

Globalization and labour's losses: Insights from the Study of China, France and Mexico

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The concept of 'globalisation'—with its whirls of productive factors (capital, tradables, funds and stocks) circling the planet—conjures up images of abstract financial and material flows and motion. And just as surely, there is a correlative human element, similarly in the throes of mobility, tossed about by the pressures and lures of money changing hands. The very notion of rapid and relatively unobstructed movement, as in the constant propulsion of both property and people, suggests freedom, a liberty to be on the loose.

But just what kind of license is this? As assets are switched about, with investors shifting their holdings and assets from one site to the next, why is it so often the case that persons are not also able to transpose one work post into another? Must it just be the owners and purveyors of lucre who are able to relocate their gear without at once losing it, while labourers—those who once manipulated and manufactured the forms of that loot—must be forced to relinquish their places, not easily to gain a new one later? Freedom and liberty are goods, but goods, it appears are granted just to the possessors of the principal and the portfolio. As these values soar for the proprietor, their antithesis—security—slips away and collapses for the subordinate. In the process, the conversion of capital is often matched by the transfiguration of the salaried, stable producer into a displaced, disenfranchised, roaming rustler, at best a transient factory hand or a menial service-provider, at worst, an out-of-work wanderer. This is the usual tale.

And where is the state situated in this upheaval? I maintain that it has mutated from a sovereign into a broker, subject at once to the vagaries of the world market, as conveyed by its own corpo-

rate class and as determined by the codes decreed by the supranational confederations, clubs, consortia of which it is a member, on the one side, and by the occasional outrage visited upon it by the subservient portion of its own populace, on the other. The stakes are certainly not evenly balanced. But the outcome is not as clear as was one time imagined. For even as the state has frequently seemed powerless against the pushes from the international economy, or coerced into arbitration and negotiation by its capitalists in competitive efforts to outdo rivals abroad, still, disorders delivered by those typically thought of as its own underdogs need not always be entirely without punch.

In what follows, I lay out such a story. It concerns the choice for enhanced participation in the world economy made by three quite disparate countries—China, Mexico and France—all at about the same historical juncture, the year 1980. These states vary considerably in their models of political economy, in their levels of development and in their regime type, as well as in their motives for joining: France is an advanced industrial capitalist democracy, Mexico was a middle-income, ‘semi-authoritarian’ state when its critical moves were made and China a post-totalitarian/authoritarian state, with a socialist-marketising, still developing economy (Linz 1975; Linz & Stepan 1996: 40–44). Not only are their domestic institutions fundamentally non-comparable, but as a set they include one multi-party state, one monopoly-party one (up until the year 2000) and a single party state. Besides, the nature of their domestic groups’ connections with and access to central power structures varies widely.

This diversity may compensate for the tiny number of cases at hand. And yet these states do share a few traits that justify grouping them together for purposes of analysis: For one thing, in each of them, persistent memories of a distant revolution, executed at least in part on behalf of the underclasses, had taken on mythic proportions over time—of commitments, promises and supposed (but never fully realised) obligations on the part of the regime, along with concomitant expectations and a sense of entitlement among the workers. At the same time, more recent epi-

sodes of mass protest in each (all in the late 1960s) conjured up in the minds of the political elite frightening visions of chaos and disorder, fears still instilling anxieties in these leaders years later about adopting policies that could provoke confrontation with the working class. In each, the spectre of the enraged proletarian mob disposed politicians to improve wage levels and/or workers' welfare situations at times when the grievances of labour were especially raw.

Back to my story: It continues with an outline of the interplay between state and worker that ensued in these places, once these governments connected more deeply with markets abroad. At the outset and through a considerable interlude, it would appear that the state, allied with its international partners and its domestic business, held the upper hand against the workers, as one would suspect. But the reading at this writing leaves the longer term upshot in abeyance.

While the term 'globalisation' encompasses manifold contents and meanings, a reasonable proxy for its effects can be found in the rules of supranational organisations whose manifestations and memberships mushroomed worldwide in the late twentieth century and beyond. For groupings such as the World Trade Organization (the WTO), the North American Free Trade Association (NAFTA) and the European Union (the EU) have, through the force of their frameworks, subjected states to a litany of regulations that in many ways mimic the workings of the untrammelled free market.

For instance, the rules decreed by NAFTA and the WTO demand the reduction of tariffs. The fall in tariffs facilitated the inflow of cheaper and/or higher quality foreign products into China and Mexico, and thereby intensified competition for the domestic firms in these countries. Along a different route but with a similar outcome, the European Community's early 1990s order that states that wished to join the EU bring their domestic budget deficits under 3% of gross domestic product and that they keep inflation and debt levels low in line with 'convergence criteria', all led to firm failures and a consequent cut in jobs. In China's agreement of accession to the WTO

it pledged, moreover, to create an ‘improved investment climate’ for foreign firms, which promoted native firm buyouts, again promoting the elimination of local jobs (Gruber 2000:146–48; Cameron 2001:13–15; O’Neill 1999; Lardy 2002:22). As they worked to fulfill the commitments of these bodies, France, Mexico and China each saw abrupt floods of discharges from their factories by deciding to, preparing to and then acceding to—or, in the case of France, more fully merging its fortunes with—supranational economic organisations.

