 earlier half of the 1990's, in 1997 it grew at a mere 2.5 percent.[74]

According to an official from Shenyang's Labour Bureau, the crisis became a contributing factor in the city's problems with mounting unemployment.[75] For one thing, foreign investment was drying up: the China Daily Business Weekly declared in August 1998 that investment in Liaoning province from Asian countries had fallen by 32.6 percent, with that

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71 Zhang Liangcheng, op. cit., 45.

72 Rawski, op. cit., 19; Naughton (1999), 54-55.

73 Interview with provincial Textile Industrial Council, August 17, 1998.

74 Interview, provincial Machinery Bureau, August 19, 1998.

75 Interview, August 18, 1998.

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.[76]

In Guangzhou, the capital of south-eastern Guangdong province along the coast, where economic reforms had been earliest and most far-reaching, and where prosperity had been the norm for nearly two decades, once the crisis got underway, it wasn't long before a touch of pessimism began to appear in provincial and urban statements. As the effects of the crisis began to be felt, Guangzhou started to consider seriously a problem it had not fully encountered up to then: international competition. And though the city had "emphasised competitive [or market-oriented] employment in the past," by early 1998, a city paper announced that, "This year we will turn the key point to guaranteeing employment."[77]

As an early 1998 study of the city's economy noted, "Currency devaluation will lower these [Southeast Asian] countries' export costs and weaken our foreign trade enterprises' comparative superiority in international markets"; and "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."[78] Guangzhou, the paper warned, had "lost its original superiority" because of international and domestic competition.[79] Indeed, already by the end of 1997, international competition had pushed Guangzhou's export growth down to 15.7 percent while the national average growth rate remained at 20.9 percent. By the end of the summer of 1998, even the official, rather propagandistic China Daily had admitted that, "The monetary disorder in Southeast Asia has thwarted the city's foreign trade."[80] Thus, despite the vibrancy of its economy relative to much of the rest of the country in the second half of the 1990's, by the end of 1997, the city's economists had concluded that, "only by reducing personnel can we quickly increase labour productivity and get a slight increase in economic results."[81]

A third example is the central China city of Wuhan, where foreign trade was not insignificant, amounting in the late 1990's to somewhat under 10 percent of GDP, according to one interviewee.[82] Because of this the Asian financial crisis was not a critical component of Wuhan's xiagang problem, but it did contribute to it. As local labour officials explained, in the past, enterprises in the city with good returns had been able to export, and the city's labour-intensive products had found a market in Southeast Asia. But with the drop in receptivity in that region to Chinese imports, a large number of goods which were once exported had to be sold domestically, where heightened competitiveness went on to increase the pressure on local employment.[83] Administrators at the city's economic commission held that light industrial firms

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76 CDBW, August 23, 1998, 7.

77 Yangcheng wangbao [Sheep City Weekly] (hereafter YCWB), January 3, 1998.

78 Guangzhou shi jihua weihyuanhui [Guangzhou City planning committee] (hereafter, Guangzhou shi), ed., Jingji shehui bai pishu [Ecocomic-social white paper] (Donghuang: Guangdong jingji chubanshe, 1998), 132, 159.

79 Ibid., 185. The tariff reduction of October 1997 on nearly 5,000 products was expcted to intensify domestic market competition (ibid., 159).

80 China Daily (hereafter CD), August 24, 1998, 5.

81 Guangzhou shi, op. cit., 125.

82 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) interview, September 9, 1998.

83 Interview with Wuhan labor bureau, September 7, 1998.

had been the chief exporters from the city, so that these were the ones most influenced by the Asian crisis. Consequently, most layoffs occurred 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 cheap. In the view of urban bureaucrats, there were a lot of factories whose output was so affected. Officials related that the crisis had also had an effect on steel exports--a serious concern in a city where the Wuhan Iron and Steel Corporation is the most crucial company--because Korean and Russian output had become so much less costly.[84]

In short, the crisis in the financial markets of China's neighbours was by no means the underlying cause of the country's mounting unemployment after 1997. But it did restrict the market for China's exports while it reduced inward investment. So in these indirect ways the crisis added its weight to a situation whose original roots lay elsewhere: in internal political decisions reached in reaction to previous state policies; and in influences from the neo-liberal rhetoric and economic philosophy in vogue around the globe at that point.[85] Thus the crisis became one more factor in the production of informal labour in China's cities.

State policy's unintended consequences

Party leaders who insisted on espousing fashionable formulas from other places--about the connection of cutbacks and deregulation to growth and modernity--probably took these ideas seriously. But they apparently failed to consider the kinds of perversions of policy that, in an economy still powered by socialist-style behaviour, were sure to ensue from their enforcement.

For one, old habits of complying with the orders of "upper levels" in the hierarchy persisted among Chinese officials who had operated for decades as minions within the socialist bureaucracy. Accordingly, many sources record commands from above to shed workers. One informant referred to a "trend" of factories letting people go: "level by level leaders demand the reduction of personnel, no matter what," explained another. Similarly, a documentary source alleges that,

> Some enterprises' results are rather good, and they really need not lay off people. There's enough work to do. But still each year, personnel are forced to leave according to a certain proportion. This occurs because their upper level gives its enterprises a quota for the number to be laid off [and uses its fulfilment] as one basis for evaluating leading cadres' work.[86]

Quotas were sometimes also employed in determining the number of workers from each firm permitted to enter into the care of the firm's reemployment service centre[87]; in one case, a company had a quota of only 30 people allowed to enter at one time. Newly laid-off personnel had to wait their turn for those currently being served to find other work and formally to break their ties with the Centre. And not being within the jurisdiction of the Centre means that a

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[84] Interview with officials from the city's Economic Commission, September 8, 1998.

[85] I have written more deeply on this issue in my article, "Globalization and the Paradox of Participation: The Chinese Case," Global Governance, 7 (2001), 173-196.

[86] Tian and Yuan, op. cit., 11.

[87] More explanation on these below. See note 107.

person is not even classified as xiagang, though s/he might be from a state firm and meet all the other specifications; not having this status, by extension, means one is not qualified to obtain a xiagangzheng [laid-off certificate], a document meant to entitle a furloughed worker to a range of "preferential policies"--reduction or elimination of taxes and fees, free business licenses; assignment to a guaranteed plot of turf on the sidewalk or in a market for his/her new informal business; and help from the trade unions, local branches of the Women's Federation, or from their neighbourhoods, in finding jobs and in occupational training.[88]

Journals devoted to labour issues contain admissions that in individual cases the movement to reduce staff was allowing management to remove people purely for reasons of "interpersonal relations," another throwback to socialist-era habits. There are stories of cities exaggerating the degree of their unemployment in the expectation of thereby collecting more governmental subsidies to aid their local jobless. And the threat of a layoff is easily turned into a powerful tool that some "low-quality, weak-democratic-consciousness" cadres wield to repress and intimidate their staff and workers into docility and obedience, and to muzzle any "potentially insubordinate discussions."[89]

In other ways too, once the official orders to downscale were announced, managers given leeway--even orders--to shrink their payrolls fell back on various tactics that had nothing to do with the leadership's intended aims in ordering the cutbacks. These included treating the workers as scapegoats for the inefficiencies of management; using this "reform" as one more opportunity for corruption (as by removing workers from their posts and then pilfering funds meant to sustain the workers' livelihood while laid-off); and employing the name of "layoff" for revenge, to get back at those they'd had conflicts with, including people who had dared to voice criticisms. In other cases, even as front-line production workers were sent packing, leaders brought in their relatives in their stead. Even management in enterprises that could still absorb labour nonetheless threw out staff and workers when managers' own squandering and waste was what had really led to the unit's losses.

Given the 1986 Bankruptcy Law's stipulation to minister to the needs of workers from bankrupt firms--after the costs of the proceedings are paid off, the workers and retirees of a firm have the first claim on any remnant assets of the firm[90]--many enterprises that ought to have embarked on bankruptcy proceedings failed to do so simply because they lacked the funds to fulfil this requirement, as the following quotation from the official Party newspaper, the People's Daily, explains:

> As most cities and regions in China have yet to perfect a social security system, China still faces difficulties in resettling staff and workers of bankrupt enterprises, having a direct and adverse impact on social stability. If they spent a large amount of enterprise auction income on resettling staff and workers, bankrupt enterprises would have to write off more debts owed to the banks. Given this situation, for a long time to come, China's state-owned enterprises will not be allowed to declare bankruptcy in light of the balance of assets and operational conditions alone, as enterprises under a Western market economy

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88 Interviews, September 4 and 1, 1999. The worker I interviewed on September 4 got about two thirds of the allowance she would get if she were in the center (140 yuan/month instead of 222).

89 Wu Chaoyang, "Mo na `xiagang' xia zhigong" [Don't use layoffs to frighten the staff and workers], ZGGY 7 (2000), 37.

90 West, op. cit., 8.

structure do...China should only let state-owned industrial enterprises go bankrupt in accord with the Bankruptcy Law in some cities with a sound social security system.[91]

Or, as one scholar expounded,

Some enterprises in difficulty would like to cut off relations with their workers, but because they find it hard to pay off severance wages and medical insurance, and have not paid into social security funds for them, they can only let them go.[92]

Among my own informants were some whose firms simply stopped producing or whose business was very poor, but had not declared themselves bankrupt. Such enterprises let their workers go "without a cent, showing no concern,"[93] thereby creating either idle or, if the rejects were fortunate, informalised workers.

