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Preface

At the dawn of the twenty-first century, China is being hailed as the "workshop of the world," poised to assume a pivotal role in the global political economy. Chinese labor conditions have also generated intense interest among American and international policymakers, labor movement activists, and development agencies. The Chinese worker is often imagined as a diabolically exploited, haplessly diligent, mindlessly docile, nondescript, and disposable human being, easily replaced from the seemingly endless supply of identical youthful workers in the world's most populous country. In the United States and also in Mexico, India, and elsewhere in the developing world, the Chinese worker is charged with responsibility for job loss, capital flight, and a plunge in global labor standards. There is a glaring incongruity between, on the one hand, the general recognition of the great significance of Chinese labor conditions and their impact on the world economy and, on the other hand, the public's limited understanding of the complexity of the Chinese experience and, more fundamentally, the humanity of the Chinese worker.

I hope that this book will help to close this cognitive gap through a comparative analysis of the lives and struggles of the two segments of the Chinese workforce that have borne the brunt of market reform and globalization: laid-off and retired workers in China's industrial rustbelt and young migrant workers in global factories in the export-oriented sunbelt. To capture the sharply uneven process of change in this immense and heterogeneous country and to maximize the analytic leverage of the diverse local political economies within its borders, I have selected two provinces that can represent, in oversimplified terms, the death of socialism and the birth of capitalism in one country. It is also in these two provinces—Liaoning in the northeast and Guangdong in the south—that the two respective groups of
workers are most geographically concentrated. Once the heartland of the socialist planned economy and home to some of China’s most prominent state-owned industrial enterprises, Liaoning has declined into a wasteland of bankruptcy and a hotbed of working-class protest by its many unemployed workers and pensioners. Unpaid pensions and wages, defaults on medical subsidies, and inadequate collective consumption are the main grievances triggering labor unrest in Liaoning. In contrast, the sunbelt province of Guangdong has become a powerhouse of the country’s export-oriented industrialization and one of the most popular destinations for the hundred-million-strong migrant labor force. Rampant nonpayment of wages and oppressive working conditions have prompted unrest among these young workers.

The empirical observation that guides this comparative study is that there are both differences and similarities in the patterns of protest and strategies for survival in these two regions. In the rustbelt, I have found “protests of desperation,” in which veteran state workers take their grievances to the street rather than to the legal system. Their protests coexist with a survival strategy that relies on the remnants of socialist entitlement, primarily allocated welfare housing, and on informal employment. In contrast, Chinese migrant workers in the sunbelt, indignant over their treatment as second-class citizens by officials and employers, stage “protests against discrimination.” These workers resort primarily to legal activism and secondarily to public disruption. Striving to remain employed in the cities, these workers also rely for subsistence on a system of land rights that allocates to rural residents plots of land in their birth villages.

Although unemployment and exploitation, together with working-class resistance and adaptation to these challenges, can be found in many places and at different times, peculiarities of China’s postsocialist conditions have engendered features of labor politics that defy conventional categorization. First, the law, fledgling legal institutions, and the rhetoric of legal rights are central to labor protests throughout China, even though very few workers actually believe in the effectiveness of the regime’s ideology of law-based government. Second, leading to the formation of neither a national labor movement nor representative organizations, the several thousand worker protests that erupted every year throughout the 1990s took the prevailing form of localized, workplace-based cellular activism. With workers blocking traffic in the streets, lying on railroads, or staging sit-ins in front of government buildings, these demonstrations presented a palpable threat to social stability, at least in the eyes of the national leadership. What must be emphasized, however, is that workers’ cellular activism has thus far rarely
escalated into large-scale, coordinated, cross-regional unrest. Despite workers’ limited organizational capacity, their insurgent identities suggest potential for more broad-based politics. In both the northeast rustbelt and the southern sunbelt, protesting workers have creatively drawn on Maoism, socialism, and liberal ideologies of legal justice and citizenship to stake their claims. This paradoxical mix of localized mobilization and generalized insurgent identities lends an intriguing fluidity to Chinese labor politics of the past two decades.

What, then, is the nature of working-class agitation in this period of marketization and globalization? Why have worker protests been bottled up at the local level, given the familiar accounts of horrific degradation and exploitation suffered by millions of young workers in the export-oriented sunbelt, on the one hand, and massive unemployment and impoverishment suffered by an older generation of workers in the rustbelt, on the other? Alternatively, considering the putatively repressive and authoritarian nature of the Chinese communist regime, what material and moral resources and political opportunities exist for workers to sustain even that level of activism? Finally, what does labor politics tell us about China’s transition from socialism? Answering these questions requires a dynamic examination of workers’ lived experiences at the point of production and beyond in the context of the contested evolution of the political economic institutions that undergird working-class lives. Above all, I have found that the communist regime’s strategy of accumulation, in the form of what I term “decentralized legal authoritarianism,” both generates the impetus for and places limits on working-class protests in this period of market reform. This larger political economic context of reform shapes not only collective mobilization by workers but also popular rebellion in general, and therefore is a key to understanding the institutional foundations of China’s economic dynamism and sociopolitical tensions.

I should suggest here how my analysis diverges from important works in two major scholarly literatures—transition studies and labor studies—that have influenced our understanding of China and Chinese labor. Transition scholars generally compare China, explicitly or implicitly, with other former Soviet-type societies. To explain the success of the Chinese transition, they usually point to reformed institutions that dispense the right incentives or enable elite interests and alliances to push for marketization in their effort to generate economic growth. Although important, these studies have the collective failing of presenting too laudatory a narrative of China’s “successful” turn to capitalism, missing the seamy side of reform that blights many ordinary people’s lives. My study, in contrast, begins from “below”
and brings a subaltern perspective back to the study of China. My task is not just empirically to document something that transition studies, skewed by its elitist and institutionalist concerns, has omitted. I also seek alternative theoretical frames that allow us to ask hard questions about the nature of Chinese society and the consequences of reform, transition, and globalization. For instance, transition from socialism entails widespread commodification of life processes and resources, including labor, land, nature, and bodies. It also triggers profound shifts in society's normative infrastructure: its standards of justice; the distribution of dignity, entitlements, and rights; and the value of labor. These moral dimensions of commodification, ignored in the literature that privileges the role of material interests and institutions, have causal power in shaping the trajectory of transition as they fuel popular contentions. Moreover, transition studies miss the essence of transition: that because it is a time of unsettled institutional norms and coexistence of old and new ideologies and discourses, it is also a politically poignant moment for a wide range of social activism. The former characteristic allows a greater role for popular struggles to shape the outcomes of conflicts, and the latter furnishes a rich repertoire of moral and cognitive resources for aggrieved workers to frame and make multiple claims.

Labor scholars tell quite a different story about Chinese development. The problem with their studies is not the obliteration of workers' experience in the process of change, but rather a tendency to make a leap of faith from the existence of exploitation to resistance. Some have given us empathetic, if also grueling and graphic, depictions of factory lives inside the Chinese satanic mills, while others predict the emergence of a historic world labor movement, comparable to the Chinese peasant revolution that ushered in the Chinese communist regime. My research in the past seven years has led me to see a more complicated and nuanced reality. Beyond exploitation in the workplace, there are also nonmarket mechanisms for the reproduction of labor power embedded in the rural economy and the urban work unit system that mitigate the worst exploitation workers suffer at the point of production. The much-criticized household registration system that subjects migrant workers to second-class citizenship status, making them a cheap labor pool tapped by global capital, also confers land rights on those with rural household registrations. Likewise, the collapse of the socialist work unit has triggered economic distress and moral outrage, but the work units have also allowed state workers to purchase former welfare housing at subsidized prices. This housing reform has made them private property owners, providing an economic safety net even in the event of enterprise bankruptcy. These institutions also generate a degree of allegiance to the
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regime. In short, this book depicts a working class that is less wretched and less heroic than many labor studies scholars and progressive observers would be willing to admit.

I have benefited from engaging criticism by colleagues working on transition and labor issues, who take me to task for seeing either too much labor radicalism or too little. I would like to think that, having provoked disagreement from both sides, I may have gotten it right.

During the course of research and writing, I have accumulated numerous debts to people and institutions for their generous support in many ways. First and foremost, I thank friends and colleagues who have made contacts and arrangements that have allowed me to conduct fieldwork on a politically sensitive subject. I deeply regret that I cannot name those who have given me the most crucial contacts, but they certainly know how appreciative I am of their assistance and trust. This study could not have been completed without the courage and cooperation of the workers who accepted me into their world and took the time to share with me their experiences, thoughts, and feelings.

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PART I

Decentralized Legal Authoritarianism
Chinese Workers’ Contentious Transition from State Socialism

DAYS OF RECKONING

For more than a week in mid-March 2002, tens of thousands of workers marched through the streets of Liaoyang, an old industrial town in China’s northeastern rustbelt. Some carried a huge portrait of the late Mao Zedong that was mounted on four shoulder poles and accented by a red ribbon knot fastened on the top of the frame. While some people passionately sang the “Internationale,” an old woman cried aloud, “Chairman Mao should not have died so soon!” Fueled by simmering anger at the corrupt local government and pressed by economic difficulties after their state-owned enterprises went bankrupt, workers from as many as twenty factories at one point demonstrated in front of the Liaoyang city government building. They demanded payment of back wages, pensions, and unemployment allowances owed them for months, even years. But most shocking to the authorities, they insisted on the removal of the head of the local legislature and former mayor whose seven-year leadership had spawned rampant corruption and wreaked havoc in the lives of the local people. Overseas human rights organizations claimed that it was the largest collective act of defiance since the bloody crackdown of the 1989 Tiananmen Incident. Only this time workers were the major social group present; no intellectuals, students, or private entrepreneurs joined their protests; and the official press censored the incident at both the municipal and national levels.

Liaoyang has the look of many an old industrial town in the northeastern province of Liaoning. A pervasive grayness and an air of morbidity beset what once was a proud and buzzing industrial center boasting a dozen major military equipment factories and a nationally renowned chemical plant built with French technological assistance in the early 1970s. No
An inkling of such past glory can be found today in the faces of the many unemployed workers gathering in makeshift "labor market spots," holding in their hands or hanging on their necks placards announcing their skills: plumber, electrician, nanny, seamstress, and so on. Abandoned brick workshops punctured by broken windowpanes line the main road leading into this city of 1.8 million, one of which is the Liaoyang Ferro-Alloy Factory, or Liaotie, the epicenter of the protests. For four years, the three thousand employees of this state-owned enterprise had petitioned the local government, charging the enterprise management for financial irregularities and nonpayment of wages, pensions, unemployment allowances, and medical reimbursements. The columns near the main entrance were covered with posters and open letters. One open letter, addressed to "All the People in Liaoyang," read,

We the working masses decide that we cannot tolerate such corrupt elements who imposed an illegal bankruptcy on our factory. We must take back justice and dignity. We will not give up until we get all welfare payments, unpaid wages, and compensation back. . . . Our respected compatriots, brothers and fathers, we are not anti-Party, antisocialism hooligans who harm people's lives and disrupt social order. Our demands are all legal under the Constitution and the laws. . . . Let's join forces in this action for legal rights and against corruption. Long live the spirit of Liaoyang!2

Pointed and impassioned, the letters made a resounding accusation against local government corruption and collusion with enterprise management. The panoply of worker compensation specified by central government policy remained an empty but tantalizing promise. Liaotie workers' grievances were shared by many local workers throughout China's cities and especially across the northeast. Yet workers' interests were fractured. A disillusioned former Party secretary of one of the many factories participating in this protest explained to me that different groups of protesting workers participated with their own unresolved "balance books" in their heads. They came together in holding the local government responsible for their plight.

First, there were laid-off workers who did not get their 180 yuan monthly allowance. Then, there were retired workers complaining about not getting a special allowance promised by the central government two years ago. It was stipulated then that for each year of job tenure, they should be paid an additional 1.8 yuan monthly for their retirement wages. Third, there were retired cadres whose career dated back to the prerevolutionary era complaining about unequal treatment of retirees. There was a policy for military personnel who were with the CCP [the
Chinese Communist Party] before 1949 to get 1,800 yuan a month as pension, but those who surrendered to the CCP at the end of the anti-Japanese War were given only half of that amount. The latter group was of course furious. . . . Then, there were banners saying, "We want to eat," "Return us our wages." . . . People are nostalgic about the time of Chairman Mao, when everyone had jobs and society was stable and equal. . . . After devoting my life to political education work, I now feel my efforts have all been wasted. Since the early 1990s, after they started the director responsibility system, I as the Party secretary was sidelined, and he [the director] could rule and decide on personnel matters however he wanted, no restraint at all. 3

Thanks to its cross-factory participation and its explicit political demands, the Liaoyang protest received intense international journalistic attention. Despite the rapid collapse of inter-workplace rebellion, its short-lived existence signaled to the regime the possibility of an escalated working-class rebellion beyond the predominant pattern of localized, single-factory mobilizations, spurred by economic and livelihood grievances related to wages, pensions, health benefits, and bankruptcy compensation. In terms of sociological significance, it is this latter type of "cellular activism" that has become paradigmatic in the Chinese reform era. Police statistics on demonstrations, startling as they are, capture only a small part of the phenomenon. In Liaoning province alone, between 2000 and 2002, more than 830,000 people were involved in 9,559 "mass incidents," or an average of ten incidents each involving ninety people every day for nearly three years. 4 Nationwide, the Ministry of Public Security recorded 8,700 such incidents in 1993, rising to 11,000, 15,000, and 32,000 in 1995, 1997, and 1999, respectively. 5 In 2003, some 58,000 incidents were staged by three million people, including farmers, workers, teachers, and students. 6 Among them, the largest group consisted of 1.66 million laid-off, retired, and active workers, accounting for 46.9 percent of the total number of participants that year. 7 The surge in social unrest continued from 2004 to 2005, as the Ministry of Public Security announced a hike from a total of 74,000 to 87,000 cases of riots and demonstrations during these two years. 8

Rampant nonpayment of wages, pension defaults, and the general collapse of the enterprise welfare system has triggered this trend of increasing labor strife among China’s massive laid-off and retired proletarians. The total number of workers in state and collective enterprises who were owed unpaid wages increased from 2.6 million in 1993 to 14 million in 2000, according to official trade unions statistics. 9 In Shenyang, the provincial capital of Liaoning, a survey showed that between 1996 and 2000, more than one-quarter of retired workers were owed pensions, and one-quarter of
employed workers were owed wages. Adding insult to injury, the Chinese government has begun experimenting with a one-time severance compensation scheme that translates each year of job tenure into 470 yuan in Shenyang (in 2002). The rates are lower for smaller cities and they vary across industries. Many workers simply reject the idea that "job tenure" can be up for sale; many others find it repugnant that their labor for socialism is now reduced to a pittance, while the state permanently relinquishes responsibility for its workers. With glaring gaps in the new safety net, the estimated twenty-seven to forty million workers shed from their work units in the state and collective sector since 1995 are plagued by a profound sense of insecurity. Across the country, in rage and desperation, workers are wrestling with explosive questions: Who should be held responsible for the collapse of enterprises the regime had for years touted as worker-owned? How much should workers' lifelong contribution to socialism be worth now? Who should be paying? How much for every year of job tenure? Why are pension regulations and bankruptcy laws not implemented? In short, workers are contesting the value of their labor in the broadest sense, not just the amount of severance compensation but also, as this book shows, the meaning of labor, the basis of legitimate government, and the principles of a just society. The 1990s was a time of reckoning between workers who had come of age under Maoist socialism and the post-Mao reform regime.

NEW LABOR BLUES

Veteran state workers are not alone in asserting labor claims. After two decades of market reform, a new generation of industrial laborers has established a solid foothold in all kinds of industries. Hailing from China's vast countryside and toiling mostly in private, joint-venture, and foreign enterprises, the hundred-million-strong migrant population now accounts for 57.5 percent of China's industrial workforce and 37 percent of its service sector employees. In the garment, textile, and construction industries, these migrant workers constitute 70–80 percent of the total workforce. Since the 1990s, these young workers have registered marked increases in protests and strikes, or what the Chinese authorities vaguely refer to as "spontaneous incidents." The overwhelming majority of these conflicts are about wages and working conditions, rather than collective consumption (that is, goods and services that are consumed by the community as a whole). In Shenzhen, China's most developed global export city in the south with some seven million migrant workers, the Labor Bureau officially registered about six hundred such incidents each year during 1998–2001. The annual total
of officially mediated and arbitrated labor disputes soared from 54 in 1986 to 13,280 in 1999. Of these disputes, 65 percent were related to wage arrears and illegal wage rates. In Guangzhou, the capital of Guangdong province, the Public Security Bureau reported a total of 863 protests involving some 50,000 people between January and October 2004. For Guangdong province as a whole, the number of arbitrated labor disputes rose from 24,700 in 1998 to 45,790 in 2002. An official survey in 2003 revealed that about 75 percent of migrant workers had experienced wage nonpayment (of varying durations and amounts).

One “spontaneous incident” that has become an everyday phenomenon in Shenzhen involved a court case filed by construction workers. On a balmy morning in the spring of 2002, 188 migrant workers of Jiancheng, a big name in the local construction industry, gathered at the gate of the Shenzhen Municipal Intermediate People's Court. Spirited and hopeful, they were waiting to enter the courtroom for the second hearing of their lawsuit against their employer for illegal deduction of wages and nonpayment of its pension insurance contributions for more than a decade. There were lively exchanges in Sichuanese; 70 percent of the workers came from Sichuan province. At about 8:15 AM, fifteen minutes before the scheduled opening of their case, the judge’s clerk came out from the main building to make a surprising and unsavory announcement: the hearing would be postponed until further notice because the court investigators had not yet been able to obtain evidence from the Labor Bureau. The clerk also told one of the five worker representatives that they should be the only ones appearing at the next court date, not all the workers, despite the fact that all of them were plaintiffs. Disbelief quickly gave way to anger; as many workers cried foul, while others cursed the corrupt court system. One man suggested, “Let’s go to Beijing, to the National People’s Congress!” and others seconded enthusiastically. Their unflappable, shrewd, but gentle leader, Liu Junyuan, tried to assuage the intense indignation of his fellow workers, saying that “the court is working on our case, but it needs more time to gather evidence. Let’s go back to the dormitory first.” After another twenty minutes of milling and complaining among themselves, and a brief appearance of the Sichuan government representative in Shenzhen to “understand the situation,” workers went home, discouraged and disappointed, but, as Liu insisted, also even more determined to fight for their cause, whatever it took. Since the beginning of this labor dispute in March 2001, these workers had tried negotiation and mediation with management, collective petitions to the city People’s Congress and Labor Bureau, and writing open letters to the official union, the city government, and the Public Security Bureau. They also ini-
iated formal dispute arbitration and finally lawsuits, trying every administra-
tive and legal means to assert their demands. Despite their scathing cri-
tique of discrimination against migrants, they still believed in the integrity
of nonlocal state authority and the fledgling national legal regime. "It’s too
unjust, but we are at the end of our rope," Liu lamented, acknowledging that
the legal system, no matter how flawed, might be the only realistic way to
redress the blatant violations of their collective interest. What he did not
expect was that three months later the court would delay giving a verdict,
prompting his angry coworkers to block traffic outside the court. And when
the judge eventually rejected their claims on dubious legal grounds, Liu
found himself as disillusioned and bitter as his fellow workers, declaring,
"The judge was paid off. . . . If we had to do it again, we would just
protest!"20

This is not an isolated case of collective action by migrant workers, nor is
its tortuous course and the legal combativeness of workers involved atypi-
cal. Many cases of labor disputes in the sunbelt are characterized by work-
ers’ self-consciously law-abiding principles of action. Going to the streets is
considered a last resort and usually happens only after other bureaucratic
channels have been exhausted. The sentiments expressed during these inci-
dents entail abject vulnerability and intense indignation on the part of
migrants for being treated as second-class citizens by employers and offi-
cials unresponsive to their lawful demands.

But why do rustbelt workers take to the street so readily while sunbelt
workers instinctively resort to the labor bureaucracy and the judicial process
before staging protests?

THE PUZZLE

I compare two regional political economies where two distinct groups of
workers bearing the brunt of market reform and globalization are concen-
trated and display both differences and similarities in their modes of
activism. First, I examine the rustbelt in the northeastern province of
Liaoning. Once the heartland of the socialist planned economy and home to
some of China’s most prominent state-owned industrial enterprises,
Liaoning has decayed into a wasteland of bankruptcy and a hotbed of work-
ing-class protest by its many unemployed workers and pensioners. Unpaid
pensions and wages, defaults on medical subsidies, and inadequate collective
consumption are the main grievances triggering labor unrest in Liaoning.
Second, I examine the sunbelt province of Guangdong, which has become a
powerhouse of the country’s export-oriented industrialization and one of the most popular destinations for the hundred-million-strong migrant labor force. Rampant nonpayment of wages and oppressive working conditions have prompted unrest among these young workers.

In the rustbelt, I have found “protests of desperation,” in which veteran state workers, staking their claims on moral and legal grounds, primarily take their grievances to the street, leveraging a strategy of political bargaining by shaming local officials and disrupting traffic and public order, and make only occasional and individual forays into the legal system. Rhetorically, workers’ insurgent claims draw on political discourses of class, Maoism, legality, and citizenship. Such protests coexist with a survival strategy that relies on the remnants of socialist entitlements, primarily allocated welfare housing, and on informal employment.

In contrast, Chinese migrant workers in the sunbelt, indignant over their treatment as second-class citizens by officials and employers, stage “protests against discrimination.” These workers resort first to legal activism such as filing petitions and lawsuits for collective labor arbitration, mediation, and litigation. Only when this institutionalized channel fails (which it often does) do they resort to public disruption. They stake their claims in the law, clamoring against discrimination by officials and employers and violation of labor rights, identifying themselves as weak and marginalized masses needing the protection of the state. Striving to remain employed in the cities, these workers rely for subsistence on a system of land rights that allocates to rural residents plots of land in their birth villages.

What explains the differences in these protest strategies, one emphasizing street action and the other legal and bureaucratic channels? What accounts for the differences in rhetoric and the claims made to the public and the state?

In addition to these differences, I have also found several significant features of unrest shared by rustbelt and sunbelt workers in this period. One is their passionate appeal to legal justice, assailing official corruption as both immoral and illegal. Also, despite the large number of protests, labor unrest in both regions has been bottled up at either the enterprise or the city level. This kind of decentralized, “cellular” activism seldom evolves into lateral, cross-locality rebellion, and its political target has remained the local government rather than higher-level officials or the central government, with important ramifications for regime stability and legitimacy. What accounts for these similarities in labor activism across two generations of workers and two drastically different regional economies?
We may think of the Liaoyang and Shenzhen incidents described earlier in this chapter as instances of what have been termed, respectively, "Polanyi-type" and "Marx-type" labor unrest. In Beverly Silver's global narrative of labor unrest in the past 130 years, Polanyi-type unrest refers to the resistance to the commodification of labor power by workers who have benefited from established social compacts that are being abandoned by the state.\textsuperscript{21} Marx-type unrest, in contrast, refers to struggles by newly emerging working classes confronting capitalist exploitation in production. Marx-type struggles are organized by workers when they have associational workplace or marketplace bargaining power.\textsuperscript{22} Yet neither Polanyi nor Marx has an adequate theory for explaining the specific modes of mobilization or insurgent identities that constitute labor unrest and workers as political agents. We need, therefore, additional analysis of the state (i.e., its strategies of economic accumulation and regime legitimation), the social organization of collective action, the legal system, the institutions of social reproduction of labor power, and theories of subjectivity and the agency of workers.

This book identifies three levels of analysis forming a configuration of intersecting conditions and giving rise to divergent and convergent patterns of labor activism in reform China. The three levels of analysis are: (1) the political economy of decentralized legal authoritarianism; (2) the two systems of regulation and reproduction of labor, one organized around a "social contract" and work-unit-based collective consumption, the other predicated on the "legal contract" and village-based subsistence guarantees; and (3) a repertoire of insurgent identity claims appropriated from official ideologies. (See figure 1.)

My argument is this: the rising tide of labor unrest in China in the past fifteen years is caused by the commodification of labor, a key component of what has been summarily called "market reform." This commodification process in China is characterized by the Chinese state strategy of decentralized accumulation and legal authoritarianism. This political economic framework and its inherent tensions produce the features of labor protests common across the two regions: cellular activism, local state targets, and mobilizing the ideology of legalism. Specifically, I use the term decentralized legal authoritarianism to refer to the twin strategy of decentralized accumulation and legalistic legitimation of authoritarian rule. Whereas fiscal and administrative decentralization has been noted by many scholars as the pivotal strategy of the reform regime, I want to draw attention to a less theorized but parallel state strategy: an attempt to shift the ground of political legitimation from utopian ideology, personal authority, administrative fiat, and violence to a government by law, or rule by law. Together, these
strategies of development have profound implications for the patterns and potential of labor activism. In oversimplified terms, decentralization makes local government responsible for developing a probusiness local political economy, while the same local government agents are called on to implement labor laws promulgated by the central government eager to resolve labor conflicts and to maintain social stability. This tension between accumulation and legitimation, between the interests of the local and the central government, gives rise to endemic violation of labor rights and entitlements. The local state becomes the target of worker resistance. Besides, uneven local economic development, a result of both decentralization and
the uneven trajectories of global investment, leads to fragmentation of worker interests across localities and work units, producing cellular mobilization. The central government's promulgation of laws and its rhetoric of legality incite popular responses couched in exactly the same legalistic language.

If the common characteristics of labor protests across the two regions have resulted from the national political economic framework of decentralized legal authoritarianism, the differences in worker struggles are shaped by the diverse modes of state regulation of labor and the systems of social provision outside of waged work. Rustbelt workers' employment in state industries usually dated back to the prereform period when a socialist social contract—an implicit state guarantee of employment security and welfare in exchange for workers' political acquiescence—regulated state and labor relations. In the reform era, the transition from social contract to legal contract has been stalled in the rustbelt, and therefore workers still leverage mass action as a means of political bargaining. Betrayed by the state and excluded by the labor market, their protests are fueled by moral outrage and desperation. I call this pattern *protests of desperation*.

In contrast, in the sunbelt, migrant workers have never been part of the socialist social contract. The state regulates employment and workers through legal contract and the Labor Law, which channel collective action primarily toward the institutionalized, bureaucratic system of labor arbitration and litigation. Because the judiciary is not always independent of the local state administration, however, frustrated workers also take their grievances from the courtrooms into the streets. Without urban residency, the reproduction of labor power for migrant workers takes place in their home villages and not in cities. Therefore, their demands center mostly on wage nonpayment and working conditions, not on levels of collective consumption. Instead of committing acts of desperation, these workers aspire to participate in the industrial economy but are incensed by employers' and local officials' collusion and discrimination against them as "outsiders," or second-class citizens. Hence the term *protests against discrimination*.

Finally, the repertoires of insurgent identity claims mobilized by the two groups of workers are necessary causal conditions for the rise of labor unrest and can be understood as derived from workers' collective history and current institutional contexts. In the rustbelt, the lingering validity of the socialist social contract and workers' collective lived experience with Maoist socialism produce a lively discourse of class exploitation and the moral responsibility of the state to the people or the "masses." The current state rhetoric of legality and the central government's attempt to implement
a system based on the legal contract adds a layer of legalistic claims on top of rustbelt workers' class and Maoist discourse. In the sunbelt, in contrast, migrant workers have never had any experience with socialist industrialism or Maoist class politics, and therefore there is a conspicuous absence of class identity claims. Even the notion of the "masses" echoes only faintly and is usually subordinate to the claim of laborers' and citizens' legal rights. In the following section I elaborate the theoretical implications of these arguments.

WORKING-CLASS FORMATION: FROM NINETEENTH-CENTURY ENGLAND TO TWENTY-FIRST-CENTURY CHINA

Since Karl Marx, labor scholars have explored the connection between a "class-in-itself" and a "class-for-itself," between the objective existence of workers subjected to exploitation and alienation in production and workers' purposive mobilization to act as a class-conscious collectivity. The rich literature on workers' politics around the world has postulated a close relationship between the development of capitalism, a polarized class structure, and proletarianization, on the one hand, and the rise of modern workers who respond to these economic transformations through collective organization and revolutionary action, on the other. This master narrative (of how capitalist development leads to the formation of the working class) forms the bedrock of the working-class formation literature. Important interventions by cultural Marxists, most notably E. P. Thompson's *The Making of the English Working Class*, by comparative historical sociologists, such as those in Ira Katznelson and Aristide Zolberg's *Working-Class Formation: Nineteenth-Century Patterns in Western Europe and the United States*, and by world-system sociologists, exemplified most recently by Beverly Silver's *Forces of Labor*, have also basically subscribed to this causal argument.

Trenchant criticisms, nevertheless, have come from historical sociologists who maintained that democratic citizenship and legal development, not capitalist economic development, are the driving forces for worker agitations. Reinhard Bendix has argued that industrialization increases workers' demand for democratic and citizenship rights rather than class-based interests. Margaret Somers's research on the effect of local legal culture, rather than the development of capitalism per se, on various English working-class communities' proclivity to mobilization challenges the economic determinism of orthodox Marxian interpretations. Moreover, reversing the causal primacy of objective class structure leading to subjective class agency, recent scholarship has shifted toward a more practice- and identity-oriented
approach to class formation. Looking at "cultures of solidarity" forged at moments of class conflict,\textsuperscript{25} "narrative identities" based on local cultures of practical rights,\textsuperscript{26} or "insurgent identities" developed out of workers' membership in social networks,\textsuperscript{27} scholars have accorded a more agentic, transformative role to workers' practices and identities than was found in the previous generation of scholarship.

In short, not only has the teleology of capitalism turning modern workers into a revolutionary class been abandoned, but also economic determinism has been replaced by contingent and concrete analysis of the institutional arrangements of the economy, the political regime, and legal development. Workers' practices and identities, fashioned from a wide spectrum of lived experiences beyond the point of production, are recognized as constitutive of collective action, not just as intervening variables. These two metatheoretical reorientations of the traditional class formation theory are particularly relevant to the Chinese case at hand.