It was not only direct obedience to the rules themselves that dictated the anti-labour behavior of these states. The decision of Mexico’s leaders after the country’s severe debt crisis of 1982 to join the forerunner of the WTO, the General Agreement on Trade and Tariffs (GATT) (which Mexico did in 1986) was preceded by voluntary actions that aligned the government’s policies with those of the GATT. For France, the choice of Mitterrand and his advisors to line up their economy with France’s partners in the European Monetary System in 1983 required an immediate acquiescence to strictures set down in a 1979 inter-governmental agreement to form this system, a precursor to the EU of 1992. Here, France’s choice to abide by these rules was less the result of inescapable external pressure than it was a belief among those close to the President that France’s best hope for international economic strength, power and economic success was through the channel of European integration (Kitschelt *et al.* 1998:6). And for China, the submission to the rules of first the GATT and then of the WTO in advance of being invited to join—but in the hope of and preparation for that membership—is yet one more case in point.

One might picture the three as standing at differing points along a continuum of compulsion: for Mexico, compliance appeared essential to the ongoing economic functioning of the country; in France, following a pattern out of sync with its trading partners would have meant continuing economic descent, while conformity seemed to promise heightened clout and vigor; and for China’s elite, membership spelt the solution to the nation’s century-plus drive for international inclusion and prominence. For each of these countries, observance of the rules of the bodies they

joined imposed substantial alteration in the prior modus operandi of economic behavior and strategy. For each government had for decades before run economies that were relatively closed, at least somewhat protectionist and decisively pro-employment and pro-labour, at least in the cities.

Besides Mexico's macroeconomic choices, granted, there were other causes for the late-century loss of jobs there: One of these was demographic: the numbers of people in the labour force spurted upward from 32.3 million just before NAFTA was concluded to 40.2 million in 2002 (Audley *et al.* 2004:14); another element, technological progress, led to layoffs or reduced job creation during the 1990s (Stallings & Peres 2000:197). These factors operating together produced a substantial drop in the numbers of manufacturing jobs relative to prospective workers in the years 1988 to 1992, as compared with the period 1970 to 1981. In the earlier years, the average annual growth rate of jobs had been 3.6%, a rate 13 times higher than that in the later years; also, while employment grew at a rate of 4.9% per year between 1970 and 1981, that rate was more than cut in half during the period 1988 to 1996, when it fell to only 2% (Dussel Peters 1996:80; Dussel Peters 2000:162). Another way of putting this decline is to say that there was a fall in the percentage of workers employed in manufacturing between 1980 and 1989 from 46% down to just 37%; jobs in the state sector also dropped between 1988 and 1993 from 23.3% of all jobs down to a mere 10.8% (de Oliverira & Garcia 1997:213, 214).

The period directly leading up to Mexico's entry into the trade agreement, 1990 to 1992, saw just 28% of the population that entered the economically active population finding work in a formal sector job (Dussel Peters 1996:79). This was also a period when 100,000 jobs were lost, as some 10% of the country's small and medium businesses went under with President Salinas' aggressive reduction in tariffs, even before NAFTA required that that be done (Morici 1993:52; Pastor & Wise 1997:432). Meanwhile, between 1988 and 1992, while one million new jobs were needed per year, a mere 583,000 were created (Castaneda 1993:65). By 1994, the first year of

NAFTA's operation, Mexico was home to 2.3 million unemployed in a labour force of 35 million, with another seven to eight million estimated to inhabit the underground economy (Meyer 1998:144). These two groups, added together, amounted to 26% of the labour force.

Following Mexico's accession to NAFTA in early 1994, the picture clearly became even more grim, though in 1995 that can be blamed entirely on the peso crisis that erupted at the end of 1994. According to one count, the numbers of jobs in manufacturing declined continuously for 70 months between 1990 and 1996 (Heath 1998:54). In 1995 alone, as many as 800,000 posts disappeared (de Oliverira & Garcia 1997:212; Camp 1996:219). And where open unemployment had been cited as standing at 2.6% in 1988, it had risen to 3.7% by 1994, and then more than doubled to 7.6% in 1995 (Dussel Peters 2000:162). By 2003, after nearly a decade of NAFTA's operation, a report from the Carnegie Endowment for International Peace drew up a balance sheet, according to which the 1.3 million jobs that had been created in non-maquiladora-manufacturing at the peak in 2000 (amounting to 100,000 less than the figure at the time when NAFTA came into being), neatly balanced against the 1.3 million jobs that had been lost in agriculture (Audley *et al.* 2004:18).

For France, the general consensus among a wide array of analysts is that—though other factors also played a role (such as structural change which resulted in a disjuncture between the skills on supply and the nature of demand; 'Eurosclerosis', a term charging that Western European labour markets had dug their own ruts by overly generous wages and benefits; and the deepening internationalisation of their economies, entailing competition and profit-seeking by mobile capital) (Symes 1995:18; Ellman 1987:58; Scharpf 2000:108)—affirming and intensifying its commitment to Community requirements was the most fundamental root of France's exploding unemployment in the 1980s and 1990s. In a study of 12 nations in Western Europe during the 1980s and 1990s, France experienced 'by far the sharpest drop in industrial employment' (Hemerijck & Schludi 2000:168). There the unemployment figure had already surpassed 12% by 1994, and it

remained as high as 12.5% at the end of 1996, amounting to over three million workers, and sticking at around 12% for some time thereafter (Cameron 2001:16; Schmidt 1996:187).

Throughout Western Europe, high unemployment was both an outcome of the oil and exchange rate shocks of the 1970s and, with time, also the price of the demand restraint imposed throughout the Community after 1980 in a battle to keep inflation down (Ellman 1987:55; Jackman 1998:60, 67; Bastian 1998:91; Smith 2000; Symes 1995:10). A leading analyst of Western European unemployment notes that joblessness within the European Union in the 1990s cannot not be understood apart from the rules of the European Monetary Union itself, which clearly served to aggravate it immensely (Cameron 2001:11–12; Gruber 2000:174,177–78). With special reference to France itself, this scholar has also written that, ‘France’s international economic and political context and policy choice was set by the exchange rate policy in Europe...above all French macroeconomic policy was constrained by its European Community membership’ (Cameron 1995:119,134; Boltho 1996:102). That job loss was linked to Community rules seems to be supported by its much more pronounced occurrence within the Community nations than it was in other major industrialised nations elsewhere in Western Europe beginning from the late 1970s (Jackman 1998:60).