Because of each firm's responsibility to arrange a future placement for its own discarded workers, a range of disguised forms of unemployment emerged under various names, including early retirements and long "holidays," often entailing drastic reductions in benefits and significant underpayment or non-payment of wages, but without calling the worker "unemployed."[94] In fact, the workers are regularly left to scrounge for a livelihood entirely on their own. Though the politicians in Beijing certainly did not call for these abuses, the bureaucracy on which they depended produced them. And these abuses constituted one more element in breeding soldiers for the army of the informal sector.

Deeper causes

Stepping back from these specific political decisions and a set of nearly coterminous external influences, all of which certainly intensified, expanded, and quickened the process, Chinese urban unemployment in the late 1990's was also a function of larger and older systemic and structural forces, though, indeed, these forces have political roots, as well. In one Chinese explanation, the massive dismissal of the workforce is tightly linked to a triple transformation the country has been undergoing: the switch that began in 1979 from the planned economy in place since the 1950's to a market-based one; a shift from an extensive mode of growth--based upon heavy infusion of labour and investment capital--to an intensive mode, which is far less labour-dependent; and a changeover from a traditional agricultural economy to a modern industrial one.[95]

From a somewhat different perspective, Thomas G. Rawski divides the phenomenon of joblessness in current China into three categories: cyclical unemployment (the effect of China's

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[91] Mu Ren, "Go Bankrupt or Dodge Creditors," translated from RMRB, December 9, 1996, 2, in SWB FE/2813, G/7, January 10, 1997.

[92] Gu Yu, "Xiagang zhigong yinxing jiuye wenti chuyi," [Preliminary opinions on hidden employment among the laif-off staff and workers] ZGJY 6 (1998), 27.

[93] Interviews, September 1, 1999 and September 11, 1999. According to Hu Angang, Zhongguo jingji shibao [China economic news], March 31, 1998, in GYCKZL 3 (1998), 12, sample nationwide statistics show that about 15 million city people in need are not guaranteed their basic livelihood, with the main reason being that their enterprises have stopped work and either ceased to issue any wages or issue them only in part.

[94] On this, see 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. See also Kernen, op. cit., p. 9, and Solinger (2001).

[95] SWB FE/3234, G/6, May 23, 1998, from Jingji ribao [Econmic Daily], May 8, 1998.

increasing involvement in marketised behaviour, both domestically and internationally); transition unemployment (coming from an abandonment of the socialist-era tenet of full employment and a consequent removal of or cutback in state subsidies that had propped up failing firms); and structural unemployment, the result of a lack of fit between workers' qualifications the types of work in demand.[96]

Other economists have described the factors in different terms and employment as being the outcome of other factors, such as of labour force growth[97] and capital deepening, serious enterprise losses, a shift in national economic strategy to the formation of large economic corporations, regional imbalances, temporary recession, and the state's industrial policy. Whatever the explanation, domestic politics have played a dominant role in the result--job loss followed by downgraded forms of labour for low-skilled, manual workers in the cities.

These developments have effected a significant shift in political dynamic between China's industrial policy makers and its old industrial workers. The nature of the new interaction of these two groups--mediated by bureaucrats with their own games to play and their own gains to grab--distinguishes the economic activity in this particular private sector from that which usually marks informal economies or secondary sectors of a dual labour market. I go on now to explore this dynamic, one joined by frightened, despairing, embittered former workers on the one side, and guilty, fearful decision makers, on the other.

A New Dynamic: Reform Leaders Versus Their Former Labour Allies

Those at the pinnacle of the Chinese state are well aware of the new, sometimes desperate situation among many of the abandoned workers, people who once belonged to the favoured portion of the urban populace. Leaders' reactions can be read in part as fear of the unrest among these people that has become more and more evident over the last decade of the twentieth century and into the twenty-first one. Expressing the state's concern is its guarded, watchful posture, as depicted in this recent admonition from the State Council:

> Pay a high degree of attention to the masses' reactions and timely research how to resolve them; give special attention to areas, trades, and enterprises where problems are comparatively concentrated.[98]

As graphic evidence of fear among the leadership, at the beginning of June 2001, the New York Times reported that, "This week, the commander of the people's armed police, the paramilitary anti-riot force, told his troops that they must step up preparations to control `sudden incidents'."[99]

But elite responses can also be counted in part as guilt; one informant, for instance, a manager of a district labour market exchange, explained with evident compunction in this voice,

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96 Rawski, op. cit., 9-10.

97 As the China Human Development Report, op. cit., points out on p. 104, this is the outcome of pro-natal policies under Mao, as those born in his era, especially in the late 1960's and early 1970's, came of working age.

98 Guowuyuan bangongting [State Council Office], "Guanyu jixu zuo hao quebao guoyou qiye xiagang zhigong jiben shenghuo he qiye lituixiu renyuan yanglaojin fafang gongzuo di tongzhi, 9 (2000)" [Circular number 9 (2000) on continuing to do well guaranteeing state enterprise laid-off state and workers' basic livelihood and enterprise retired personnel's pension issuance work], ZGLD, 5 (2000), 56.

99 Erik Eckholm, "China's Inner Circle Reveals Big Unrest," New York Times, June 3, 2001.

"We set up labour markets, reemployment centres, social welfare and unemployment relief precisely to keep people from reaching the state of starvation."[100] And the official All-China Federation of Trade Unions has at times acted as an advocacy group for the discharged. One news broadcast has it appealing to the government for "more far-reaching employment policies" and for legislation that would afford legal protection to unemployed workers and those whose pay has been cut.[101]

Yet despite what seem to be good intentions, there are vast shortfalls in the regime's (and its agents', at lower levels) administrative programs and grants of money, plus not a little hypocrisy in its use of the media and its creation of models, allegedly to prod the laid-off to help themselves. For often enough, what were worthy aims are turned awry, as administrative plans merge into muddle and evasion, the efforts at hopeful propaganda shade into mere hype, and attempts at financial aid are undercut by corruption of alarming proportions. Meanwhile, for those individuals among the prior workforce whose actions appear politically threatening, the regime reserves the option of prison. So, unfortunately, the overall record amounts to a saga that is more often flawed, shoddy, or antagonistic than it is caring.

The state's efforts at compensation

The "Reemployment Project" and its shortfalls

As early as 1994, an experimental program, the Reemployment Project, was piloted in 30 cities, and then extended nation-wide the following year. It embodied a monumental effort which entertained the sadly overambitious aim of somehow arranging the settlement of all the laid-off workers.[102] But there were critical limitations on this entire effort--a scarcity of funds; a widespread connection of the unemployed with firms that have either gone bankrupt or are suffering serious losses and deeply in debt;[103] incalculable levels of corruption among local cadres and firm managers, who intervene between policymakers and intended recipients, taking substantial cuts, to put it kindly; and, perhaps most serious, a vast insufficiency in the supply of potential work posts in the economy.[104]

The Reemployment Project (REP) was to be a set of transitional measures to insure that the laid-offs' basic livelihood was guaranteed during the time when the country's nascent labour

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100 Interview, September 7, 1999.

101 Zhongguo xinwenshe [China News Agency], May 3, 1997, in SWB FE/2917, May 13, 1997, S1/3. Anita Chan, "Globalization, China's Free (Read Bonded) Labour Market, and the Chinese Trade Unions," Asia Pacific Business Review 6, 3&4 (Spring/Summer 2000), 260-81 describes sympathy within the official trade union.

102 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 [Social science documents publishers], 1998), 86.

103 According to N.a., "1998 nian qiye xiagang zhigong jiben qingkuang" [The basic situation of the laid-off enterprise staff and workers in 1998] Laodong baozheng tongxun [Labor and social security newsletter] (hereafter LDBZTX) 1 (1999), 10, laid-off workers let go by enterprises losing money represented 67 percent of all laid-off workers as of the end 1998.

104 According to Zhang Handong, "Dangqian zaijiuye gongcheng de qi da wuqu" [Seven big misunderstandings in the present reemployment project], LDNC 7 (1998), 27, "to solve the problem of reemployment for the unemployed, the laid-off, and surplus labor, we lack at least 30 million jobs."

market was admittedly yet imperfect and the nation's social insurance system incomplete. Both of these were institutions yet to be properly developed as China's economy emerges from decades of governance by a planning system.[105] The project was to rest upon four pillars: unemployment insurance, professional introduction services, retraining, and labour service enterprises.[106] Shanghai pioneered the program, setting up a model "reemployment service Centre," which was to provide a caretaker role for the workers for a three-year period from the layoff date for each, by disbursing "basic livelihood allowances" to them (monthly grants for three years or a large, one-time settlement for laid-off workers); paying into funds for their medical insurance and pensions; retraining them; and finding them new employment.[107]

Those eligible to be termed xiagang according to the official definition are supposed to be (but by no means always are) the target of a set of active labour market policies, taking the form of the so-called "preferential policies" for these workers detailed earlier,[108] once they produce their xiagangzheng. One former worker with whom I spoke, laid off in 1995, however, only received her certificate a full three years later, in September 1998.[109]

Overall, implementation of the preferential policies has been politely termed "not ideal." This is because, one critic explains, "the departments [that could otherwise collect taxes and fees and issue licenses] block the way, so it's hard to co-ordinate all the regulations."[110] Another noted that, "In most markets the policy is not realised. The problem is the department's own interest [won't be served], the quality of those enforcing the law is low, and supervision is lax.[111] Or, in the vivid explication of the Anhui branch of the official trade union:

> If a firm employs laid-off people amounting to more than 60 percent of its workforce, it's supposed to get a three-year cut or elimination of its income tax.[112] But any firm absorbing this many laid-off can't break even, not to speak of reducing its income tax. Or a laid-off labourer doing individual [geti] business should be able to be tax-exempt if his/her monthly business volume does not exceed 400 yuan; but doing only 400 yuan of business

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105 Wang Dongjin, "Jianchi zhengque fangxiang, fahui xuehui gongneng wei jianshe you zhongguo tese di laodong he shehui baozhang shiye fuwu" [Persist in an accurate direction, foster competence in studying, to serve in developing a labor and social security enterprise with Chinese characteristics], ZGLD, 4 (2000), 5; Shen Wenming and Ma Runlai, "Zaijiuyezhong de zhengfu xingwei" [The government's behavior in reemployment], ZGLD, 2 (1999), 19; Lei Peng, "Zhigong peixun yu jiuye cujin--chengshi fupin de zongyao" [Staff and workers' training and the promotion of reemployment--the important path in subsidizing urban poverty] LDNC, 11 (1998), 30-31.