First, China's market reform, initially created by the heavy hand of the Chinese communist regime, mixes institutions that can be characterized as both market-oriented and redistribution-based, or capitalist and socialist. Theories that derive from logics of either capitalism or socialism will not suffice to explain the motivations and patterns of labor politics arising out of such hybridity. To understand the dynamics of labor politics in this context of transition, we have to attend to the fortuitous and uneven development of market institutions, state regulation, and legal reform. Second, the fluidity of institutional transformation in transition societies such as China demands attention to popular practices and politics. As a prominent Chinese sociologist observes, in transitional societies such as China, "the totality of praxis transcends structure; it is irreducible to and more than structure."\textsuperscript{28} When the political economy and social structure are relatively in flux, workers' willful use of and practical engagement with fledgling economic, political, and legal institutions result in modes of activism that cannot be read off any presumed institutional map. In other words, transitions are times when institutions do not yet produce stable patterns of labor conflict or their resolution. Employers and state agents, dominant as they ordinarily are in employment relationships, are also gauging the parameters of workers' reactions to new policies and practices. Subsequently, multiple modes of activism and insurgent identities are crafted, tested, revised, or abandoned, contingent on their effectiveness in the political process.

Metatheoretical orientation does not specify why and how workers engage in labor strife, however. In the theoretical literature, a long-established proposition holds that workers, especially skilled workers, resist
exploitation and degradation in capitalist production. Threatened by mechanization and substitution by more vulnerable labor groups, these workers will mobilize to defend their customary control over the labor process, their status system, and their traditional way of life. Unskilled workers, too, demand better working conditions and collective power inside the firm through the establishment of unions. In this perspective, workers' grievances are generated from the antagonism of interests between workers and employers inherent in the organization of the capitalist workplace. Marxist analyses of worker consent to capital's hegemonic domination does not challenge this proposition's basic insight that workers' interests are organized and constituted at the point of production.

Under socialism, it is not so much exploitation in production that prompts resistance but rather conflicts involving the "social contract" between the working populace and the communist state. It has been argued that in return for popular acquiescence to its authoritarian rule, the regime guarantees stable employment and welfare services. Studies have found that erosion of state paternalism is connected with rising trends of open rebellion and covert everyday resistance. Approaching state-labor relations from the perspective of state domination, several seminal works maintain that "organized dependence" on state redistribution of basic livelihood resources and life chances is the crucible of popular acquiescence and consent under state socialism. In brief, if under capitalism worker grievances arise primarily from the realm of production, under state socialism it is the system of redistribution that is pivotal. Either way, these theories explain worker politics by appealing to their material interests conceived as derived from some systemic nature of either capitalism or state socialism, which, in turn, are thought of as political economies with certain coherent logics and tendencies. The empirical case examined in this book defies easy categorization as either socialist or capitalist, and therefore throws into sharp relief alternative mechanisms and logics of labor protests that depart from the prevailing explanatory framework of labor politics. Three points are particularly important. First, the political economy of Chinese reform is characterized by persistent contradictory imperatives and conflicts of interest between the central government and local states. Worker politics derives from these tensions, not from system logics. Second, there is no singular political economy in China. Institutions embedding and enabling the commodification of labor, especially the labor rule of law, are unevenly established in different regional economies, giving rise to diverse local labor regimes and labor politics. Third, worker subjectivity cannot be reduced to material interests. Equally important are workers' sense of dignity, justice, and their need for
recognition. Postsocialist transition in China spawns labor unrest because enormous normative violence has been inflicted on workers.

CONTRADICTORY STATE: DECENTRALIZATION, LEGALITY, AND AUTHORITARIANISM

In the transition literature, China’s rapid and sustained economic growth has become the gold standard among postcommunist countries. The Chinese state has rightly been at the center of scholarly attention, credited with creating and incubating the market. The emphasis has been on economic decentralization or the state strategy of local accumulation, enhancing incentives among provincial and local communist leaders to liberalize the economy. By allowing revenue retention at the provincial and local levels, fiscal decentralization has generated enormous vested interests among provincial officials to promote and sustain the reform drive, a move to create “a political counterweight to the central bureaucracy and achieve market reform while preserving China’s Communist institutions.”33 The positive economic effects of decentralization are captured by several theoretical formulations. “Local state corporatism,” for instance, depicts the developmental, market-promoting, and entrepreneurial role of local officials in nurturing the spectacular growth of village and township enterprises.34 Hard budget constraints and local property rights provide the incentive structure fostering competitive local industries.35 Elsewhere, the notion of “competitive liberalism” highlights how the center has induced competition among localities to liberalize the local economy and to provide better infrastructure in order to attract capital.36 Still others have coined the term Chinese-style federalism to explain both reform success and the more recent privatization of small and medium-sized state-owned enterprises in the mid-1990s.37

A palpable celebratory metaphysics undergirds this literature, whose focal concern is with explaining “successful” market reform via state initiatives and which sees the Chinese state as developmental. Only recently, with rising social unrest, have a few scholars attended to the dark side of economic reform, or the rise of the “predatory state” in China. Minxin Pei, for instance, identified four institutional factors accounting for the decentralization of state predation: the decentralization of property rights, declining monitoring capability, the availability of new exit options, and the erosion of ideological norms.38 The unavoidable consequence of declining state capacity and appeal of the ruling party is the rising level of rural and urban discontent. Even with this starker perspective, the state is still conceptualized as primarily and solely concerned with accumulation, and as an in-
pendent, coherent, and self-contained power structure formed prior to interaction with social forces. This view also fails to give due attention to the other state imperative, namely legitimation, and to connect particular modes of accumulation and legitimation with modes of social resistance. In contrast, a dialectical perspective of the state, one that this book adopts, sees contradictions within different state imperatives and insists that state power is not independent of but rather constituted through its engagement with social groups in their acquiescence and activism, triggered by contradictory state goals and policies.

Among existing studies, Zhao Dingxin’s study of the Tiananmen protest stands out in that it identifies the gap in state and popular notions of legitimation as a major cause of the escalation of protests. But his rather crude categorization of the Chinese state as authoritarian, as opposed to democratic, and his failure to point to institutional sites for the state to secure legitimation leave unexamined the nexus between state policies and collective resistance. Elsewhere, Kevin O’Brien and Lianjiang Li contended that the Chinese state suffers from a monitoring problem that induces misimplementation of central policies at the local level, and thereby creates both the grievances and the opportunities for people to pursue “rightful resistance.” They coin the term rightful resistance to denote “a form of popular contention that operates near the boundary of authorized channels, employs the rhetoric and commitments of the powerful to curb the exercise of power, hinges on locating and exploiting divisions within the state, and relies on mobilizing support from the wider public.” Notwithstanding its heuristic value, the concept of “rightful resistance” does not take us beyond describing a way of “framing” by those involved in resistance, who turn the regime’s policy and legitimating myths into weapons of the weak. Giving short shrift to the historical or theoretical conditions for the emergence, mode of mobilization, and dynamics of rightful resistance, O’Brien and Li fail both to illuminate the specific conflict of interest between different levels of the state and to connect the modes of accumulation and legitimation to the constitution of interests and action modes among the resisters.

This book moves beyond the simplistic, stark contrast between interpretations of the Chinese state as either developmental or predatory and rejects the view that the state is a singular and insulated motor of change. It argues for a dialectical view of the state, pursuing the contradictory interests and tendencies between different levels and units of the state, as well as ordinary people’s active engagement with either the developmental or predatory practices of the state. I have found in the arena of legal reform a crucible for the intersection of these two dynamics—a fractured authoritarian state
marked by contradictory goals and interests, and a populace interpellated by the law to become citizens rather than subjects.

Unfolding concomitantly with economic reform in the past quarter century, Chinese legal reform entails a remarkable and momentous increase in law-making activities by the central authority, the professionalization of the judiciary and the legal workforce, and the strengthening of the court as an adjudicator of civil, commercial, and administrative disputes. "Ruling the country by law" (yifazhiguo) was formally incorporated into Article 5 of the Constitution in 1999 and has become part of the official lexicon now widely adopted in government, legislature, and Party reports. Between 1979 and 1998, some 327 laws were enacted by the National People's Congress (the corresponding figures were 7 and 122 for 1966–1978 and 1949–1965, respectively) and 750 regulations were issued by the State Council. If authoritarianism was previously predicated on administrative fiat, personality cult, violence, and terror in the Maoist mobilization state, in the reform period it is institutionalized and constructed in the image of a law-based government. Whereas laws and regulations have been used to specify a new framework of property rights to enforce contracts and to organize new market structures, thereby facilitating local accumulation, the central leadership has been equally insistent on the law's political function of maintaining social stability. The president of the People's Republic Jiang Zemin remarked, "Whether it is market regulation or macroeconomic regulation and control by the state, we should constantly sum up our experiences and gradually incorporate them into the law. We cannot possibly foster good order in the socialist market economy in the absence of a sound socialist legal system." Yet legal reform in China has been stalled by two major contradictions besetting the Chinese regime: (1) the contradiction between the local state's imperative for accumulation and the central authorities' concern with using the law to legitimate political authoritarianism; and (2) the contradiction between the need to maintain the political monopoly of the Communist Party and the binding authority of the law over state agents. These two sets of tensions become political only when the populace takes the law seriously, viewing their self-interest and private needs as citizens' rights and public concerns.

**Accumulation versus Legitimation**

It has been suggested that a twin crisis of profitability and legitimation characterizes the development of historical capitalism. The Chinese reform political economy is also beset by the contradiction between these two imperatives. Economic growth via market liberalization necessarily brings
about intensified inequality and dislocation that undermine regime legitimacy. Labor laws and a new safety net are needed to maintain basic livelihood protection for worker-citizens falling through the cracks of the market economy; hence the central government’s promulgation of a large number of labor regulations regarding pensions, medical care, insurance, and welfare. But the central authority’s strategy of decentralization, entailing the devolution of both fiscal authority and welfare responsibility, creates problems of local implementation. Enjoying unbridled power in economic affairs and standing to benefit personally and collectively from bringing in investment and economic growth, local officials see their abiding interest in accumulation while they scorn welfare reforms as unfunded mandates thrust upon the localities by the center.

In the 1990s, Beijing demanded repeatedly, but in vain, that local governments guarantee payments to retirees and laid-off workers. The lack of local response to this legitimation concern often forced the central government to pitch in emergency funds when worker unrest reached a level to cause central consternation about social instability. In old industrial provinces such as Liaoning, which is saddled with a high concentration of retirees and laid-off workers from bankrupt state factories, the central government had no option but to apportion special relief funds to the provincial governments, out of concern for maintaining social stability. In 2000, the central government pitched in 45.8 billion yuan for local governments to repay owed pensions and laid-off worker livelihood allowances. Leaders and cadres of impoverished inner and northeastern provinces allegedly tried to hold Beijing hostage over the proliferation of labor unrest, in an attempt to demand more central funding for economic development and social insurance payments. In 1998, an extra 300 million yuan was allocated to these provinces as emergency funds. As long as localities give priority to accumulation over legitimization policy, reflecting officials’ interest in short-term and concrete financial gains, implementation of labor legislation will be hampered. The pursuit of local accumulation without a corresponding emphasis on welfare and equity has begun to chip away at the regime’s legitimacy. Elite obsession with economic growth has generated intense discontent among workers whose livelihood security has been severely undermined by market competition. Perhaps in response to the seething popular discontent expressed through various kinds of social unrest, the new national leadership that came to power in late 2003 has vowed to pursue a broadened agenda of “social development,” or “growth with equity.” Yet the underlying tension between central and local government power and interests remains.
Economic Liberalization versus Political Monopoly

The difficulty of enforcing central government legislation is related to a second contradiction of the Chinese regime. The persistent monopoly of political power in the hands of the Chinese Communist Party has come into conflict with the legal reform it seeks to establish in tandem with the market economy. The legal scholar William Alford writes of a genuine ambivalence in the Chinese project of legal construction: "On the one hand, they wish to reap the advantages of liberal legality in terms of its perceived capacity to support economic growth, engage the international community, and legitimize the existing regime. On the other, however, they aspire to do so without being unduly subject to its constraints. . . . In effect, this design is the counterpart in law of the larger effort to carry out a substantial transformation of the economy without a commensurate relinquishing of political control."46

Without any countervailing political opposition or competition, this contradiction has resulted in an authoritarian regime of "rule by law," not a "rule of law" that can restrain the government itself. Central government law and regulation may provide a wide range of rights and entitlements for workers, but when these are in conflict with local government's procapital interests, the judiciary often succumbs to administrative interference. Poor enforcement of the law is caused by the courts' lack of institutional autonomy vis-à-vis local government. "Local courts are beholden to the interests of local governments. . . . [C]ourt budgets and the salaries and welfare benefits of judges are determined by the local government, not by the Supreme Court of the central government. It is standard procedure to reduce a judge's bonus according to the number of verdicts reversed on appeal, a situation that discourages judges from cooperating with lawyers and from deciding cases according to legal criteria."47 Labor bureaus, responsible for enforcing the Labor Law, are marginalized and play second fiddle to economic and commerce bureaus in the local bureaucracies. Labor officials have reported extreme difficulties in imposing fines and penalties on employers for violation of the law, owing to the general priority given to creating a favorable investment climate. "Our job is to educate employers on the Labor Law, not punish them," proclaimed one Guangdong labor official.48

Like a double-edged sword, decentralized legal authoritarianism both fulfills the regime's instrumental goal of economic growth and political control and generates popular activism by furnishing the aggrieved groups with both a vocabulary and an institutional mechanism to express their demands and seek redress. Combined, the contradictions between accumulation and
legitimation and between economic liberalization and political authoritarianism have significant consequences for labor politics. The gap between central regulations and local implementation has undermined working conditions in the sunbelt and collective consumption in the rustbelt. Workers with grievances about nonpayment of wages and pensions and other conflicts demand redress citing central government regulations. Paradoxically, though, the same central-local state tension has led to a bifurcation of regime legitimacy and therefore a localized, rather than national, pattern of labor agitation. The common view found among aggrieved workers is that the central leadership is protective of workers, as evidenced by the numerous laws Beijing has promulgated, whereas local officials are corrupt and unfit to rule because they fail to enforce central regulations. When workers protest, their targets have always been enterprise managerial cadres and their superior officials in local industrial or labor bureaus. Decentralization, coupled with marketization, also contributes to the perception that Beijing can no longer totally determine the economic conditions of individuals and enterprises as economic power has been delegated to local officials. As Vivienne Shue has noted, as legitimate responsibility for the economy has been dispersed and to some extent obfuscated, workers are prone to frame protests in limited and localized ways. "The combined effects of decentralization and marketization have worked to the advantage of the central state, making it somewhat easier for the center to contain and quell those protests that have arisen while simultaneously sustaining its own appearance of legitimacy." It is questionable how long such a bifurcated popular view of a legitimate center presiding over a hierarchy of local venality can be sustained without being replaced by a more integrated view of systemic corruption and illegitimacy. But for the moment at least, what is significant is the prevalence of legal rhetoric as the idiom of activism. "Against the law" becomes the shared accusation used by workers, employers, and officials alike in labor contests.

REGULATION AND SOCIAL REPRODUCTION OF LABOR

If the national political economic structure and its inherent tensions are pivotal in constituting the common features of labor protests (that is, decentralized and localized targets, cellular activism, and legalism), the divergent patterns of protest (that is, protests of desperation and protests against discrimination) have to do with how specific labor systems have been established in various regions. Michael Burawoy's notion of "labor regime" is a powerful analytical tool linking state regulations of labor (through legisla-
tion on contracts, minimum wage, social insurance, collective bargaining, and the like) and the social reproduction of labor power (i.e., means of subsistence, daily and generational reproduction of the capacity to labor) to workplace control and workers' capacity for resistance. The idea is that what happens at the point of production between labor and management and among workers is related to how the broader political apparatus intervenes in the regulation and reproduction of labor. In China, as chapter 2 will elaborate, market reform in the past quarter century has entailed a transition between two systems of labor regulation: from one based on social contract to one based on legal contract. It has proved to be a contentious and uneven process, whereby moral, economic, and legal claims and counterclaims are made by state officials, management, and workers engulfed in numerous and intense local conflicts. The social contract "instituted" in the socialist era was a general and implicit exchange between the paternalistic state and a politically acquiescent populace. There was no legal document stipulating the terms of this socialist social contract, only shifting policies that varied greatly according to the political and economic needs of the state in different periods.

In the reform era, the transition from social contract to legal contract was stalled in the rustbelt owing to the challenge of the local economic structure (declining state-owned heavy industries), the financial predicament of enterprises, corruption among local officials, and workers' economic dependence on and moral expectation of state paternalism. Labor laws and regulations were promulgated but not always implemented in practice. The legal and bureaucratic systems were hotbeds of corruption, not responsive or effective in resolving labor conflicts. Rustbelt workers, steeped in the logic of the socialist social contract, saw their leverage in mass action as a means of political bargaining. In contrast, in the sunbelt, the influx of foreign and domestic private investors and the recruitment of young migrant workers, both outside the traditional socialist social contract, compelled the local state to regulate employment and workers through legal contracts and the Labor Law. When conflicts arise, migrant workers' first response was to leverage the only institutional resource available to them—the law and the bureaucratic system of labor arbitration and litigation. Because the judiciary and the labor bureaucracy are not always independent of local state administration, however, frustrated workers who have exhausted their legal options are also prone to take their grievances from the courtrooms into the streets.

The ways in which labor power—the capacity to work—is reproduced on a daily and generational basis shape both the potential and the limits of collective mobilization. In China, as we shall see, dormitories for migrant
workers in export factories and residential quarters for state socialist workers are both geographically close to the site of production, forming self-contained, all-encompassing communities where work and nonwork lives take place in the same localities. This residential pattern facilitates communication and the aggregation of interests, especially at the moment of labor conflict. A major difference between the two types of communities, however, is that state workers' residence survives the termination of their employment, in contrast to the itinerant status of migrant workers, whose residence in the cities is contingent on their employment. Thus, labor struggles in the northeast have the potential to last for longer periods, up to several years in some cases, than in the south.

There is another significant way in which workers' capacity is shaped and limited by how labor power is reproduced, that is, by how workers survive beyond their participation in and dependence on waged labor. Here I find that lingering "socialist" entitlements play a key role in limiting both migrant workers' and veteran state workers' capacity to sustain mobilization. Specifically, the birthright of migrant workers with rural household registrations to plots of land in their home villages and the urban housing reform that turned work-unit housing into state workers' private property are buffers against the nonpayment of wages and unemployment. Many state-owned enterprise workers, in some places 42 percent of working-class households, bought the property rights to their previous welfare housing units in the 1990s.50 Workers can resell these urban properties, turn them into rental units, or pass them on to their offspring, even after retirement or plant closure. Housing is perhaps the most important and enduring of all redistributed goods. In the countryside, land ownership remains collective to this day. Since the dismantling of the communes in the late 1970s, land use rights of the individual peasant have been legally guaranteed by the state, and agricultural land is allocated to the household unit to which that peasant belongs. The most recent 1998 Revised Land Administration Law has reaffirmed the principle of equal distribution of land and peasants' land use rights have been guaranteed for at least another thirty years. This land rights system allows employers and the state to sustain a low-wage labor regime, as the cost of the social reproduction of labor is partly absorbed by the rural communities.51 It also channels workers' aspirations, sense of belonging, and survival strategies back to the countryside. Many labor disputes end with migrant workers leaving the cities and dissipating into the vast countryside for basic subsistence. As the erosion of peasants' land rights has increased since about 2005, and as the second generation of migrant workers increases in number, we may see changing dynamics of labor poli-
tics in the coming years. Yet, up until the turn of the new millennium, the rural land rights system had a dampening effect on urban labor strife.

In short, rural land rights and urban homeownership are forms of state redistribution that cushion workers from destitution and dispossession caused by market competition. These policies produce in each group of workers a degree of dependence and allegiance to the reform regime and the economic order that marginalize them. At the same time, the different entitlements from which the two groups of workers benefit produce and reproduce rural-urban boundaries that fragment the working class from within. They have come to see each other as having fundamentally different life chances and economic interests.

REPERTOIRE OF INSURGENT IDENTITIES: PROLETARIAN, CITIZEN, AND SUBALTERN

Economic and legal reforms entail not just the transformation of institutions but also shifts in standards of justice, values, and subjectivity. The promulgation of laws, and the associated discourse of citizenship and legal rights, for instance, allow workers to view the self as public and to recognize the discrepancies between legal prescriptions and experiences of the absence of legal rights. The making and remaking of the labor subject must be an integral part of any story of labor activism as a force of social change. Examining the micromobilization processes of labor unrest throws into sharp relief how “needs,” material and moral, are always defined through the prisms of collectively held sense of dignity, entitlement, and rights. Across the two regions and two generations of workers, the striking similarity is how indignation experienced in the commodification process spurs workers to action. Repeatedly, I have seen that wage defaults and pension arrears were experienced primarily as assaults on workers’ prevailing sense of justice, worthiness, and humanity, standards variously defined by socialist ideology and institutions (the social contract) and the Labor Law (the legal contract). The theoretical significance of underscoring this moral and emotive dimension of labor protests, or the labor politics of recognition, is that it reverses the causal logic of a widely accepted proposition that workers resist when they have the capacity or institutional leverage to do so.52 Given the large labor supply, the prevalence of unskilled and low-wage jobs, and the nonexistence of independent unions, Chinese workers can hardly be described as having much marketplace, workplace, or associational bargaining power. The data presented in this book, however, suggest that the need for recognition and justice can be so powerful that they can prompt mobi-
lization even in the face of formidable political barriers. Mobilization generates political leverage, not vice versa. Beyond China, we find significant instances of "powerless" laborers, such as immigrant workers and low-end service workers, building successful movements based on symbolic power and social justice claims.\textsuperscript{53}

This brings us to the third element in my analytical framework: labor subjectivity. Historically, labor studies have documented three potential insurgent identities the modern worker forges in action: proletariat, citizen, or subaltern. The working-class formation theory predicts the rise of modern workers as class actors, who use class as "a way of organizing, thinking about, and acting on society."\textsuperscript{54} Class designates a shared position in the division of labor in production, generating shared material interests among class members in opposition to another class. The revisionist argument of Margaret Somers suggests that it was as citizens, not as members of the working class, that workers in nineteenth-century England seized on national labor law to advance their collective interests. The driving force of their collective activities was expectations informed by their understanding of the legitimate rights of membership for all citizens of England's national polity. "The language of rights . . . was the explanatory prism through which class issues and other aspects of social distress were mediated and understood."\textsuperscript{55} Elsewhere, the postcolonial labor history of Dipesh Chakrabarty makes a powerful case for a different labor subject in the struggle of the Bengalese working class. He argues that the Indian worker is not the abstract, liberal subject assumed in Marxist theories that take liberal English society for granted. Indian workers are subalterns who, while they labor on the shop floor and participate in strikes and unions, carry with them identities defined by a hierarchical community marked by distinctions based on birth: religion, language, and kinship. "The incipient awareness of belonging to a class remained a prisoner of [their] pre-capitalist culture;" he writes.\textsuperscript{56}

The analysis of the subject in labor action must be historically and culturally situated, and cannot be determined a priori and in abstraction from theories. Which of these images—the proletarian, the citizen, or the subaltern—reflects the living reality and identity of the Chinese worker in protests? The two snapshots of labor protests depicted in the beginning of this chapter, like many others that are documented in this book, indicate that Chinese workers are experimenting with multiple insurgent identities, drawing on and inventing a repertoire of subjectivity and rhetoric that has roots both in their shared historical experiences under socialism and the new institutional environment in the current reform and globalization era. Instead of fixating and reifying workers' identities, I should recognize their
context-dependent contingency and diversity. Contingent on varying local conditions, they invoke and combine class, citizen, and subaltern consciousness and praxis to make claims asserting their dignity, rights, and entitlements. In other words, my account seeks to reveal, rather than reduce to singular theoretical logic, the multiple formations of political agents that mark this period of economic transition and institutional ambiguity. At a time when workers confront the challenge of crumbling old practices and fledgling unpredictable new policies, when it is hard to speak of structured or formal norms, there is more room and necessity for political experimentation from below by those who are ordinarily subordinated. The political poignancy of labor activism in the current period lies in this multiplicity of insurgent identities, their uncertain effectiveness, and their continuous evolution. In brief, what I have found is that workers are testing old and new cognitive, moral, and action frames inadvertently provided by state ideologies, to find out which ones work under what conditions at a time when institutions are in relative flux. If the reform leadership is “groping for the stone as they cross the river” in charting the course of economic reform, a process of experimentation with popular resistance is its mirror image.

Let’s consider “class” subjectivity. Workers in the northeastern rustbelt, after decades of official indoctrination with Marxist ideology and firsthand experience with “cradle-to-grave” work-unit welfare, are acutely aware of the rise of new and powerful dominant classes, be they government officials or former state factory managers. Even as the discourse of class has disappeared from the media, academia, and official propaganda, the language of class leads a subterranean existence in veteran state workers’ reminiscences of the bygone days of Chairman Mao. A particularly prominent element in working-class subjectivity is workers’ claim of collective ownership of their work units. The official ideology of “workers as masters of the enterprise” was a lived experience under Mao, many asserted. From time to time, we see how this “class-based” sense of entitlement, rights, and dignity fuels powerful feelings of injustice and rage and spurs action, as in the Liaoyang incident described at the beginning of this chapter. But the Chinese state allows little political space for workers to form class-based organizations. To date, attempts at lateral coordination among workers have been met with severe sentences imposed by a state determined to nip in the bud any autonomous, organized dissent, whether it takes the form of unions or of political parties. In the sunbelt, the younger generation of migrant workers, who came of age when official ideology had begun de-emphasizing class struggle and are therefore less conversant in class rhetoric, nevertheless complain about being dehumanized as “little more than appendages to machines” and deem
that not getting paid is the worst form of "exploitation." Workers may relish their fleeting success with strikes that manage to force employers to pay back wages or reduce production quotas. Yet the pressure to make a living and the fluidity of the labor market do not lead easily to collective organizing of any kind. In short, Chinese workers' class consciousness exists as a fading relic from the past, and the persistent weakness of workers' class capacity is not likely to nourish or sustain its development.

The most empowering identity workers have found is grounded in one variation of citizenship—citizens' right to legal justice (gongmin de hefaquanyi). Workers enthusiastically embrace the regime's project of legal reform and the construction of a law-based, corruption-free government. Statistics of workers filing for arbitration or lawsuits attest to a rise of rights consciousness. If class struggle was the official ideology in the Maoist era, then legality or fazhi (rule by law) is that of the reform era. As workers and the general public learn to articulate their grievances and demands by adopting the language of the state, in this case legalistic language, a process of subject formation takes on a life of its own. As Göran Therborn notes, "people . . . are subjugated under a particular force or order at the same time that they are makers and creators of something. . . . [I]nherent in this double sense of the subject is the always present possibility of transcendence of social and personal givens."57 When they are subjected to the state-prescribed appellation of citizens, workers become qualified or interpellated to act as citizens in the way they define citizenship. But workers' subjectivity is the result not just of ideology but also of praxis. When legal recourse always proves ineffective, owing to the courts' institutional subordination to the government at all levels as well as rampant corruption and collusion between business and government, many workers have become "disillusioned citizens." In trying to exercise their rights, many workers have found that they do not have any. Citizenship is an empty slogan and status, but because it is the language of the state, workers' banners and petition letters are laced with legal terminology and logic. Yet, sometimes the court does follow the law and incites popular usage of the legal system. Under these circumstances, workers-as-citizens are a political agency in the making; they falter in some places but make headway in others. Every favorable arbitral award or court verdict spawns new desire and aspiration among workers to affirm their labor rights and interests through the legal system.

A third kind of insurgent identity and action strategy found among Chinese workers in the reform period is that of the subaltern—in Chinese quinzhong (the masses) or, more recently, ruoshi quinti (weak and disadvantaged social groups). In protests, petitions, and private conversations, work-
ers refer to themselves as the working masses *(gongren quanzhong)*. Tellingly, workers today often use this term interchangeably with *ruoshi qunti*. The "masses," a concept that originated in the Chinese Communist Revolution and the Maoist mass line, consisted of workers, the peasantry, the intelligentsia, and the national bourgeoisie. The masses' interests were harmonious with one another and also with those of the state, and their political energy and spontaneity were to be cultivated and harnessed. Cadres were instructed to guide and encourage the masses to participate in the construction and defense of socialism under the leadership of the Party. Indeed, the masses are conceived as a powerful force in the Chinese polity, and the authoritarian state from imperial times to the Maoist era has accorded them the moral responsibility to rebel against injustice and immoral, venal power. What is notable about the masses as a political agent is that it has survived "class." The appellation *the masses* still occupies a prominent place in official propaganda, most significantly in Jiang Zemin's theory of the "Three Represents," one of which is representing "the fundamental interests of the broad masses." In the 1990s, the new term *ruoshi qunti* became popular, used by the government, the media, and academicians to refer to social groups among the masses that have been relegated to disadvantaged social locations by structural reforms. The central government recognizes the plight of migrant and unemployed workers in the reform era, and it affirms its moral responsibility for protecting them through the legal system or a new safety net. Workers readily invoke this new label of the *disadvantaged masses* to criticize the lack of state protection.

But in embracing such an identity, they also reveal and reinforce a hierarchical political imagination—the central state is the source of omnipotent power and paternal authority from which flows protection for workers. The political logic of the masses also imposes limitations on workers' activism. Ever cautious of the heavy hand of a repressive state authority, workers rarely dare to pursue lateral mobilization across factories, limiting themselves instead to localized disruption that they hope can generate social and political pressure on local officials. That is, workers organize cellular mobilization based on one single work unit, which is usually tolerated by the local government, and petition superior officials who then pressure local officials to respond to workers' demands. At the first signs of official concession or repression, workers retreat for fear of retaliation or lack of organizational resources to press on. But again, the subaltern is a living, reflexive political agent capable of changing practices, not one who is imprisoned in her own traditional culture or predetermined by economic and political
institutions. Over time, we may expect Chinese workers to develop greater capacity for solidarity than what they have so far demonstrated.