Left to its own devices France would probably have continued to shelter surplus labour rather than push for layoffs. Even during a crisis in the steel industry in the second half of the 1970s, for the most part, layoffs were avoided by resort to early retirements and transfers (Daley 1992:146–80). It was Mitterrand and his Socialist Party’s famous ‘U-turn’ toward the policies being executed in the rest of the Community in 1983 that led to the massive cutbacks of workers in the tens of thousands—in steel, automobiles, ship-building and textiles, ushering in the first notable burst of discharges in the country (Smith 1995:4). During the years just leading up to and spanning that reversal, the numbers let go went from about two million in 1982, or 7.3% of the workforce, to a total of 13.4% on a seasonally adjusted basis during the year 1984 (Machin &

Wright 1985:28). Throughout the rest of the decade the rate continued to hover around 10%, mitigated a bit by early retirements. By 1997, the total losses over the years since 1970 had amounted to a stunning 41.6% of the original labour force (Scharpf 2000:108).

Meanwhile, in China, leaders voluntarily chose to ingest capitalist modes of reasoning about economics and the values that were internationally au courant. In that climate, the country's linkage with the global market unfolded, over a span of some 20 years. As this took place, two related processes ran parallel: a slowly escalating crusade to transform customary notions about employment, accompanied by gradually more and more explicit and intentional moves to bring about the dismissal of millions of workers from their posts; and an intensifying campaign to become a member first of the General Agreement on Trade and Tariffs (GATT) and, after 1995, the World Trade Organization (WTO), entailing a total revamping of the Chinese foreign trade sector (Naughton 1995; Lardy 2002). The two processes were interconnected, and both were informed by economic norms that were by then orthodox globally.

As in the other two places, the official choice to discharge labour was not the only reason for a massive loss of jobs beginning in the mid-1990s; there too the employment problem had several roots. Decades of emphasis on full urban employment (or a practicable approximation thereof) had led to vast numbers of surplus labour. As early as the late 1980s, but continuing to be the case as of the year 2000, government proclamations set the excess labour in the cities as about one third of that on the job (Bonnin 2000:154; Howard 1991:102; Imai 2002:30; Park & Cai 2003:2). Other difficulties arose when China began to modernise in earnest in and after the 1980s, as industry became progressively more capital-intensive, and as labour-saving technology started to replace workers (Bhalla & Qiu 2004:104). At the same time, the mismatch between the low-skill, undereducated workforce that a range of Maoist policies had fostered and the state-of-the-art aspirations of the regime eventuated in an inexorable process of structural unemployment (Rawski 2002:7). With these forces working to crowd out human labour, in the second

half of the 1980s, a 1% increase in the growth rate of GDP could yield 1.51 million jobs, but between 1991 and 1995 the yield was just half of that (Dai & Li 2000:12). In the 1980s the rate of employment growth was as high as 9% annually, but by the second half of the 1990s, during the Ninth Plan period, it had fallen to an average of just 0.9% annually (Hu 2001:10).

Even as demand-side factors were reducing the numbers on the job, official efforts—by pilot programs, pronouncements, temporary rulings, regulations and laws—to remake the labour regime channeled and speeded up the influence of these factors. The first experiments surrounding the labour system took place almost immediately after the Party's official switch to a focus on rapid modernisation in late 1978. With the initiation of industrial reforms early in the decade—with their message urging money-making and high productivity, and with their granting of new financial and decisional powers to localities, firms and managers, workers' security became ever less certain (Sheehan 1998:195; Meng 2000:82,83,113). Little by little management within the plants took advantage of their newly-acquired powers and their heightened autonomy sometimes to transfer workers, and occasionally to let them go, a license that was further enhanced when enterprise directors were allowed after 1986 to lease the firms that they had been running (Sheehan 1998:207–08; Howard 1991:102; Lee 1999a:55; Solinger 1991:175, 182–83). By the last half of the decade more and more layoffs were taking place (Walder 1987:22, 40; Walder 1992:473, 478–79)

Meanwhile, both internal and external competition, added to the rising prices for industrial inputs that resulted from price reform, undermined the business of the state sector, and losses climbed upward there, mounting rapidly after 1990. One calculation shows a startling increase from just six billion RMB in losses in 1987 to 83 billion RMB a decade later (Lardy 2002:19; Cheng & Lo 2002:413).

Matching the intensifying drama of heightening enterprise losses went a progressive incline in the numbers of labourers suddenly thrown out of work. Making sense of Chinese unemployment statistics is notoriously difficult (Solinger 2001). But even the officially-admitted numbers 'laid off' and those newly 'unemployed' from the mid-1990s onward is arresting: An official 'White Paper' acknowledged that between 1998 and 2001 over 25.5 million persons had been let go from state enterprises (State Council 2002:11). Between the end of 1992 and the end of 1998, state and urban collectiveⁱ firms combined let go some 37 million workers, while the old state firms alone cut one third of their workforce in that period, the result of specific official pressure placed upon the firms (Naughton 1999:52; Lardy 2002:23). The best evidence for this pressure is a quota system devised around 1997 to force factories to dispose of set percentages of their workforces. Upper-level authorities distributed quotas specifying the number to be laid off to the enterprises under their jurisdiction, and used the fulfilment thereof as one basis for evaluating directors' work (Tian & Yuan 1997:11).