106 Wang Tianxing, "Kunjing yu chulou" [Difficult straits and the way out], Shehuixue yanjiu [Sociology research] 6 (1997) in Xinhua wengao [New China documents] 3 (1998), 25.

107 Yang Shucheng, "Zaijiuye yao zou xiang shichanghua" [In reemployment we must go toward marketization] ZGJY, 3 (1999), 19 calls the center a product of "a special historial stage, a transitional measure which can solve its special contradictions."

108 See note 88.

109 Interview, September 2, 1999.

110 Xue, op. cit., 10.

111 Anhuisheng zonggonghui diaoyanshi [Anhui province general trade union investigation and research office], "Anhuisheng zaijiuye qingkuang yanjiu" [Research on the situation of reemployment in Anhui province], ZGGY, 2 (2000), 18.

112 One place this ruling appears is XH, April 14, 1999, in SWB FE/3509, April 15, 1999, G/5.

would only produce 50 yuan of profit. If their business made so little profit they wouldn't even do it. So in most markets these policies are not realised.[113]

Even when they do engage furloughed workers, an official in the trade union federation's legal department charged, some enterprises take advantage of the workers' eagerness to find new jobs by refusing to give them wages equal to their regular workers, though they do just the same work.[114] In Wuhan in 1998, the city paper even admitted that, although the city's industrial-commercial bureau claimed that the policy of reducing and exempting fees for the laid-off was being implemented, unemployed former workers in the meat markets had never heard of such a regulation.[115]

Laid-off workers who have been fortunate enough to receive a *xiagangzheng* are eligible for a "basic living allowance," [*jiben shenghuofei*]. The amount of these allowances varies among cities, but are meant to be uniform within them. Wuhan, for example, publicised a standard payment of 280 yuan per month as of autumn 2000,[116] itself hardly enough for one to use to eke out an existence. But in my own interviews with some 50 laid-off workers toiling on Wuhan streets in September 1999 and 2000, I almost never met anyone who was obtaining the full amount due. Though in principle enterprises with laid-off workers, as well as every neighbourhood [jiedao], are charged with setting up a reemployment centre,[117] one typical former employee of a state plant did not even know whether or not her unit was running such an agency.[118] Another had been dismissed by a unit with a centre, but felt that "going there is no use...there's so many laid-off workers...the centre couldn't possibly manage to help them all."[119]

An official at the Wuhan branch of the trade unions explained that of the 400,000 staff and workers in that city who were "surplus workers" [still stationed in a firm but without any work to do], laid-off, or attached to firms that had stopped producing [tingchan], just 76,000, or 19 percent, had even been assigned to such a Centre.[120] On a national scale, a 1997 study of the lay-off, rechanneling [fenliu], and reemployment schemes in all state-owned single-venture enterprises discovered that the majority of laid-off workers were not entering a reemployment Centre, while as many as a half were getting no livelihood allowance at all.[121]

And though nearly 30,000 job introduction centres had been set up nationally the summer of 1997, those in urgent need of work who actually found some through such units comprised fewer than 20 percent of all unemployed people at that point.[122] Training projects too seem

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113 Anhuisheng, op. cit., 18.

114 Ibid.

115 CJRB, April 23, 1998, 4.

116 Interviews, head of social security work section of the Wuhan branch of the All China Federation of Trade Unions, September 13, 2000 and Wuchang district labor market, September 14, 2000.

117 Interview, Wuchang district labor market, September 14, 2000.

118 Interview at a night market, September 9, 2000.

119 Interview, September 6, 1999.

120 Interview, September 13, 2000.

121 N. a., "Guoyou qiye zhigong fenliu ji xiagang qingkuang di tongji diaocha" [Statistical investigation of the situation of state-owned enterprise staff and workers' diversion and layoffs] ZGLD 6 (1998), 45.

122 SWB FE/2993, August 9, 1997, S1/2, a translation of Bo Qiangzhong, "Employment: A pressing issue at the end of the century," Renmin luntan [People's Forum], 5, (1997), 42-43.

often to miss the mark: instruction was offered without regard to market demand, and when the requisite funds don't arrive, the laid-off most often cannot afford to pay themselves.[123] One source from late 1997 asserted that an investigation had found that a mere 3.5 percent of the laid-off were participating in training programs; most felt that even at half-cost the classes were beyond their ability to pay.[124] Furthermore, in 1999, as many as four thousand illegal professional job introduction organs were ferreted out, while another five hundred or so were banned for having seriously contravened regulations.[125]

Nor were some untold numbers of firms or their reemployment service centres contributing to laid-off workers' insurance funds, as official regulations demanded. In early 2000, members of the State Council felt compelled to issue a document ordering the use of legal and administrative "supervision" and drawing on the power of public opinion (as, through exposure in the media) against firms that ought to contribute to pension, unemployment and medical insurance funds but that were either outright refusing to do so, falsifying reports, or paying less than they should.[126]

The All-China Federation of Trade Unions issued a report in 2000 listing three reasons why these problems in ensuring workers' reemployment were cropping up: some firms in trouble can't afford to pay their share of the livelihood allowances, so they fail even to inform their employees about the policy; furloughed workers worry that their benefits will be terminated at the end of three years if they enter a reemployment Centre, so they refuse to go; and most local governments have limited financial ability, so many of them could not shoulder their share of the expenses if all the local laid-off were to enter centres. Therefore they set quotas.[127]

Despite the shortfalls, either out of confidence that the program was succeeding or else from a desire to terminate a hopeless venture, by mid-2000, announcements appeared that beginning that year the state would cease to set up new reemployment centres. Further, it was decreed, with the year 2001, newly released employees would move directly onto the open labour market.[128] For all the reasons that reemployment programs fall short--whether from simply basing them on wildly inaccurate projections or from callous malfeasance--the overall outcome has been that millions in the cities have suddenly lost their work and their welfare. In short, it appears clear that even a centrally-sponsored project aimed at placing workers has spawned distortions that often derailed the effort, in the process producing an informalisation of the formerly state-employed urban unskilled workforce.

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123 Shu Xinwen, "Xiagang zhigong dapandian" [A large inventory of the laid-off staff and workers], ZGJY 7 (2000), 47. An official at the Wuhan trade union branch office said (interview, September 13, 2000) that training a laid-off worker to become a cook costs at least 380 yuan just to buy the necessary materials.

124 Li Zhonglu, "Zaijiuye gongcheng di diaocha yu jishi" [An investigation and on-the-spot report of the Reemployment Project], GYCKZL, 11 (1997), 18.

125 Laodong he shehui baozhangbu, op. cit., 52.

126 Guowuyuan, op. cit., 56.

127 Zhang Yuanchao, op. cit., 6.

128 Li Jianping, "Wei xiagang zhigong chu `zhongxin' goujian `luse tongdao'" [Construct a `green passageway' for laid-off staff and workers to exit the `centers'], ZGJY, 6 (2000), 22, and interview at Wuhan city Labor Market, September 7, 2000.

Social Insurance

Informalisation entails not just the demise of regulations governing the workplace itself; the concept also alludes to the loss of welfare benefits. And in China, in the interim period following the cessation of state planning with its generous welfare benefits for city workers, the installation of a genuine social security system--one altogether separate from the enterprise--is yet under construction. So a three-pronged system, dubbed the "the three guarantees," is to serve as stand-in. But the will of the state to fulfil these guarantees can be questioned. On the one hand, the frightened regime recognises that without its providing for the newly poor, a conflagration could be brewing. Evidence for this was Premier Zhu Rongji's pressing at a mid-2000 forum for setting up a social insurance system, terming this "important, necessary and urgent."[129]

And yet, at the same time, this very regime has in recent years recast as a "burden" what for decades it had viewed as its responsibility to its workforce. So there are orders from above imploring state firms to "improve the balance between their assets and debts and reduce their social burdens."[130] In this same vein, an issue of the People's Daily from late 1999 declared that, "To enable the state firms to realise the goal of establishing a modern enterprise system, it is necessary to extricate them from the burden of supporting social undertakings."[131] Regardless of the stated intent of the government to formalise labour by building up a proper, full-fledged welfare net, there are strong incentives for enterprises to neglect workers' welfare, thereby transforming once entitled workers into informalities--and often into protesters. It is in this area in particular that we see the conflict between the leadership's rhetorically joined objectives of reform and stability.

The three so-called "guarantees" of the interim system are the basic livelihood allowance already discussed; unemployment insurance (for those deemed "unemployed," according to official reckoning, i.e., those whose firms have disappeared altogether, whether by bankruptcy or from having been merged with or bought off by another one and who have registered their situation); and a minimum cost of living guarantee (for urban residents whose income falls below a locally determined standard for the most basic existence in that place). But in fact these payments are far from "guaranteed." Arrears are often serious, since enterprises in difficulty cannot furnish their share for the first two insurances, while the urban civil affairs departments are not properly funding or advertising the third one.