Processes and identities of grassroots political mobilization everywhere are relational and emergent, sociologists of contentious politics have observed. In China, institutions of state socialism are partially but not totally dismantled, while a contract-based capitalist employment system is being only unevenly instituted. Values, norms, and regulatory frameworks of state-labor-capital relations are in the process of formation and contestation. Within narrow limits, institutional uncertainty generates multiple modes of labor strife and the simultaneous invocation of different worker traditions and idioms of insurgency. In any case, these local sites of struggle are the crucibles of “transition” out of which institutions and subjects are made and remade. The long-term outcomes of labor conflicts are therefore less than predictable. But it would be a misguided oversimplification to suggest that these multiple trajectories of labor politics necessarily portend either successful building of a law-based state or aggravating labor upheavals that would eventually challenge communist rule.

FROM CLASS STRUGGLE TO LIVELIHOOD STRUGGLE

The analytical framework presented here for understanding patterns of labor politics during the Chinese transition has highlighted the conjunctural interaction of (1) the contradictions inherent in the Chinese state’s strategy of accumulation and legitimation as providing the structural conditions for popular grievances; (2) the system of labor regulation and social reproduction of labor power as constitutive of labor interests and capacity, and (3) the discourses of class, Maoism, citizenship, and legality as the repertoire of standards of justice and insurgent identity claims. In short, the theoretical framework developed in this book departs from existing theorizations of labor unrest that privilege either capitalism’s structural logic, as found in Beverly Silver’s elegantly argued *Forces of Labor*, or the Chinese state’s incapacity, most conceptually articulated in Minxin Pei’s *China’s Trapped Transition* and Kevin O’Brien and Lianjiang Li’s *Rightful Resistance in Rural China*.

By attending to ordinary workers’ lived experiences and collective subjectivities in the making, in the contexts of evolving institutional reforms, this book seeks to document and explain the potential and limitations of Chinese labor as a force of social change. The organizing concept that ties the chapters together is “livelihood struggles.” It encompasses both collec-
tive resistance in the forms of petitions, protests, and strikes, and individual and familial survival strategies taking advantage of state redistribution and market opportunities. By linking resistance and survival in a single study, I hope to understand both why workers mount a remarkable level of resistance to reform but also why they have not become more radical.

To shift our analytical focus from "class struggle" to "livelihood struggle" is to recognize the multiple dimensions of labor politics and agency. In his *Spaces of Hope*, David Harvey retrieves from Karl Marx's early work the notion of the worker as a living subject. Writing mainly about workers' bodily subjectivity and its multiple positionalities with respect to capital circulation and accumulation, Harvey stresses that the worker is not a singular economic category. "The laborer as a person is a worker, consumer, saver, lover, and bearer of culture, and can even be an occasional employer and landed proprietor."61 Moments of production, exchange, consumption, and social reproduction may generate different politics. That is why workers in this study protest with the same conviction and resolve with which they exploit opportunities in the market and relish the modicum of redistributive resources at their disposal. The resultant pattern of labor politics, like that of Guha's subalterns, oscillates between "a conservative tendency made of the inherited and uncritically absorbed material of the ruling culture and a radical one oriented toward a practical transformation of a rebel's condition of existence."62 Or as Harvey notes of contemporary labor struggles under the onslaught of neoliberal globalization, on the one hand, "there is the revolutionary urge to become free of the embeddedness within the circulation of capital that so circumscribes life chances, body politics, and socio-ecological futures. On the other [hand], there is the reformist demand for fair and proper treatment within the circulation process, to be free, for example, of the ugly choice between adequate remuneration in consumption and abject submission in production."63 Indeed, a deep ambivalence toward China's socialist past and capitalist present lies at the core of the working-class experience in the reform period. "The working class is neither pure combativity, nor pure passive dispersal, not pure institutionalized apparatus. It is a complex, moving relation between different practical forms."64

**Organization of the Book**

My task in this book is to suggest the specific conditions, constraints, and concerns of Chinese workers who participate in these collective mobilizations. The twin questions that thread through the mosaic of stories, events, emotions, and human faces in the following chapters are: How and why
have Chinese workers staged as much resistance as they have? And why have protests largely been bottled up in particular workplaces or localities and seldom escalated to larger-scale and more challenging horizontally organized dissent? In short, I ask whether labor unrest in the reform era signals the formation of a Chinese working class in the world's fastest-growing economy with the world's largest workforce.

Chapter 2 is an overview of the uneven transition from social contract to labor contract as a framework for regulating employment relations and reproducing labor power. It is also a brief history of what Polanyi would term "a double movement" of commodification and social protection through state legislation. On the one hand, the restructuring of the Chinese industrial economy has led to the rise and growth of nonstate economic sectors, the shrinkage of state industries, and the recomposition of the workforce. As an older generation of workers were let go from bankrupt or sold state-owned enterprises, a new generation of migrant workers have moved into urban factories producing for a global market. On the other hand, as commodification of labor proceeds apace with market reform, the Chinese state has attempted to put in place an elaborate legal framework, replacing the erstwhile socialist permanent employment system with labor contracts and a new contribution-based safety net. The chapter explains how the various pieces of labor reform have worked or faltered. Owing to the scope of their impact, these institutional reforms have provoked public debate, circulating a range of moral and linguistic resources that would enter into workers' world of resistance and acquiescence. In sum, chapter 2 argues that labor reform is a stalled transition between a system of labor relations based on social contract and one based on legal contract, caused by the local state's priority of accumulation at the expense of legitimation and by the weakness of the legal system under political authoritarianism.

Chapters 3 and 4 examine protests of desperation, or the pattern of labor struggles and survival among veteran state sector workers in the northeastern rustbelt in the past decade. Chapter 3 focuses on the politics of different types of unrest, including protests against pension arrears, bankruptcy, and neighborhood problems. Although cellular activism predominates across these various kinds of protests, on rare occasions, this localized and fragmented mode of popular contention has demonstrated a tendency to become radicalized and politicized. In any case, workers in protests have mobilized three different kinds of insurgent identities, drawing on a rich repertoire of political discourses, including Marxism, Maoism, and legality, that have arisen under Chinese socialism and postsocialism. The chapter argues that the disintegration of the social contract and the informalization of the new
contractual system have produced moral and material grievances. From the ruins of the socialist work units, rustbelt workers organized to make claims about the value of their labor, but their oppositional consciousness exceeds their mobilization capacity. Chapter 4 extends the realm of livelihood struggle from protest to consciousness and praxis grounded in workers’ everyday life world. Housing entitlements and arrangements, reciprocity within working-class families, and participation at the margin of the market economy allow aggrieved workers and their families to survive, even as the working-class community is in the process of disintegration. Workers’ collective memory and assessment of their past and present livelihood reveals a deep ambivalence toward the regime that places limits on their militancy.

Chapters 5 and 6 turn to protests against discrimination by the new generation of young workers in the sunbelt province of Guangdong, where export industries have created a seemingly insatiable demand for this new workforce from China’s vast countryside. In chapter 5, I show that despite their difference in age and generational experience from rustbelt workers, despite their coming from a different side of the urban-rural divide, and despite their being employed in a different ownership sector, aggrieved migrant workers, like unemployed and retired rustbelt workers, adopt a predominant mode of mobilization that is cellular and workplace-based. The most common causes of unrest in the sunbelt, however, unlike in the rustbelt, are the nonpayment of wages and exploitation and degradation in the workplace, not collective consumption. Falling outside the moral economy prescribed by a socialist social contract, migrant workers see the law as providing their only institutional leverage in situations of labor conflict. Their mobilization targets local officials and employers and they work through the legal channel, the labor bureau, and the arbitration system. When these institutionalized channels fail to deliver justice, migrant workers turn to the streets and pursue direct action. Instead of desperation growing out of market exclusion and state betrayal, these migrants see their major challenges in exploitation and discrimination, and they demand equal legal rights as citizens. Their insurgent identities are couched more in terms of citizenship and the marginalized and less in the idiom of class than are the insurgent identities of rustbelt workers. Chapter 6 depicts migrant workers’ way of life, which entails rural and urban residence, social relations, and economic exchanges. The experience and economics of dagong, or laboring for the bosses, cannot be abstracted from the larger fabric of workers’ village lives. It is where the social reproduction of labor power is organized: getting married, building a home, raising and educating children, and subsistence farming. Migrant workers’ land use rights in their birth villages are a key nexus
connecting their work lives with their family lives, and provide an alternative means of survival in times of unemployment or injury. This safety valve, like rustbelt workers' housing benefits, has important stabilizing effects amidst the rising tide of labor unrest. In interesting parallel to the ambivalence of the older generation of workers toward the reform regime, migrant workers also see both progress and injustice in their mixed status as workers and farmers.

Chapter 7 concludes this study with a double comparison: extending from the Chinese rustbelt and sunbelt into similar local political economies elsewhere in the world; and then within China, comparing labor activism with mobilization by farmers and homeowners in the reform period. American workers confronting deindustrialization in the 1980s experienced the same economic and moral dislocation as Chinese workers today, and they also mobilized to demand legislative protection for mortgaged homes, unemployment benefits, and community buyouts of closing plants. Workers in Mexico's export industrial regions and South Korea's light and heavy industries, or an earlier generation of Chinese workers before the Communist Revolution, like Chinese migrant workers today, have fought against exploitation and state repression of independent unionism. Notwithstanding these structural similarities, the chapter also finds that Chinese labor politics in the reform era has come up against particularly daunting hurdles presented by the combined effect of a repressive state-business alliance and a society with little transnational or domestic social movement support. Workers in these other societies have at least benefited from elite cleavage, party or union competition, or social movement associational resources. With so little going their way, Chinese workers' struggle in the past two decades can indeed be considered daring. Finally, returning to China itself, emerging trends of social protests by farmers and the urban middle class point us toward the centrality of the law and legal institutions as a tool of authoritarian domination. Both these latter types of politics share with labor protests the emergent characteristics of legalism, localization, and decentralization. The convergence with workers' struggle on the terrain of the law reinforces a major observation of this study that the law has become a most contested terrain for class and citizenship formation in China.
2 Stalled Reform

*Between Social Contract and Legal Contract*

The Chinese transition from state socialism has been analyzed in terms of the transformation in property regime, fiscal reform, enterprise governance, economic decentralization, and so on. To this list, this book contributes an additional element—the commodification of labor. Just as it was central to the advent of capitalism in eighteenth- and nineteenth-century Europe, labor commodification is a constituent process of China's turn to capitalism. Karl Marx famously pointed out that a most revolutionary change occasioned by the advent of capitalism is the rise of labor as an object for sale. Like other kinds of commodities, the human capacity to labor can now be alienated from one person and sold to others. Labor has turned into an abstract category of social value and a tangible, material, and physical property of human actors, rather than a life process embedded in concrete and personal social relations. This historic shift entails a radical reformulation of the mode of domination, political subjectivity, social relations, morality, and notions of time and space.¹

Although labor is turned into a commodity in the process of market reform, it is a "fictitious" one. As Karl Polanyi maintained, a full commodification of labor would destroy human life itself. Societies therefore have invariably moved to provide certain forms of protection for labor. The social history of nineteenth-century Western Europe, Polanyi succinctly concluded, was essentially a story of a "double movement." The spread of the market triggered deep-seated movements in society to resist its pernicious effects, in the form of legislation from above or workers' movements from below.² Lacking a theory of class formation or mobilization, Polanyi did not explain the conditions for the rise of either of these trajectories of social protection. But we can still use his insight to trace the Chinese state's initiative
from above to provide social protection when the market economy spread and labor was transformed into a commodity.

This chapter begins by outlining the various institutional arrangements that formed the socialist employment system since the 1950s. It then traces how the state has gradually revamped it by replacing the underlying socialist social contract with the market-oriented principle of the voluntaristic labor contract enforced by law. New labor policies regarding pension, wages, and benefits have been promulgated, aimed at transforming workers from a sociopolitical status group to a factor of production for sale in the market. This process amounts to constructing a new regime of labor, or a new political apparatus for regulating labor relations, to meet the requirements of a market economy. It has proven to be a tumultuous process not only because many workers have been stripped of their time-honored entitlements and have become the new urban poor. The new system has also witnessed many gaps and ineffective implementations, depriving many workers of their legal rights conferred by new laws and policies. This stalled transition is a hotbed for the informalization of employment practices heavily biased against workers' interests, especially for the most vulnerable and marginalized groups. Finally, the pivotal role of the employment system in organizing socialism and the scope of its impact on the tens of millions of ordinary people involved has triggered intense debate about labor reform. I shall outline the rationale and rhetoric in the last section of the chapter. The changing public discourse about the value of labor has contained multiple linguistic and moral frameworks that later reemerged in workers' protests.

CHINESE SOCIALISM AND WORKER ENTITLEMENT

Its egalitarian ideology notwithstanding, Chinese socialism had constructed an elaborate social structure of inequalities. In the absence of a market, resources, life opportunities, and welfare benefits were unevenly allocated through bureaucratic redistribution. The most salient and fundamental divide was the one between rural and urban residents, demarcated by their respective household registration status. State power was predicated on people's material dependence on government redistribution. The general population was also subjected to political control imposed through the far-reaching arms of the state apparatus, ranging from the military and the police to the Party cells, which exist on the shop floor, in urban neighborhood committees, or in rural production teams. For the industrial workforce, this web of all-encompassing control and organized dependence operated through the work unit (danwei). From the 1950s until the eve of
economic reform in the late 1970s, intraclass inequality among urban industrial workers, in terms of wages and benefits, was organized and solidified according to the type of work unit to which workers belonged.

At the apex of this hierarchy were the permanent state workers, or workers in state-owned enterprises with urban household registration. In 1981, at the beginning of reform, this labor aristocracy accounted for 42 percent of the entire industrial labor force and produced 75 percent of total industrial output. Their employment conditions epitomized "socialism's superiority": cradle-to-grave welfare, permanent job tenure, housing provision, lifelong medical and pension benefits, and superior wages. Only 32 percent of these permanent state workers were female. The next group down the industrial ranking consisted of workers in urban collectives—enterprises that were initially set up by local government bureaus to absorb unemployed personnel or provide employment for state-dependent workers. Some were subsidiaries of state-owned firms catering to the latter's production needs. Operating without protection of the state budget, and accounting for 18 percent of urban industrial employment, collectives varied greatly in terms of their welfare provisions. It was a feminized sector: 57 percent of this workforce were women in 1981. Beyond these two major groups of workers, temporary workers in state-owned enterprises and workers in rural industries received even fewer benefits. Their rural residency prevented them from becoming permanent workers in state and collective factories. Among permanent workers in state firms, finer differences in the quality and quantity of welfare entitlement existed among heavy, light, and military equipment industries, and among firms of different bureaucratic ranks. Within the same enterprise, seniority, Communist Party membership, gender, and personal ties with cadres determined the distribution of bonuses, training opportunities, housing benefits, and the like. Gender inequalities, for instance, were manifested in pay disparity, occupational and job segregation, and welfare gaps, despite state efforts to increase women's labor participation rates. On the eve of reform, women's average wage was 83 percent that of men's; the male-female ratio of Communist Party membership was 2:1; and male-headed households were given priority in terms of welfare housing allocations.

If not all workers were treated equally, neither were they merely docile subjects of a totalitarian state. Economic inequalities rooted in the socialist industrial system, fueled at times by state-inspired factionalism, have periodically propelled different segments of the workforce to engage in collective action and to make economic demands. Thus, even in the prereform period, Chinese workers claimed a history of proletarian rebellion and
activism, notably in the strike wave of 1956–1957, factional strife and violent protests during the Cultural Revolution (especially in 1966–1967), and workers' participation in the 1976 April Fifth Movement.

Seizing the opportunity of the Hundred Flowers Campaign, when Chairman Mao encouraged dissent from below to preempt larger-scale revolts similar to those in Hungary, workers displaced by the socialization of industries staged more than 1,300 strikes in Shanghai alone between the months of March and June 1957. Launched most fervently by apprentices and temporary workers and those in joint-ownership enterprises, striking workers demanded higher wages, better welfare, permanent worker status, and guaranteed promotion. The Cultural Revolution a decade later offered another political opportunity for labor struggles. Turmoil inside Chinese factories across the nation was partially shaped by factional cleavages created by the Party's network inside the factories, distinguishing the royalists (comprising loyal members of the Party's organization, activists, Party members, shop-floor leaders, model workers, etc.) from the rebels (including a diverse group of ordinary workers who either had been victimized by the royalists or by factory managers prior to the Cultural Revolution or had criticized the Party authority). But labor conflicts during this period were also structured by deep-rooted occupational grievances and inequalities, with apprentices, the unskilled, irregular workers, and younger workers most prominent in making economic demands and joining rebel factions across the country. Then, in the spring of 1976, mass demonstrations and riots with a strong element of worker participation broke out in more than forty places across the country. The backbone of this uprising was young workers, who had been the basis of mobilization during the Cultural Revolution but had been stigmatized for their bourgeois leanings. They used the occasion of the commemoration of the late Premier Zhou Enlai to express their dissatisfaction with the Gang of Four, as well as to protest the political persecution and injustices they suffered.

In the Maoist era of state socialism, the working class as a whole made great strides vis-à-vis other social groups (notably the peasants, the bourgeoisie, and the intellectuals) in terms of political status, wages, welfare, and employment security. Thanks to the egalitarian bent of the Maoist road to modernization, which placed dual emphasis on industrialization and public ownership, Chinese workers (including both blue-collar and white-collar employees in urban areas) benefited from the "urban bias" in resource allocation commonly found in developing countries. Furthermore, Maoist ideology enhanced the position of workers vis-à-vis the intelligentsia and man-
agerial cadres. The latter groups were required to engage in productive labor periodically, sometimes being sent to the countryside for this purpose, and their salaries were capped, following the Cultural Revolution, at only 10–30 percent above that of the highest-paid skilled workers. In material terms, despite a low wage system, workers’ real wage levels in 1970 were 35 percent higher than in 1952. Despite periodic setbacks, the revolutionary regime made available unmistakable improvements in workers’ living standards—food, housing, medical care, education, and training opportunities. Politically, state paternalism led to both dependence and defiance. Although in normal times, the penetration of the state into workers’ everyday life preempted autonomous political activity among workers, there were also volatile periods when marginal workers who felt deprived of their fair share of “socialism’s superiority” rose in rebellion against the state.

RESTRICTURING THE INDUSTRIAL ECONOMY

A quarter century of reform and opening has drastically restructured the economy and the workforce. First, there has been a fundamental shift in the ownership pattern of industrial firms. Table 1 underscores the secular decline in the proportion of state-owned or state-controlled industrial units. The percentage of total industrial output attributable to state-owned enterprises fell dramatically, from 75 percent in 1981 to a mere 26 percent in 1997. At the same time, private, foreign-owned, and joint-venture firms (that is, the category “Others” in table 1) mushroomed, especially in the 1990s when the government made a decisive push to let go of unprofitable small and medium-sized state firms. Bankruptcy and privatization have significantly undercut the numerical and social prominence of the old socialist working class (see table 2).

This industrial restructuring has dealt a severe blow to permanent state workers’ entitlements, shattering their prized employment and livelihood security, known colloquially as the “iron rice bowl.” Workers in collective enterprises, which had always functioned as subsidiaries of state firms, suffered massive layoffs as well. On the other hand, the rise of the private and foreign sector has opened up unprecedented employment opportunities for the massive pool of peasant migrants. This immense labor reserve was released from agriculture in the wake of decollectivization in the late 1970s, when collective land use rights were redistributed to peasant households. These surplus laborers took advantage of foreign investors’ demand for factory hands and the loosening up of the household registra-
TABLE 1  Percentage of Gross Industrial Output by Ownership, 1993–2003

<table>
<thead>
<tr>
<th>Year</th>
<th>State-owned or state-controlled (%)</th>
<th>Collective (%)</th>
<th>Individual (%)</th>
<th>Others (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>74.76</td>
<td>24.62</td>
<td>0.04</td>
<td>0.47</td>
</tr>
<tr>
<td>1985</td>
<td>64.86</td>
<td>32.08</td>
<td>1.85</td>
<td>1.21</td>
</tr>
<tr>
<td>1988</td>
<td>56.80</td>
<td>36.15</td>
<td>4.34</td>
<td>2.72</td>
</tr>
<tr>
<td>1990</td>
<td>54.60</td>
<td>35.62</td>
<td>5.39</td>
<td>4.38</td>
</tr>
<tr>
<td>1991</td>
<td>56.16</td>
<td>33.00</td>
<td>4.83</td>
<td>6.01</td>
</tr>
<tr>
<td>1992</td>
<td>51.52</td>
<td>35.07</td>
<td>5.80</td>
<td>7.61</td>
</tr>
<tr>
<td>1993</td>
<td>46.95</td>
<td>34.02</td>
<td>7.98</td>
<td>11.05</td>
</tr>
<tr>
<td>1994</td>
<td>37.34</td>
<td>37.32</td>
<td>10.09</td>
<td>14.85</td>
</tr>
<tr>
<td>1995</td>
<td>33.96</td>
<td>36.59</td>
<td>12.86</td>
<td>16.58</td>
</tr>
<tr>
<td>1996a</td>
<td>36.32 (28.48)</td>
<td>39.39</td>
<td>15.48</td>
<td>16.65</td>
</tr>
<tr>
<td>1997</td>
<td>31.62 (25.52)</td>
<td>38.11</td>
<td>17.92</td>
<td>18.45</td>
</tr>
<tr>
<td>1998</td>
<td>28.24</td>
<td>38.41</td>
<td>17.11</td>
<td>22.91</td>
</tr>
<tr>
<td>1999</td>
<td>28.21</td>
<td>35.37</td>
<td>18.18</td>
<td>26.14</td>
</tr>
<tr>
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<td>13.90</td>
<td>—</td>
<td>64.07</td>
</tr>
<tr>
<td>2001</td>
<td>44.41</td>
<td>10.53</td>
<td>—</td>
<td>71.46</td>
</tr>
<tr>
<td>2002</td>
<td>40.79</td>
<td>8.68</td>
<td>—</td>
<td>75.73</td>
</tr>
<tr>
<td>2003</td>
<td>37.54</td>
<td>6.65</td>
<td>—</td>
<td>80.36</td>
</tr>
</tbody>
</table>


*a* The numbers in the column “State-owned or state-controlled” before 1996 are data from state-owned enterprises and those from 1996 on are data from both state-owned and state-controlled enterprises. Because some of these firms were double-counted as “others,” the sum may total more than 100 percent. The numbers in parentheses represent data from state-owned enterprises.

Elimination system by the state at that time. Women accounted for about 47.5 percent of all migrant workers in 2000. In some industrial cities such as Shenzhen, women account for 65.6 percent of all migrants. Of all migrant workers, more than 37 percent are employed in industry, with the rest mostly found in construction (14 percent), service (12 percent), and restaurants (12 percent). Reform therefore has spawned two historical processes: first, the unmaking of an entire generation of workers rooted in Maoist socialist tradition and institutions; and, second, the making of a new generation of young migrant workers who are inserted into the orbit.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number employed (millions)</th>
<th>Number employed in state-owned enterprises (millions)</th>
<th>Percentage employed in state-owned enterprises (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>63.78</td>
<td>43.64</td>
<td>68.4</td>
</tr>
<tr>
<td>1991</td>
<td>65.51</td>
<td>44.72</td>
<td>68.3</td>
</tr>
<tr>
<td>1992</td>
<td>66.21</td>
<td>45.21</td>
<td>68.3</td>
</tr>
<tr>
<td>1993</td>
<td>66.26</td>
<td>44.98</td>
<td>67.9</td>
</tr>
<tr>
<td>1994</td>
<td>65.82</td>
<td>43.71</td>
<td>66.4</td>
</tr>
<tr>
<td>1995</td>
<td>66.10</td>
<td>43.97</td>
<td>66.5</td>
</tr>
<tr>
<td>1996</td>
<td>64.50</td>
<td>42.78</td>
<td>66.3</td>
</tr>
<tr>
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<td>40.40</td>
<td>65</td>
</tr>
<tr>
<td>1998</td>
<td>47.53</td>
<td>27.12</td>
<td>57.1</td>
</tr>
<tr>
<td>1999</td>
<td>44.28</td>
<td>24.12</td>
<td>54.5</td>
</tr>
<tr>
<td>2000</td>
<td>41.02</td>
<td>20.96</td>
<td>51.1</td>
</tr>
<tr>
<td>2001</td>
<td>38.38</td>
<td>18.24</td>
<td>47.5</td>
</tr>
<tr>
<td>2002</td>
<td>37.29</td>
<td>15.46</td>
<td>41.5</td>
</tr>
<tr>
<td>2003</td>
<td>36.72</td>
<td>13.34</td>
<td>36.3</td>
</tr>
</tbody>
</table>


of capitalism without being fully proletarianized or deprived of their land rights.

UNEVEN INSTITUTIONALIZATION OF A LAW-BASED LABOR REGIME

Determined to reform the permanent employment system and to regulate the new workplaces and workers, the Chinese state has since the beginning of market reform enacted a series of labor laws. Institutionalizing a labor rule of law has been a protracted process of gradual change over two decades, touching on different aspects of labor relations in different phases of reform. Consistent with the general gradualist approach adopted by the Chinese leadership in other arenas of reform, labor reform usually begins with local experiments or “test points” in certain sectors of the economy.
New practices with proven effectiveness are then adopted by the central government and later promulgated as national laws and regulations. The following sections trace the historical evolution of core changes in labor policy: from the introduction of labor contracts in a small foreign investment enclave, to the promulgation of regulations for handling labor disputes, the passage of a national labor law, and the establishment of a national social security system. Along the way, I will discuss the difficulties of implementing central government regulations at the local levels, leading to a stalled labor transition for many.

Labor Contracts

Labor contracts did not exist under the planned economy. Instead, under an “iron rice bowl” system consolidated since the 1950s, workers were administratively allocated to a de facto job tenure system in urban work units. Labor power, or workers’ capacity for productive labor, was not a commodity to be sold and bought by workers and employers in the marketplace. Rather, workers formed a sociopolitical status group whose lifestyle and opportunities were guaranteed and enforced by the state to whom workers would pledge political loyalty and compliance: hence the implicit bargain struck between communist regimes and the populace, or what has come to be known by social scientists as the socialist social contract. By the early 1980s, 97 percent of the state workforce were “fixed workers” with effective lifetime tenure in their jobs.

Labor contracts were introduced in the late 1970s for two reasons. First, the Chinese government was confronted at that time with the political urgency of alleviating the tremendous unemployment pressure caused by the return of some fifteen million “sent-down youths,” who had been sent to work in rural areas during the Cultural Revolution. Labor contracts were introduced as a way of expanding employment, by allowing enterprise managers to recruit their own workers and create new employment channels run by collectives and private enterprises. When unemployment pressure abated in the early 1980s, reformers shifted their focus from creating employment to enhancing enterprise productivity. The experiment with labor contracts for new recruits in state and collective enterprises was one such productivity-boosting measure. Other such measures included linking performance with wages and bonuses, using examinations for hiring and promotion, tightening labor discipline, and purchasing more advanced technology. In February 1983, the Ministry of Labor and Personnel issued a formal circular expanding the labor contract experiment from thirteen provinces to all provinces, calling on localities to choose their own pilot
enterprises and industries. A second reason for introducing labor contracts was the leadership's decision to allow foreign investment in special economic zones in south China. In enterprises involving foreign capital, provisions for labor contracts were promulgated alongside a joint-venture law in 1979. The government saw the labor contract as an instrument to attract and regulate an experimental economic zone at the margin of the national political economy.\textsuperscript{18}

At the beginning, such attempts at overhauling a quintessential socialist institution were greeted with ambivalence and debate. Supporters of labor contracts argued that they were instrumental for realizing the principle of "distribution according to labor," bringing about choices for both labor and management, and clarifying each party's responsibility, power, and benefits.\textsuperscript{19} Yet deep disagreement among policy elites and academics, as well as mass anxiety about employment security and worker morale, stalled the universalization of labor contracts for more than a decade. Although the labor contract system was extended to all new recruits in state factories in July 1986, it was not until 1993 that the government set a timetable for implementing the policy nationwide, covering enterprises of all ownership types. The Labor Law, which was passed in 1994 and became effective in 1995, formally requires that all employees sign labor contracts with their employers.\textsuperscript{20} Official statistics show that labor contracts had become universal in the state sector by the end of the 1990s, although in many places, signing a contract is just a ritualistic compliance. Neither workers nor managers were serious or concerned about the terms and implications of the contracts. For the nonstate sector, surveys reveal that only about 23–30 percent of migrant workers in private enterprises have contracts.\textsuperscript{21} This contract gap, as we shall see in later chapters, would lead to much frustration for workers trying to use the legal system to defend their rights.

\textit{Labor Dispute Resolution}

Another early attempt by the Chinese government to regulate employment relations through legalization concerns the resolution of labor disputes. A labor dispute arbitration system existed briefly in the early years of the People's Republic but was abolished once private industry was socialized by the late 1950s. Under the permanent employment system and the socialist ideology proclaiming workers "masters" of their enterprise, no formal mechanism was deemed necessary for settling disputes in the workplace. Informal mediation between the workshop director and the aggrieved
worker was the preferred method of dispute resolution. But with the introduction of labor contracts in both state and private sectors, the government saw the need to formalize a set of administrative channels for resolving labor conflicts arising from contractual employment relations. In 1987, the State Council promulgated the Provisional Regulations on the Handling of Enterprise Labor Disputes in State Enterprises, which revived the basic three-step procedural structure abolished in the 1950s. It stipulated the mechanisms and the administrative units for mediation, arbitration, and litigation. Then, in 1993, the Regulations for the Handling of Labor Disputes replaced the 1987 Provisional Regulations. The new regulation expanded the scope of conflict resolution to include disputes over matters other than contract termination, such as wages, benefits, and occupational health and safety. Employees of all kinds of enterprises, not just those in the state sector, are now covered. A national hierarchy of labor dispute arbitration committees has been set up. By 2003, there were some 222,888 labor dispute mediation committees in state-owned enterprises, 3,192 labor dispute arbitration committees at the county, city, and provincial levels, and 24,000 labor dispute arbitrators.22 These committees theoretically follow a tripartite principle and should consist of representatives from the labor bureau, the trade union, and the enterprise. But in practice, most of the cases are heard by one arbitrator wearing a double hat as representative of the union and of the labor bureau. Appeals against arbitral awards can be made to the courts as civil lawsuits.