One observer's estimate that 46.59 million state and urban collective firms' workers had lost their posts as of 2001 rose to a staggering figure of 60 million by late 2004 (Hu 2001:9).ⁱⁱ Additionally, a study conducted by China's official trade union at the end of the 1990s found that 48.7% of the 'reemployed' laid-off people it counted had become self-employed, while even of the other 51.3% who had been re-hired, well over half (59%) were engaged in informal work that was only temporary (Xue 2000:8). In all, the downgrading and displacement in the labour markets of these three countries was clearly colossal.

Unions and protest

And how did the displaced react?

One would not have expected much sustained reaction under any of these regimes. None of the three nations could boast a union system or a true labour movement worthy of the name. After the Communist victory in 1949, China's workers were most of the time muzzled by the con-

straints of the Communist Party, only breaking free of that bond at a few crucial junctures, in each case to be disciplined and punished severely in the aftermath. The working class, moreover, had no channel of access to state officials nor the right to make use of any formal type of redress outside the aegis of the watchful official trade union, the All-China Federation of Trade Unions, which was itself accountable and submissive only to—and hamstrung by—the Communist Party (Cai 2004).ⁱⁱⁱ

The power of the urban labour force was also lessened by a distinction between employees of larger and medium sized state-owned firms on the one hand and smaller, collectively operated ones, on the other. A strong case has been made that workers in the state enterprises—regardless of their lacking clout—were treated sufficiently well and entertained a sufficiently shared set of goals with management that, unless aroused by large, nationwide political movements, they generally tended to work peacefully, and to put trust in their superiors and their unions (Sheehan 1998:201; Walder 1986). Strikes were permitted under earlier versions of the state constitution during and just after the 1966 to 1976 Cultural Revolution, but were banned thereafter.^{iv}

In France, the organisation of labour occurred through by a multitude of competing, sometimes warring, unions whose mutual distrust inhibited concerted action. And in any event, workers in all the unions were generally allegiant to the creed of the 1906 Charter of Amiens, which stressed a radical rejection of the parliamentarism of so-called ‘bourgeois politics’ (Bell and Criddle 1998:14). This inclination disposed them to stay clear of government, as they yearned for a state ruled in accord with purely socialist values. Unions’ own anemic condition was compounded by their not being legally allowed in the firms until after a massive social upheaval in 1968, while collective bargaining in the enterprise was not required by law until as late as 1982 (Kesselman 1989:166).

Unions did go on strike with some regularity, but the episodes tended to be brief and dramatic rather than sustained, well organised or purposive (Smith 2000). The most radical of the unions—the Confederation Generale du Travail (CGT)—was also the most powerful among them, but its tight, unbending linkage with the Communist Party (which, in the postwar period, held power only briefly in coalition governments, once just after World War II and once from 1981 to 1984) pretty much nullified its political significance. Here too the labour force had more and less privileged sectors, in accord with the ownership of their firms and the thrust of state industrial policy at any point (Howell 1992: Chapter Two).

In Mexico too, despite the elevated position of the Confederation de Trabajadores Mexicanos (Confederation of Mexican Workers, the CTM) as a special sector within the ruling party, the Institutional Revolutionary Party (or the PRI), it is difficult to sustain an argument that it possessed power in its own right. Its affiliates could count on decent treatment and special advantages not so much because the PRI or the CTM represented their interests as because the PRI and the CTM leaderships were mutually linked in a pact bent on preserving their own power and on sustaining social order. Patronage that operated on a personal level could squeeze out benefits for well-connected individuals, but usually not for workers as a supplicating collectivity. And the CTM's ability to serve the PRI's purposes—for votes at elections and peace in the plants—hinged on resources the party disbursed to CTM bosses, which they in turn utilized to manipulate the workers.

Although the 1917 constitution authorised strikes, and though labour actions did occur, workers were kept on a tight leash by strict state regulations on union formation, union activities and strikes (Middlebrook 1995: Chapter Two). Only very occasionally, as in 1968, an unusual surge of strike activity might prompt some reform (Haggard & Kaufman 1992:284). The duality of the labour market here was actualised in the dominant position of the CTM, along with two other large federations that the regime sometimes played off against it (Burgess 1999:121; Murillo

2000), and of the state-owned enterprises. Workers with these affiliations did substantially better than others.

Thus, in each of these countries, though an upper crust of the workforce managed to command a modicum of satisfactory treatment and benefits, this was in each case a function of largesse the state disbursed, for reasons of its own. In none of the three could the more privileged among the labour force thank some mediating body for agitating on its behalf, nor were they in the habit of turning hopefully to any such organ in times of stress or deprivation. Nonetheless, because of an age-old and well-ingrained ethos in each case, a code that became perhaps even more sacrosanct after disturbing events of the late 1960s in each case, at least the workers in the more favored sectors and/or ranks grew to expect and depend upon good handling at the hands of the state. Many of these dispositions have persisted into the present.

Unquestionably China's workers became enormously more restive and demonstrative as the years of economic reform and marketisation went forward, as compared with their relative state of quiescence for most of the time during the preceding decades. In part, this heightened level of activism came from newfound liberty workers experienced in the wake of job loss: freedom, that is, from constant managerial oversight and from enterprise schedules. Besides, with their dismissal, it became pointless to worry that activism could endanger their position or their perquisites (Lee 1999b:28; Chen 2000:62; Blecher 2001:3–4). The surge in the numbers of protest meant that, nationwide, workers in one place or another who had lost their jobs or their welfare benefits were on the streets nearly daily.