In the case of the basic living allowance, indebted and effectively bankrupted firms cannot afford the one third they are charged with contributing.[132] So it means nothing to say that, for instance, at the end of 1999, 90 percent of the laid-off were getting their allowances,[133]

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[129] N.a., "Zhu Rongji zongli zai wanshan shehui baozhang tixi zuotanhuishang qiangdiao, "Zai jinnian shixian `liangge quebao' di jichushang, jiakuai jianli wanshan di shehui baozhang tixi" [The Premier emphasizes in the forum on completing a social insurance system, "In this year, on the foundation of realizing the `two guarantees,' [pensions and basic living allowances], speed up the establishment of a complete social insurance system], ZGLD, 7 (2000), 5.

[130] SWB FE/3651, September 28, 1999, G/3, from XH, September 26, 1999.

[131] RMRB, September 21, 1999, 2, in SWB FE/3661, October 9, 1999, G/6.

[132] Zhang Yuanchao, op. cit., 6.

[133] N.a., "1998-1999," op. cit., 35.

since tens of millions of those without jobs do not even qualify for the xiagang label for one reason or another[134]--with a very common reason being a firm's lack of funds to pay their allowances! One economist found that in 1997 even for those given an allowance, the average amount they got per month was equal to a minuscule 15 percent of the average worker wage, while those unemployed who received compensation just got seven percent of the average wage.[135]

Unemployment insurance, though first established in 1986, began to be allocated actively only in 1993, at which time it was aimed just at urban workers in state firms. In 1998, a State Council regulation decreed the insurance should be extended to the private and other non-state sector firms. The funds are supposed to be granted, at the rate of about 60 to 70 percent of the previous salary, for 24 months if the person had been steadily employed for at least five years, and at the same rate for just 12 months if his/her prior working time was under five years.

But an internal report based on a survey by the State Planning Commission's Macroeconomic Research Institute disclosed that as of the end of 1999, 73 percent of households where the head was employed reported they were not participating in the program; only 18 percent said they were, with the others not replying. In four major cities, just 11 percent were participating, while among the out-of-work, merely 2.89 percent were part of the program. Among those labouring in the private sector, a scant four percent of the employees had been entered into the system as of the end of 1999.[136]

In part the problem here is the low collection rate, since the program is still primarily enterprise-based.[137] While firms in trouble can't afford to donate, wealthier ones eschew depleting their own capital for the sake of unknown benefactors.[138] As one commentator bemoaned,

> The whole market is in surplus and there is fierce competition, so many enterprises try every method to cut costs... some enterprises in difficulty delay and avoid paying [into the insurance fund], just to go on existing.[139]

And putting even more strain on a fragile fund, at least up through 2000, municipalities were drawing upon these monies for re-employing workers and also for supporting re-employment centres in the city.[140] At any rate, accumulated funds are quite scarce to begin with, since the program only recently got underway.[141] Given these figures, it seems incredible

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134 According to the strict requirements specified earlier. See note 7.

135 This is according to Hu Angang, in Zhongguo maoyibao [Chinese Trade Paper] (Beijing), November 2, 1999, in SWB FE/3688, G14, November 10, 1999.

136 Guojia jiwei hongguan, op. cit., 10-11.

137 Yang Tuan, "Jianli shehui baozhang xin tixi di tansuo" [Exploring how to establish a new social insurance system], LDCY 19 (2000), 16.

138 Li Shigeng and Gao Ping, "Shiye baoxian zhidu cunzai di wenti he duice" [Existing issues and how to deal with them in the unemployment insurance system], LDBZTX 6 (2000), 32.

139 Yi Wen, "Guoyou qiye di shehui baozhang yu ban shehui wenti" [State-owned enterprises' social insurance and managing social problems], ZGJY, 5 (2000), 7.

140 Teyue pinglunyuan [Special commentator], "Zhuazhu jiyu, jianli he wanshan shichang jiuye jizhi" [Grab the opportunity, establish and perfect a market employment system], ZGJY 5, 2000, 4.

141 N.a., "Xianji, xiance: Jianli zhongguo tese di jiuye baozhang tixi" [Offering advice and suggestions: Establish an employment insurance system with Chinese characteristics], ZGJY, 4 (2000), 7.

that in 1999 nationally the unemployment insurance fund, which handed out just 8.87 billion yuan, carried over a surplus of 2.32 billion.[142] The main reason for the surplus is that so very few of those pushed out of their posts are considered officially "unemployed"; the rest are ineligible for the allocations.[143]

The disbursement of the third plank of the interim social security system, the minimum living standard, depends entirely upon individual city governments, and how much money each allocates to its civil affairs department for this purpose. Often, most who qualify for the funds do not receive it. One writer, noting in a mid-1998 article that 275 cities had established urban residents' lowest livelihood guarantee systems, seemed pleased to announce that somewhat over two million people were getting these funds.[144] But in that year, at least 5.3 percent of the urban population nation-wide, or, roughly, about 20 million people, were known to be destitute.[145]

One research article stated that in 1998, the urban minimum livelihood allowance nation-wide averaged under 150 yuan. Its author noted that a trade union study had revealed the startling information that only 1.7 percent of the unemployed population was getting relief from the civil affairs departments, those making up another 25 to 35 percent were getting some compensation from their own units, and the rest had no source of assistance at all.[146] And yet that year the central government claimed that nation-wide as much as 15.9 billion yuan had been raised for the basic livelihood insurance of the laid-off.[147]

The state shows its concern for (or its fears about) the growing numbers of the urban severely poor, of whom the "laid-off" and "unemployed" make up a large proportion. Consequently, it designates households in which the per capita average income falls below the local standard for a "minimum livelihood" in "special difficulty" [tekunhu], and deserving of various kinds of particular care.[148] Such households are entitled officially to a grant from the city civil affairs bureau, in order to raise their incomes to that minimum standard, as well as to other, special forms of charity.[149]

But in fact, many people fail to receive the funds, perhaps because their residents' committee, which should be taking care of this, fails to do its job. According to officials in the

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142 N.a., "1998-1999," op. cit., 36.

143 Li and Gao, op. cit.

144 Cui Zhimin, "Zaijiuye, quan shehui guanzhu di huati" [Reemployment, the topic the whole society is concerned about] ZGGR 6 (1998), 7.

145 Here I am estimating by taking 5.3 percent of the urban population, which in 1998 constituted approximately 30 percent of China's 1.25 billion people.

146 Zhang Genming, "`Shiwu' shiqizhong zhongguo renkou jiuye fazhan taishi yu zhengce mubiao" [The situation and policy objective in the development of the Chinese population's employment during the period of the Fifteenth Party Congress], Gaige [Reform] 4 (2000), 18.

147 Yang Yiyong, op. cit., 11. The central government donated 47.4 percent, 24.5 percent came from local finance departments, and 14 percent from "society" (meaning here the unemployment insurance fund, charity, and mass organizations).

148 Interview with the city's Civil Affairs Bureau, September 11, 2000. In Wuhan's case this amount was then 195 yuan.

149 Amounts designated vary with the city. The 195 yuan is an increase of 75 yuan per month over the 120 yuan granted in Wuhan in March 1996 when the program started there.

Wuhan city Civil Affairs Bureau, a number of people amounting to just 0.5 percent of the non-agricultural population there was drawing this allowance in September 2000.[150] And yet according to a study of 13 cities conducted in June 1999, where altogether 3.167 million were counted as laid-off, an average of 7.5 percent of the population belonged to this category.

The longer-range vision is to create a stand-alone security network, comprised of four separate types of insurance: for pensions, unemployment, medical care, and work injury.[151] But obstructing the fulfilment of the state's projections are the refusal or inability of firms to make their contributions to pools, misappropriation of funds, a lack of objective standards in issuing the funds, and problems in transferring one's insurance after working many years in a given firm.[152]

Pension reform began as long ago as 1984, and, allegedly, by 1998, the foundation had been laid. But the problem, as with other aspects of welfare policy, is that the enterprise remains the basic unit. As of the year 2000, the enterprise was charged with contributing about 20 percent of its wage bill to the fund, while an insured individual employee had about eight percent of his/her wages deducted. But as the numbers of firms and people paying into the funds decreased annually while the numbers of workers retiring continuously increased, by 1998 the money needed nation-wide had shot up 41-fold as compared with 1980. And with lower administrative levels watching out for their own interests, the provincial pooling operation--aimed at redistributing among localities, sectors, and departments--has been characterised as "feeble."[153]

A table in one journal article showed that in Wuhan at the end of 1999, an incredibly tiny 1.5 percent of those eligible were participating in the socialised issuance of pensions. This was by far the lowest rate nation-wide, but the average was also still rather low, at only 53.8 percent in 28 researched cities.[154] The following description from Henan province brings the problems to life:

> After we began provincial pooling, the localities had first to adjust and balance [the funds] within their own jurisdictions. Then, if there were gaps, they sought further adjustment from the province. But the precondition for balancing among localities is that a locality's collection rate reaches 90 percent. [The problem is that] in the absolute majority of localities at present, this rate is not reached. If one place has a gap, even if the individual collection rate [elsewhere in the locality] is 90 percent, [its officials] compare themselves with other places and don't want to contribute, and so city-level balancing falls through. The result is that the provincial-level adjustment fund can't make it.[155]

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150 Civil affairs interview, Wuhan, September 11, 2000.