The construction of this dispute arbitration system turns out to be a double-edged sword. On the one hand, a safety valve is created as the state rationalizes the resolution of conflicts, confining and subjecting them to bureaucratic and judicial processing. On the other hand, the dispute resolution system opens up new opportunities and resources for workers to challenge not only employers who violate the law, but also local state agents who decide what rules must be obeyed and what rights and responsibilities must be recognized. Table 3 shows the staggering increase in the number of arbitrated labor disputes and employees involved since the implementation of the 1993 Regulation. Workers have obviously been keen to use the law as a weapon to protect their interests. Most of those cases were initiated by employees and, according to official statistics, 50 to 80 percent of arbitral awards, depending on localities, were in favor of employees.23 What these figures conceal, however, is the often elusive boundary separating institutional and noninstitutional activism. When workers are encouraged to seek legal and bureaucratic redress, only to find that the local state often colludes
### TABLE 3  Labor Arbitration, 1994–2004

<table>
<thead>
<tr>
<th>Year</th>
<th>Arbitrated labor disputes (cases)</th>
<th>Arbitrated collective disputes (cases)</th>
<th>Number of employees involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>19,098</td>
<td>1,482</td>
<td>77,794</td>
</tr>
<tr>
<td>1995</td>
<td>33,030</td>
<td>2,588</td>
<td>122,512</td>
</tr>
<tr>
<td>1996</td>
<td>47,951</td>
<td>3,150</td>
<td>189,120</td>
</tr>
<tr>
<td>1997</td>
<td>71,524</td>
<td>4,109</td>
<td>221,115</td>
</tr>
<tr>
<td>1998</td>
<td>93,649</td>
<td>6,767</td>
<td>358,531</td>
</tr>
<tr>
<td>1999</td>
<td>120,191</td>
<td>9,043</td>
<td>473,957</td>
</tr>
<tr>
<td>2000</td>
<td>135,206</td>
<td>8,247</td>
<td>422,617</td>
</tr>
<tr>
<td>2001</td>
<td>154,621</td>
<td>9,847</td>
<td>467,150</td>
</tr>
<tr>
<td>2002</td>
<td>184,116</td>
<td>11,024</td>
<td>608,396</td>
</tr>
<tr>
<td>2003</td>
<td>226,391</td>
<td>10,823</td>
<td>801,042</td>
</tr>
<tr>
<td>2004</td>
<td>269,471</td>
<td>19,241</td>
<td>764,981</td>
</tr>
</tbody>
</table>


with employers, they are emboldened to resort to mass action to draw the attention of superior levels of government to right local wrongs.

**The National Labor Law and Workers’ Rights**

If reinvigorating the labor arbitration system inadvertently encourages labor activism, the legalization of labor rights is an even more direct catalyst. In 1994, China passed its first ever National Labor Law since the establishment of the People’s Republic. As a basic law, it stipulates the legal principles for contractual employment relations, elaborates a range of workers’ rights, and redefines the role of the state as regulator of labor relations. In terms of workers’ rights, the most important, and interestingly also the
most commonly violated, are: the right to get paid for one's labor, the right to rest days and holidays, the right to a safe workplace environment, and the right to receive social insurance and welfare. Another significant feature of the Labor Law is the minimum wage system, the level of which is set by the provincial legislature. The Labor Law also stipulates special provisions to protect women's interests, establishing antidiscrimination principles in recruitment and remuneration, and setting limits on the types of work that may be performed by pregnant, nursing, or menstruating women.24

In several fundamental ways, the Labor Law marks a drastic break between "socialist" and "capitalist" employment systems. First, in recognizing the unequal power and disunity of interest between workers and management, the Labor Law jettisons the previous ideological assumption of harmonious relations between employees and employers. The Labor Law was enacted with a view to protecting the legal rights of workers—the weaker party—by placing the state more on their side. Second, the Labor Law abolishes previous distinctions among workers in different types of enterprises—for example, state, collective, private, migrant, temporary, or permanent—and provides a uniform legal framework as well as setting labor standards that are applicable to all workers in all types of enterprises. Third, by stipulating a contribution-based social security system for all workers independent of the ownership nature of their factories, the law shifts the financial burden of worker welfare away from the state and toward the employers and workers themselves. Employment is now a private contractual relationship and the state is a regulator of the labor market rather than an administrator of employment. Whereas the Labor Law lays down the general principles of workers' rights to insurance and the responsibility of workers and employers to contribute to social insurance funds, supplementary regulations and laws have been, and will be, passed to implement those welfare provisions.25

From the workers' perspective, the most immediate and sensitive concerns in the Labor Law are those relating to pension, unemployment benefits, medical care, and housing. In the past decade, the transition from a workplace-based and state-funded welfare regime to an employment- and contribution-based system has wreaked havoc on many working-class lives, as unemployment becomes a national social problem.

Pensions

Hailed by the government as a manifestation of the superiority of socialism, a guaranteed pension is widely considered a sacrosanct entitlement by ordinary workers in state industries. The 1951 Labor Insurance Regulation pro-
vided pension, medical and disability insurance, and maternity benefits for workers and their family members in enterprises with more than one hundred employees. Such provisions, formulated by Party leaders experienced in skilled workers’ unions during the Communist Revolution and modeled after artisans’ native-place guilds, were later expanded to include government employees and smaller enterprises. From the 1950s to the mid-1960s, China patterned its social security system after the Soviet model, with insurance plans administered by the official union and the Ministry of Labor. Work units contributed a portion of their total wage bills (about 3 percent) to a pooled fund to cover the expenses for employees’ pension and medical expenses. This system was abandoned during the Cultural Revolution (1966–1976), when the official union and the Ministry of Labor were abolished. Since the late 1960s, pensions, along with other forms of welfare, became the responsibility of the individual work units, which paid their retirees directly out of current revenue. The retirement age was sixty for male workers and cadres, fifty-five for female cadres, and fifty for female workers. The replacement rate for cash wages stood at a high of 80 percent (the international average is about 40 to 60 percent), with in-kind benefits continuing at the preretirement level. By the early 1990s, the ratio of pension to preretirement compensation therefore reached 90 percent, depending on the employee’s post, grade, and sector.

Based neither on taxation nor contribution and accumulation, this “pay-as-you-go” system at first depended totally on central government appropriation after enterprises remitted all profits. Pensions were drawn from enterprises’ employee welfare funds, the size of which varied with the size of the enterprise, and which came from the government. With a massive graying of the working population, the government recognized very early on in the reform process that the old work-unit-based social security was a fiscal time bomb. Reform of the pension system began well ahead of other types of welfare because of the immense demographic pressure. The number of urban retirees increased 7.3 times in fifteen years, from a mere 3.14 million in 1978 on the eve of reform to 25.98 million in 1992. In 2000, China had 36 million retirees. The corresponding ratios of working to retired employees worsened from 30.3:1 in 1978 to 5.7:1 in 1992. By the mid-1990s, retirees were estimated to represent 37 percent of the total workforce of large and medium-sized state-owned enterprises. The World Bank estimated that the proportion of the total wage bill that is used for pensions would rise from 7 percent in 1978 to an alarming 40 percent by 2030. Pensions were also a tremendous financial burden on state sector enterprises, depriving them of a level playing field in market competition.
Following enterprise reform in the mid-1980s, state-owned enterprises were required to generate their welfare funds from their profits. The older the enterprise, the heavier the pension burden on the enterprise’s budget and the less profitable the enterprise became. The rise of new foreign firms, joint ventures, and township and village enterprises, which usually employ younger workers, creates formidable competitive pressures for state firms saddled with permanent older workers.

After years of local and sporadic experiments, the government gradually imposed a unified system by issuing several circulars and provisional regulations between 1986 and 1997. From 1997 to 2000, the emphasis was on standardizing local practices into one national system, and centralizing the administration and management of pension insurance plans in the hands of provincial governments, not municipal governments. Employees now are required to contribute up to 8 percent of their monthly wages and employers up to 20 percent of their total wage bills. The funds are deposited into two kinds of accounts: a social pooling account and an individual account, the proportions of which are decided by the provincial government. A retiree’s pension will therefore have both pay-as-you-go and contributory components. The Labor Law requires that all enterprises, regardless of ownership category, and all employees, including migrant workers, participate in this contributory system. In light of migrant workers’ high job mobility, some localities have issued their own policies allowing migrant workers to withdraw the accumulated contributions in their personal accounts, but not the social pooling account, when they leave their employers. For instance, in Shenzhen, since 2001, migrant workers have been entitled to pension stipends when they reach retirement age if they have made continuous contributions to their pension accounts, and if they have fifteen or more years of employment in Shenzhen. In 2001, the average monthly wage of an employee participating in old-age insurance was 695 yuan and the average pension received by a retiree was 576 yuan, or a pension substitution rate of 82.8 percent.

The implementation of pension reform has met with serious problems. First, in terms of coverage, the state sector has been the most successful in expanding the participation rate, reaching 96 percent in 1998. The coverage rates for collective and all other nonstate enterprises were only 53 percent and 30 percent, respectively. Overall, across all types of enterprises, only 40 percent of firms participate in pension plans. A survey of some 1,500 migrant workers in Guangdong found that 73.8 percent of the respondents did not have any form of social security in 2001. One reason for this limited coverage is the common practice by local governments of allowing employers to enroll only 10 to 20 percent of their employees in social insur-
ance, instead of pressing for the (nearly) impossible goal of full enrollment, as required by law.36

A second and more urgent problem is the massive pension defaults and arrears that occurred in the late 1990s, caused by the insolvency of many old state firms with large numbers of retirees on their payrolls. Market reform has brought about financial independence for state companies, as enterprise managers enjoy wide-ranging autonomy in setting wages, determining output prices, hiring and firing, and allocating investment finances. But such independence also means that welfare expenditures have to be drawn from their profits, too. Unprofitable enterprises have nowhere to turn for funding. Many state firms that have nominally joined the pooling system are heavily in debt and have suspended their contributions.

In 2000, for instance, of all the work units nationwide participating in pension insurance funds, about 25 percent of them failed to make their full contributions. Some 43,617 work units were not able to pay full pensions to some four million retirees. And one-third of these retirees were concentrated in Liaoning province—one of the oldest industrial bases in China.37 In the provincial capital, Shenyang, 26.4 percent of retirees have reported pension arrears.38 Furthermore, pension burdens sometimes spawn wage arrears. Pension burdens often make enterprises unprofitable, seriously impairing their solvency and ability to pay wages to their working employees. According to official union statistics, the number of enterprises and the number of workers involved in wage arrears have soared (see table 4). A recent five-city survey revealed that 10.6 percent of working-age adults who worked during the 1996–2001 period had experienced wage arrears.39

Because retiring workers had often been replaced with their own offspring, a fairly common practice since the 1970s, it is not uncommon to find entire working-class families suddenly being plunged into financial difficulties when the enterprise for which they all work goes out of business. Under pressure from several years of widespread worker protests in the late 1990s, the central government gave additional emergency funding to social insurance funds. Nevertheless, in 2001, despite a 349.4 billion yuan transfer, there was still a shortfall of 2 billion yuan for the repayment of owed pensions.40 As we shall see later, the rampant nonpayment crisis has led to numerous petitions and protests in rustbelt cities.

*Unemployment Benefits*

Unemployment has become an explosive social and political problem since the mid-1990s. In public opinion polls, ordinary citizens and officials alike consis-
TABLE 4  Pension Arrears, 1996–2000

<table>
<thead>
<tr>
<th>Year</th>
<th>National</th>
<th>Number of units in arrears on pensions to retired and resigned workers</th>
<th>Number of retired and resigned workers with pensions in arrears</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td></td>
<td>692,272</td>
<td>1,040,448</td>
</tr>
<tr>
<td></td>
<td>Liaoning</td>
<td>157,365</td>
<td>214,442</td>
</tr>
<tr>
<td>1997</td>
<td>National</td>
<td>1,122,486</td>
<td>1,268,098</td>
</tr>
<tr>
<td></td>
<td>Liaoning</td>
<td>194,112</td>
<td>166,955</td>
</tr>
<tr>
<td>1998</td>
<td></td>
<td>Data unavailable</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>National</td>
<td>29,919</td>
<td>3,647,004</td>
</tr>
<tr>
<td></td>
<td>Liaoning</td>
<td>2,485</td>
<td>443,909</td>
</tr>
<tr>
<td>2000</td>
<td>National</td>
<td>43,617</td>
<td>3,881,306</td>
</tr>
<tr>
<td></td>
<td>Liaoning</td>
<td>4,709</td>
<td>1,193,006</td>
</tr>
</tbody>
</table>


tently rank unemployment as the primary threat to social stability in urban China. The root of massive unemployment lies in the changing direction of state-owned enterprise reform in the 1990s. Prior to the mid-1990s, enterprise reform focused on enhancing enterprise efficiency by reforming the system of management incentives, autonomy, and governance. The national leadership emphasized enterprise function and the obligation to provide livelihood for employees; acquisition and merger rather than bankruptcy was considered the solution for loss-making firms. Banks were forced to continue their loans to struggling enterprises. But by the early 1990s, the increasingly unbearable burden of subsidizing loss-making state firms finally forced the government to allow leasing, contracting out, and sales of small state-owned enterprises through acquisitions and mergers. Then, after the government formally endorsed the policy of “grasping the big and letting go of the small” (meaning that the government would allow bankruptcy, merger, and acquisition or lease of small firms while reorganizing big firms in strategic sectors) in 1997, bankruptcies (see table 5), production suspension, and privatization became common and unemployment accelerated.

By mid-2001, there were 7.69 million officially registered “laid-off” (xia-gang) workers and 6.19 million officially registered “unemployed” workers (shiye). But most academics put the combined estimates at between 19 and 30 million. (See table 6.) These two terms, laid-off and unemployed,
TABLE 5  Bankruptcy Cases Accepted by the Courts, 1990–2003

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of cases accepted</th>
<th>Year</th>
<th>Number of cases accepted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>32</td>
<td>1997</td>
<td>5,697</td>
</tr>
<tr>
<td>1991</td>
<td>117</td>
<td>1998</td>
<td>7,746</td>
</tr>
<tr>
<td>1992</td>
<td>428</td>
<td>1999</td>
<td>5,622</td>
</tr>
<tr>
<td>1993</td>
<td>710</td>
<td>2000</td>
<td>7,219</td>
</tr>
<tr>
<td>1994</td>
<td>1,625</td>
<td>2001</td>
<td>9,110</td>
</tr>
<tr>
<td>1995</td>
<td>2,348</td>
<td>2002</td>
<td>8,615</td>
</tr>
<tr>
<td>1996</td>
<td>6,227</td>
<td>2003</td>
<td>7,673</td>
</tr>
</tbody>
</table>


denote two groups of workers who are shed from their work units under different conditions and who, in theory, enjoy different entitlements. A “laid-off” worker is one who (1) began working before the contract system was instituted in 1986 and had a formal, permanent job in the state or collective sectors; (2) was let go because of his or her firm’s problems in business but has not severed relations with the original firm; and (3) has not found other employment. Many laid-off workers fail to obtain an official laid-off certificate, which they need in order to obtain government assistance but the provision of which implies financial responsibility for their enterprises.46 “Unemployed” workers are those whose firms have been officially declared bankrupt and whose posts have therefore disappeared. Many former employees who lose their jobs when firms collapse without going through the official bankruptcy procedures cannot be registered as unemployed workers. Therefore, official statistics on both laid-off and unemployed employees are widely considered to be underestimations. Whereas official unemployment rates hovered around 3 to 4 percent in the 1990s, academic researchers reported rates that are three to four times higher.47

To maintain social stability in the face of the massive and rapid hike in the number of unemployed workers, the central government has devised
<table>
<thead>
<tr>
<th>Year</th>
<th>Registered unemployed persons in urban areas (millions)</th>
<th>Official unemployment rate in urban areas (%)</th>
<th>Estimates of total unemployed persons in urban areas (millions)</th>
<th>Unofficial unemployment rate in urban areas (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>4.20</td>
<td>2.6</td>
<td></td>
<td>3.5&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>1994</td>
<td>4.76</td>
<td>2.8</td>
<td></td>
<td>3.9&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>1995</td>
<td>5.20</td>
<td>2.9</td>
<td></td>
<td>18.8&lt;sup&gt;d&lt;/sup&gt;, 4.7&lt;sup&gt;e&lt;/sup&gt;</td>
</tr>
<tr>
<td>1996</td>
<td>5.53</td>
<td>3.0</td>
<td></td>
<td>5.5&lt;sup&gt;e&lt;/sup&gt;, 7.5&lt;sup&gt;f&lt;/sup&gt;</td>
</tr>
<tr>
<td>1997</td>
<td>5.77</td>
<td>3.1</td>
<td>11.51</td>
<td>15.3&lt;sup&gt;f&lt;/sup&gt;, 7.5&lt;sup&gt;g&lt;/sup&gt;</td>
</tr>
<tr>
<td>1998</td>
<td>5.71</td>
<td>3.1</td>
<td>19.21</td>
<td>10.4&lt;sup&gt;h&lt;/sup&gt;, 7.9&lt;sup&gt;i&lt;/sup&gt;</td>
</tr>
<tr>
<td>1999</td>
<td>5.75</td>
<td>3.1</td>
<td></td>
<td>8.2&lt;sup&gt;j&lt;/sup&gt;</td>
</tr>
<tr>
<td>2000</td>
<td>5.95</td>
<td>3.1</td>
<td></td>
<td>8.3&lt;sup&gt;j&lt;/sup&gt;</td>
</tr>
<tr>
<td>2001</td>
<td>6.81</td>
<td>3.6</td>
<td>19.00</td>
<td>7&lt;sup&gt;j&lt;/sup&gt;, 8.5&lt;sup&gt;k&lt;/sup&gt;</td>
</tr>
<tr>
<td>2002</td>
<td>7.70</td>
<td>4.0</td>
<td>30.00</td>
<td>11&lt;sup&gt;m&lt;/sup&gt;, 19.20&lt;sup&gt;l&lt;/sup&gt;</td>
</tr>
<tr>
<td>2003</td>
<td>8.00</td>
<td>4.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


<sup>e</sup> Source: Hu, "Current State of China’s Economic and Social Development."

<sup>f</sup> Source: Li Qiang, *A Comparative Study of Unemployment and Layoffs* (Beijing: Tsinghua University Press, 2001), p. v. This estimate includes those who are laid off as well as those seeking employment.

<sup>g</sup> Source: Hu, "Current State of China’s Economic and Social Development."

<sup>h</sup> Source: Li et al., *Comparative Study of Unemployment and Layoffs*, p. 3.

<sup>i</sup> Source: Hu, "Current State of China’s Economic and Social Development."


<sup>k</sup> Source: Hu, "Current State of China’s Economic and Social Development."


several policies to guarantee a standard of basic livelihood, independent of paid employment. Collectively known as the "three lines of guarantees," these policies include the unemployment insurance system, the "Reemployment Project," and the policy on basic living allowances. Local governments are the key actors in implementing these national policies, resulting in uneven realization of actual protection for workers, depending on the extent of enterprise compliance, the economic structure and history of the province, and the integrity and competence of local officials.

Let us begin with the unemployment insurance system, which first came about in 1986 with the labor contract reform and the bankruptcy law. Before the mid-1990s, unemployment insurance covered only the state sector, where both enterprises and workers contribute to a fund pooled at the "county-ranked" city level. By the mid-1990s, when unemployment increased, all kinds of enterprises were gradually required to participate. Under the 1999 Regulation on Unemployment Insurance, employers contribute 2 percent of total expenditure on salaries and employees contribute 1 percent of their salaries, forming a pooled fund at a prefecture-ranked city administration. Insured employees are paid a monthly allowance set by the local government and for a period of 12–24 months, depending on the length of service of the unemployed. From the beginning, there have been problems with collections as a result of failing enterprises being unable to pay and profitable companies unwilling to join. Although official statistics claim that 78.2 percent of urban employees are covered by unemployment insurance, surveys reveal a grimmer picture: 11 percent of the working population in major cities, 2.8 percent of the unemployed, and 4 percent of those in the private sector at the end of 1999 participated in unemployment insurance plans. An extensive survey revealed that fewer than 30 percent of unemployed men and 25 percent of unemployed women had access to public unemployment or layoff subsidies. One-third to one-half of the unemployed ages forty to fifty—the group most affected by enterprise restructuring—receive no public support at all.

In short, unemployment creates a huge demand for public assistance that has become the administrative and financial responsibility of the local government. Owing to collection problems, misuse of funds, and widespread informal bankruptcy, many workers are deprived of their legal entitlements. Disgruntled and desperate workers have taken to the streets and staged numerous protests, and the central government has responded with circulars, repeatedly urging local governments to take seriously their task of guaranteeing the livelihood of unemployed and laid-off workers. In 2000, the State Council even stipulated that different levels of local governments
should increase their budgeted expenditure for social security. At the same time, the central government began a multiyear appropriation to make up the pension and unemployment fund deficits. This special infusion of funds increased from 12 billion yuan in 1998 to 300 billion yuan in 2000. In addition, in 2000, central appropriation for guaranteeing the livelihood allowance of laid-off and unemployed workers reached 458 billion yuan.51

The nationwide “Reemployment Project” is the government’s response to massive layoffs. The government could not afford to run the political risk of throwing millions of former permanent workers out into the market. Instead, it gives workers continuing access to their work-unit-based benefits, especially pension contributions by their employers through local reemployment centers. Enterprises with laid-off employees are required to partially fund reemployment centers, which are run by individual enterprises, an industry sector, or local labor bureaus. These centers assume trusteeship of laid-off workers for three years, providing them with job training, job placement services, disbursement of basic livelihood allowances, and payment of their social security insurance. Workers have to sign an agreement to terminate their labor relation with their work units upon entering the reemployment centers. At the end of the three-year period, workers are completely on their own or they can register themselves as unemployed. The Reemployment Project has been funded on a “three-three” principle—that is, one-third of the funding comes from each of three sources: local government, enterprises, and unemployment insurance funds.52 In 2001, the central government announced that reemployment centers would gradually disappear as enterprises were allowed to terminate contracts with employees who become unemployed without going through the transitional laid-off period.

The last measure of livelihood guarantee for the impoverished is a basic living allowance system established in 1997. It targets all urban residents who fall below certain locally determined household income levels. Layed-off and unemployed workers make up a large part of urban poor, estimated to be between fifteen and thirty-one million by the early 2000s, but households with special difficulties, such as those with sick or handicapped household members, are also eligible. The amount of per capita allowance varies according to the living standard of each city, ranging from 100 to 120 yuan in provinces such as Jilin and Heilongjiang and more than 200 yuan in Guangdong and Beijing, with a national average of 150 yuan in 1996.53 This welfare responsibility falls squarely on city governments, which fund their civil affairs departments to implement this policy. Implementation is far from satisfactory. Many eligible residents are unable to receive benefits because of lack of local funding or local officials’ unwillingness to recognize
the fact that such residents qualify for benefits. For instance, in Shenyang, only 29 percent of those qualified were paid the basic living allowance in 2000. Again, the central government continued its financial infusion to make up for local deficits. The Ministry of Civil Affairs allocated 8 billion yuan in 2000, 23 billion yuan in 2001, and 46 billion yuan in 2002 to local departments for providing this basic living allowance. Consequently, more people have received the benefits: 3.82 million in 2000, 11.9 million in 2001, and 19.3 million in mid-2002.

Medical Care

From the 1950s to just before the reform era, the vast majority of urban employees (some 94 percent by 1956) were covered under a free medical-care system. The enterprise medical care system provided free services to employees in state-owned and large collective enterprises while the public medical care system provided free services to employees in administrative and nonproductive work units. Dependents of employees were given medical services either free of charge or at half price. The financial burden had always been borne by the enterprise, whether budgeted as part of the enterprise's administrative cost or paid from the enterprise's welfare fund, which was apportioned by the state at a rate of 11 to 14 percent of the total wage bill. Like the pension systems, after the Cultural Revolution in the late 1960s, work units rather than trans-work unit entities (such as the trade union or the local government labor department) became the main provider and administrator of medical welfare. In addition to receiving free medicine and care in outpatient clinics and hospitals, employees on medical leave were paid 60 to 100 percent of their basic wages.

Wasting of resources, hoarding of medicine by patients, and the lack of control over medical expenditures contributed to a fiscal crisis. The average annual growth rate of medical care expenses hovered around 24 percent during the reform years between 1988 and 1994. The rise and rapid development of the nonstate sectors means that a new medical care system is needed to cover employees outside the state sector. Experimental reforms began in 1988, when the State Council led a multiministry committee to study medical reform proposals. Pilot schemes were carried out in Jiangsu, Jiangxi, and Hainan provinces, and they provided the basis for the 1998 State Council decision that required all provinces to implement a basic health insurance program. The new system is basically a contributory, social pooling system whereby employers and employees contribute to a local medical insurance fund, and each employee has an account combining personal and socially pooled contributions. All cities have to set up their pro-
grams to be administered by city-level bodies led by the Labor and Social Security Department, and all employers contribute 6 percent of their payroll and employees 2 percent of their wages. All employees' contributions and at least 50 percent of employers' contributions (depending on the length of employment) are deposited into individual accounts, and the remainder to a social pooling account. Below a minimum benefit level, employees have to pay out of pocket for any medical services they need. Above that, payment must first be drawn from employees' personal accounts. Any additional expenses exceeding 5 percent of employees' income are paid from the social pooling component of their accounts and by employees. The percentage of employees' financial responsibility decreases as the cost of service increases. There are other regulations on proportionate reimbursement for different kinds of drugs and hospital care. Yet the overall drift of the reform is to shift the burden of medical care from the state onto employers and employees.

Thus far, as in other arenas of welfare reform, implementation of the new health-insurance system has been uneven, in terms of both coverage and actual access to benefits. Much depends on local economic conditions, local leadership's administrative capacity, and political will. For instance, a recent multicity survey revealed that only 55.7 percent of employed workers had socialized health insurance in 2001, with the highest rate in Shanghai (88.6 percent), compared to a dismal 9.1 percent in Shenyang. Even more important than coverage is whether workers can get the benefits to which they are entitled. Overall, the survey revealed that 22.1 percent of working adults with health insurance experienced expenditure-reimbursement arrears. Shanghai has the lowest rate, at 18.9 percent, while Shenyang registered a high of 27.7 percent. Judging from the coverage rates, local governments are not always successful in enforcing the legal responsibility of employers to contribute to their employees' health benefits. The more impoverished the localities, where workers are more likely to be unemployed, the larger the health insurance gap.

Housing Reform

The trend in housing reform is to turn what was formerly an employee entitlement into a commodity for private ownership. Since 1949, several decades of socialist transformation in cities have basically eradicated private rental housing and substantially reduced owner-occupied housing. Various surveys carried out in the early 1980s concurred that work-unit housing—that is, apartments constructed and allocated by work units to their employees—composed some 60 to 75 percent of the housing stock in urban China,
with municipal housing making up some 20 to 25 percent and private housing about 10 percent. The role of the work unit as a provider of housing was far more important in China than in other former state socialist societies, where enterprise housing usually accounted for only 10 to 30 percent of the housing stock. State factories drew on their capital construction investment funds, allocated by their supervising government agencies, to construct “welfare housing.” Municipalities allocated their housing budgets to municipal housing bureaus to develop public housing for small and street-level collective enterprises that were unable to receive capital construction investment. Enterprises could also rent municipal housing for their employees. The rent charged had remained very low: Between 1949 and 1990, rent in most Chinese cities accounted for only 2 to 3 percent of total household income, with monthly rent for a typical flat costing less than a packet of good cigarettes. In the 1980s, the state paid five to six billion yuan each year to subsidize housing maintenance. Large state enterprises and institutions all had residential quarters adjacent or close to their workshops, and managers and ordinary workers lived in the same compounds, forming very closely knit, cross-class communities. The basic criteria for housing allocation are urban residence and permanent employment by the work unit. Priorities depended on the status of the employees (for example, cadres were given higher priority than workers) and length of service. In addition, the size of household and the number of dependent children would sometimes be taken into consideration, especially in the more informal negotiation with allocation cadres.

The financial burden on the state and the chronic shortage and poor quality of the housing stock are key problems that have prompted reform since 1980. The emphasis has been on commercialization—specifically, the subsidized sale of public housing to current tenants, rent increases, and the introduction of housing allowances for employees to purchase their own homes on the market. The central government stopped the distribution of housing to urban employees in 1998 and replaced it with a cash subsidy for private purchase of housing. At the same time, local governments were asked to establish a supply system of affordable housing for sale to low-income families. Special central government loans and free land allocation for such housing projects were introduced in 1994. Local governments were to decide when to implement housing reform and most found it hard to come up with the necessary funds to pay subsidies to the many public and enterprise employees.

Overall, housing reform has turned out to be a slow process owing to cadres’ and workers’ vested financial interests in the old system. From the
mid-1980s to the early 1990s, when enterprises were given the autonomy to retain after-tax profits for welfare use, a construction craze occurred and many workers were allocated work-unit flats that were subsequently sold to them at subsidized prices. The caveat was that the buyers bought only part of the full property rights, or the right to use and inherit but not the right to sell in the open market without compensating the work unit for a portion of the profit made on the resale. This complicated property rights issue would become even more confusing when work units collapsed in large numbers in the late 1990s, leaving the partial property right of employees ambiguous and the maintenance of housing stock problematic. Some worker protests have erupted over neighborhood and housing issues. For younger workers in failing state-owned firms or smaller private enterprises, housing allowances simply do not exist owing to enterprise financial difficulties or the unwillingness of employers to contribute. Growing out of a traditional preference for men in enterprise housing allocation, privatization of work-unit housing has tended to confer ownership on men rather than women. But, so far, there are no statistical data to document this gender bias.

For the millions of migrant workers, their rural household registration status excludes them from acquiring either usage rights or ownership rights to municipal and work-unit housing. The housing plans described here are for urban residents only. In some cities, high-income migrants are given special residency permits if they buy housing units locally. But for the vast majority of migrant workers, living in dormitories attached to factories or renting private housing are the only options. Of migrant workers in major cities, 75 to 80 percent live in institutionally provided dormitory rooms measuring about twenty-six square meters, shared by an average of twelve people. This “dormitory labor system” serves employers by keeping labor available on tap, facilitating flexible extension of the workday, inhibiting workers’ job-search time, reducing the cost of social reproduction, and strengthening employer control over workers’ personal lives.