Beginning in the early 1990s, even the Chinese government acknowledged a sudden upswing in demonstrations, with the official *China Daily* announcing an increase by 50% in 1994 over the previous year; one researcher reported that the government had admitted that 1998's 3.6 million workers who demonstrated amounted to three times the number of such protesters just three

years earlier (Cao 1994; Liu 1997:1; Chen 2000:41). The Ministry of Public Security recorded that the numbers of incidents ‘began a rise like a violent wind’ from 1997, the year of the Fifteenth Party Congress which pressed for factory firing (Gong’anbu dixi yanjiusuo 2001:18). By the end of the decade, 100,000 labour protests had taken place, according to the Center for Human Rights and Democracy, based in Hong Kong (Jiang 2001:72).

As strikes escalated in number, the official trade union became even weaker than it had been before marketisation began: where in the past it served as a model ‘transmission belt’ association, relaying workers’ sentiments upwards to the leadership and then delivering official orders back down the line, once the state plan lost its hold on the economy and firms in the hundreds and thousands began to careen into the red and to fold completely, state leaders grew fearful of worker rage and aggrievement and the havoc they might wreak, and therefore frequently egged the union on to find ways to placate them.(Chen 2003).

The historical peak of French protest seems to have passed with the mid-1970s, after which, labour’s clout declined progressively, especially after an alliance between the communists and the socialists fell apart (Boyer 1984:22–23; Ross 1984:155–65; Kesselman 1996:144–45). Following the U-turn of President Mitterrand after 1982, workers and unions were briefly reactive at first, but then became silent for most of the rest of the decade (Wilson 1985:275–76; Smith 2000:128–30; Schmidt 1999; Moss 1988:74–76). There was an outbreak of work stoppages in a number of firms in the public sector in 1988. But these were organised by independent groups outside the sphere of the unions, so, while demonstrating the continuing obstreperousness of the labour force when challenged with the elimination of its work posts, were no statement at all about the power of the unions (Smith 2000:130).

The major exception to the general timorousness of the French trade unions was a 1995 six-week shutdown of the public sector, launched in response to Prime Minister Juppe’s proposals to prune

the welfare system, his effort to diminish the public budgetary deficit in accord with the EU's orders. The movement evinced a persisting vibrancy among the unions—as well as their sometime (if rarely achieved) potential to arouse the rest of France. More strikes in the spring of 2003—directed against a renewed attempt of the government to revamp its pension system—aroused the unions on a national scale in both public and private sectors, as well as triggering wildcat outbursts in several localities.

In Mexico, the government was never shy about resorting to the use of the military when the top leaders believed this to be necessary (Teichman 1995:60–61, 67, 199; Kaufman 1986:198). These techniques were sharpened in quelling the resistance mounted to Carlos Salinas's bid for the Presidency in 1988, and assisted the state mightily in its determination to prevent labour discontent from interfering with its program of privatisation, economic liberalisation and retrenchment in the 1980s (Collier 1992:137; Teichman 1995:212; Middlebrook 1995:295,300–01). The kingpins in the collaboration between the PRI and the CTM were the *charros*, hand-picked, corrupt labour bosses who ran roughshod over the workforce in the name of fulfilling regime intentions and policies (Collier 1992:34–35; Teichman 1995:49, 56, 61–62). These individuals were to ensure that workers' demands were kept manageable; their behavior quiescent, in periods of economic stress, so as to hold off inflation; and their votes actively pro-PRI at election times (Middlebrook 1995:153–54; Roxborough 1989:102). Though of somewhat waning effectiveness by the 1990s, *charrismo* persisted (Teichman 1995:202). Force, violence, bribery and a conditional refuge for the loyal and the compliant sustained the broad outlines of the Mexican labour regime and economic strategy historically and into the present.

Workers advantaged by this system developed a sense of deserts and expectations and depended on party bosses to supply the goods they counted upon. The legacy of favorable treatment they had experienced for dozens of years shored up their loyalty, and, at least initially, disposed them to stick with the PRI even as it reversed its connection with the workers after the early 1980s

(Collier 1992:110). And the CTM itself was not entirely safe from harm. Its ultimate vulnerability lay in the PRI's ability to play this confederation off against two rival ones—the CROC and the CROM^v—when the Party leadership was displeased with some stand or other that the CTM took temporarily, or angry over its short-term failure to march in lockstep with every policy the PRI proposed (Collier 1992:83; Roxborough 1989:104–05; Middlebrook 1989:294). Accordingly, the CTM, in the final analysis heavily dependent upon staying in the good graces of the PRI (Collier 1992:35; Middlebrook 1995:35; Camp 1996:142; Haggard & Kaufman 1995:287), exercised a critical role in assisting the PRI to suppress attempts at forming independent unions, entities that would have championed and fought for rights and benefits for groups beyond the selected elite (Sklair 1989:58, 61–62).^{vi} Thus, with the economic crises of the 1980s, labour unions had little choice but to accept what the government threw at them: falling real wages and insecure of employment (Meyer 1998:144).

The ongoing authoritarian power of the union bosses to intimidate the workforce in the state sector, and the unchanged chain binding bosses in the public firms to the state, provide important clues not just to the success of corporatist tactics in Mexico but also to the relatively scarce and remarkably impotent nature of labour protest in the country in the era of cutbacks after 1980 (Meyer 1998:144). The typical pattern was for the unflinching surveillance of the state—operating through brutal bossism in the union—to nip any protest in the bud to the extent possible (Middlebrook 1995:219, 265).