151 Wang Qiusheng, "Yingxiang dangqian zaijiuye di zhuyao wenti" [Important problems influencing reemployment at present], ZGJY, 7 (2000), 31.

152 N.a., "Xianji, xiance," op. cit., 4.

153 Zhao Zhongheng and Wei Zhikui, "Yanglao baoxian zhidu chuangxin yunxingzhong di san da nanti" [Three big difficulties in blazing a trail in running a pension insurance system], ZGLD, 1 (2000), 12-15.

154 N.a., "Zhongdian lianxi chengshi yanglaojin shehuihua fafang jindu" [Progress in the keypoint socialized issuance of urban pensions], LDBZTX, 6 (2000), 23.

155 Zhao and Wei, op. cit.

A survey querying individual household heads directly about their receipt of pensions yielded replies nearly 20 percentage points lower than those collected by the Ministry of Labour and Social Security, which had obtained its data from enterprises and local governments. Both these latter two entities no doubt had altered their data when reporting their statistics to higher levels, so as to appear to be taking care of their retired workers, when, in fact, they may well have embezzled some of the funds. The former survey, targeting households, discovered that among household heads who were out of work in 1998, just 14.4 percent were participating in pension funds, while nation-wide the urban coverage rate in firms of all kinds of ownership was only about 40 percent. Even among people employed in state firms, just 51.79 percent had been able to join, this study found.[156] And yet, officials in the relevant central government agencies believed (or, at least, stated) that in 1999, 98 percent of the pensions that should have been paid had been,[157] with over 188 billion yuan in pensions having been issued, and 13.5 billion yuan of arrears made good.

The state of medical insurance was quite dismal, as of the year 2000. The survey of household heads just referred to found that among employed people, 73.7 percent were not being covered, while another 8.56 percent failed to answer queries about this topic. Among those out of work, a mere 8.23 percent could boast any hope of obtaining recompense for their medical bills. Overall, just about 14 percent of the urban population enjoyed medical insurance in 1999, this investigation found.[158]

So, in what for them appears as a nightmarish twilight zone, in which they are wedged between being full-fledged beneficiaries of the state's largesse as socialist workers and being uncertain recipients of the vague promises of future prosperity for all in a market society, many million workers have become informalised with the scaling back of state-supplied welfare and the scaling down of state ownership and regulations.

Financial injections and state investment

Apart from administrative programs and efforts to create a social welfare net, the state attempts to palliate the pain of job loss indirectly by allocating substantial sums to localities as enterprise subsidies and for infrastructural investment, with the aim of producing new jobs. As early as March 1997, the State Council announced that it had set aside 30 billion just for that one year as a reserve fund for handling mergers and bankruptcies and for reemployment programs for the employees displaced by them.[159]

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156 Guojia jiwei hongguan jingji yanjiuyuan ketizu [State Planning Commission, Macroeconomic Research Group], "Jianli shehui baohu tixi shi wo guo shehui wending de guanjian" [Establishing a social protection system is the key to our country's social stability], NBCY 511 (May 5, 2000), 9-10.

157 According to N.a., "1998-1999," op. cit., 35, in 1999, 94.33 million staff and workers were participating in the pension program, an increase of 9.57 million over the year before.

158 The total was dragged down by the private [ge-ti] firms, since among state and collective firms 21.2 percent and 17.12 percent, respectively, were being covered. Guojia jiwei hongguan jingji, op. cit., 11.

159 SWB FE/2860, March 6, 1997, S1/1, from XH, March 3, 1997.

In mid-1998, Beijing reached a decision to issue US$24 billion in bonds for infrastructure projects,[160] certainly in the expectation that a multiplier effect would thereby be set into motion that would eventually lead to job creation. For the year 2000, the central government's budget--announced at 920.3 billion yuan--contained as much as 89.3 billion for capital construction in infrastructure (including subsidies for local authorities), plus another 70.7 billion for social security, with 3.7 billion of that earmarked for funding subsistence allowances for laid-off workers in firms owned by the central government.[161]

Sometimes the purpose was a thinly-veiled political one. For instance, in the summer of 1997, when Premier Zhu Rongji visited Liaoning, a place where worker disturbances had been numerous, he reported that central funds [of an unspecified amount] had been sent there "to convert enterprise debts into state funding."[162] And in mid-1998, as U.S. President Clinton was about to arrive in poverty-afflicted Shaanxi province's capital city of Xi'an, where 74 protests had already broken out in just the previous six months, Premier Zhu appeared first, bearing "a huge sum" of relief funds to forestall any "potential incidents" during the president's visit, according to a Hong Kong source.[163] In 1999, the Ministry of Finance made a special "loan" of 200 million yuan to Sichuan province, where several exceptionally large labour demonstrations had occurred, funds to be distributed to every prefecture and city in that province, in an effort to make good unpaid pensions and basic livelihood allowances.[164]

Other packages were dispensed nationally. Minister of Labour and Social Security Zhang Zuoji told a late 1999 conference that additional disbursements from the Centre that year had enabled xiagang workers to get an average increase of 86 yuan in their pay per month and the registered unemployed received 44 yuan per month more than before, in addition to the increase in the average pension noted above.[165] Both President Jiang and Premier Zhu had travelled throughout the country in 1999, holding meetings and issuing instructions, while the central finance ministry had given out 25.5 billion yuan for labour insurance, an increase of 10 billion yuan over the year before.[166] The ministry also implemented several "special support programs" in 1999, including the full subsidisation of 24 districts, funding for sectors in severe difficulty, and "loans" to old industrial bases where there was a "gap" in funding.[167]

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[160] John Pomfret, Washington Post Foreign Service, January 5, 2000; Naughton (1999), 59.

[161] SWB FE/3782, March 7, 2000, G/2-3, March 7, 2000, from XH, March 6, 2000.

[162] SWB FE/2993, August 9, 1997, S1/4, from XH, July 30, 1997. In 1999, President Jiang Zemin inspected industrial plants throughout Liaoning, and it was publicized that the state would give this region more support, part of which was to go for the resettlement of laid-off state enterprise workers (SWB FE/3626, Augus 18, 1999, G/2).

[163] MP, June 25, 1998, B13, in SWB FE/3264, June 27, 1998, G/2.

[164] SWB FE/3457, February 12, 1999, G/7, from XH, February 8, 1999.

[165] Zhang Zuoji, Zhang Zuoyi tongzhi zai quanguo laodong he shehui baozhang gongzuo huiyishang di jiangjhua [Comrade Zhang Zuoyi--the minister of labor and social security]'s speech in the national labor and social security work conference], LDBZTX, 1 (2000), 5.

[166] Ibid., 7.

[167] Ibid., 11; see also "Guowuyuan bangongting," op. cit., 55.

But in a hint that these funds probably did not all reach their intended destinations, Premier Zhu Rongji enjoined local administrations everywhere to "try every means to increase social insurance funds," "block up the loopholes," and raise the portion of expenditures designated for social insurance in localities' budgets.[168] This hint is borne out in many other places, not least in the alarming discrepancy between the seemingly huge sums the government was allocating and the growing poverty and neglect into which millions of former workers have been cast.

At year end 1999, providing more evidence of mismanagement, fraud or both, Labour and Social Security Minister Zhang Zuoji warned of the need to "avoid arousing social instability," and followed that admonition with orders to "strengthen fund management, and prevent losses by squeezing and misappropriating monies." In an effort at a solution, he installed a level-by-level responsibility system, with specific targets for clearing up arrears, aimed at forcing enterprises that could afford to pay wages but which had failed to do so to make good their obligations.[169]

There have been pronouncements of arrears erased--such as a claim that in 1999, 13.34 billion yuan owed in pensions had been paid out; or that a misuse of monies had been contained, when nearly two billion yuan of pension and unemployment funds had been "recovered" that year.[170] The Ministry of Labour and Social Security sponsored training classes for "big offenders," firms behind in issuing unemployment funds by over 10 million yuan. Through this project and other means, nation-wide a reported 7.86 billion yuan of these funds were said to have been paid up.[171]

But why did the back payments surge so high in the first place? Revealing some portion of the peculation that had already transpired, but also probably playing out some new version of it, once the central government announced its intention to subsidise outstanding deficits in distributing pensions, the localities suddenly managed to uncover an extra 16 billion yuan-plus in pensions still owed and in misused and falsely appropriated basic livelihood insurance monies.[172]

Yet certainly untold numbers of those cheated are crystal clear about the mechanism behind the malfeasance. One analyst asserted that ex-employees will take to the streets only when their desperation is paired with known official corruption.[173] There are now so many cases of worker demonstrations that, if he is correct, such graft must be not only widespread but also well known.

Exhortation by example

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168 N.a., "Zhu Rongji zongli," op. cit., 6.

169 Zhang Zuoji, op. cit., 11.

170 Laodong he shehui baozhangbu, Guojia tongjiju, op. cit., 53.

171 Zhang Zuoji, op. cit., 6.

172 Ibid., 8.

173 Feng Chen, "Subsistence Crises, Managerial Corruption and Labour Protests in China," China Journal 44 (2000), 41-63.

To judge from the media, people remaining without work after being let go have only themselves to blame. According to the Hong Kong paper, Ming Pao, the Ministry of Labour's 1997 national work conference concluded that "the key is to change the employment concept of laid-off workers."[174] Thus a speaker at the convention instructed the bureaucrats in attendance that,

> We should work hard to educate this group of people to awaken to the fact that the market economy needs competition, competition is bound to lead to bankruptcy and unemployment, enterprises no longer have the iron rice bowl, two-way selection exists between employers and employees, and we should rely on indomitable work for survival.[175]

Those who do excel in the new market environment, however, besides being capable and industrious, often have an additional, critical ingredient at the core of their success. Some are chosen to participate in the so-termed "reemployment bases" (such as new firms or night markets) that city districts and local branches of the women's federation or the trade unions set up. These concerns, exclusively established to employ favoured people among the laid-off, reduce or waive taxes and fees, and distribute free business licenses.