Trade Unions

There is only one legal union in China—the All China Federation of Trade Unions (ACFTU). Independent unions are illegal and those who attempt to form autonomous unions have been charged by the government with treason or subversion. According to the law, any enterprise with twenty-five or more employees should establish a grassroots union under the auspices of the ACFTU. In 2002, there were 165,800 enterprise-level unions, 30 provincial unions, and 19 industry unions. Historically, the Chinese official
union has been institutionally subordinate to the Communist Party and financially dependent on the enterprise budget. For instance, Party organizations at each level are responsible for setting up new unions, the nomination of trade union leaders, and the transmission of Party policies to workers. Financially, enterprises have to contribute 2 percent of the total wage bill to their unions and workers pay 0.5 percent of their wages as membership fees. The Trade Union Law in 1992 transfers the responsibility for paying the salary of full-time union cadres from the unions to the enterprises, making them more dependent than ever on management.72

In the reform era, the Trade Union Law of 1950 has been revised twice (in 1992 and in 2002) with the basic goal of strengthening the legal status of the ACFTU. The unions' right to legally represent workers against intimidation by management and to receive enterprise contributions equivalent to 2 percent of total wage bills, as well as the unions' legal role of signing collective contracts and engaging in collective bargaining with employers, are stipulated in the 2001 Trade Union Law.73 Notwithstanding these legislative reinforcements, the official union continues to be plagued by several fundamental weaknesses, which have only been exacerbated by market reform.

First, industrial restructuring and the rise of the private and foreign-invested sectors have beset the ACFTU with a membership crisis. The shrinkage of the state industrial sector—through bankruptcy, merger, or privatization—has substantially depleted the traditional membership base for the official union. Membership in that sector decreased by about fifteen million between 1990 and 2000. On the other hand, the private and foreign sectors remain quite impervious to union organizations, with the rates of membership remaining near a low of 4 percent and 33 percent, respectively.74 Many workers simply do not know what unions are about.75

Second, the contradiction inherent in communist unions' dual role as representatives of worker interests and promoters of the national, common interest is sharpened under market reform. As market reform has incessantly chipped away at workers' entitlements and tilted the balance of power further toward employers, the weakness of unions as defenders of labor rights is acutely felt. The conflicts in the unions' double institutional identity explain why the ACFTU would spare no effort to preempt the emergence of worker protests and collective actions. At best, official unions have represented individual workers and sometimes groups of workers when they make their claims through state-sanctioned channels such as civil litigation or labor dispute arbitration.76 This classic dilemma is exacerbated by the particular alignment of interests in the Chinese reform process. Many local governments are establishing partnerships with foreign joint ventures.
Their entrepreneurial interests hold enormous sway over city- and county-level unions, which are themselves part of the local state apparatus. In failing and ailing state-owned enterprises, union cadres are often Party officials or deputy managers. The wearing of multiple hats by union cadres severely hampers the role of unions in defending workers when their interests can no longer be camouflaged as unified with those of the enterprise.

Likewise, in many of the newly established unions in nonstate enterprises, the managerial staff serves concurrently as union cadres. In Special Economic Zones in Guangdong, where unionization rates are reportedly high among foreign-owned companies, a survey found that almost all enterprise union chairs are also enterprise managers. These enterprise unions are concerned with recreation and enforcement of labor discipline rather than with working conditions or labor rights. Management of these firms sees in enterprise unions an additional instrument for controlling workers—a position that ACFTU shares and promotes. For instance, union cadres in Guangdong explained the advantage to foreign managers of setting up unions, saying,

We propagated the Trade Union Law to foreign investors. We indicated that, if the migrant workers would not be organized under the union, they themselves might organize a "local gang" on the basis of their hometowns, which would destroy the stability of production and create conflicts between different gangs. We also told the employers that, different from western trade unions, the unions in China are a "middle-man" in adjusting labor relations. They will absolutely not organize strikes. Their role is to protect the interest of both parties.

This quotation touches on the sensitive issue of workers' right to strike. Guaranteed by the Chinese Constitution until 1982, the right to strike was revoked by a government haunted by the rise and development of the Polish Solidarity movement. To date, even after the People's Republic of China ratified the International Covenant on Economic, Social, and Cultural Rights, and became a member of the International Labor Organization, the Chinese government still refuses to ratify certain core international labor standards. The most contentious of these are the right to free association, which in its broadest sense includes rights to negotiate and to strike. Some scholars promote the view that the law does not prohibit strikes although it does not legalize them. Nonetheless, Article 27 of the 2001 Trade Union Law explicitly prescribes a proproduction mediating role for unions. In the case of a slowdown or production stoppage, the law requires unions to assist enterprises in recovering the normal state of production as soon as possible, and to reflect workers' "reasonable demands" through negotiation with the enterprise.
Given all the institutional constraints and political subordination of the ACFTU at a time when market reform relentlessly erodes the traditional shield of state paternalism, it is not surprising that ordinary workers are alienated from the unions. Surveys consistently reveal popular disappointment with the emasculated union as a working-class institution. The ACFTU’s own survey in 1997 indicated that only 50 percent of the workers polled gave positive evaluations of the union’s overall work, and only 34.6 percent of workers found that the union played a significant role in defending their interests. Provinicial union and academic surveys have confirmed the declining status of unions. A Zhejiang province union survey found in 1994 that only 13.1 percent of workers sought help from the union about work-related problems, and two-thirds of workers and staff did not believe that trade unions were doing their job. Chinese workers’ cynicism toward the official union is hardly unique. A recent study of postcommunist trade unions found that even independent unions have become discredited in the eyes of their own working-class constituencies because of their historical powerlessness and notoriety as a tool of the Party state.

In short, in the reform era, the allocation and remuneration of labor (formerly under the control of government administration and planning) are now to be determined by market demand and supply. Labor power becomes a commodity sold and bought in the marketplace and labor relations are to be founded on contracts, enforced by the law. At the same time, though, there is a countervailing tendency to limit a full commodification of labor. State regulations, through legislations pertaining to working conditions, minimum wage, pensions, unemployment benefits, medical care, and housing entitlements, seek to constrain employers’ capacity to extract labor power from workers. As Karl Polanyi maintains, labor, unlike other factors of production, is a “fictitious” commodity whose unlimited exploitation will destroy the use value of the commodity itself. Historically, in nineteenth-century Western Europe, social movements from below or legislation from above materialized in different societies to limit commodification. Likewise, in China, the panoply of laws and regulations passed in the last two decades are poignant examples of initiatives from above. And, despite the absence of an autonomous labor movement, Chinese workers push for changes from below, spurred to collective action by the glaring discrepancies between the existence of labor regulations and the practical application of these regulations on the ground. Overall, the uneven transition of welfare from a workunit-based entitlement to a universal legal right has led to a general deterioration of workers’ livelihoods, especially in the 1990s.

That the law is not always enforced does not mean that legal reform is
inconsequential. First, workers still take legal provisions seriously because they are their only ammunition in making claims against employers. The rising volume of labor arbitration cases and litigation are indications of workers' legal activism. Second, flawed local enforcement of the law has, on many occasions, transformed orderly petitions and courtroom procedures into public outrage and protests. Inadvertently and sometimes serendipitously, legal reform has made the state a catalyst of labor activism. The oscillation between the courtroom and the streets—between routine, institutionalized conflict resolution and noninstitutionalized mass action—is a potent source of social instability.

DEBATES ABOUT LABOR REFORM

These institutional changes and tensions have developed in tandem with the rise of new ideological discourses aimed at reorganizing the self-perception of workers and the social construction of the value of labor. Katherine Verdery perceptively underscores the centrality of value transformation in the historic transition to postsocialism, noting that "questions of value, from the most basic (what kind of life do people want to live) to the niggling details of a firm's purchase price, joined with questions of morality to dominate public consciousness. Who ought or ought not to be profiting from the wealth accumulated under socialism—the former managers of state firms? foreigners? the general public?"86 Chinese workers should not be strangers to such controversies, which have featured prominently in public discourse since the late 1970s. These debates are the linguistic, moral, and cognitive raw materials out of which workers' political claims and identities are forged.

Under socialism, labor was "honorable" (lao dong shi guangrong de), as many workers still proudly invoke the language of the day, while in the same breath lamenting how embarrassingly passé it sounds today. Not only were one's material well-being, life opportunities, and political status dependent on membership in a production organization, the danwei, but also the Chinese state had made labor a primary site for the production of modern identities, even a badge of revolutionary honor. "The state made labor the cultural arena in which women and men crafted the meaning of 'liberation,' proved their socialist moral worth, expressed their nationalist sentiments, and received rewards—or punishments—from the state."87 The ideological centrality of the permanent employment system made labor reform a politically sensitive issue. Thus, when the post-Mao reform leadership began revamping the socialist labor system, they also unleashed spirited disagree-
ments among political elites and policy makers, reflecting similarly divided popular opinions among different groups of workers. In a nutshell, the contested ideological terrain surrounding labor has been moving from a socialist, class-sensitive discourse in the first decade of reform, through what might be called an individualist, psychological, and meritocratic rhetoric in the first half of the second decade of reform, to a dual emphasis on the legal rights and the structural predicaments of certain social groups from the late 1990s to the present. Later chapters in this book will show how the terms of these debates are selectively and instrumentally invoked by aggrieved workers to bolster their claims in petitions and protests.

During the initial phases of labor reform, reformers criticized the old “iron rice bowl” (permanent employment) and “eating from one big pot” (the egalitarian wage system) as serious obstacles to economic growth. But experiments with recruitment through examination, labor contracts, and differential wage and bonus distribution sparked intense debates. Gordon White’s review of that period found a surprisingly wide range of views, reflected in academic journals and mass circulation organs, in response to the basic question, “Is labor power a commodity under socialist conditions?” Answers to this question have ranged from an emphatic no to an equally emphatic yes, with various shades of opinion in between. Traditional views held largely by Party and state officials responsible for organizing the old labor system and by state industrial workers maintained that public ownership was practiced and that laborers jointly possess the means of production and are masters of the means of production. Reformers, in contrast, argued that with the adoption of renewable labor contracts, labor power could become a commodity. Some economists even considered as objective economic law that labor is a commodity. In practice, no consensus was reached on the scope of the application of the labor contract. Amidst confusion and conflict of interests regarding wage and bonus reform, workers also improvised and modified the new skill- and output-based rules by informal work-group norms. “As late as 1988, the economic reformers have yet to arrive at a new definition of the role of labor in a new form of ‘socialism,’” White concluded.

Implementation of contract management in state-owned enterprises, the expansion of the nonstate manufacturing sector, and entrepreneurial activities stirred public debates on issues of inequality, class exploitation, and the specter of a new “parasitic class” living off speculation in capital markets. While conservative leaders such as Chen Yun called attention to the erosion of socialist ethics of equality and reciprocity, more liberal intellectuals differentiated between “fair inequality” (i.e., inequality resulting from equal-
ity of opportunity, market competition, and efficiency) and "unfair inequality" (i.e., inequality associated with criminal and unscrupulous activities). Reformers, such as Xue Muqiao and Yu Guangyuan, defended the socialist nature of Chinese society under reform by emphasizing state ownership of the "commanding heights of the economy" despite the existence of nonstate sectors. They also insisted that formal political and class equality persisted despite uneven economic distribution.92

Class-sensitive ideological debates subsided in the early 1990s when Deng Xiaoping pushed for deepening of market reform. By the mid-1990s, legal reform, deemed necessary for the proper functioning of the market economy, accelerated, and with it entered the new official rhetoric of using law to rule the country, or yifazhiguo. The building of a "socialist rule of law state" was incorporated into the Constitution in 1999, which might also provide a new legitimacy for the Party. Legal scholars of China have pointed out that the Chinese notion of law-based government is a tool for strengthening, not limiting, communist rule, as the law is intended to curtail corruption and promote economic development.93 For my purpose here, the most important consequence of this new emphasis on legal reform has been the explosion in the public domain of a legal rights discourse. In the same period, as mentioned earlier, the Labor Law, the basic law for labor-related legislation and regulations, was passed. Academic journals, official publications and the media jointly contributed to the propagation of legal knowledge, offering legal counsel in advice columns or reporting typical court cases to spread the idea of citizens' legal rights. Politically concerned intellectuals, disillusioned and silenced by the state's deadly crackdown on the Tiananmen protests, also see in the law a more promising and realistic way to push for social change.

The flourishing of legal rights rhetoric in the early 1990s coincided with the resurgence of unemployment as a serious social problem. Massive layoffs afflict some twenty-five million workers as state-owned enterprises struggle to become more efficient and profitable in the face of intensely competitive foreign, private, and rural industries. Middle-aged, unskilled women workers in particular were disproportionately susceptible to layoffs. At first, public discourse promoted by the official union, the Women's Federation, and the media explained workers' predicament by referring to workers' individual shortcomings—low educational qualifications and an archaic "employment consciousness" that included a lack of competitive mentality, a dogmatic preference for jobs in state enterprises, and an inertia of reliance on the state.94 Women workers in particular have been urged to upgrade their individual "quality" (suzhi) and to seek new jobs using their
natural aptitudes. Successful stories of personal transformation became a staple of official propaganda, featuring entrepreneurial beauticians, seamstresses, domestic helpers, nannies, community volunteers, or simply stay-at-home wives and grandmothers.95

From the mid to late 1990s, as opinion polls consistently registered social discontent about unemployment, corruption, inequality, and rural taxation, a new discourse emerged to recognize the existence and predicaments of those who were left behind in the reform process. The term ruoshi qunti, meaning groups in weak and disadvantaged positions, of which four have been mentioned explicitly in official documents—migrant workers, the unemployed, retirees or those outside gainful employment, and the handicapped—is now widely used. Adopting various definitions, government officials, nongovernment civil-society groups, the media, and the scholarly community have appropriated the term to urge government protection of those who are disadvantaged by structural changes in the economy.

CONCLUSION

We will see in later chapters that this new collective identification ruoshi qunti is being appropriated by protesting workers. From the vantage point of today, what is most revealing about the debate some two decades ago is the extent to which wage labor has been normalized. Totally gone is the political centrality and moral intensity with which labor issues were discussed. Both the unmaking and the making of the Chinese working class are heavily shaped by the state—especially by its construction of a labor rule of law and a new social security system. Broad discrepancies, however, exist between the stipulation and the implementation of these new labor regulations designed to protect labor rights and entitlements. The institutional source of these gaps, this chapter argues, lies in two contradictions inherent in the strategy of Chinese reform. First, the imperative to rely on local accumulation to fuel marketization clashes with the imperative to maintain legitimacy by providing a floor of justice and welfare for the most disadvantaged. Local state agents' overriding concerns and personal interests are decisively skewed toward the former at the expense of the latter. The second contradiction in Chinese reform that is conducive to uneven protection of labor rights has to do with the illiberal nature of the Chinese legal system. The state uses the law as a tool of control over society while allowing itself to remain mostly unrestrained by the law. When it is not in the interests of local officials to enforce labor regulations, there is hardly enough countervailing authority (from the judiciary, for instance) to uphold the law.
The result is that many workers, on seeing their legal rights and entitlements unjustly denied, and pressured by their need to make a living, become rebellious. Sharp increases in labor conflicts are accompanied by proliferation of labor activism, taking both institutional, legal-channel forms (such as petitions, labor arbitration, and litigation) and noninstitutional forms (such as protests, marches, and road blocks). The state has responded with measured mixtures of concession and repression. On the one hand, economic and livelihood demands are recognized and, in many cases, at least partially fulfilled with swift financial compensation doled out by the central or provincial governments. On the other hand, political demands (such as calling for the removal of officials) and cross-factory actions are relentlessly suppressed and harshly punished. Most important, the Chinese government has ardently pressed ahead with social security reform, targeting problem areas such as pension arrears, unpaid wages, unemployment benefits, and medical insurance. Additional earmarked funds are funneled from Beijing to provincial coffers to deal with social grievances that may erupt into social instability. These efforts have focused on reducing the frequency of protests in the rustbelt since 2001. In 2002, the central government forcefully demanded that excessive fees and abusive detention policies targeting migrant workers be abolished by the local governments. There are also plans to systematically institutionalize the provision of legal aid to people who fall below a certain income level. Therefore, the Chinese state has responded to popular demands, if only slowly and selectively. It is to this interaction between labor protests and state power at the local and central government levels that we turn in the next chapter.
PART II

Rustbelt

*Protests of Desperation*
In his dilapidated apartment, with all windows shut and electricity cut off, fifty-year-old Zheng Wu sat on his bed as if the world had frozen in time. Gazing at an old television set and a clock that had long since stopped working, he was bitter and angry about his pitiful conditions after “having worked his entire life for the Revolution” as a factory hand in a rubber plant in Tieling, a medium-sized industrial city in Liaoning. Suffering from a chronic ulcer and arthritis, he had been released from work since 1991, and as his plant went downhill, he saw his livelihood allowance gradually dwindle from several dozen yuan a month to nothing at all. His wife was also an unemployed worker who took odd jobs such as dishwashing and cooking whenever she could find them. His rage was out of proportion to his weak, thin body, which hung like a skeleton. Showing me his wrists inscribed with deep scars from several suicide attempts, he said, “Without wages, I will die either way, whether sitting here or lying on the railroad, so we went lying on the railroad.” In 1997, when his coworkers came calling him from the street, he joined them to petition the local government, demanding that their factory pay them the legal livelihood allowance after it suspended production. When the mayor refused to meet with the workers, dozens of them marched to the train station and vowed to board the train to the provincial capital, Shenyang, eighty kilometers away, to appeal to a higher authority. Public security officials came to stop them, and they responded by lying on the rails for several hours, under the watchful eyes of the officers. When darkness fell, seeing no prospect of obtaining any results, they disbanded and went home.

Zheng Wu’s situation was hardly unique. Many aggrieved workers find themselves going back and forth between passivity, depression, and even self-destruction, on the one hand, and outbursts of rage, desperation, and
heroic acts of collective defiance, on the other. Throughout the late 1990s, as mass layoffs continued unabated, Liaoning became a hotbed of labor unrest. Blocking rail and road traffic became the strategy of choice for workers, so common that the central government even set up penalty rates for every hour of blockage, calculated on the basis of the normal volume of commercial traffic, to be charged against the supervising departments and the factories involved. Communist Party members and cadres in the province received instructions prohibiting them from taking any role in petitions or demonstration activities. Report cards of local government cadres also had an additional criterion, registering the number of “spontaneous incidents” occurring in their areas of jurisdiction. Local cab drivers were even able to infer from experience cyclical patterns of the occurrence of such episodes of public protest: most of these incidents occurred at the end of the month and in the days prior to major festivals and important government and Communist Party meetings.

FAREWELL TO THE WORKING CLASS

This chapter tells the stories of Liaoning workers and their “protests of desperation.” The northeastern Chinese province Liaoning was extolled in the Mao era as the “eldest son of the nation” or the “emperor’s daughter” for its superior natural resource endowment, strategic location, and early development of basic and heavy industries under Japanese occupation in the early 1900s. As a primary target of state investment and Russian financial aid in the 1950s, the province contributed 71 percent of iron production, 63 percent of steel production, and 58 percent of steel products to the national economy by 1957.1 The leading province in terms of profit remission to central government coffers, Liaoning was the site of 10 percent of the nation’s large and medium-sized state-owned enterprises (SOEs), an industrial structure that has proved crippling to the province’s development under the market economy. Since the 1990s, Liaoning has been plagued by the most severe unemployment problem in the nation. By some estimates, as many as 30 to 60 percent of workers in the state sector were without jobs or pay by the late 1990s, a stark contrast with the province’s preeminence in the days of the planned economy.2 The drastic reversal of fortune in the local economy makes labor politics of Liaoning a “critical case” for this study, for it represents the death of socialism in the rustbelt. On the one hand, nowhere are institutional legacies and liabilities of the command economy more pronounced and the Maoist habitus of workers more entrenched than in the many old industrial towns in the province. On the other hand, eco-
nomic reform has not induced sufficient market opportunity in the form of international capital or private entrepreneurship like that found in Guangdong. Domestic private industries have only a very feeble and shadowy presence relative to the massive workforce shed from the state sector. As in other parts of China where the once dominant SOEs collapsed in large numbers, despair and desperation are on public display everywhere, on the faces of the many peddlers of odds and ends squatting on sidewalks and peddlers on tricycles scouting for passengers.

My main concern in this and the next chapter is to analyze how the characteristics and limits of worker protests are linked to the mode of state regulation of labor and the social reproduction of labor power. I argue that the socialist social contract, in which the communist regime pledged employment security, pensions, and welfare services in exchange for workers’ political acquiescence, was still recognized by management and invoked by workers even as market reform proceeded apace and the legal contract was at least ceremoniously instituted during the 1990s. The materials and moral terms of the socialist social contract were reflected in the grievances about collective consumption and the insurgent rhetoric of class, Maoism, and legal rights among rustbelt workers. The strategy of protests, privileging direct street action and disruption of social order, signaled workers’ refusal to remain acquiescent when enterprise management and the local government failed to live up to their end of the bargain.

This chapter is organized into three parts, concerning, respectively, workers’ grievances, capacity, and subjectivity. Based on worker grievances and demands, I distinguish three types of worker-led protests in the rustbelt: nonpayment protests against arrears of wages and pensions; neighborhood protests against substandard public service, the lack of heating subsidies, and deteriorating neighborhood infrastructure; and bankruptcy protests focusing on job tenure compensation, severance packages, illicit sales or restructuring of SOEs, and cadre corruption. In all three types of protests, workers’ demands focused predominantly on collective consumption, which has been organized by the socialist workplace and was instituted through policies and practices, and only secondarily prescribed in laws such as the Bankruptcy Law and the Labor Law. This is because workers’ employment usually dated back to the prereform period and most have signed a legal contract only as a formality. Local officials, workers, and management still take the social contract more seriously than the legal contract. Their protests therefore primarily took the form of street action and popular pressure, leveraging the moral political claims of the social contract. Those who have attempted to seek redress through the court and labor bureaucracies have found, to their
disillusionment, that these institutions are biased in favor of officials and SOE managers. The common denominator underlying these incidents is a pervasive working-class feeling of betrayal by the state and victimization by the market economy. I therefore call them “protests of desperation.” Yet, throughout my research, I have been constantly struck by the heterogeneity of worker interests within the same enterprise or locality, so much so that retired pensioners, laid-off workers, and unemployed workers of the same enterprise see each other as “distinct social groups with different interests.” This fragmentation of interest is the result of the array of government policies stipulating different terms of employment and retirement for these different groups of workers. Moreover, economic decentralization also leads to different financial capacities of work units to compensate workers according to policies and laws, creating more fragmentations among SOE workers.

The second set of issues concern workers’ mobilization capacity: How are protests possible? What are the units of action and boundaries of solidarity? What limits workers’ militancy? My data show that the material and social organization of the socialist work unit has persisted even after production is suspended and the firm is financially liquidated. Living in the same enterprise’s residential quarters, workers share grievances related to heat, water services, and fuzzy property rights to their apartments. They can also easily disseminate news about the latest government decrees regarding workers benefits and validate one another’s frustration about the enterprise’s failure to deliver them. Most important, short notices about when, why, and where to stage protests can be passed by word of mouth or by flyers posted at the main entrances to apartment buildings. These cellular, bounded communities therefore have both mobilizational and containment effects, making it difficult, though not impossible, for cross-unit lateral movements to emerge. When these disparate cellular protests are allowed to linger for a protracted period in the same locality, informal networks of activism may suddenly erupt in action, joining hands in targeting the same group of opponents, for example, corrupt local cadres.

The final issue concerns the nature of political subject, or the emotional, evaluative, cognitive, and instrumental logic structuring workers’ collective action. I use the term subject to underscore the idea that workers form insurgent identities not just before or even during the course of collective action. More important, as subjects, they reflect and learn from their actions to redefine who they are and what they are capable or incapable of as political agents. Chinese workers’ repertoire of insurgent identities draws on both historical experiences and new contemporary discourses, and is always
invoked with reference to and in anticipation of state reaction. I shall decipher the context-specific meanings of self-descriptive terms used by workers in protests, including the “masses” (qunzhong), “weak and disadvantaged groups” (ruoshi qunti), “working-class” (gongren jieji), and “citizens” (gongmin). Each of these terms involves a corresponding imagined political community with specific standards of justice, entitlements, and therefore a rationale for a particular course of collective action. The creative combination of these various discourses is a hallmark of the transition period, a time when old and new ideologies coexist in tension.

UNEMPLOYMENT AND ITS DISCONTENTS

Unemployment is not a new problem in China, which has weathered several waves of mass unemployment since the 1949 Revolution. In terms of the rate of unemployment, the current situation pales by comparison with what happened right after the communist regime was established. The official unemployment rate reached a staggering 23.6 percent in 1949 and remained at a high level of 13.2 percent in 1952. Yet, the current spell of unemployment poses unique challenges. Whereas unemployment in the past had mainly afflicted young, new job seekers (as in 1979 to 1981) or temporary rural recruits (as in the post-Great Leap Forward retrenchment), unemployment in the 1990s hit hardest at the bastion of regime support—veteran workers who had held permanent posts in the state sector. It has also been a more prolonged process outlasting the previous shorter cycles. In a matter of seven years, the laid-off population mushroomed to a staggering eighteen to twenty million in 2001, from less than seven million in 1993. Although official rates of “registered” unemployment hovered around 3 percent in the late 1990s, academic estimates of the actual unemployment rate range between 7 and 10.4 percent. And according to some analysts, an additional three to four million urbanites will join the rank of the unemployed every year over the next half decade as China adjusts to a new competitive environment after its accession to the World Trade Organization. In view of the dire political and social consequences inherent in unemployment of such magnitude, the national leadership has accorded top priority to the task of guaranteeing unemployed workers’ livelihood. Before his retirement, former president Jiang Zemin warned at the Sixteenth Party Congress in 2002 that poverty and the resulting sense of insecurity among the jobless and poor farmers are the biggest destabilizing factor in Chinese society.

Unemployment in Liaoning epitomizes the immensity and gravity of
TABLE 7  Total Number of Employees in Manufacturing in Liaoning, 1990–2004

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>4.618</td>
</tr>
<tr>
<td>1995</td>
<td>4.443</td>
</tr>
<tr>
<td>1998</td>
<td>3.791</td>
</tr>
<tr>
<td>1999</td>
<td>3.532</td>
</tr>
<tr>
<td>2000</td>
<td>3.359</td>
</tr>
<tr>
<td>2001</td>
<td>4.348</td>
</tr>
<tr>
<td>2002</td>
<td>3.943</td>
</tr>
<tr>
<td>2003</td>
<td>1.475</td>
</tr>
<tr>
<td>2004</td>
<td>1.447</td>
</tr>
</tbody>
</table>


unemployment among the state industrial workforce. Almost 40 percent of Liaoning’s SOEs are large and medium-sized enterprises, and 40.8 percent of state-sector workers were in traditional manufacturing, with only 5.5 percent in the new high-technology sector. With the province’s industrial structure skewed toward heavy and resource-dependent industries (76.4 percent of total provincial industrial output), more than 70 percent of its urban workers are in the state and collective sectors. Among these eight million workers in state and collective industrial units in 1997, 21.4 percent were officially registered as unemployed or laid-off workers, 30.77 percent were retired workers, and another 33 percent were redundant workers.8 By 2002, the total of officially registered unemployed and laid-off workers reached 2.4 million, a figure that was widely considered a gross underestimation by academics and ordinary citizens because it did not capture the numerous workers who were released involuntarily and informally, without any official papers registering their in-limbo status. Although the shedding of manufacturing workers has proceeded apace since the early 1990s, the trend has spiked drastically since 1997, when the government aggressively pursued a restructuring of the state sector, letting go of small and medium-sized firms and holding onto only the big ones in “pillar” industries. Tables 7, 8, and 9 capture only the “registered” furloughed population in the three cities covered by this study, leaving out the majority of the unemployed, whose enterprises evade the official registration process.9

Aggregate figures of unemployment outline the general trend of aggravating joblessness but they barely scratch the surface of the gravity of job loss in social and human terms. First, provincial aggregates conceal some particularly concentrated and structurally induced pockets of locality-wide unemployment. Depletion of coal mines and iron ores, and the decline in military equipment industries10 have meant that jobs for entire communi-
Table 8: On-the-Job Employees in Manufacturing in Three Cities in Liaoning, 1998–2004

<table>
<thead>
<tr>
<th>Year</th>
<th>Shenyang</th>
<th>Liaoyang</th>
<th>Tieling</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>721,180</td>
<td>150,096</td>
<td>87,378</td>
</tr>
<tr>
<td>1999</td>
<td>488,034</td>
<td>94,454</td>
<td>44,815</td>
</tr>
<tr>
<td>2000</td>
<td>441,942</td>
<td>86,535</td>
<td>41,335</td>
</tr>
<tr>
<td>2001</td>
<td>396,395</td>
<td>70,131</td>
<td>35,563</td>
</tr>
<tr>
<td>2002</td>
<td>348,724</td>
<td>58,648</td>
<td>31,363</td>
</tr>
<tr>
<td>2003</td>
<td>294,017</td>
<td>57,402</td>
<td>28,822</td>
</tr>
<tr>
<td>2004</td>
<td>282,683</td>
<td>61,476</td>
<td>27,187</td>
</tr>
</tbody>
</table>


Table 9: Off-Duty Employees in Manufacturing in Three Cities in Liaoning, 1998–2004

<table>
<thead>
<tr>
<th>Year</th>
<th>Shenyang</th>
<th>Liaoyang</th>
<th>Tieling</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>319,244</td>
<td>46,848</td>
<td>68,822</td>
</tr>
<tr>
<td>1999</td>
<td>323,116</td>
<td>51,987</td>
<td>80,706</td>
</tr>
<tr>
<td>2000</td>
<td>344,215</td>
<td>49,595</td>
<td>77,754</td>
</tr>
<tr>
<td>2001</td>
<td>291,191</td>
<td>50,852</td>
<td>74,473</td>
</tr>
<tr>
<td>2002</td>
<td>226,615</td>
<td>31,434</td>
<td>53,387</td>
</tr>
<tr>
<td>2003</td>
<td>183,710</td>
<td>29,212</td>
<td>37,515</td>
</tr>
<tr>
<td>2004</td>
<td>152,884</td>
<td>27,721</td>
<td>33,402</td>
</tr>
</tbody>
</table>


ties have been eliminated, together with family and kin support networks. A 1997 survey revealed that 41 percent of unemployed workers had two or more family members who were also unemployed. Second, unemployment figures conceal the pervasive problem of unpaid wages and pensions among workers who are officially employed and retired. The national total of workers who were owed unpaid wages increased from 2.6 million in 1993 to 14 million in 2000, an increase of 550 percent. The number of enterprises involved increased from 15,655 in 1993 to 79,116 in 2000. One in ten of these workers and enterprises were found in Liaoning. Moreover, of the
nearly four million retirees who were owed unpaid pensions, one-third of them were found in Liaoning. The general scenario of widespread urban poverty among the unemployed was underscored by a 1998 survey that found that unemployed residents across the province received a monthly average income of 220 yuan, equivalent to the lowest 20 percent income group, and most families depended on either savings or loans for their livelihood.