Consequently, while strikes in Mexico were never plentiful, their numbers dropped by 80% in the decade following the accession to power of President de la Madrid (who initiated the austerity of the 1980s (Carr 1987:222),^{vii} as the regime became increasingly indiscriminate in its impulse to subvert and quash decisively worker opposition from any quarter at all. It was willing even to turn its back temporarily on its long-time ally, the CTM, rather than deal with the union's demands (Collier 1992:106–07,139; Middlebrook 1995:260; Middlebrook 1989:293–94). And

unlike in China, where protest leaders alone have been apprehended in demonstrations, even where violence and disruption takes place, in similar instances in Mexico ordinary followers as well stood stand in danger of forfeiting their jobs should they offend the leadership(Middlebrook 1995:69).

The impact: governments' welfare efforts

The next big question concerns these states' response to the disruptions. Of the three, it was China, where protests were the most numerous, widespread and continuous, that saw the most vigorous reaction from the central government. I have identified four features of the relationship between labour and its state in these countries that shed light on what became of state-supplied welfare after economic restructuring occurred, two pertaining to the state and two to society (here in the form of the workforce). These factors structured the changes, though the extent to which they operated varies among the countries. The first of these traits is centralisation of power, which in all three cases permitted the top leadership to shift its support base with relative ease and autonomy, free of any influence from otherwise-inclined contending parties or groups or from constitutionally-empowered levels of government, and thereby to abandon labour and its history of state-supported welfare, when the regime so chose.

Second is a long-standing wariness of potential civil turbulence and insurrection inclined the leadership in each place to placation, whenever possible. For, once the nation embarked upon economic liberalisation and grew steadily more deeply involved in the world economy, especially in China and France, a profound unease among officialdom over the prospect of unrest and 'social instability' undergirded a search for financial solutions and an effort at implementing them where they could be maximally effective from the perspective of the political elite. Indeed, at every step of the journey, imagined shadows of marching, perhaps marauding, workers danced before the eyes of the decision makers in China in particular, and they thus repeatedly and expli-

citly linked every speech they delivered on the subject of welfare and each new regulation with the imperative of preserving harmony, control and ‘stability’.

Third, turning to the side of society and workers, there is a shared inability—or (in Mexico’s case—because of the umbilicate nature of the leading party’s bond to the unions) unwillingness—of unions to arrest the process of decline in the arena of welfare or in any significant way to confront the regime by putting forward demands on the part of their putative constituency. This inaction, however, was variable in the three cases, with Mexico and China much more similar to each other than either was to France). And fourth was the presence of a dual labour market, which, when combined with leaders’ fears, meant that shortchanging the old workforce for all three regimes was paired with a strong state commitment to strive to retain the loyalty, and to achieve the quiescence of, an elite portion of labour. The existence of a long-standing tiered market in labour in all three countries allowed politicians preferentially to succor certain segments of the working class, a choice that saved on funding even as it demonstrated a measure of caring to the recipients—those workers who had enjoyed the highest level of prior protections (and so sustained the greatest expectations, carried over from the past)—who were also, the regime suspected, those not just most prone to but also most capable of inciting disorder (Kernen & Rocca 2000: 23; Duckett 2003:12). These features of impotent unions and regime-crafted segmentation among the workers allowed the political leadership to fine-tune its benefits entirely according to its own lights—in the hope of preserving order while shoring up its own legitimacy.^{viii}

In the course of China’s marketisation, a sharp juncture in the path of policy occurred at the 1992 Fourteenth Party Congress, when the Party significantly deepened its ongoing program of marketisation by redefining the nation’s once socialist, planned economy as being a ‘socialist market’ one. A year later would see the birth of specific policies to restructure state enterprises, culminating at the subsequent Party Congress in 1997 in an official directive to ‘reduce the labour

force to enhance efficiency'. By the mid-1990s this state mission had been gathering force for well over a decade. But it was not until 1997 that these reforms finally came to affect large numbers of workers in the state-owned plants (Meng 2000:121–22).

There followed numerous examples that bolster the point about the regime's vigilance about instability. Just after the Party Congress called for cutting back the workforce, central-level authorities demanded that localities devise a 'responsibility system' to pacify potential 'social chaos' expected to issue from what was termed the 'daily increasing army of the unemployed' (*Shijie ribao* 1997:A12). In May of 2000, an official research group published a piece in an internal journal entitled, 'Establishing a social protection system is the key to our country's social stability' (Guojia jiwei 2000:8–14). Another illustration is a volume on employment and social security published in 2000, which openly acknowledged that, 'Growing out of our concern for social stability, we have made very great government expenditures in social security' (Gong 2000:215).

Thus, because of the pronounced upsurge in urban poverty, inequality and joblessness that the post-1997 firings fostered, the political elite felt forced by a rising tide of progressively more frequent and ever-larger protests to unveil three brand-new programs to make up an embryonic welfare safety net (Duckett 2003). For decades, urban state workers had received work-unit-based insurance and cradle-to-grave welfare benefits.^{ix} But the new Chinese programs were unprecedented in the PRC and had to be forged from scratch in the era of reform. Both in the interest of peace and order in the cities, and to allow the firms to have a greater chance of surviving on their own in the marketplace, the state has essayed for over two decades—though to date far from successfully—to establish a contributory social security system that is independent from the enterprises (State Council 2002:20; Tang 2002:18). Programs designed to fill the breach that resulted from smashing the former system—programs such as UI, basic living allowances for the laid-off and a minimum livelihood guarantee for the newly impoverished—though instituted as early as the mid-1980s and the early 1990s, were barely utilised before the late 1990s,

when they were finally seriously and widely applied, in tandem with the upward spiral of job loss (Wong, Heady & Woo 1995:14).