The Wuhan trade union office was running 37 of these "bases" in late summer 2000; the Women's Federation and the Industrial and Commercial Federation had theirs as well. The bases generally began as private enterprises started up by several xiagang workers. For firms that the trade unions decided to sponsor, initial, allegedly unassisted accomplishments alerted the union, which then helped the ventures to hire more dismissed employees. Once they had taken on a number of laid-off workers equivalent to at least 60 percent of their payroll, they became eligible for a range of beneficial policies and favours--most prominently, hefty no-interest loans with no downpayment, and substantial official help in building up their reputation. Obviously, all this largesse then catapulted them upwards to ever greater successes.[176] In the frank words of a trade union official, "We discover them, nurture them, and then prop them up [faxian, peiyang, shuli], and we propagate their experiences for other xiagang to study, to let more laid-off people realise reemployment quickly."

In my rather numerous official interviews with successful models--all of whom had been handsomely subsidised and boosted in various ways in their businesses by official organs of one kind or another--it was literally astounding how much effort and financial support local governmental offices had put into blowing up for mass attention and instruction the projects of discharged darlings.[177] These state-manufactured "models," also labelled "stars," uniformly admitted to having received, as an owner of an automobile parts and repair plant whose products sold abroad put it, "help with every difficulty."[178]

One particularly flagrant case was a restaurant run by laid-off people which had become the largest eatery in all of central south China by the time I visited, able to serve over a thousand

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174 MP, December 19, 1997, in SWB FE/3107, December 20, 1997, G/7.

175 Ibid.

176 Interviews at several such bases, September 13, 2000.

177 Various interviews with models supported and showcased by the Wuhan branches of the trade union federation, the women's federation, and the federation of commerce and industry, September 2000.

178 Interview at the plant, September 13, 2000.

guests at a sitting! There "all the relevant departments had assisted with the appropriate procedures"; the local press had put out favourable "propaganda"; and the city government had supplied pretty scenery in the surrounding environs.[179] Another star of this ilk, now managing a household work agency, had been the recipient of "a lot of support from the upper levels," including a rent-free office, a telephone gratis, even no-cost air conditioning. Her previous position as a leader in her unit suggests that she had long possessed helpful personal connections despite having lost her former position.[180] Yet one more had even been visited by state President Jiang Zemin to heighten the glamour of the publicity about her success, in the hope of inspiring other, struggling off-post people.[181]

Such showcasing surely did not take in its entire intended audience. During a formally arranged interview at a district labour market in Wuhan, I was informed that households in extreme difficulty [tekunhu] were just "one in a thousand."[182] But private interviews yielded a very different perspective. Two laid-off men, for example, had just the opposite impression: in their perception, "only one or two in a thousand" of those laid off were actually receiving the hefty benefits called "preferential policies" meant for all the xiagang, as discussed above.[183]

All in all, the use of these several tactics, and especially their intensification over time, shows that the state is running scared from its former "masters," the status group of past state enterprise staff and workers, and is therefore plying its members with programs, propaganda, and, when they are fortunate, pittances. But it is compelled to channel the charity through knavish, greedy, and probably sometimes incompetent bureaucratic go-betweens, so that its intentions often go unfulfilled. When this is--probably more often than not--the case, how do the targets of these efforts respond?

The Reactions of the Workers: Resignation, Bitterness, and Daring

One Chinese article portrayed the urban workers in the face of the layoff drive:

> Especially those old workers who made a big contribution or were honoured as labour models feel abandoned by society... those whose age and skills put them into an inferior position are heavy-hearted.[184]

And a 1997 survey of 760 Wuhan xiagang workers found that the majority among them, feeling they were inhabiting the lower reaches of local society, had become listless.[185]

A sympathetic trade union official warned in print against "allow[ing] a person whose household was in a condition of extreme hardship to find his livelihood so difficult that he can't

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179 Interview at the restaurant, September 8, 2000.

180 Interview, September 12, 2000.

181 Interview with the Wuhan branch of the Women's Federation which sponsored this model, September 12, 2000.

182 Interview at the Wuchang district labor market, September 14, 2000.

183 Interview, September 16, 2000.

184 Zhang Yuanchao, "Guoyou qiye tekun zhigong shenghuo di zhuangkuang ying yinqi gaodu zhongshi" [We ought to raise our awareness of the livelihood situation of state-owned firms' especially difficult staff and workers], ZGGR, 7.

185 Jianghan daxue, op. cit., 57.

go on and then has a mishap." "Some households in special difficulty suffer discrimination in trying to become reemployed," he empathised. Going on, he called attention to the facts that,

> Their legal rights and interests are harmed arbitrarily by employers, and they are bearing economic, psychological and social burdens. They feel lost and in a negative mood. Pessimistic and depressed, they're hopeless, lost their confidence...This is especially so for those who had made a big contribution to their enterprises in the past...they feel abandoned by society.[186]

Besides having to cope with the psychological shock of losing their jobs, those able to find work--the new informalities--are generally severely strapped financially. In a study of 760 laid-off local workers, the Social Science Academy of Wuhan found that in 1995 and 1996 people somehow subsisting on less than 100 yuan per person per month accounted for as many as one fifth of the total, while the majority scraped by on only 200-300 yuan per capita a month. As many as half were receiving no basic livelihood allowance from their firms whatever.[187] Worse even than that, in 1996 a banned article disclosed that Shenyang already was home to about 300,000 furloughed workers, of whom an especially destitute 13.3 percent had monthly earnings of a mere 85 yuan, at a time when the average poverty line was 139.25 yuan per month nation-wide.[188] The next year in an investigation in 55 cities across 17 different provinces, 1,300 returned questionnaires revealed that well over half (a full 58 percent) of the laid-off in the study were obtaining an income under 200 yuan per month.[189] This data obviously does not take into account those laid-off in fact but not officially so accredited, most of whom must be poorer than those whose situation is formally recognised.

In 1999, when the State Statistical Bureau announced that the average national wage of an on-post urban state-owned unit worker averaged 695 yuan, only 12.6 percent of the total (as far as was known to official statisticians) had an income over 500 yuan.[190] With the growing numbers of people who have lost their former jobs, it is not surprising that by early 2000, 73 percent of China's urban population had incomes below the national average and just 27 percent were above it, according to a study done in 11 major cities by the Macroeconomic Research Institute of the State Planning Commission.[191]

How are these people living? A poignant account supplies an inkling:

> Some families have used up all their savings and sold their household property off, but still find their livelihood hard to sustain... Some of them don't even have enough money to treat

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186 Zhang Yuanchao, op. cit., 5.

187 Jianghan daxue ketizu [Jianghan University topic group], (responsible person Bo Shengxiang), "Wuhanshi shishi zaijiuye gongcheng duici yanjiu" [An Investigation of the Measures in Wuhan City's Implementation of the REP] (Wuhan, February 1998), 56, 88.

188 Sing Tao Jih Pao (Hong Kong), October 7, 1996, A4, in SWB FE/2738, G/9; Xu, op. cit., 108.

189 `Chengzhen qiye xiagang zhigong zaijiuye zhuangkuang diaocha' ketizu [`Investigation of urban enterprises laid-off staff and workers' reemployment situation' project topic group], "Kunjing yu chulu" [A difficult pass and the way out], from Shehuixue yanjiu [Sociology research] 6 (1997) [reprinted in Xinhua wengao, shehui 3 (1998), 21.

190 N.a., (2000), 36, 35.

191 Guojia jiwei hongguan jingji yanjiuyuan ketizu [State Planning Commission, Macroeconomic Research Group], "Jianli shehui baohu tixi shi wo guo shehui wending de guanjian" [Establishing a social protection system is the key to our country's social stability], NBCY 511 (May 5, 2000), 9.

a cold; others die simply because they have no funds to minister to illness; and yet others can't make ends meet, so their children are pressed to leave school.[192]

Thus, many among the furloughed workforce who operate informally, whether self-employed, with their own property--a small stall, a pedicab, a minuscule patch of turf, a tiny bit of shoeshine cloth, or just their own tired bodies--or as menials paid a lowly wage, have become dirt-poor and degraded, and have absolutely lost the link with the state that nurtured them for decades. How are they reacting to this plight; what is their part in the new dynamic?

Passive responses

There is no one description that can capture the mood of all the furloughed workers.[193] Many appear to be first and foremost hustling to sustain their livelihoods and those of their families, even if quite meagrely. Take one of my informants as a typical example: A pedicab driver, who felt compelled to remain on the road fifteen and a half hours daily in order to compete, he claimed, with the other 26,000 peddlers plying the same gruelling trade in the city. He had once joined a demonstration at his former shoe manufacturing plant, he told me. I inquired why he had gone to demand funds on only that one occasion. Here is his reply:

> We talked to the leader for one day and then received one month's minimum living stipend. But it took up too much time. We have no time for demonstrations, we have to work. We need to spend that time working, making money.[194]

Another man, a stallkeeper selling flashlight batteries in a night market, defended his passivity in terms of his fear: When asked about demonstrations, he immediately alluded to the 1989 Tian'anmen demonstrations. "I won't talk about politics [bujiang zhengzhi]," he declared quickly. "They'll grab you" [tamen hui zhua ni]. In Wuhan in recent years only the old were on the streets protesting [zhi you lao taitai, lao touzi], he asserted.[195]

Another kind of apprehension silences those treated as informal labour who were fortunate enough to have found a new placement:

> They don't make a peep when their new employers fail to give them pensions. In one small sample of 10, not one of the 10 interviewed got any [of the "three guarantees"]. Asked why they don't raise a reasonable demand, they said, "Having some work to do is okay; if you demand too much, the boss will fire you."... Labourers don't dare to use the legal weapon [the 1995 Labour Law] to protect themselves, since they fear becoming unemployed once again.[196]

Political inaction was simply a product of hopeless resignation for many others. Repeatedly I encountered street labourers who summed up their situation with the two short words, "meiyou

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192 Zhang Yuanchao, op. cit., 6.