Unemployment-related labor strife has increased significantly. Worker activism often begins with collective petitions, which in many cases evolve into collective protests. According to the State Letters and Visits Bureau, in 2000, there was a total of 10.2 million cases of petitions to the Bureau’s provincial, county, and municipal offices nationwide, an increase of 115 percent over 1995. Of the petitioners, 76.5 percent were involved in “collective petitions,” defined as those involving five people or more. The total numbers of collective cases and collective petitioners in 2000 increased 280 percent and 260 percent, respectively, over those in 1995. Of collective petitions in cities, more than 60 percent were lodged by state enterprise employees.

Liaoning also experienced a remarkable increase in collective petitions. In a survey published by the Communist Party Politics and Law Committee, the Liaoning Party Committee stated that large-scale collective petitions first emerged in 1994, and had increased “several-fold” by 1999. Of particular significance, according to the Party Committee, was the increase in worker-led collective actions, which accounted for 64.5 percent of all collective petitions in the two months following Spring Festival in 2000. Most of these were about unpaid wages and other grievances related to enterprise restructuring. The same report described a trend toward “increased scale of action, rising number of participants, and intensified emotions,” with some incidents “developing into blockage of rail and road traffic, siege of government and Party offices, mass assault on individual officials and police, even looting and riots.”

Although the provincial reports in the Politics and Law Committee collection stopped short of divulging overall statistics, it is noteworthy that two other provinces in the northeast also registered high proportions of worker-led collective incidents. In Jilin, for instance, collective petitions by state workers accounted for 50 percent of the total number of petitions in 2000, representing a 23 percent increase over the previous year. In Heilongjiang, the Party Committee reported a 2.8-fold increase in incidents of popular unrest involving five hundred or more people between 1998 and 1999; 60 percent of these incidents concerned unpaid wages. When repeated petitions prove fruitless, protests erupt in the form of road and railway block-
age, sit-ins in front to government buildings, and sometimes rallies around downtown areas. In what follows, I discuss each of the three major types of worker protests in Liaoning, noting in particular the constitution of worker interests, capacity, and identities. Despite significant similarities in the characteristics and dynamics of these protests, worker perceptions of differences among themselves and their fear of state repression have led to no escalation in the scale of these numerous localized and cellularized protests.

NONPAYMENT PROTESTS

Nationwide, the total number of workers who were owed unpaid wages increased from 2.6 million in 1993 to 14 million in 2000.17 In Shenyang, between 1996 and 2001, 23.1 percent of employed workers experienced wage arrears, and 26.4 percent of retirees experienced pension arrears.18 Enterprise insolvency is the major cause of nonpayment: managers of insolvent firms would not fund wage bills or contribute to their employees’ insurance accounts. Yet the two groups of workers who are owed remuneration do not usually join forces. To them, pension is a sacrosanct socialist entitlement owed to the elderly, who have lost any competitiveness in the market economy. Although wages should also be paid to the current workforce, it is widely held that younger workers should depend on themselves and find alternatives in the new market society. Therefore, pensions have a stronger moral claim than wages, a consensus I found even among younger workers. Also, different state policies targeting, respectively, pensioners, laid-off workers, and unemployed workers drive deep wedges into the workforce of an enterprise.

Elderly pensioners played a leading role in staging protests in the 1990s as their livelihood was threatened by the chronic nonpayment of pensions. As recounted in chapter 2, pension reform began in the mid-1980s, and by 1991, Beijing replaced the pay-as-you-go enterprise-based system with a contribution-based, social pooling system. The ultimate goal is to transfer the responsibility for financing and distributing retiree benefits from enterprises to “society,” meaning contributions from employers, workers, and local governments. From the beginning, pension reform was beset by a confusing patchwork of regulations (e.g., the State Council did not specify which level of local government should regulate pension pools, and there was no attempt to standardize contribution rates) and a fragmented, locally based structure of pension administration. Contributions have been pooled and managed by local governments at various levels and sometimes by agencies of different ministries. Enforcing contributions from enterprises
turned out to be a daunting task, as local officials try to be employer-friendly and firms resort to false reporting of payroll records. Many cash-strapped SOEs were too poor to contribute their shares to workers’ pension accounts, leading to underpayment or default on pensions. In Shenyang, by 1998, 27 percent of the city’s SOEs simply stopped making pension payments. The local finance and labor departments had to step in with a 240 million yuan bailout after waves of protests swept through the city. To make the chaotic situation more complicated, in the transition between the new and the old systems, many retirees’ pensions had two components: enterprise-based welfare subsidies and pooled insurance payments. The former has been encouraged by the government as a supplement to the latter. Therefore, even when retirees are paid the mandatory part of their pension, they may still be owed the part instituted by their enterprises.

Pension arrears involve varying lengths of nonpayment periods, ranging from a few months to several years, and depending on the financial conditions of the enterprise and the personal employment history of individual workers, the amount owed to each worker will be different, ranging from less than one hundred to almost one thousand yuan per month. The actual amount owed does not determine action and inaction. Nor does the gravity of workers’ financial predicament, an issue that turned out to be more complicated than workers’ self-proclaimed impoverishment or the numerous academic income surveys would suggest. One retired worker in Shenyang countered my proposition that hardship households are prone to protest by saying, “What is a ‘hardship’ household? How do you define ‘hardship’? Some worker families have difficulties and others do not. Whether we have difficulties or not, we should still get paid for our labor.” The moral imperative is to secure their personal returns on their lifelong contributions to the Revolution and to socialism. The almost universal claim that came up repeatedly in numerous interviews was, “The value of our labor was accumulated in the state and in our enterprise through all those years of low-waged labor.” A popular jingle in the northeast captured this moral stance: “We gave our youth to the Party; now in our old age no one cares for us. Can we turn to our children? Our children are also laid off.”

Elderly participants in protests boldly claim their revolutionary credentials when confronting young police officers, asking, “Where were you when we joined the Revolution?” Management also feels bound by such moral economic claims of their pensioners. At the enterprise level, many firms in Shenyang, for instance, would rather delay wage payments to their on-the-job workers than stop paying their retirees. In Tieling, a textile mill sold its subsidiary shopping mall to finance its contribution to the retirees’ pension
fund while it refused to pay wages owed to its laid-off workers. In the government’s official language, pensions were elderly workers’ “lifeline money” because these elderly workers have lost their labor capacity and cannot be expected to compete in the market economy. Retirees could not agree more, and indeed demand that their contribution to the Revolution and the nation be repaid through their pensions. The moral economic claims of retirees also separate them from their laid-off and unemployed coworkers, constituting the two as different interest groups. The general strategy, as I shall show later, is for pensioners to stage their own protests, so that their moral demand for the government to fulfill its end of the social contract will not be confused or diluted by mixing in the legal but weaker claims of younger workers for owed wages. Although these two groups often pursue separate action, bankruptcy occasions more joint action by the two groups of workers, who normally mobilize separately, because the Bankruptcy Law stipulates that both pensions and back wages take priority over other debts. When they do act together, it is elderly workers who take the lead in rallies, in Liaoyang and elsewhere, lending a shield of legitimacy to their younger fellow workers. I relate here two typical examples of nonpayment protests, one in Shenyang and another in Tieling, to illustrate these dynamics.

Casting Factory

Shenyang is the scene of a large number of pension protests. Let’s take an in-depth look at the case of China’s largest casting factory, where from 1998 to 2000 several hundred retirees staged some twenty protests by blocking city traffic, demanding full payment of their pensions. The seventy-three-year-old former Party secretary of the production department was a central figure who commanded tremendous respect and trust from his fellow retirees. He was owed a total of 2,400 yuan over a three-year period. During that time, retirees were paid only 60 percent of their total pensions, while the enterprise defaulted on its welfare subsidies (which made up the other 40 percent of the monthly payment). The Party secretary and other workers were angry at such prolonged arrears, although they understood that was just part of the problem of enterprise insolvency. His line of reasoning was typical of retirees in Shenyang.

Our factory is in serious debt to everyone. In addition to our iron suppliers, it owes the social insurance department hundreds of millions of yuan. More than once, I have seen police being called to investigate debt disputes. ... Worker action is legal, because pensions are our lifeline money. Even the central government says that. And we don’t have any ability to do business or find work in the labor market. It is the respon-
sibility of the enterprise and the supervising department. The “Three Represents” [Jiang Zemin’s policy slogan] emphasize the personal interests of the masses, don’t they? We block city roads with only one demand: give us our money and we will go home.25

Regular participants in these blockage episodes all described them as “spontaneous,” without mobilization by any particular individuals. What they actually mean is that there was no formal organization, leadership, or coercion. A former foundry man who retired in 1989 and had participated in six of these protests presented a crisp account of how these incidents unfolded. His vivid narrative underscored several recurrent elements of pension protests I have heard workers reporting in Tiexi district, the oldest and largest working-class neighborhood in Shenyang. These include: (1) the impetus provided by the central government’s periodic announcements about the need to guarantee pension payments; (2) the outrage this provokes among retirees who mingle every day in the neighborhood; (3) a strategic selection of traffic nodes to stage a blockage, often corresponding to the degree of the workers’ desperation; (4) the restraint of the police; and (5) a minimal stop-gap payment by the enterprise shortly after the protest. Here is his first-person account of how a collective disturbance happened.

Every time the central government announces publicly that pensions must be paid in full, we are very upset. All of us have television at home and we always watch it. Who would not know about these announcements? Every day, elderly people gather in the elderly activity room in our neighborhood, smoking and playing chess, poker, or mahjong. Someone comments on our unpaid pensions and makes a spur-of-the-moment suggestion to block the road. When we get angry, we just go instantly, or say tomorrow morning at 8 or at 9. Once we arrive at the destination, we don’t utter a word. We have no banner or slogan, just stand there. We just want to create public opinion, pressuring leaders of the Machinery and Electrical Works Bureau to talk to the enterprise director. There would usually be several hundred retirees. It’s not a large number if you consider that we have 1,500 retirees in the entire work unit. Traffic police would arrive several minutes after we begin blocking. They would not intervene, just ask politely which enterprise we are from. They say they are just doing their job, and urge us to try our best to move toward the sidewalk. Police would come too, and they would even urge the traffic police not to push us too hard. They are afraid that elderly people will get hurt, and then the whole incident will become incendiary. Passersby who are on bikes are very sympathetic and are just curious to know which enterprise we are from. But people in buses or automobiles would swear at us, saying, “Those who should die live
uselessly." ... Very soon, local government officials would come and we would tell them that we are owed our pensions and have no money to see the doctor. They usually are very patient. Once they promise to investigate or to get us paid the following week, we would just disband and go home. The more workers present, the higher the level of officials who would come down to talk to us.26

Asked about the tactic of blocking road traffic, rather than lying on railroads or rallying around town, the old man laughed and offered me a simple explanation.

Look, we are people in our seventies and eighties; our bodies are falling apart. We could barely walk. We could only stand still. Standing there on the road is hurtful enough, let alone marches and rallies. My feet and legs are all sore. When we were young, in the Cultural Revolution, we could roam around town and demonstrate. We are too old for that now.27

Although pensioners were cognizant of the disruptive impact of mass action and dared to increase the pressure on the local government by amassing more workers and escalating from minor roads to major roads, they were cautious not to exceed the fine line between what they perceived as legal and illegal behavior, fearful for their own personal safety.

We don’t want to block railways. Those are major national arteries. We elderly workers are reasonable and we have a good sense of state policy. In Liaoyang and Anshan, workers blocked railways and bad things happened to them—public security officers were sent in. If any injury or death occurs, the nature of our action will be changed. ... We are also conscientious about orderly petition. First we approach our own enterprise, and if there is no response, we go to the superior department, and then to the city government. You have to follow the bureaucratic hierarchy of proceeding from lower to higher levels. Then things will be easier.28

Retirees felt strongly about the moral righteousness of their resistance. A seventy-five-year-old retiree, a key figure in these protests, forcefully invoked Mao’s authority as justification.

We only want to make one statement by blocking the road: superior officials must come to take a look! We only want our pensions paid. Premier Zhu himself promised no arrears when he visited Shenyang. The central government has announced a new forty-nine-yuan extra subsidy for each of us retirees. Work-unit leaders made us sign a paper saying that they would pay us later, but so far nothing has happened. Pension is Chairman Mao’s national policy29
According to retirees, the dynamic of their interaction with the government is that the bigger the incidents they manage to pull off, the quicker the response by the government and the larger the payment that follows. "Like squeezing toothpaste from a tube," they say, an analogy they use jokingly, which echoes the popular saying, "Big disturbance, big solution; small disturbance, small solution; no disturbance, no solution." Most episodes of road blockages have led to increases in the amount paid, say, from 60 percent to 80 percent of the pension payments owed to workers. Yet, this increase may last only for a few months and then stop again, triggering another round of action, especially if the central government happens to reemphasize the importance of guaranteeing pensions. The target of pensioners' action is quite uniformly local leadership: enterprise cadres and officials of the supervising government departments. This is related to the decentralization and cellularization of pension responsibility mentioned earlier. Under the new pension regime, retirees' benefits are still tied to enterprise contributions to their personal social security accounts. When enterprises fail to contribute, social security offices stop payment of pensions to workers, who therefore hold their enterprises and the supervising government departments or ministries responsible. In Liaoning, where massive bankruptcies create a systemic deficit of funds, the central government has responded with earmarked cash infusions and a quickening of social security reform, using Liaoning as a test site. Between 1998 and 2001, to quell the discontent and disruption caused by pension protests across the country, the central government provided a total of 861 billion yuan to bail out the deficits caused by enterprise and local shortfalls. At the same time, the center also demanded pooling at the provincial level rather than at lower county or city levels to ensure stronger equilibrium between old and new enterprises. Pension payments were required to go through the banking system instead of through the enterprise, avoiding the physical aggregation of disgruntled pensioners. By the end of 2001, nationwide, 98 percent of pensioners receive their pensions through banks rather than through their work units.

A number of factors may explain why pension protests have limited potential to become a militant and broad-based worker movement. First, the government's minimal response, albeit not in all cases, holds out the tantalizing promise that more payment would come and demonstrates the state's recognition of retirees' economic and moral claims. Second, retirees themselves see their interests as firm-specific rather than as a class- or community-based predicament. I was perplexed by the absence of cross-enterprise action, especially in Tiexi, where residents claimed that the majority of enterprises had seen their retirees blocking the streets. Every time I challenged my
interviewees to apply their theory of "big disturbance, big resolution" to attempt joint action with other factories, I received this uniform reply: "It is no use coordinating with retirees from other factories, because some firms are more generous or stronger financially, and their workers get more subsidies. Some leaders take our interests to heart while others don't care whether we feel cold or warm." Indeed, even before reform, factories had different subsidy packages for their retired employees, a practice encouraged by the government to increase the benefits of elderly workers whenever their firms could afford it. In the reform period, the problem of pension arrears exists in different degrees across firms depending on their performance and profitability. Bitter accusations of injustice are often expressed by retirees who complain about unequal retirement benefits across firms. For instance, whereas the casting factory paid their retirees an average of 600 yuan a month in 2003, interviewees pointed out that their counterparts in oil, chemical, or electricity companies were paid more than 1,000 yuan.

Third, intrafirm solidarity is also precarious as retirees' interests are fragmented by state policies. Retirees' pension packages often differ according to the starting and termination dates of their employment, differences that are arbitrarily exacerbated by periodic but differential raises given by the central government to, for instance, pre-Liberation workers (i.e., those who started working before December 1948, when the Chinese Communist Party liberated the northeast) as opposed to pre–People's Republic of China workers (i.e., those who started working before the establishment of the PRC in October 1949). Retirees were further divided by policies that gave special preferential treatment to those assigned to "high-temperature" or "low-temperature" job posts, or industries that involved specific occupational hazards and diseases. More highly paid retirees were looked at with suspicion by those paid less because they were able to maintain a more comfortable life even if they were only partially paid. A protest leader recalled being scorned by his fellow pensioners when he tried to stop a protest on a wintry, snowy day with the intention of preventing injury to the elderly workers. He recalled, despondently, "They thought my pension was substantially higher than theirs and therefore I was reluctant to go. They thought I was a traitor."32

Protestors also confront the classic free-rider problem. Protests lost momentum as participants were discouraged by poor turnout of their fellow retirees. Frustration was not uncommon, as one participant lamented, "I got discouraged when I asked them to come along and they did not care anymore. Why should I be standing there for you, rain or shine, while you go off to work, earning an extra income? It's not like they would share their income with me, yet they benefit from my effort."33 Finally, retirees mentioned that
their hands were tied in staging protests. They found themselves in a double bind: because their protests would result in fines charged to their enterprises, the more they protested, the heavier the financial burden on their impoverished firms, hurting the chances that they would get paid.

Elsewhere in Liaoning, William Hurst and Kevin O’Brien found pensioners active in worker protests in Benxi, a coal- and steel-industry city. The breaking of the social contract and the subsistence crisis that ensued prompted worker resistance. For Benxi and Shenyang workers, pensions are the single most materially and symbolically important obligation the state should fulfill, they have found. Concurring with this finding, my research also underscores the limitations of pension protests to become a more broad-based and lasting political force, however. A fundamental character of pension protests is their cellular nature. What strikes an outside observer as a homogeneous group confronting common economic predicaments growing out of structural reform is experienced from within the group as fragmented interests, unequal treatment, and mutual suspicion. The sources of such fissures come from both the state and the market. On the one hand, state policies stipulate entitlements for different subgroups of workers. On the other hand, enterprises vary in terms of market performance, leadership competence, and integrity. From the perspective of retirees, the failure of SOEs has to do with both system transformation and specific incompetent and corrupt cadres. This nuanced understanding, in addition to their perception of fissure of interests, often mollifies and mutes their critique against the state as a whole. Finally, retirees enjoy relative privilege among workers in the state sector. At the end of the day, compared with laid-off and unemployed workers, they now at least enjoy the security of socialized pensions. As we shall see later, many retirees have become the main breadwinners in their respective families: their pensions are the major source of stable income supporting their unemployed grown children and the latter’s school-age offspring, all crammed into the apartments that SOEs sold to retirees in the course of housing reform in the 1990s.

Valves Factory

Many protests by laid-off workers involved long period of wage arrears before the firm initiated the formal procedure for bankruptcy. The key actors are workers who were still on the payroll, some even showing up on their shop floors regularly, but without actually working. Many did not bother to go and the company was not concerned either way. This situation was called “mutual disregard,” or liangbuguan. The following protest occurred in China’s largest industrial valves plant. In its heyday in 1987, the factory
boasted an annual profit of ten million yuan, and a four-thousand-strong workforce. "There were so many workers that it took a quarter of an hour to get everyone through the gate at the end of the workday," one worker recalled proudly. The factory began a downhill slide in the early 1990s. Like other SOEs here, it was plagued by problems of market competition, debt, bad management, and the heavy burden of an aging workforce. At one point in 1992, all workers were required to make a "collective investment" in the firm, each paying 4,000 yuan to save the cash-strapped firm. Then in 1998, it issued "stock," the legal status of which has never been recognized by the local government, and demanded that workers voluntarily convert their investment into stock in the firm, or risk losing any chance of their money being repaid. The general public was also enticed to buy the stock of what to many was the most established SOE in Tieling. Yet, the injection of this twenty-million-yuan investment was not able to avert its decline.

On May Day 2001, some seventy workers blocked the main entrance of the factory with a chain tied around the gate, and formed a picket line to stop other workers from getting in. The factory had stopped wage payments to the entire workforce for six months. A banner declaring "We Want to Eat" and "Return Our Wages" hung at the gate. Even the security guards did not intervene, because they too were owed back pay. Most workers were sympathetic and did not force their way through. During the next three days of production suspension, police cars were seen patrolling the streets surrounding the factory and public security officers looked on, without taking any action to disperse the crowd. One key worker participant emphasized how he prevailed over other more militant tendencies among his coworkers and convinced them to stay within the realm of legal behavior. He recounted how the incident got off the ground due to the ease of communication among coworker-neighbors in the living quarters across the street from the enterprise.

You don't need much organizing. I was taking a walk in the playground downstairs, and ran into several coworkers who were talking about protesting against wage arrears the next morning. We wanted the director to come out and explain to us. Before that, a dozen of them had visited the petition office of the city government. We got one month's paycheck after that. Then it stopped paying again... There were at first twenty or so of us, gathering at the gate. We were busy debating what to write on the banner. Someone cooked up something really clumsy and long-winded, not crisp enough to be a slogan. I convinced them to go for simple and clear statements, just "We Want to Eat" and "Return Our Wages." On the sidewalk, we used eight plastic bags and wrote with black ink... We waited there for the director to appear. Then, when we
were told that he was heading for a meeting in Beijing and said that he would not cancel his trip because of our protest, workers were infuriated. We immediately put an iron chain around the gate. Some workers yelled, proposing to set fire to company cars, others suggested blocking highways and city streets. I implored them to stay calm, and reasoned with them. I said that asking for unpaid wages is righteous, but if we turn it into a riot, we violate the law. There are regulations against blocking traffic and against public disorder. It will change the nature of our cause. They [the officials] can then put all sorts of bad labels on us.

This worker won the support of most of those gathering on the spot. Thirty people remained stationed at the gate until the evening. When the enterprise management informed the city government of the protest, a delegation of five officials from the Petition Office and city government’s Light Industry Bureau came to assuage workers’ anger, assuring them that the director had been instructed to take the first flight back the next day. They asked workers to elect their own representatives to negotiate with the director and prepare a statement of demands. Worrying about future retaliation, which had happened at other factories, workers refused to send any representatives, saying that there was nothing to negotiate because they only had one simple demand: that the enterprise pay them their wages. That night, these thirty workers took turns guarding the entrance. The director returned to the factory the next evening, appearing before a crowd of one hundred workers.

He told us our enterprise is experiencing financial difficulty. His trip to Beijing was about something urgent and he had rushed back once that business was over. He was willing to follow the instructions of the government to pay us immediately one month’s wages, and will then come up with a more detailed repayment plan... We got wage payments the following two months, but they stopped again after that. No one has ever seen any repayment plan.

The threat of police repression is intense and imminent, leading workers to set self-imposed limits on what actions to take. The sensitive political boundary between enterprise and “society” should be observed if government crackdown is to be averted. Workers feel protected if their activities remain work-unit-bound, where the geography of workplace and residence facilitate communications among coworkers. Within the work unit, workers are also often divided in their interest. When rumors spread that the management of one of the workshops was close to clinching a merger with a private firm from Shenzhen headed by the sister of one of the premiers sitting in the Standing Committee of the Politburo, workers in that workshop were
hopeful of resuming work and receiving their unpaid back wages. For workers in workshops that had been “subcontracted” to private, financially independent entrepreneurs, this deal would not benefit them because they had severed their employment relations with the main enterprise and therefore were not entitled to back wages. For the rest of the unpaid workforce, the momentum to engage in further action diminished. When I visited these workers in January 2002, there were flyers posted on the entrance of each residential building, announcing another protest scheduled for November to demand payment of eight months of unpaid wages. That mobilization failed because by then many workers were disillusioned and were busy with whatever alternative jobs they had found. Finally, at the end of 2001, the center’s policy of paying a one-time compensation to workers in unofficially bankrupt enterprises resulted in a severance package of 400 yuan per year of tenure. No protest occurred then.

NEIGHBORHOOD PROTESTS

Working-class neighborhoods in Liaoning, as in many major cities, are work-unit-based. Work units built and maintained employees’ residences, which were typically apartment units averaging about fifty square meters in an eight-story building. A medium-sized enterprise would have one or two residential quarters (jiashuqiao) each consisting of six to ten apartment buildings. These neighborhoods have remained intact, even after enterprises have descended into formal or informal bankruptcy. Problems of maintenance, utilities, and public services provision have fallen into an institutional vacuum with the default of enterprise subsidies for a wide range of services to the respective government offices, many of which have turned into independent commercial entities. Based on my fieldwork in Tiexi, the largest and oldest working-class district in Shenyang, winter heating and pipe maintenance have sparked the most collective action, some of which have crossed work-unit boundaries. For instance, in the late 1990s, winter heating became a contentious social issue in Liaoning when only about half of the total heating bills were paid. Some factories had continued paying heating subsidies to the utilities company, while others had stopped. Apartments built in the 1980s or before, when no one anticipated the dismantling of SOEs and the system of work-unit subsidies, were not equipped with individual household meters. The consequence was that the utilities company had no way of recording individual household consumption and could only impose a uniform rate of 1,200 yuan each winter. Many workers said they could not afford it, so no one got heat until everyone paid. Protests by residents erupted in the winter
months, when there was no heating in subzero temperatures. The interests of workers as residents were again organized on a work-unit basis. As in the case of pension protests, worker residents simply made use of their everyday social organization, the work-unit residence, for what the government called "extraordinary" activities or disturbances. The architectural infrastructure of the work unit as a social reproduction institution not only survived the bankruptcy of production but also quietly sustained the organizational capacity of workers against their own enterprises and the local government. The target of workers' actions was the enterprise management, which workers held responsible for not paying the subsidies, but they made shrewd use of mass action in public to draw the attention of city government officials, who would presumably leverage their pressure on enterprise management.

There were reports of protests in several northeastern cities that were related directly or indirectly to heat provisions and subsidies. In the winter of 2002 alone, one factory in Tiexi staged three demonstrations outside the heating company. At least one of these was timed to take place before the Sixteenth Party Congress in Beijing, a sensitive time when the central and provincial governments were particularly keen on maintaining an image of social peace and stability. Similar dynamics of organization and action as those found in pension protests underlay residents' protests. This account by the former Party secretary of the factory involved was corroborated by other participants.

In late October, the heating company began posting flyers in our neighborhood's notice board, announcing that our factory owed them 4.8 million yuan of heating fees and another 4 million yuan of maintenance fees. Each household had to pay 1,200 yuan, otherwise it would stop providing heat this winter. No one wanted to pay and many who were owed wages were unable to pay. When some of us ran into one another in the courtyard and started grumbling about our freezing apartments, we decided to ask people to gather the next day at 8 AM to go to the utility company. So, fifty to one hundred workers would come each time. It's a fifteen-minute walk, and marching on the streets created a scene. Police would come, and once we told them it's about a heating problem, they would leave us alone. The utility company saw us and called our director to come immediately. He promised the company would pay the debt and asked them to resume heating. It's the enterprise's responsibility. By gathering in public, we exerted pressure on city officials. Who among the leadership is not concerned about social stability these days? They cannot afford to ignore problems of heating because those old pipes would crack and burst if they stop heating completely. That's why there is always a trickle of heat in our apartments, not enough to keep people warm, but so the pipes would not explode.
Maintenance of water pipes and supply is another neighborhood issue that has led to public protests in Tiexi. Workers from different factories have joined together as residents of the same neighborhood when they confront the same public services problem. This woman worker from a bridge-work enterprise in Shenyang participated in a road blockade involving hundreds of residents in her neighborhood. They were employees of six enterprises whose apartment buildings were all affected by an extensive leak of sewage pipes. Still relishing the victory of mass action, she recalled with pride and amusement that the Street Committee secretary managed to pull off such a feat of collective dissent. They blocked the major road from Shenyang to Liaozhong, demanding that the local government repair the pipes and stop the flooding of dirty water. Again, the root cause is the collapse of the work unit.

Pipes inside the apartment building used to be maintained by the work unit. In theory, it should now be the responsibility of the Housing and Property Bureau, as the work unit no longer manages workers’ housing. Pipes outside the building should be maintained by the Water Work Company. The problem is that neither of these departments nor the district government want to take responsibility, and the enterprise has collapsed. We have had flooding of white [clean] water and black [dirty] water. . . . We are the masses, the residents; what should we do? We can only complain to the Street Committee (jiedao) and the secretary is desperate. One day, he took a loudspeaker and addressed the residents, saying, “For the sake of our neighborhood environment and sanitation, residents please come to block the road.” Several hundred people responded, and ten minutes later, we occupied four major intersections of the road from Shenyang to Liaozhong. The secretary said if the police asked, we cannot mention the Street Committee and should all say we came spontaneously without an organizer. . . . Public security arrived first on the scene, and then all the leaders of the enterprises came. Within two months, all the pipes in the neighborhood were replaced.\(^{37}\)

If incidents like this involve a large number of worker residents from different factories, their demands are very specific and mundane. Once services are restored, the momentum for collective action dissipates. A potentially more serious and knotty problem concerns fuzzy property rights to work-unit apartments that workers and enterprises presumably have shared. Protests involving property rights violations and relocation compensation flared up in major cities across China in the early 2000s. In Liaoning, workers’ property rights contentions are inextricably tied to work units. The problem can be traced to the 1980s, when SOEs took advantage of their autonomy granted by enterprise reform and engaged in a frenzy of apart-
ment construction. Around the early 1990s, workers were asked to “buy” their allocated apartments at highly subsidized prices, with the condition that the enterprise retained 30 percent of property rights to the apartments. By the early 2000s, plant closures or production suspensions had workers worried that their property rights were no longer guaranteed, because it was unclear whether and by whom their partial property rights would be recognized. Some enterprises had transferred the management of their housing stocks to the local Housing and Property Bureau, which, according to workers, did not always recognize them as owners. The problem had to do with documentation, with some enterprises issuing property titles to workers while others did not. In other cases, the Bureau claimed that because the enterprises involved had not transferred their share of 30 percent to the Bureau, residents had to foot the bill before their property rights would be officially and fully recognized. A seventy-year-old woman I interviewed was furious that she still did not have her property title. Recently, she and other elderly workers had held several meetings in the neighborhood's elderly activities room and they had decided that they should be given full title of their apartments and the Housing and Property Bureau should issue them title certificates. Her fifty-square-meter apartment in Tiexi, which she “bought” in 1988 for six thousand yuan, was estimated to be worth about fifty thousand yuan today.