The first of the new welfare programs to appear was the one for the unemployed. After four years of internal Party debate, the initial major step was taken on the road to putting to rest the strategic, socialist notion that each [urban] worker was to be granted a life-time tenured job (White 1993:138–43, 159). In 1986 the first Regulations on Unemployment Insurance appeared, designed to assist a new category of ‘contract labourers’ when their terms were up, so long as they met the necessary conditions. In that same year a Regulation on Discharging Employees was announced as well. But none of these decrees had much if any impact at that time (Lim & Sziraczki 1993:51–52).

By 1993, to deal with the rising numbers of workers losing their jobs, revised provisions came out, specifying that benefits go only to state enterprise workers (Li Hong 1992:27; Herald Translation Service, Chinalaw Web, <http://www.qis.net/chinalaw/prclaw66.htm>). Five years later, so-called ‘laid-off workers’—a novel, exploding category for socialist China—soon became eligible for a sum higher than UI (meant for workers once employed at firms that had been dissolved), entitled the ‘basic living allowance’ [jiben shenghuofei or jiben shenghuo baozhang] (Hu 2000: 16–17).^x

The payoffs were part of a program designed and widely promoted in the second half of the 1990s in response to constantly rising numbers of layoffs, in the wake of an official credit squeeze, an accompanying nationwide recession and, by 1997, an explicit governmental program to cut back the workforce. Labeled the ‘Reemployment Project’, this was a bureaucratically manipulated effort conceived as a temporary palliative to sustain workers furloughed by fortunate, mostly still functioning state firms (*FBIS* 1.25.94:69; Chengzhen qiye 1997; Ru, Lu & Dan 1998:86; SWB FE/3231 1998:G/3). The Project was to computerise information on local labour

markets; provide job introduction organs; offering free training; and build new marketplaces where dismissed factory workers could begin a business through preferential policies on taxes and fees. The Project also called on each firm that had furloughed any of its workers to create a 'reemployment service center', to which its laid-off workers were to be entrusted for a period up to three years (Yang 1999:19). The center was charged with contributing to the pension, medical and social security funds on behalf of each discharged off worker entrusted to it (Yang 1999:30–31). An unknown, but almost certainly relatively small, proportion of firms actually carried through on these obligations.

A third welfare program was born in response to a sudden upsurge in the numbers of the urban poor after the mid-1990's,^{xi} at the same time that masses of state manufacturing workers began to suffer dismissal from their posts; indeed, there is a clear correlation between these two phenomena (Cook 2000:5).^{xii} As the numbers of people subsisting in straitened circumstances rose with the progression of the marketisation, it became clear that a broad-based, inclusive system had to be designed for them. The idea behind the plan was twofold: to sever the bond between firms and their indigent staff and ex-staff, since often the very poorest people were attached to enterprises doing too poorly to help them; and to extend the scope of the eligible population. In 1994, the new system, named the 'minimum livelihood guarantee' [zuidi shenghuo baozhang, colloquially, the dibao], began experimentally (Wong 1998: 124), and by September 1997, after spreading nationally, was formalised, with orders that localities must lodge this item in their budgets to be managed as a special account (Song 2001: 149–50). In September two years later the State Council's 'Regulations for Safeguarding Urban Residents' Subsistence Guarantees', transformed the program into law (Tang 2002).

In spite of the minimalism that often marked the execution of all three of these welfare measures, and the motive of maintaining order that stood behind them, from the late 1990s there were many indications of the leadership's firm commitment to implementing them. Among those signs were

a move to continue subsidising loss-making firms by having state banks distribute credit to them (Yang & Cai 2003:410; Chow & Xu 2001:26); a new National Social Security Fund inaugurated in 2000, which was to offer support to indebted provinces (Frazier 2004:103); the passage of a Labour Law in 1994 which, though rarely respected, at least symbolised the state's concern for proper treatment of the workforce (Gallagher 1997:13); and periodic increases in the payouts to workers whose positions had been cancelled.^{xiii}

Another way of pointing to the determination of the state to calm hard-up workers was through its constant infusion of funds for them. According to a governmental White Paper on Employment and Social Security from spring 2002, in 2001 the central treasury allocated 98.2 billion RMB for social security payments, a figure 5.18 times that expended just three years before. During the same period, the treasury injected a total of 86.1 billion RMB in subsidies into pension insurance (State Council 2002:21, 24). Then-Premier Wen Jiabao announced in early 2004 that the central government had contributed 4.7 billion RMB of subsidies the previous year just for the purpose of job creation, while spending 70 billion for laid-off workers' and poor people's allowances, 20% more than it had paid in the previous year. Of that amount, the monies for the urban indigent doubled in the year, from 4.6 billion in 2002 to 9.2 billion in 2003 (Premier Wen 2004; Tang 2002:243–45).

In France, the demonstrations of 1995 forced the state to call off entirely a few of its chief welfare reduction proposals and to decelerate its program of cutbacks (Kesselman 1996:158–60; Levy 2000:336–37; Rodrik 1997:1, 41–43). Later, in response to strikes in 2003, which produced some concessions (if minor ones) (Tagliabue 4.4.2003; Sciolino 2003; Tagliabue 17.5.03), the larger message was that the French government would go only so far in offending its marginalised and benefit-deprived citizens. State leaders chose instead to sustain an ongoing budget deficit, to the point of inviting censure from the European Union. Happily for France, however, the European Court of Justice capitulated in mid-2004 with a compromise on its handling of this

infraction (Bernstein 2003:A1,A12; Parker & Benoit 2004:1; Parker 2004:2; *Financial Times* 7.14.2004).