193 Marc Blecher, "Strategies of Chinese State Legitimation Among the Working Class" (Paper presented to the Workshop on Strategies of State Legitimation in Contemporary China, Center for Chinese Studies, University of California at Berkeley, May 7-9, 1999) gives a very well-reasoned account of the reasons behind worker reactions.

194 Interview, September 16, 2000.

195 Interview, September 12, 2000. Other interviewees, two on September 2, 1999 (interviewed separately) and one on September 16, 2000 all agreed that in the late 1990's in Wuhan the participants in demonstrations were mainly just retired people.

196 N.a., "Xianji, xiance," op. cit., 4.

banfa" [there's no way]. "Chinese people are just cheap labour"; "too many are laid-off," were also common refrains. One man out of work offered his observation, one not wholly without foundation: "Zaiyede hen shao, gongren chabuduo yiban dou xiagangle" [Those still at work are very few, about half the workers have been laid off].[197] Another man, once employed in clothing manufacture but now selling odd kitchen utensils by night, described himself pitifully as "an ordinary muddler, just drifting along" whose old enterprise "didn't help a bit, didn't even give [him] one cent" [meibang shenma mang, yifen qian dou mei geile].[198]

Yet others seemed numbed into a sort of acquiescence. Thus, in a 1997 Wuhan survey many blamed their old unit and the government only a little, expressing such beliefs as that "they [the enterprise managers] don't want us to be unemployed, but the firm's business was poor, they can't support us, so can only lay us off."[199] Nearly half claimed to be willing to do dirty, bitter, and tiring work,[200] which, if true, challenges the frequent official depictions of these people as excessively lazy and picky. Similarly, one of my own informants, a former female accountant who was seemingly disconsolate, described herself as:

> very sad, not angry. Who is there to be angry with? I think it's just my fate, not sure whose fault it might have been. Anyway, there's nothing I can do.[201]

Going even further, there are some ex-workers who have apparently even been convinced by the rhetoric the state delivers about the reasons for its policies and the unlikelihood of their own chances for reemployment. For instance, two idled women in their early forties, once gainfully engaged, mused to me in private,

> For China to progress, we have to go through this process, and people will be affected, like us. All developed countries have unemployment. We understand the government and the need to sacrifice for the next generation, for our own kids. People need to get culture and education so the country can get stronger. They eliminate us because the government knows that foreign firms want young, educated people. It's a necessary law of social development to eliminate people.[202]

It is quite possible that such set-aside females are among the many, many who, though stuck with unstable work or with none, a low income or no income, and no social security are silent because they have no alternative explanations or visions, or if they do, "don't know who should represent and protect their legal rights."[203]

Quiescence and resignation were carried to the extreme with suicides which had appeared by 1997, the result of economic hardship and feelings of humiliation.[204] Tales of the situations of those who had taken their lives continued to be passed around informally among the out-of-

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197 Interview at a night market, September 12, 2000.

198 Interview, September 13, 2000.

199 Jianghan daxue, op. cit, 56-57.

200 Ibid., 90.

201 Interview, September 4, 1999.

202 Interview, September 1, 1999.

203 Xue Zhaoyun, op. cit., 9.

204 This was in SWB FE/3099, December 11, 1997, G/4, from Hong Kong's Ping Kuo Jih Pao [Apple Daily], December 7, 1997, reporting on news from Zigong, Sichuan, as announced in the Hong Kong-based China Labour Bulletin.

work in the years that followed.[205] Hints of suicides had even begun to make their way into the official labour journals by the year 2000. For instance, one trade union official wrote euphemistically that,

> Radical behaviour occurs in various places. Because their basic livelihood is not guaranteed, among staff and workers in special difficulty `unsettled incidents' happen more and more. Some leave home and treat life lightly, even to the point of making reckless moves and performing criminal acts.[206]

Even as, with the passage of time, some attempted to leave their despair behind and tried to become more enterprising, a mood of profound discouragement continued to dog them. One researcher in Beijing, who contacted 100 unemployed people in 1999, discovered that many individuals had identified their own low educational qualifications as the source of their inability to find work. But this availed them little. One man, for instance, attempting to get a job in a restaurant, was refused after having to admit that he knew no foreign languages; another was turned down for a job for which he was fully qualified, simply because at 46 he was deemed too old by the prospective employer.[207]

Others, ensconced for a time in reemployment service centres, grew nervous with the consciousness that their stint there was limited to just three years. Knowing something of the low reemployment rates among those cast out into society, they worried about leaving the Centre. According to one account,

> Some say, "I worked laboriously for the state for more than half my life and now I'm driven out by the firm. [When we have to break relations with the enterprise and its Centre] in three years, the falling sky will smash everyone."[208]

Taking action[209]

But passive forbearance and inaction was not the mood of them all. Simmering bitterness had grown common by the year 2000. One laid-off worker in a district of Wuhan assured me that 90 percent of the idled workers had grown antagonistic: "In this neighbourhood, if we were to ask 100 people, they'd all say they're mad," he affirmed.[210]

So passive plaints, resignation and despair are far from the total repertoire of the rejected. Reportedly, illicit demonstrations by laid-off and unpaid workers and pensioners escalated sharply in the 1990's, allegedly surging up (from 60,000 the year before) to over 100,000 of them

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[205] One wonders how apochryphal some of these tales might be, since a very similar story about a father who poisoned himself and his family was making the rounds in both Shenyang and Wuhan in 1999. Ching Kwan Lee reports it in her paper, "Lost Between Histories: Labor Insurgency and Subjectivity in Reform China," paper presented at the 53rd Annual Meeting of the Association for Asian Studies, March 22-25, 2001, Chicago, and I heard a version in an interview on September 2, 1999.

[206] Zhang Yuanchao, op. cit., 4, 6.

[207] Wang Qiusheng, op. cit., 30-31.

[208] Zhang Yuanchao, op. cit. 6.

[209] I lay out the dynamic entailed in worker-state stand-offs in my article, "The Potential for Urban Unrest," in David Shambaugh, ed., Is China Unstable? (Armonk, NY: M.E. Sharpe, 2000), 79-94.

[210] Interview, September 16, 2000.

in 1999.[211] Even before the Fifteenth Party Congress of September 1997 explicitly authorised widespread cutbacks in workforces, large-scale strikes were already underway. In October 1996, several tens of thousands of Beijing electronics workers besieged the gates of that city's Party Committee. As this 1996 source explained,

> As many state enterprises have suspended operations or are operating below capacity, and this situation has continued for a considerable period, workers of state enterprises are nursing strong dissatisfaction. As a result, every now and then workers are seen besieging party and government offices to present petitions in various places.[212]

But around the same time, unemployed workers in the less tightly controlled city of Wuhan were described in the same paper as "constantly" staging sit-down protests in front of the entrances to the city and Hubei provincial government offices. At that point, the paper quoted Hubei's Vice Governor as confessing that, local governments [in Hubei] were refraining from taking any form of reprisal, in an attempt to avoid an expansion in the scale of the demonstrations.[213] Similarly, at least according to government claims, when more than 3,000 ex-employees of a major sugar mill in Heilongjiang gathered in support of a group of old, weak, sick and handicapped colleagues who lay down on the railway tracks, two mayors quickly descended on the scene and rapidly reached a compromise with the workers' representatives.[214]

The information office of the Sichuan provincial government repudiated mid-1997 foreign media reports that as many as 100,000 furloughed workers had staged a demonstration in the city of Mianyang, where a particular silk print and dye mill was under bankruptcy liquidation. But the office did confirm that "700 workers who did not understand the real situation" had become agitated and blocked traffic, later to be pacified by city officials, and even given an extra 62 yuan on top of their basic living allowance.[215] These temporising measures apparently were driven by governmental fear, calculated to contain the rage of the furloughed and the unpaid.

Yet soon reports of force and violence were surfacing more frequently. In Zigong, another Sichuan city, a bit later in the year outcomes were not so smooth. There were news releases from Hong Kong of clashes between police and workers blocking traffic and shouting slogans calling for a normal livelihood.[216] When further disturbances occurred in this city a few months later, some 80 protesters were arrested and beaten up.[217] In another instance of

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[211] Material supplied by the Hong Kong Information Center for Human Rights and Democracy on June 12, 2000, in SWB FE/3866, G/9, June 14, 2000. Central News Agency (Taipei), September 30, 1999, in SWB FE/3655, October 2, 1999, G/13 reports that official Chinese statistics had admitted to 60,000 in 1998.

[212] MP, November 8, 1996, A12, in SWB FE/2765, November 9, 1996, G/5.

[213] MP, December 1, 1996, A6, in SWB FE/2786, December 4, 1996, G/6.

[214] Hsin Pao [News paper] (Hong Kong), January 21, 1997, 23, in SWB FE/2826, January 25, 1997, G/8.