We had several meetings. Each time sixty or so people came, and we wanted to ask the enterprise director to come as well. I called him up during our last meeting, telling him that there were sixty of us witnessing this call. I said we wanted to resolve our property title problems and wanted him to come. I also said that we would play by the rule of first approaching the enterprise. If there is no result, sorry, we’ll go to the city government. He was courteous and promised to talk to us directly. We’ll see if we need to petition the city.38

This incipient protest represents just the beginning of a major movement in Chinese cities. Property rights disputes involving relocation, demolition, compensation, and illicit development of neighborhood land are increasing rapidly, leading to mass petitions and road blockages, and sometimes even self-immolation and clashes with police. When I left Liaoning in the summer of 2003, rumors were circulated in working-class neighborhoods about the local government’s plan to develop dilapidated work-unit residential quarters into high-technology parks and commercial districts. Some residents were waiting to see if the compensation plan would give them modest capital to start life elsewhere, while others deplored the imminent disappearance of workers’ districts.
In short, both nonpayment and neighborhood protests are driven by livelihood needs and concerns about collective consumption and are mobilized on the basis of highly localized and cellular groupings. Such actions are usually restrained and self-limiting, calculated to avoid state repression but generate sufficient mass pressure so that the local government and enterprise management will yield to demonstrators’ demands, at least partially. In the next section, we will see that the propensity for these protests to escalate into more inclusive, broad-based political unrest is heightened when enterprise bankruptcy is involved. In some bankruptcy protests, management’s strategy of “divide and conquer” may still prevent retirees from participating in laid-off workers’ actions, as the following case studies show. But the two groups are more likely to engage in joint action in circumstances involving bankruptcy declarations because the Bankruptcy Law bundles their rights together, and because bankruptcy always implies cadre corruption and illicit sales of enterprise assets perceived by workers as their collective property. The rage against the violation of workers’ “master status,” realized through permanent employment and embodied in the physical structure of an SOE, distinguishes this kind of protest from nonpayment protests and neighborhood protests. What to officials and management is outdated machinery or a dilapidated workshop to workers is their collective asset, accumulated through lifelong sacrifice under a low-wage system. When cadres are found to squander these assets, workers’ attachment to their factories easily fuels passionate resistance. This extraordinarily deep and unique “class feeling,” not to be found among migrant workers in non-state industries, is vividly articulated in many workers’ accounts of protests. Bankruptcy becomes all the more incendiary when local government fails to react in a timely fashion, and when particularly daring leadership happens to emerge from among outraged workers. When this occurs, the flames of protests can spread quickly across factories, pitting the local working class against the local state, as events in Liaoyang threw to bold relief.

BANKRUPTCY PROTESTS

Years before the central government formally allowed bankruptcy of SOEs with the policy of “grasping the big and letting go of the small” in 1997, many small and medium-sized SOEs in Liaoning had suspended production in the face of fierce competition from rural industry and private and foreign-owned factories. Since the early 1990s, workers who have not reached retirement age have been released in increasing numbers from these ailing factories, told to “take a long vacation” for an indefinite period
of time, or become “informally” retired. Their employment relationship with the firm remains intact, meaning that although they are no longer paid, they are still on the payroll and therefore eligible for health-care benefits and, most important, pensions when they eventually reach the official retirement age for blue-collar workers (fifty-five for men, and fifty for women, with exceptions for workers in heavy industry or in particular posts). The crux of labor contention in bankruptcy protests is the question: Are these middle-aged workers compensated adequately at the time of bankruptcy so that they can enjoy the same floor of security available to current pensioners?

The backbone of bankruptcy protests consists of these middle-aged workers, who are arguably the most disgruntled group in the state industrial workforce in the reform period. Sociologists call them the “lost generation”; these workers describe themselves as victims of state policies. On their collective fate of “running into every major reversal of state policies” (i.e., the Great Leap Forward, the Cultural Revolution, the One-Child Policy, and market reform), a Shenyang woman worker bemoaned,

Our generation has really suffered a bad fate. As kids, when we were growing up, [there was not enough food as] it happened to be the Three Difficult Years [after the Great Leap]. When we were in primary and secondary school, it was the Cultural Revolution. Then, at seventeen, we were made to leave our parents to go up to the mountains and down to the fields. Just as we got back to the city, there was the “diploma craze.” Now at our age, with neither strength nor skills, we become the first target of reform and are let go.

These workers are too young to reap the benefits of socialism but too old to compete in the emerging capitalist social order. Many are sons and daughters of retirees, and returned to the cities and joined their parents’ factories after the sent-down movement came to a close between the mid-1970s and early 1980s. A particular state policy of replacement, or dingti, allowed these youngsters to inherit their parents’ state factory jobs, a highly desirable employment opportunity at that time. SOEs are therefore aptly described by workers and management as “family enterprises” (jiashuchang). By the late 1990s, these relatively younger workers found themselves bearing the brunt of market reform in every conceivable way all at once. Just when their financial and family burdens peaked, with school-age children and elderly parents, they found themselves victims of enterprise restructuring, mass layoffs, wage arrears, and a labor market favoring younger and more educated migrant workers from the countryside. Housing allocation by work units usually benefits their parents, whose longer job tenure translates into higher
scores in the allocation exercise. Many laid-off workers who cannot find regular jobs live and eat at their parents' households and rely on the financial support provided by their parents' pensions. Sandwiched between two generations but unable to shoulder the traditional responsibility of taking care of either, this cohort of workers feels particularly hard pressed and vulnerable.

To this generation of workers, not only do they feel betrayed after they sacrificed their youth to erratic state policies and political campaigns in building socialism, but they are also indignant about cadre abuse of power and corruption that deprives them of a fair, level playing field for market competition. A fifty-two-year-old woman worker who took informal retirement when she was forty-eight said,

> We can accept inequality of income, if those who earn more are more capable or work harder. We can only envy their achievement. But the problem today is that the Communist Party people use power, not ability, and that infuriates workers. Even the lowliest cadres have the opportunity to squander the wealth and assets of the ordinary masses.\(^{42}\)

Corruption is the most popular rallying cry in bankruptcy protests, and as many workers explain, it is immoral because the beneficiaries make no effort and have no merit. These workers approve of higher incomes for entrepreneurs as rewards for their competence and hard work, but they believe that corruption has no legitimacy in either a socialist or capitalist society.

The problems with our enterprise are about illegal practices. We workers feel totally helpless. People have petitioned the local government many times, and they have sent several teams of investigators. These all ended without result. It's not that the state or enterprise leadership exploits us. We'd rather be exploited. Exploitation is much better than corruption. I find corruption so much more disgusting and despicable. If you [the boss] are capable, and have capital or technology, you are still making a contribution to society. I think this has relative rationality. To a certain extent, I am for exploitation, when it is law-abiding. At the end of the day, what the market economy means is exactly this: private employment relations. Exploitation is more transparent and clean than corruption.\(^{43}\)

While cadre corruption is common knowledge, bankruptcy procedures involving local government investigation, auditing, and final approval allow workers to learn about the magnitude of the problem and directly implicate workers' personal interests. In the following analysis, I juxtapose several cases of bankruptcy protests in Tieling and Liaoyang to understand how bankruptcy triggers mobilization. Whereas the textile mill protest and the steel window-frame factory demonstration both illustrate the centrality of
laid-off workers as the core instigators fighting for severance compensation, the latter case also reveals how and why the local government is under political pressure to concede. The Tieling protest, the third case, shows the powerful force bankruptcy unleashes when both retirees and laid-off workers share economic and political grievances with their counterparts in other factories against an unresponsive local government. Interfactory mobilization emerges, however briefly, only to be met with a heavy-handed crackdown by the government.

Textile Mill

Although protests had become almost a routine affair in this seemingly quiet industrial town of four hundred thousand residents, the textile mill struggle was a local cause célèbre because of the unusual persistence of the workers, who not only petitioned regularly in front of the mayor’s office, but also went to the provincial capital and even to Beijing. Workers were bemused that over the many months of interaction, they befriended even the public security officers, who became sympathetic to their cause. Neighborhood shopkeepers would ask for updates of their actions when they went to make photocopies of protest materials or buy other sundry items. Established by the Japanese in the 1920s, the textile mill specialized in producing chemical fiber cloth. Its four-thousand-strong workforce (half of whom were retirees) and fixed assets worth sixty million yuan made it one of the major SOEs in Liaoning’s textile industry. The decline of the factory began in the early 1990s, when management made some fateful decisions to take out huge loans to import new technology that later proved to be incompatible with existing machinery in the mill. Competition from township and village enterprises and from SOEs in other provinces also dealt heavy blows to sales. Added to these were problems of rampant cadre corruption and diversion of funds. In 1996, the director announced to the entire workforce that the factory would file for bankruptcy in the local court, so as to get rid of its accumulated debts. He reassured workers that this was a false bankruptcy, only a strategic move similarly taken by many other ailing SOEs to restructure their asset-debt ratios, and that workers would be recalled back to work in a few months. After waiting for three months, to the workers’ outrage and dismay, there was no payment of wages or allowances. The government then announced that a subsidiary shopping mall, established in the mid-1980s by the textile mill to generate extra profits, would be transferred to the Labor and Social Security Bureau to cover payment of retirees’ pensions. Although retirees were able to collect their pensions every month,
younger workers never received the legal minimum allowance of 120 yuan for laid-off workers.

The laid-off workers waited and endured for two years, dipping into their savings or taking up various other forms of employment. Finally, a government announcement sparked worker action. In mid-1997, when the central government pressed ahead with a three-year plan to restructure SOEs, it simultaneously urged local governments to guarantee the basic livelihood of workers made redundant by enterprise restructuring and bankruptcy.

"When we heard on television that the government is serious in implementing this livelihood guarantee policy, we began organizing petitions. Every Monday, the 'meet the mayor' day, we showed up in his office," explained Su, who emerged as one of the leaders when the former leader, who was the enterprise union chair, died of a heart attack. At first, workers occupied the union meeting room inside the factory and hung on the door a red banner with the words "Home of the Laid-off Workers." Later, mass meetings were held in the courtyards of the enterprise's residential quarters, which consisted of four eight-story apartment buildings, or in the open in front of the local government office. Smaller meetings for the core leaders were held on a rotating basis in their homes, many of which were within walking distance of one another. Conspicuously absent from these meetings were retired workers, who opposed their planned protests and saw the younger laid-off workers as competitors for the same pot of money. A seventy-year-old female retiree, upset by her son's participation in the protest, was not on speaking terms with him. For her, family relation became tense and fractured from within by the factory's different policies toward retirees and laid-off workers.

For those involved in protests, their strategy was to adhere unflinchingly to the law. Worker representatives diligently amassed evidence, solicited testimony, and drafted sophisticated petition letters, seeking the advice of lawyers and law students. They asked fellow workers to submit testimony of what they knew about management corruption or malfeasance in the bankruptcy procedure. The protest leaders were encouraged when workers in different departments, some very close to top management, would deliver to their doorsteps written testimony with detailed figures of dubious expenditures, embezzlement of sales revenue by cadres, and illegitimate allocation of enterprise housing units to local government officials, and so on. Like many in other protest cases, worker representatives devoured law books and government circulars. A typical petition letter these workers presented to the city and provincial governments reflected thorough knowledge of specific clauses
in the Bankruptcy Law or the policy of minimum livelihood guarantee, and evidence of how the enterprise departed from those stipulations.

With our deepest indignation and a strong sense of responsibility toward the Party, the enterprise, and ourselves, we the entire workforce sustained one hundred days of petition to the city government, demanding thorough investigation into the handling of bankruptcy of our enterprise. There was never any satisfactory reply. Therefore, following the stipulations of the Petition Regulations, we submit this jointly signed petition to you, the provincial government, and we strongly demand that the authorities look into these matters so that we can secure our legal rights and receive justice. . . . Here are the discrepancies between the Bankruptcy Law and the situations of our enterprise. First, the procedure of bankruptcy was illegal. According to Instructions on Bankruptcy of State-Owned Enterprises passed by the Liaoning People’s Government Office . . . there must be approval by the Workers’ Congress and the superior department of the enterprise. . . . None of this is true in our case. . . . Second, workers received absolutely no livelihood allowance and this is a violation of Clause Four in the Bankruptcy Law.45

Reflecting the workers’ legal-mindedness and restraint, the banners they raised during petitions read, “We Want to Meet the Mayor” and “Return the Shopping Mall to Us.” They wanted the local government to pay them the allowance stipulated in state policy and they wanted to be able to use the shopping mall rental income to make severance payments to all workers, not just to retirees. If they were keenly aware of how their interests diverged from those of retired workers, they also insisted on the difference between themselves and laid-off workers in other local factories. Jealously guarding their unique ownership claim to the shopping mall, one leader said,

Every factory has its own problems and situations. We have the shopping mall in the best location in Tieling, a spot equivalent to the Tiananmen Square in Beijing. Which other factory has such a prime asset?46

Another important factor inhibiting interfactory activism was state repression. Ever cautious to present themselves as “apolitical,” these laid-off workers consciously avoided coordinating with other factories involved in petitions. “We do not need networking with others. That would jeopardize our cause. We act within the bounds of the law and we are good citizens,” a female leader later explained to me.47 Instead of lateral organization, to augment pressure on the local government, workers scaled the bureaucratic hierarchy and traveled periodically to the provincial government in Shen-
yang and submitted petition letters to the government’s petition office and textile bureau. They also raised petition funds from workers to finance a Beijing trip for the five representatives in May 1999, and returned with letters from the central departments demanding that lower-level departments expedite their investigations of this case. While in Beijing, they visited a television station known for its exposé programs, but reporters there told them that the textile mill’s case was just too common nationwide to be used as material for special reportage. Workers also went to the Textile Bureau and the national Petition Bureau, where they met many other petitioning workers from different parts of the country with similar grievances. They also went to the Justice Department and decided that they would bring their case to the court and press charges against management corruption after getting the issue of pensions and allowances settled. Representatives vowed that they were equally committed to answering the anticorruption call of the central government, although their own livelihood must be the top priority.

A turning point of their agitation came in a meeting with the mayor after worker leaders returned from Beijing. During a heated discussion about the property rights to the shopping mall, workers found out that the ownership certificate of the mall was still in the hands of the director and had not yet been transferred to the Labor and Social Security Bureau. One worker leader who was known for his thunderous temper rushed to the director’s office and literally took that piece of paper by force and ran away. The next day, about a hundred workers staged a sit-in blocking the entrances to the shopping mall. In order not to obstruct the businesses of the stall keepers, who were mainly unemployed factory workers, they cordoned off the electricity supply room of the mall. Shoppers went in and out as usual, but business was conducted in the dark. Hanging up banners that read “Return the Shopping Mall to Us,” dozens of workers took turns guarding against police action. The next day, local officials backed off and yielded to workers’ demands for livelihood allowances. Yet no final agreement was reached regarding the enterprise’s contribution to workers’ pension insurance accounts, a main concern of laid-off workers who found themselves just a few years away from retirement. Many worried that the lapse in enterprise contributions since the mid-1990s would disqualify them from receiving pensions later. A few leaders adamantly kept up the pressure on the local government, pressing their complaint about illicit bankruptcy procedures. The city government accepted their petition every time they visited the petition bureau, but no concrete progress was made about pensions or bankruptcy compensation. The case dragged on until December 2001, when the
central government imposed the policy of the one-time payment to permanently sever the ties between laid-off workers and their enterprises. In Tieling, for each year of job tenure the laid-off worker was paid 400 yuan. Most workers grudgingly accepted, for fear of losing even this pittance of compensation. Others, such as Su Jingwen, chose to wait out this period of chaotic policy to reach the official retirement age. Only five years separated him from the most cherished of all socialist benefits—pension. With tears in his eyes, he expressed indignation typical among workers abandoned by the state’s retreat from the socialist social contract.

I joined the People’s Liberation Army at nineteen, and seven years later, came back to join the factory. I am a good citizen, a good worker, a progressive producer in the enterprise. No black spot in my background. I have always believed that as long as the Communist Party exists, they would not ignore our problems. I have been loyal to Chairman Mao from the revolution until today. I gave my youth to the state. Thirty-some years of job tenure, at age fifty-three, with young and elderly dependents at home, you make me a laid-off worker. How can I attain any balance inside? You see how our enterprise has been squandered to this state. I really cannot stand it. I am really unbalanced inside. There are worms in our societies eating us from within. When every one of the state factories is going downhill, the end of the entire society will not be far away. Cadres can go to the office any time they like, and have ladies sitting around the dinner table. Yet we cannot even get our livelihood allowances on time! The Party Central Committee is basically good, but they have problems enforcing the law.48

Besides the popular anguish and resentment about the regime’s betrayal of the social contract, there are several noticeable features in the mobilization strategy of this protest that are typical of many in the northeast. First, workers use the law imposed by the central government as the parameter and trigger for targeting enterprise and local officials. The gap between central policy and local practice offers the political space for what workers consider legitimate activism. Collective petitions, an institutionalized method for the masses to lodge complaints against local officials, evolves almost seamlessly into collective protests in the interaction with officials who defy the legal procedure of bankruptcy. Second, while the work-unit residential community facilitates collective action, the work unit does not necessarily act collectively, because workers’ interests are divided by state policies and management practices (e.g., retirees did not participate in the protest outside the shopping mall). Finally, with the goal of obtaining maximum concrete results, workers consider lateral mobilization across factories less feasible and less effective than leveraging the hierarchal power relations between
superior and subordinate levels of government. The next example drives home even more clearly why mass action can generate pressure on local officials.

Steel Window-Frames Factory

Workers' struggle can often lie dormant for months or years and suddenly take on unexpected momentum, fueled by official actions that are equally brisk and sudden. In the case of the window-frame factory, which employed some four hundred workers and suspended production in 1995, workers were sent home without receiving livelihood allowances as required by law. Having argued in vain with enterprise management and the Economic Bureau of the city government, the superior bureau of the factory, workers gave up petitioning and focused instead on making ends meet. Then in April 1999, the government announced that a real estate developer would buy the factory premises for five million yuan, and the enterprise applied for bankruptcy and proposed to the Workers' Congress in the enterprise that workers would be paid two years of unemployment allowances. Workers went back to the factory to attend the meeting and rejected the offer, demanding that either the enterprise resume production or pay them severance compensation pegged to the length of job tenure. In view of the imminent sale, and the rumors that the local government would send in cranes and police to clear the premises, workers living in the nearby enterprise housing area began taking turns guarding the factory's main entrance.49 Some twenty workers were there holding out day and night, with a red banner hanging up at the gate, reading, "We Vow to Protect Workers' Legal Rights and Interests" and "Stop the Loss of State Assets," both current official slogans. Then, a week later, on June 24, around 2 AM, around five hundred police officers armed with dynamite locked up the dozen workers guarding the premises and, in an hour's time, demolished the several low-rise buildings making up the factory. The noise awakened residents nearby and angry workers living farther away gathered together early the next morning and began a rally in the city, holding up white banners that read, "We Want to Live" and "We Demand Justice." Wang Zhongzhi, an ordinary worker who joined the protest, recalled workers' explosive anger.

Every inch of grass and every piece of steel in the factory belonged to us workers. They were our sweat and labor. People had tears in their eyes when they saw the fallen pieces of window frames left on the burnt ground. Those were state assets and these officials just squandered them... Two hundred workers gathered and every one was agitated. There were so many different calls to action: block the main highway,
block the railroad, march to the police department. . . . It's really an aimless flow of people at that time, marching forward not knowing where to go, just roaming. I shouted to remind them to stay close together. We don't want to lose any of them. But frankly, I was very scared on the inside. Such a huge angry crowd.50

A worker representative recalled that it was a rainy day, and the rally crowd stopped several times under bridges to rest and wait for the rain to stop. By 6 PM, the two hundred protesting workers arrived at the last train station on the railway line to Shenyang. Under the cautious eyes and occasional blockage of the police, they decided to walk all the way to the provincial capital, eighty kilometers away. By that time, there were 140 people left and they stopped to spend the night in a state-owned barn until daybreak. Around 2 AM, city officials came and wanted to negotiate on the spot. But workers said they were too tired and would send representatives to meet with them in the morning. At 5 AM, all the major leaders of the city government came, and to the workers' surprise, they appeared very sincere and willing to talk about specific compensations and regulations. The government offered to "buy off their tenure" at a rate of 400 yuan per year. A worker representative explained the calculation by workers and by local officials.

We accepted, because we heard that the government sets the range at 300 to 400 yuan per year. But workers did not trust their verbal promise and so we demanded a written agreement. In the end, there were four clauses in black and white. Three were about worker compensations and the last one was that "workers would never petition to higher-level authorities." They [officials] were very afraid that we would bring their dirty linen to the attention of their superiors. There were so many illegitimate accounts inside the factory.51

On July 9, all workers went back to what used to be the factory premises to collect their hard-won paychecks for the last time.

As in the case of the textile mill, we find the same logic of claiming workers' rights defined by state policy, appropriating official slogans to legitimize their claims, and the ease of coordination owing to the geographical concentration of some workers living in enterprise housing. Local officials were pressured to make concessions to workers' demands because they were concerned that superior and public attention would be drawn to their management and financial records following an escalation of the confrontation. Many of the workers who joined in the last phase admitted that the possible settlement of their severance compensation spurred them into action. Of course, they were outraged that a lifetime's labor was reduced to a pittance. The land sale seemed like the last chance for them to make a last-
ditch effort to claim whatever the government was willing to give. After several years of receiving nothing from the enterprise, the several thousand yuan everyone got was at least a bittersweet consolation. In short, both the textile mill and the window-frame factory had some concrete assets to be contested: the shopping mall and the factory's land. When workers could see the prospect of a realistic resolution to their problems, mobilization was facilitated.

The conciliatory stance of the Tieling officials in these two cases must be juxtaposed with the other side of a Janus-faced state in response to labor unrest. There are many reports in the international media about worker protests that were put down by armed police and even the military. In a mining town in Liaoning, some twenty thousand miners and their families smashed windows, burned cars, and blocked traffic in March 2000 after the mine declared bankruptcy and offered meager severance packages to the miners. Several hundred soldiers from the People's Liberation Army were brought in from several cities, tear gassing the crowd and firing shots into the air. Leaders of the incident were reportedly arrested. In another incident in July 1997, workers from three state-owned factories in Mianyang City of Sichuan province took to the streets to denounce graft and demand unemployment relief after their factories were declared bankrupt. Armed police were sent in to impose a citywide curfew, after more than one hundred workers were injured in violent clashes with the police and eighty people were reportedly arrested. It seems that state repression is most likely when the number of workers involved is large or when interfactory or community participation appears. Desperate and angry workers, instead of pursuing the tactics of legal petition and cellular activism, sometimes resort to violence against enterprise management. Kidnapping and murder of managers responsible for mass layoffs, and factory explosions purportedly committed by former workers have been reported in different cities. In many other incidents, though, protests erupted under the watchful eyes of local police but died down without violence or concessions by officials.

**Liaoyang Ferro-Alloy Factory**

The outburst of protests in Liaoyang in the spring of 2002, perhaps the most radical episode in labor activism in more than two decades of reform, raised the specter of a class-based uprising. It involved interfactory coordination and political demands for the removal of city officials. These two features of the Liaoyang incident set it apart from every previous worker protest, and it received enormous attention from the international media.
and the Chinese regime. While the international media and labor groups hailed it as the largest popular demonstration since the Tiananmen mobilization in 1989, the state came down hard on worker leaders, sentencing two of them to seven and four years of imprisonment, respectively. This is a critical case for understanding the dynamic, potential, and limits of labor unrest. How did it manage to break out of the confines of single-factory mobilization and economic demands? What kind of mobilization strategy was used? And what explained its demise? The following analysis is based on interviews with worker representatives from the Liaoyang Ferro-Alloy Factory and several participants from other factories, as well as journalistic reports in the foreign press and publications of labor organizations outside of China.55

All the familiar elements I found in other worker protests were also present in Liaoyang, including the catalytic role of state policy and ideology, work-unit mode of mobilization, diversity of interest among workers, economic demands, popular accusations of local corruption, and appeal to the legality and the authority of the central government. Nevertheless, a sustained interaction of these ordinary factors apparently gave rise to something extraordinary. As one worker representative of Liaoyang Ferro-Alloy Factory put it, in a measured and solemnly reflective voice, "The whole struggle went through a conversion, a 'qualitative leap.'"56 He was referring to the changes from petitions to protests, from single-factory to multifactory joint action, and from economic to political demands. According to workers' accounts, what seems to have happened was that although several years of repeated petitions had failed to bring about a government response, the process of petition itself had taken on a life of its own. Representatives emerged as the government demanded that petitioning workers elect five representatives to present their cases, rather than the government having to deal with massive public gatherings of workers. During numerous visits to the city government, worker representatives from different work units who initiated their action independently came to know one another. The increase of bankrupt firms over time in the same locale led to a transformation in popular consciousness, with a realization that residents' economic woes had common and deeper roots in the corrupt local state. The prolonged process of struggle also witnessed the maturation of core organizers' mobilization skills and established their credibility in the local community. In the end, an incendiary comment on unemployment made by a hated local official was enough to infuriate the public and ignite the dynamite. Had the government in Liaoyang been more responsive, as local officials in Shenyang and Tieling
had been, the explosive incident would likely have been preempted. Had individual worker representatives been less daring and committed, workers would not have transcended the cellular confine of their work units.

The Liaoyang rebellion was mainly agitation by workers at the Liaoyang Ferro-Alloy Factory, or Liaotie, where workers had already engaged with the local government for four years by the time of the 2002 protests. Ever since the appointment of Fan Yicheng as director and Party secretary in 1993, the firm’s fortunes had slipped, and since 1996 production had been suspended periodically. Beginning in 1998, workers made many attempts to petition local and Beijing officials. They lodged complaints about managerial corruption, illicit transfer and privatization of state assets, and unpaid wages and pensions. All their efforts were in vain; officials did not take any action to alleviate the workers’ plight.

In May 2000, more than one thousand Liaotie workers blockaded the main highway from Liaoyang to Shenyang and demanded payment of wages and pensions. Armed police arrived and arrested three organizers. The next day, workers regrouped and launched a siege of the city government building, with a banner reading, “Arrears Guilty.” They demanded a solution from the mayor, the release of their leaders, and payment of wages. One police source confirmed that at that time, some two thousand workers were still working at the factory but had not been paid for sixteen months since 1998, while two thousand laid-off workers and one thousand retired workers had not received their benefits for three to six months. The leaders were later released but workers still did not get their pay. The only gratification workers obtained was that their action was reported by the Voice of America, which was popular in Liaoyang.

Liaotie workers also tried approaching the Labor Bureau, which, as one worker representative recalled bitterly, refused to process their case because of political pressure.

We went to the Labor Bureau and tried to register our case with the Labor Disputes Arbitration Committee, only to be told by the officer there that “we cannot handle your case.” The city government had instructed them not to touch the case. So, we workers have legal grounds, but to whom can you take your grievance? Our own enterprise trade union chairman reprimanded us for being so foolhardy, saying that “there is the labor law, there is the bankruptcy law, but this enterprise still does what it wants!” Trade unions in China have never defended workers’ interests. . . . When elderly workers went to the director for their unpaid pension, Fan [the enterprise director] said to their faces that “the government document is a piece of crap,” that it is no use citing government circulars. He could just choose not to
implement the center’s policies. It has also become common for petition leaders to be assaulted by criminal gangs. That has happened to the representative of the precision instruments factory.58

When I visited this factory at the height of the rebellion in March 2002, open letters and posters depicting the workers’ grievances and demands were posted on the walls in the main building. Neatly typed and printed in large, 11.5 × 15 inch sheets of white paper, these posters were intended as calls to action addressing workers outside of Liaotie. In these public statements, charges of official corruption and economic hardship of the masses were contrasted, alongside the gap between central government legislation and illegal behavior at the local levels. In one open letter addressed to the Liaoning provincial head and posted outside the Liaotie premise and throughout working-class residential quarters in the city, workers wrote passionately of the long struggle between two groups, the powerless and the impoverished on the one hand, and the unscrupulous and oppressive officials on the other.

Since the former director and Party secretary Fan Yicheng assumed duty, our factory began an ill-fated decline. Cajoled by the present president of the local People’s Congress, Gong Shangwu, he created a company into which several billion yuan from our factory has been diverted, and lined their personal pockets . . . . Because Fan Yicheng refused to pay our pensions and medical insurance contributions from 1995 to 2001, now that our factory is bankrupt, all employees are left without any source of livelihood . . . . The masses have no other option but to petition and disclose the crimes committed by these corrupt elements. Year after year between 1998 and 2001, our workers went to the city, provincial, and central offices of the Party Disciplinary Committee, the Supreme Court, the Procuracy, the Labor and Social Security Bureau, and the State Council Petition Office. But so far, the masses are still desperately waiting for any official reply . . . . Our city has seen many incidents of mandatory bankruptcy and unjust settlement of job tenure compensation. Helpless workers organized many marches, demonstrations, and even protests by blocking railways. But none of these has been sufficient to draw the attention of the local leaders who just continue with their corrupt and parasitic crimes. We the working masses are all enraged but we find no outlet to vent our burning hatred for these officials. We are about to run out of money to feed ourselves. We can hardly afford the enormous legal fees to take our case to court.