In Mexico, where unions still stood in the thrall to the state, and where, thus, labour actions were the most muted and small scale among the three countries, the payback for worker discontent was certainly the most meager. While there had been no place for independent unions during the harshest, most authoritarian stage of the rule of the PRI (Teichman 1995:60; Middlebrook 1989:299; Samstad 2002:4), with the partial breakdown of PRI power in the 1990s, such groups did emerge openly and freely—though usually not so successfully (Carr 1987:222; Rochlin 1997:31; Collier 1992:110).^{xiv} In mid-1996, federal officials met with dissident members of a teachers' union following a sizable national strike (Rochlin 1997:30), and in late 1997 a number of major unions broke from the official labour Congress,^{xv} combining with several independent ones to form the National Workers' Union.^{xvi} There was more allying of this sort once Vicente Fox came to power in 2000 (de la Garza 2002:15–16,25–28,30–32; Thompson 2001).

But overall, Mexican protest—especially since 1980—has been discreet, restrained in amount and duration, and contained in scale. Its effectiveness has been limited to negligible. Insofar as there were any achievements at all—such as a 1987 Economic Solidarity Pact, in which income taxes were cut and inflation arrested, only the affiliates of the CTM received benefits, while workers as a group continued to suffer from the government's wage policy and its overall program of retrenchment (Middlebrook 1995:264-65, 295–97). Other outcomes issuing from protest mainly amounted just to delays of unfavorable policies, with the CTM's greatest accomplishment being its prevention of the Salinas administration's rewriting of the federal labour code. Yet even in this instance, the government managed to implement labour policy as if the law had indeed been altered (Middlebrook 1995:297–99).

Conclusion

So we are ready to return now to the query that opened this paper: what happens to workers when their states become more globally involved? I cannot claim to have answered this macro question in a general fashion. What I have done instead is to narrow the spotlight considerably, and to strive for specificity rather than be sweeping. I proposed a model of what has happened in three states, in all of which the leaders selected moves melding their economies with others abroad, three states where labour is reputed to be feeble and central power mighty. The outlook seemed gloomy.

But I found that after the governments in question became linked to leagues whose rules encouraged the discharge of workers, in a sense the story had just begun. Even in these places where power would seem to dictate a futile languishing of laid-off persons, we have seen that their protest, if possible, can better their lot. So my depiction—though surely not sanguine--turned out to be less dismal than anticipated. If other workers can stand and fight, one would hope their states too could find modes of accommodation.

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ⁱThese were enterprises usually comprised of pre-1949 private firms merged in the 1950s and run at the level of the 'neighborhood', under the urban district or ward.

ⁱⁱAlso, Hu gave me information during a private conversation, September 23, 2004, New York.

ⁱⁱⁱPei (1997) shows how it has been possible for citizens to sue the state, but here again the victories for citizens are rarely implemented.

^{iv}The Constitutions of 1975 and 1979 allowed for strikes, but this provision was erased in the constitution of 1982.

^vThese initials stand for the Revolutionary Confederation of Workers and Peasants (CROC) and the Mexican Regional Labor Confederation (CROM).

^{vi}On the other hand, those sectors that were most crucial to the overall economy, and which, accordingly, received the strongest state pressure for compliance, were also the ones displaying the boldest resistance to the state (Teichman, 1995:49).

^{vii}Michelle Dion has made the interesting finding that in the late 1980s and 1990s, though strikes decreased in number, strike petitions rose (see Dion 2002:20). This seems to suggest that aggrieved unions were willing to register a protest but dared not move to the streets.

^{viii}The concern at the top with regime credibility and legitimacy appeared in a year 2000 speech by then-Premier Zhu Rongji, in which he said that, 'This year no matter how, we can't again see new delays. We must definitely pay out the arrears of the past several months within this year and do it as fast as possible, in order to obtain the people's confidence' (Zhu 2000:6).

^{ix}Welfare was granted at varying levels of service, with workers in the larger, favored state-owned firms in key industrial sectors faring best (Walder 1992).

^x Hu notes that in 1999 the ratio of the average living allowance for laid-off workers was 18.5 percent of that of employed workers, while the UI received by the registered unemployed population only amounted to 14.1 percent of employed workers' wages that year.

^{xi}In 1995, 41 percent of urban households saw an income decline; the same year, the State Statistical Bureau defined a family living in poverty as one with an income under 5,000 RMB per annum (Wong 1998:124). At this time per capita income was 6,392 RMB per year, which meant that the average household of just over three members must have had an average of nearly 20,000 RMB per year in 1998 (Chow & Xu 2001:1).

^{xii}Aside from job loss, other factors pushing people into penury also had to do with the market transition: state grain subsidies ceased in 1992, thereby sending up food prices; housing costs rose with the program to privatize apartments; and the charges for both public education and medical care climbed sharply and precipitously as their previous status as near gratuities was altered with the institution of sizable fees for service. There was also at this point a growing trend of indebted firms failing to pay wages or pensions, whether on time or else at all. The new urban poor population is concentrated among these people: those who worked in state firms that are losing money, have ceased production, or went bankrupt; retired people's families where the support coefficient is high; those who became poor when they fell ill, owing to the high costs of medical care; and those whose term of receiving UI has ended (Song 2001:137-38).

^{xiii}This was done as it was in the summer of 1999, almost on the eve of the fiftieth anniversary of the establishment of the People's Republic, very likely to stave off public demonstrations by the disadvantaged (Wu 1999).

^{xiv}Collier notes that some independent unions joined with left-wing parties and the Democratic Current to oppose an Economic Solidarity Pact in late 1987 that was to impose wage and price freezes.

^{xv}This is a national-scale body established in 1966 to bring together and speak for the entire organized labor movement (Middlebrook 1989:291).

^{xvi}The formal, Spanish name is the Union Nacional de Trabajadores, or UNT.

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