[215] FE/2976, July 21, 1997, G/4, from Zhongguo xinwenshe, July 18, 1997 (Beijing); Wen wei po [Culture Paper] (Hong Kong), September 16, A5, in SWB FE/3028, September 19, 1997, G/2.

[216] Television Broadcasts Limited (Hong Kong), October 12, 1997 and RTHK Radio 3 (Hong Kong), October 12, 1997, in SWB FE/3049, October 14, 1997, G/4 and G/5.

[217] Ping Guo Jih Pao [Apple Daily] (hereafter PKJP), December 7, 1997, in SWB FE/3099, December 11, 1997, G/5.

toughening up, within a short time after leading a demonstration of Wuhan pedicab drivers in October 1997, a man was sentenced to three years of imprisonment for "gathering people to disrupt the traffic order," a crime he had committed only after repeated negotiations with the government yielded nothing.[218]

By mid-2000, when perhaps as many as 5,000 workers and pensioners in a ferroalloy factory in Liaoyang city, Liaoning obstructed traffic to express their grievances over 18 months of arrears in their wages, the Hong Kong Information Centre for Human Rights and Democracy chronicled that 700 public security officers and another 200 armed police arrived on the scene, forcibly scattering the demonstrators, and beating at least 50 of them with truncheons.[219] It was only the sight of a thousand workers surrounding city hall on the following day that persuaded the mayor finally to release the organisers and to promise to make good their unpaid wages by October that year.

The same Centre had evidence as of July 2000 that riot police teams, whose members frequently turned to violence, had been set up in 300 cities nation-wide, expressly to handle these and other mass demonstrations.[220] Late in the previous year, the Ministry of Labour and Social Security had ordered the creation of laid-off workers' "basic-livelihood guarantee key point supervision and control systems," with an aim of preventing "sudden mass eruptions."[221] Apparently by themselves these had not been able to serve the ministry's purpose.

In 2000, academic journals concerned with labour issues began to address the topic of demonstrations, a subject previously not found in their pages. One writer admitted there had been a big increase in the number of traffic blockages in the year before (up by 26 percent), and noted that just over half of all "mass incidents" were waged by staff and workers who had lost their guarantee of a basic livelihood or whose wages were in arrears.[222] In another piece, the All-China Federation of Trade Unions worried that, "Because their basic livelihood is not guaranteed, radical behaviour sometimes occurs among the staff and workers living in special difficulty, and unstable incidents are becoming more and more numerous."[223]

Even the Minister of Labour and Social Security acknowledged in his speech to the annual labour work convention at the end of 1999 that, "In some places incidents sparked by delayed pensions are bursting out in increasing numbers and the difficulty of handling them has escalated."[224] A periodical dedicated to the subject of economic reform openly revealed that, "employment difficulties in some trades and districts are getting worse, and the probability of disturbances breaking out is rising."[225]

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218 Sing Tao Jih Pao [Qingdao Daily] (Hong Kong), February 22, 1998, in SWB FE/3162, February 27, 1998, G/8.

219 The report was on May 16, 2000, in SWB FE/3842, May 17, 2000, G/8.

220 In SWB FE/3885, July 6, 2000, G/9.

221 Laoshetingfa [1999] 33 hao [Document No. 33 of the Labor and Social Security Office for 1999], "Guanyu jianli guoyou qiye xiagang zhigong jiben shenghuo baozhang zhongdian jiankong zhidu de tongzhi" [Circular on setting up a keypoint examination and control system for the laid-off state enterprise staff and worker basic livelihood guarantee], LDBZTX 1 (2000), 47.

222 N.a., "Xiangji, xiance," op. cit., 8.

223 Quanguo zongtonghui, "Guoyou qiye," op. cit., 6.

224 Zhang Zuoji, op. cit., 8.

225 Zhang Genming, op. cit., 18.

Besides standing and marching in the streets and calling out pleas, some of the discontented are willing to embark on more seriously risky or provocative behaviour. A "Federation of Unemployed Workers of Beijing Municipality" claimed responsibility for two explosions in early 1997, while leaflets indicated that "off-duty committees," "unemployment committees," and "reemployment committees" had been organised by resentful laid-off workers.[226] In Hunan, workers let go took factory machinery and equipment, but whether this was permitted by the management in lieu of receiving wages, or whether it was done illicitly is not noted in the news release.[227] If the latter, it could represent an intensification of a trend identified as early as 1993 and 1994; already then the public security had collected statistics from Shanghai, Tianjin, and Nanjing, purporting to demonstrate that over half the crimes (56.4 percent)--especially crimes such as theft, rape, and robbery--in those cities had been committed by young people without work or by surplus enterprise employees left to idle at home.[228]

Precipitating violence or committing crimes were not the only behaviour that security personnel considered provocations justifying the detention and imprisonment of obdurate workers. Activists were prosecuted in 1995 for attempting to mobilise free trade unions in Beijing, Hebei, and Henan, and were sent to prison, where they remained five years later.[229] In 1999, several rights advocates, one of whom was vice chairman of the outlawed Chinese Democracy Party, submitted an application to create an independent trade union. Soon he, along with others, also members of that party, were arrested and put on trial for mobilising laid-off workers in Gansu.[230]

Even more chilling, two more union activists, one in Zhengzhou at the end of 1999, and one in Funing county, Jiangsu at the end of 2000, were quickly committed to mental institutions after organising unions whose only aims were to protect workers' rights and interests and to seek reemployment for laid-off ones.[231] The latter, a bold and daring advocate embittered from frustration, named Cao Maobin, fell into his fate after requesting interviews with foreign reporters when all his earlier, legal petitions pleading for recognition of workers' rights and interests and his confrontations with local bureaucrats and trade union officials had gone unanswered.[232]

At least one network of underground labour organisers had associates in over 10 cities by late 2000, like-minded activists who met at strikes and other demonstrations and then scattered to stir up and educate disgruntled workers elsewhere around the country. One with whom I spoke, Li Qiang, formerly of Zigong, Sichuan and now the director of the New York-based

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226 MP, March 15, A13, in SWB FE/2870, March 18, 1997 and PKJP, March 19, A15, in SWB FE/2873, March 21, 1997, G/5.

227 Zhongguo shichang jingji bao [Chinese market economic paper] (Beijing), July 1, 1999, 3, in SWB FE/3643, September 18, 1999, S1/3-4.

228 Guo Qingsong, op. cit., 50.

229 SWB FE/3859, June 6, 2000, G/4, based on information from the Information Center for Human Rights and Democracy, June 4, 2000.

230 CND, Global News, No. GL99-057, May 3, 1999; CND, Gloabl News, No. GL99-071, May 31, 1999.

231 SWB FE/3814, April 13, 2000, G/6, based on information from the Information Center of Human Rights and Democracy, April 11, 2000; and New York Times and Washington Post, December 15, 2000, respectively.

232 Interviews with Cao by telephone, December 10 and 11, 2000.

Labour Rights Watch, who had been involved with the late 1990's outbursts in Zigong, asserted that he had been instrumental in catalysing over 40 protests all over China in the late 1990's, which together had involved several hundred thousand participants, all told.[233]

Still, while intimidation is evident among both parties--the state alternatively in its offering (or at least promising) favours and funds, or battling and jailing dissidents, and many workers either retreating into a crushed quiescence or exhausting themselves with full-time income-seeking--neither the state as a whole nor the entire abandoned workforce is driven solely by apprehension. Some officials, mostly in the trade unions, are seriously concerned about workers' welfare and livelihood. And an unknown number of workers and former workers have hazarded dangerous encounters with officialdom. And so, to fully comprehend the informalisation of the urban economy, it makes more sense to see the government and its past "masters"--the members of the old working class--locked in a dynamic between discarded labourers and the nervous authors of the policies that made them such, than to look for parallels with private or secondary sectors elsewhere in the world.

Conclusion

The material reviewed above demonstrates that in China today--where rampant economic reforming and enterprise dismantling is decimating a great proportion of the old state sector and the work posts it supplied for decades--a place yet without any sort of proper welfare net to catch the discarded as they are pushed aside--unemployment means much more than being out of work on an individual level. Rather, it is serving as the prelude to a collective and sudden informalisation of the urban economy. The current condition of the past proletariat is not just a matter of some people taking up private sectoral jobs as the economy marketises; nor is their new niche, as it is promoted and sometimes assisted by the government, a typical second economy. As one of my informants in Wuhan declared,

> The Wuhan economy is completely changed. Almost all the old enterprises have gone bankrupt. It's not announced as bankruptcy, but it really is. The government definitely knows these factories are bankrupt, but has no way to manage them...there's just too many.[234]

This paper has explicated the mechanisms by which (mainly in Wuhan, but surely in similar ways elsewhere) formal Chinese workers, dignified and advantaged for decades, became idle or informal ones in the late 1990's; it also exemplifies the modes in which such informality is being manifested. I illustrate, too--by alluding to the special, miraculous world of the models and "stars," as contrasted with the grim and lacklustre one of the undistinguished masses--the multi-stranded nature of the new non-state sector inhabited now by those let go by their firms, and the altered social status hierarchy in the making in Chinese cities, in which to be a labourer is lowly, not lordly, as it had been not so long ago. And in addition, I have especially emphasised the quite transformed tie between the state and its working class, one lately characterised much more by mutual fear and shame than by the original socialists' shared and co-operative mission of constructing a new, more fair, and egalitarian China.

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[233] Interviews, October 18, November 10, and December 27, 2000, New York.

[234] Interview, September 16, 2000.