The turning point toward radicalization came in late 2001, when the local government and the court declared Liaotie bankrupt. In another open letter, titled “Government Eats Its Words, Workers Demand Results,” workers
invoked the Chinese president’s speech and the Bankruptcy Law in the indictment of their local leaders.

President Jiang Zemin said, “All levels of government officials and bureau cadres must care deeply for the masses, be responsible for them and promote their interests.” But the behaviors of the Liaoyang’s leaders before and after the bankruptcy of the Liaoyang Ferro-Alloy Factory never comply with this instruction. . . . The Enterprise Law and the Bankruptcy Law both formally require an open and thorough accounting investigation before an enterprise can be declared bankrupt. But our city officials join hands with enterprise management to blatantly ignore the People’s Republic Constitution, the Union Law, and other laws, ignore the strong opposition of all employees, enlist the threat of force by local public security and armed police and make four attempts to arrest and harass protesting workers, and coerce some worker representatives in the workers’ congress to vote for bankruptcy. Why do they do that? Do they dare to explain to the masses? On November 5, 2001, three days before declaring us bankrupt, all the machinery, raw materials, doors, and windows were taken away. Whose fault is this?

The letter went on to list some twenty more economic grievances, such as the lack of certified property rights to housing and unpaid pension contributions for laid-off workers, and demands, such as payment of all owed wages, livelihood allowances (182 yuan per month), retirees’ enterprise welfare allowances, and medical and housing subsidies. The appeal to the national leadership, the detailing of the law, and the description of local officials’ devious behavior were public expressions couched in the grammar and language of the authorities and intended to bolster the legitimacy of the workers’ rebellion. Several times they emphasized that their demands were all based on the Constitution and the law, and that only the removal of corrupt officials would prevent the collapse of the Party and the nation. “When the sky is cleared, there will be righteous officials to protect us and we shall then have a good life.” Yet raising the banner of anticorruption as the rallying cry was more than a strategy. It was also a conceptual achievement among workers trying to make sense of widespread bankruptcy.

We knew that if we did not frame workers’ interests as an issue of national and state interests, our problems would never be addressed and resolved. And objectively, we have also seen over the past few years that more and more enterprises went bankrupt and more and more workers lost their jobs, and the amount of unpaid wages kept increasing. It’s not an isolated phenomenon and we must talk about anticorruption.

Worker representatives were also quick to point out that the most important trigger for their action was the profound sense of injustice that resulted
from seeing the coexistence of corruption and mass poverty in their own neighborhood every day. This vignette during the Spring Festival of 2002 in Liaotie’s neighborhood was the harbinger of what would come a month later in the protests.

It all began during the Chinese New Year (in February that year). It was a particularly bad year for many. In my neighborhood, a couple who worked in our factory had only 182 yuan to spend for the Spring Festival. They had a kid and two elderly parents. How could you have a New Year with that little money? They could not even afford cooking oil and were not given any heating allowance. In the same residential area, we saw our cadres living in big apartments and coming home from their shopping sprees with nicely wrapped gifts. They were celebrating bankruptcy! Some elderly workers were particularly upset and they sang the “Internationale” during the New Year. I heard that song several times. The lyrics made such good sense these days—Arise, ye starving slaves! Arise, ye oppressed people of the world!61

About a month later, at the height of the thirty-thousand-strong demonstration on March 11, protesting workers sang the “Internationale” in front of the city government building. Days before the incident, poster-size open letters were distributed quite widely and were read by city residents who heard the rumor of imminent action. One informant described them as “black newspapers” (heibao) that he saw in public places in Liaoyang prior to the protest. Smaller flyers were posted in Liaotie’s residential quarters, announcing the date and time of protests. One Liaotie representative related the ease and success of their mobilizing effort while denying that they were “mobilizing” (dongyuan) others, a term that connotes manipulation with subversive intent.

Workers in this factory have relatives and spouses in other factories, spreading the news and solidarity across firms. . . . We did not mobilize other factories, but we used open letters as a way of encouraging more Liaoyang people to join us. We posted flyers announcing the date and time of gatherings and petitions only in our own residential neighborhoods. But anyone who wants to find out can come and see these flyers. All factories had their worker representatives because of all these years of petitioning the government. The government required that workers choose five representatives to present their case in petition, to avoid gatherings of crowds in public places. These representatives from other factories sought out the specific dates and times of our action and would spread the news to their own factories. People who wanted to come would know when to show up. All workers in Liaoyang had their grievances, but most dare to be angry but not to speak up. They look up to the Ferro-Alloy Factory as a leader, because in 2000, our petition had
aroused the attention of the foreign media. Therefore, people knew that our action was effective in creating pressure. They had hopes in joining us, perhaps thinking that it would attract society's attention.62

People's long-standing rage flared up when Gong Shangwu, the chair of the Liaoyang People's Congress, who was notorious for his close association with Liaotie's corrupt director, proclaimed on television in early March 2002 in Beijing that there were no unemployed workers in Liaoyang.63 The actual timing and location of protests were communicated from Liaotie to other factories through workers' petition representatives in each factory, and also by word of mouth, as evidenced by the premade banners brought by different work units. But their coordination was loose at best. Liaotie workers had refused to incorporate representatives from other factories into their core organizer group, fearful of infiltration by the police.64 The precarious nature of interfactory coordination was evident from the chaotic activities taking place on March 18, 2002. In a group interview, several Liaotie representatives recalled,

By my estimates, I would say there were one hundred thousand. The police asked me how many, thinking that we the organizers must know. But we did not. All we saw was a long stretch of road from the Liaoyang train station to the city government. It was all filled with people. [Interviewer: Why so many people?] Everyone has some personal interest at stake, interests that have been violated in one way or the other. That's one thing. And then many people were frustrated by many years of fruitless petitions, and they knew about our plan to stage a protest, and responded. Some work units came with their names on their banners, like the precision instruments and chemical factories. Representatives from different factories made their separate speeches to different groups in the crowd. It was so noisy that only people around them could hear exactly what they were saying. But the general thrust was that workers were the victims of reform and our livelihood and future have been taken away. Equally important is that the government simply ignores the law. Workers should have legal rights to get paid for their labor, an hour's wage for an hour's work. But many people have been owed back wages. . . . There were people singing the "Internationale"; an elderly woman worker cried out loud, lamenting that "Chairman Mao should not have died so soon!" . . . There was a huge Mao portrait that an elder worker took from his home, a personal collector's item. We actually had a planning meeting and decided that we should take a Mao portrait with us, because we wanted to show the contrast we felt between the past and the present. In those days, we were paid only thirty yuan, but we felt secure because we were never owed any wages. That's the superiority of socialism. And back then,
Chairman Mao was all against cadre corruption. Bad cadres were executed and punished. The police asked me why we brought Mao’s portrait. I snapped, saying, “We could not find Jiang’s portrait!” And then I asked him, “Do you oppose this portrait? Is it illegal to bring Mao’s portrait to the street?” And he said, “No, I don’t oppose it.” But in the end, the portrait was taken away, and is still in police custody. . . . Someone has counted that there were a total of ninety-six police vehicles and numerous riot police.\(^55\)

The massive and enthusiastic response of Liaoyang residents was encouraging to these worker representatives. But as experienced protesters, they also anticipated a crackdown and arrests. Therefore they had organized a four-echelon core group to sustain activism in case of arrests. Among the ten or so people in each echelon, each had clearly defined functional responsibility and all agreed to abide by some basic principles of operation.

We held meetings in the elderly activities center in our neighborhood. We practiced democratic centralism and elected four echelons of representatives, a total of about forty people. We knew that there might be arrests, so if the first echelon were taken away, there would be the second, the third, and the fourth. We elected articulate people with good reputations and good reasoning ability. In each echelon, we have specific divisions of labor: people with mobile phones were responsible for communication and coordination, another for maintenance of order and security, another for emergency medical service. We were concerned that elderly workers might get sick during the protest. Then there were people handling external forces [the police]. But after the arrest of four of our representatives, the second echelon was terrified and disbanded. Other workers who had a strong sense of righteousness and courage emerged spontaneously to take their places. Some were elderly workers who could not tolerate such abuse of Party power by these local cadres. . . . We were very disciplined and had set down some principles for our action. No damage of public facilities; no road or rail blockage, although many workers wanted to; no illegal behavior. We collected money donated by workers, but we did not allow anyone to use that for meals or transportation. Mainly the money was spent on photocopying. We have a financial record book. But it was confiscated by the police.\(^66\)

The core leaders included workers who were motivated by the political ideal of a law-based and clean government enforcing labor’s legal rights, as well as middle-aged workers who bore the brunt of economic insecurity. Xiao Yunliang, one of the two jailed workers, for instance, was known for his independent political views. Back in the early 1970s, when Deng Xiaoping was the target of a national mass criticism campaign, Xiao publicly refused to denounce him. For that he was forced into hiding for several months until
the campaign was over. Yao Fuxin, the other sentenced leader, was by all accounts a righteous defender of workers’ interests against official harassment. He was a former worker at a rolled-steel factory in Liaoyang, but his wife was a laid-off worker at Liaotie. In his prison letter to his family, he wrote of his “steel-like commitment to democracy” and of his pride and conscience in fighting for “history’s trial” of corrupt officials. His acquaintances and relatives provided a portrait of a man of moral and political conviction on behalf of people’s rights:

In 1989, taking a long vacation from his rolled-steel factory, Yao borrowed twenty thousand yuan to invest in a small truck. He became a small transportation entrepreneur and the leader of all the small car drivers in Liaoyang in their negotiation with the government against high taxation on their businesses. For that he was fired from this factory. After his wife was laid off in 1993, they pooled together seven thousand yuan and bought a small grocery store of five square meters. She makes a monthly income of six hundred to seven hundred yuan and now she gets a five-hundred-yuan pension. . . . He always listened to foreign broadcasts, holding a transistor radio in his hand, running around searching for clear transmission. Radios are highly popular items in Liaoyang. He is psychologically prepared for the risk, thinking that three to four years of imprisonment may be likely if the government decides to crack down. But we did not expect the government to be so very unreasonable. Seven years is way too much. Even after the sentencing, he insisted that he did not regret organizing the protest. He looks at it as a seven-year contribution to Chinese democracy. . . . When he appeared in court for his trial, in the only moment when he came close to his fellow workers, his only words were “Did you get your unemployment benefits yet?”

If Yao’s personal financial condition was not one of destitution, others in the core leadership group were under greater economic pressure. One of the representatives related his own example as typical. Two years after Liaotie was declared bankrupt, he is still unemployed and only occasionally gets hired as a day laborer, working in individual-owned small firms or on construction sites. His wife works as a waitress in a restaurant for ten yuan per day. They eat and sleep in his parents’ apartment, and rely on his father’s 540-yuan-per-month pension to pay for his son’s education. The whole family has worked in Liaotie. Yet even he admitted that workers rebel not because of destitution.

No one in Liaoyang that we know of is starving. What upsets people most is the gap between the rich and the poor, and that the money the cadres spend is money from corruption. Even unemployed workers
these days can scrape together a couple of hundred yuan to cover the most basic of basic needs. People can barely hang on. But if anything unexpected happens, like a major illness, or an accident, or if your child gets admitted to college, most people will immediately find themselves in a financial crisis. There is no security, not to mention money to be made. ⁶⁸

The prevailing mood among Liaoyang workers from various factories was one of desperation and anger. Liaotie workers received letters of support from other local enterprises, praising the heroic sacrifices of workers in their fight against the “evil forces” of the local government. Expressing ordinary people’s angry sadness, one letter said,

Corrupt officials are rising and dancing, while bankrupt workers wipe their tears and hide their faces. People with conscience can only sigh and gaze into heaven. . . . Our heads are lowered and our hearts are broken. Salute to the four comrades [the four arrested labor leaders]!

But staunch state repression quickly stifled the budding impulse of popular rebellion. After reassuring the roaring crowds on March 12 that the authorities were willing to negotiate with worker representatives, and after workers agreed to put off staging more protests to allow time for the government to come up with solutions to their problems, police arrested Yao on March 17. The other three labor leaders, Pang Qingxiang, Xiao Yunliang, and Wang Zhaoming, were arrested on March 20, after paramilitary police forcefully removed hundreds of protesters from the compound of the city government where they had gathered to petition the government. Soon they were charged with “illegal assembly and demonstrations,” and “collusion with overseas hostile elements” to damage social security and public order. The government then tried splitting up the core leadership by detaining Yao and Xiao, while bribing one leader with a new job, terrifying another into hiding, and intimidating the rest of the forty to fifty core organizers through surveillance and house searches. Less prominent representatives, some from other factories, were bought off, threatened with arrest, or beaten up by the police. By the time the court indicted Yao and Xiao, many vocal organizers had gone into hiding or abandoned the fight that now seemed hopeless. ⁶⁹

The authorities’ approach of dividing and conquering worker leaders was supplemented by a parallel strategy of discriminating application of the “carrot and stick” so as to defuse popular support for worker representatives. The Liaoyang government promised to investigate and punish corrupt officials and paid ordinary workers some of their back wages, insurance con-
tributions, and severance pay. For instance, in November 2002, the government arrested and indicted Fan Yicheng, the former director of Liaotie and a prime target of workers’ anticorruption demands, together with six other former Liaotie officials. Fan was sentenced to thirteen years of imprisonment on smuggling charges and other former officials were given four- to six-year prison terms for engaging in illegal business practices. The city’s police chief was fired and a top Communist Party official was demoted. It was hailed in Party publications as an example of the Party’s serious commitment to fighting graft and official corruption. Yao and Xiao were convicted of subversion and sentenced to seven and four years of imprisonment, respectively, in May 2003. Their appeals were rejected in late June 2003 by the Liaoning Provincial High People’s Court. The clue to such harsh sentences can be found in the bill of indictment, a seven-page document which emphasizes Yao and Xiao’s participation in the outlawed China Democracy Party and their association with “hostile foreign elements” (i.e., Voice of America, the foreign press, and labor rights groups). Their “incitement and organization of the masses” seems almost a minor offence, listed as the last item in the litany of subversion charges. Finally, behind the scenes, the Liaoning government took very seriously the implication of the Liaoyang incident. Bankruptcy procedures have been revised, with strict requirements that before an enterprise can be declared bankrupt, it has to obtain explicit agreement from the local government that the latter will provide financial support for severance payment to the workforce.

**CELLULAR ACTIVISM**

In all of the three case studies recounted here, bankruptcy is a moment of clarity and moral poignancy, as it not only exposes the collusion of local government and enterprise management more clearly than ever, it also provides a last chance for workers to fight for a final resolution. The Liaoyang protests were unique in that they represented the imminent possibility of citywide upheaval developed out of ordinary work-unit-based rebellion. Such a scenario seems most likely when prolonged government inaction toward work-unit mobilization fans the flames of networking across work units. But this episode also exposed the limits of radicalization. The daring leadership of one single factory, while riding on the wave of mass outrage erupting in the wake of a public lie told to the nation by a hated local official, consciously excluded outside workers from joining the leadership circle. The participation of other factories was as astonishing as it was fortuitous. Also, workers’ demands, whether economic or political, were local and
enterprise-based. In many of their open letters, workers pledged their support for socialism and the central leadership. Of course, this can be interpreted as a tactic of self-defense, but the fact remains that there was no explicit call to challenge the legitimacy of the communist regime. Once arrests of workers occurred, support from other factories quickly collapsed. And once the government responded to some of Liaotie's demands and cracked down on the leaders, even the momentum for work-unit-based action was impaired.

The basic dynamics of labor protests involving nonpayment of pensions and wages, neighborhood services, and bankruptcies can now be summarized. First, workers' demands are informed by material and moral standards based as much on the socialist social contract as on the current state rhetoric of legality. Direct street action prevails and signals workers' withdrawal of political acquiescence when the social contract is not honored by the state and as legal channels are blocked by venal local officials. Conspicuously absent in the vast majority of labor protests is any hint of demands for independent unionism or for democratic rights of political participation, or challenges to regime legitimacy. The most politicized demand most workers have made to date is the removal of specific officials, without questioning the system of communist rule. I must add that beyond this prevailing pattern of nonpolitical, cellular protests, underground efforts in forming unions for laid-off and retired workers have emerged in several provinces, including Jiangsu, Sichuan, and Shanxi. In Zhengzhou, Henan, a network of clandestine labor activists has assisted workers by offering them advice to resist factory closures. The few available reports describing their activities suggest that they are fervent remnants of the rebel factions during the Cultural Revolution. Others are younger, university-educated New Left-Marxists who are critical of both the excesses of Mao and the reform of Deng. Yet all these precarious attempts have been crushed by police arrests and imprisonment, and they failed to have any significant impact on the massive number of aggrieved workers.

Second, a confluence of institutional factors produces the prevailing pattern of cellular activism. State work units provide the physical sites of communication and coordination, organize workers' interests, and define the boundary of the aggrieved community. It is possible that interfactory activism may evolve from single-factory unrest, but the experience in Liaoyang and even in Shenyang's working-class neighborhood protests shows that lateral mobilization and solidarity are rarely sustainable. Elsewhere, workers in the oil industry have indicated a potential capacity for
horizontal coordination after workers in the Daqing oil field sustained a two-month protest against unfair severance packages in 2002. Oil workers in Lanzhou, Gansu in the northwest, and those in Hebei and Shangdong in the east also staged protests against low severance payments. The spread of these actions was facilitated by workers’ familial and personal networks across the country, which were in turn spun by government-organized transfers of workers between oil fields. These incidents subsided soon under government pressure.\(^7\)

Third, the central and local governments, in vastly different fashions, play catalytic roles in the growth of unrest. The central government’s decrees, circulars, and laws become moral and legal ammunition for ordinary people to challenge local officials. The implementation of central government policies and laws, be they about bankruptcy liquidation or livelihood allowance payments, falls to local officials, who become targets of popular protests. It is also at the local level that workers are asked to choose and send representatives in lodging complaints and in negotiation with local officials, a bureaucratic process that inadvertently creates leaders. Officials’ concessions to mass pressure created a popular expectation that within the boundary of work-unit mobilization more activism would bring better results. But more activism at the local level threatens overall social stability, requiring the center to pitch in, by financial bailout and by imposing more regulations and reform, spawning more unrest targeting local leadership. The cycle of state incitement of popular unrest starts anew.\(^7\) The systemic consequence of such state-labor interaction is a bifurcated legitimacy structure that sees local conflicts proliferating while legitimacy at the center is bolstered. The concentration of political pressure on the local governments and enterprise management results from the decentralization of fiscal and economic power to the local levels, as well as the uneven economic conditions produced by market competition. When ordinary workers try to understand the wide-ranging and fine-grained economic conditions across factories, they see both the hands of the local state and the market, while the central government has tirelessly imposed laws and regulations protective of their interests. In short, decentralization spawns cellular activism, and legal authoritarianism spurs an insurgent rhetoric around legality. In the absence of genuine legal reform in the rustbelt, the socialist social contract continues to regulate employment relations. It organizes workers’ interests around issues of collective consumption and prescribes direct street action, rather than the court, as their most effective leverage in bargaining with local officials.
THE SUBJECT OF LABOR PROTESTS

The "subject" is the link between social structure and social practice. By "subject" I mean, following Derek Sayer, "the individual as socially represented and empowered." Labor subjectivity refers, then, to workers' situated self-understanding, or "one's sense of who one is, of one's social location, and of how (given the first two) one is prepared to act. As a dispositional term, it belongs to the realm of what Pierre Bourdieu has called sens pratique, the practical sense—at once cognitive and emotional—that persons have of themselves and their social world." Collective subjectivities motivate social action enabled by institutional transformation.

What then are the elements defining this Chinese labor subjectivity in protests? Three idioms constantly stand out when workers enunciate their self-identification, rationale, and basis for making claims—workers (gongren), citizens (gongmin), and masses (qunzhong) or sometimes more specifically, masses in weak situations (ruoshi qunti). My task in this section is emphatically not to decide whether Chinese workers qualify as class actors or citizens defined by theories premised on liberal democratic capitalism. Rather, I seek to understand the indigenous meanings, relations, and institutional context that come packaged with these terms when they are invoked in the rustbelt, often simultaneously.

Class: Masters of the State Factory

"The working class takes leadership in everything" was a popular slogan under Mao and now workers bitterly and self-mockingly describe their situation by turning the claim into "Everything leads the working class." In making public claims to the state, workers seldom invoke the term "class" (jieji), which, with its connotation of antagonism and struggle, has been jettisoned by the regime at the beginning of the reform era. But in their own neighborhoods and in private, workers talk about "workers' personal interests" (gongren de chexinliyi) and workers' treatment and rewards (gongren de daiyu). Paramount in these working-class interests are employment security, pensions, and basic welfare. These entitlements are the manifestations of workers' "master status" (zhurenweng) in SOEs, the cornerstone of working-class identity that is reactivated in the reform period as that which is ironically lost. This concept of workers as collective owners of their enterprise was not mere ideology of Chinese socialism but a lived reality for Chinese workers who have actually experienced that status in the prereform era. They therefore vehemently resist its disappearance under reform. Bankruptcies crystallize a moment of reckoning of moral and redistributive justice—how to compensate workers' loss of collective
ownership over the factory built on the basis of low-wage labor under a social contract of permanent employment and state guarantee of subsis-
tence and basic welfare. Chinese workers' class agency in the reform period is therefore founded on the degradation and exploitation in the redistribution order, not in the production process as a conventional Marxian analysis would argue.

But tying working-class identity to collective ownership over their work units also results in a strongly corporatist, particularistic, and local subjectivity. This corporate anchorage of class has been reinforced by the pro-
longed lack of labor mobility, the seniority wage and benefits structure, and the recruitment of family and kin members into the same work unit. Workers talked fervently about long years of accumulation of surplus value banked in the enterprise, reasoning that their families' contributions and acceptance of low wages have led to the expansion of the enterprise, but this surplus value is now squandered by corrupt cadres. In this chapter, for instance, worker representatives in the Tieling steel window-frame factory rally alluded to the mass outrage at demolishing the factory, saying that "every inch of soil and grass on the premises" resulted from their sweat and blood labor. When Liaoyang worker representatives explained why they were so persistent, they made references to a "strong working-class tradition," by which they meant, "We saw the enterprise grow from one with only 2,000 yuan in fixed assets to one with 30 million yuan in 1989, the heyday of factory profit." Workers' ownership rights over the fruits of their labor were embodied in the welfare provisions sponsored by the state. That is why in the Tieling textile mill, protesting workers argued with great resolve that "the shopping mall is our child, for supporting our lives when we get old."

Class exploitation is a cognitive tool that frames protests in moral terms, turning the loss of welfare under reform to "exploitation" and dehuman-
ization. A woman worker offered this reflection, without my provocation, on how she came to understand the meaning of "exploitation" (boxue). For her, as for many others I interviewed, it was the denial of her basic needs as a human being that constituted class exploitation.

In the past, we had many welfare services. For female comrades, the most important were the nursery, female sanitary room and sanitary napkins, the mess hall, the shuttle, and the barbershop. When this new director came, he abolished all these... I now understand what "exploitation" really means. We workers are very pitiful now. In the past, no matter how bad production became, if you needed housing, they gave you a place to live. But for years, not one single apartment building has been built.\(^\text{80}\)
Therefore, class subjectivity exists in the form of an oppositional consciousness against the violation of workers’ ownership over enterprises and entitlement to redistributive resources. Chronic unemployment, however, and the retirement of many from the state sector had, in their expression, “pushed them into society,” making them orphans without any work organization to depend on. Working-class rebellion, erupting at this moment of mass exit from the class structure, has to overcome the disappearance of the working class itself. We shall examine in chapter 5 the conditions of the new generation of industrial workers who hail from the countryside and their understanding of “class” relations. At least, we have seen in this chapter the quicksand on which Mao’s workers are waging their “class” battle.

**Citizenship: Rights Consciousness and Disenchantment**

If the state has dropped the language of class and class struggle, it has vigorously promoted the ideology of law-based government and the rhetoric of legality. That is why, in all the accounts of mobilization analyzed earlier, one finds a constant invocation of the law and legal rights in workers’ interaction with local officials. But does this imply that Chinese workers think of themselves as citizens with rights and protest against their violation? How do they understand the relationships among themselves, the law, and the various levels of government? Discussions with worker representatives reveal a more cynical and ambivalent orientation toward the law. First, workers are too keenly aware of the lack of strong legal institutions to envision themselves as citizens with guaranteed legal rights. When I suggested to them that they were fighting for citizens’ legal rights, they either ridiculed me or made comments such as: “Workers’ thinking is not that advanced!”; “Legal rights? What is legal, where is the law?”; “There are laws, but no one implements them”; “The law is just; but its implementation is not.” This cynicism and disillusionment is often amplified in the process of petitioning the government, which often turns into a process of discovering deep pockets of local corruption and power collusion. Workers in Tieling and Liaoyang protests, as we have seen, learned firsthand that the court and the labor bureau could not handle their cases because of political intervention by the local government. If they continue to frame their demands in legal terms, it is because the law is the only institutional resource they can use to force official attention. A Tieling worker representative put it most clearly: “Because you are talking to the government, you have to talk about laws and regulations. Otherwise, they can ignore you.” Worse, the process of going through legal channels often turns aspiring citizens into disenchanted protesters. During the Liaoyang protests, for
instance, one representative brought along a copy of the Constitution and cited her rights of assembly when police interfered. She also filed an application for the rally, hoping that the police would leave the protesters alone.

We filed an application for a rally after March 11, giving the Public Security Bureau everything that is listed in the law: the route, the time, the organizers' names, and then they said they did not approve it because it was handwritten and not typed! So, the next time around we submitted a typed application for the April 16 march. They still rejected it. The PSB chief said to me that he would impose on me any number of charges to stop me from leaving Liaoyang. If I tried to get to Hong Kong, he would detain me by charging me with something like an outstanding fine of 250 yuan. There is no one you can reason with in such a big country. Anything ordinary people do is allegedly illegal.

In short, the more experienced these worker representatives are in dealing with the government and using the law, the more they find the rule of law elusive. They keep adopting the language of legality and citizenship as a tactic, not out of a sense of empowerment or entitlement. Yet the labor subjects in these protests do aspire to have their rights protected by law and enforced by the government, although the civic citizenship they have in mind is one that dovetails with the regime's project of "rule by law" rather than a "rule of law" system. There is no criticism of the lack of popular participation in legislation, no demand for independent worker organizations, no questioning of the adequacy and rationale of law and policy set by the central authority. Cynicism and disenchantment notwithstanding, workers' demands for legal rights generate popular pressure on both the local and the central government, which, after all, embraces legal reform as a necessary complement to market reform.

The Masses: Supplicants or Rebels

The third term of self-identification that workers use is "the masses," qunzhong, and sometimes "the working masses," gongren qunzhong, or, more recently, "weak and disadvantaged group," ruoshi qunti. What all these terms have in common is the reference to a hierarchical political community in which the Party state commands moral and political authority over the populace at large. The led masses are placed in the position of supplicants to the state, which in turn has a responsibility to protect and lead. What gives this subordinate identity its political potency is the idea that the masses have the spontaneity, the capability, and indeed the moral responsibility to rebel against immoral leaders. This aspect of Chinese protest politics, argues Elizabeth Perry, is unique among authoritarian regimes, in that the Chinese
communist regime has periodically encouraged or even compelled its citizens to express criticism publicly in state-sponsored mass campaigns. In this sense, Mao's mass line shares with the early Chinese philosopher Mencius's Mandate of Heaven the belief that "to rebel is justified."92

Originating in Maoism dating back to the communist movement in the 1930s, the appellation the masses still occupies a prominent place in official propaganda, most significantly in Jiang Zemin's theory of the "Three Represents," one of which is representing "the fundamental interests of the broad masses." Not surprisingly, this collective identification of workers as the masses appealing to the Party state as the representative of the general interest to fight against internal sabotage by local cadres can be found in workers' banners and action strategies. In the Liaoyang protest, there were banners demanding "Serious Implementation of the Three Represents," "Liaotie Workers Want to Meet with Honest Official Bo Xilai" (Bo was the governor of Liaoning at that time), and "Punish the Thirteen Corrupt Official Worms." In several of their open letters, workers deplored their demotion "from worker aristocracy to weak and disadvantaged group (ruoshi qunti)." In their letter to the Party's Central Disciplinary Committee, which by and large echoed other open letters, Liaotie workers emphasized their shared interests with the Party and the state, and maintained that their target was those who sabotaged the common project of the state and society. The following excerpt shows how workers reasoned as supplicants and appealed to the center as the masses.

From the time when Chairman Mao promoted "serve the People" to General Secretary Jiang Zemin's "Three Represents," the core principle of the Party has been to serve the interest of the broad masses. . . . The working masses (gongren qunzhong) love our motherland, love the Communist Party, and support the construction of socialism with Chinese characteristics. . . . But they hate all those corrupt elements, those big and small vampires and parasites, who go against the law for their own selfish interests, to try and topple the socialist flag, destroy the basis of socialist economy. Yet, their goal will never be realized. The Party and the government and the broad masses are determined not to let them harm state policy or the people, and will bring them to the trial of history.93

In Shenyang, retirees deployed a strategy of mass pressure to draw the attention of higher officials to the suffering of the masses. Some elderly workers recalled how in Mao's time (during the 1957-1958 rectification movement and the Cultural Revolution), ordinary people (laobaixin) once had a powerful recourse — political campaigns — to rectify cadre work style
and corruption. A retired mechanic looked around the neighborhood in Shenyang and regretted the disappearance of mass struggle meetings.

Everyone here says this: our lives would be so much better if there were still struggle meetings and political campaigns. . . . Back then [in Mao's time], we the masses had a weapon against corrupt cadres. Many people miss mass campaigns. People always say these cadres would have been criticized and executed many times over now for the amount of their graft.  

Also significant was the continual use of petitions or letters and visits by workers in the northeast. Letters and visits are long-standing methods by which the masses participate in communist politics. The first formal bureau to facilitate these methods of mass participation was instituted in 1931 in the base area of the Chinese Soviet government. After the establishment of the People's Republic, in 1951 the central government adopted regulations calling on all local and higher-level governments to establish departments for handling letters from the people or reception rooms for receiving visitors. To date, workers still respect this bureaucratic procedure and emphasize following rank by rank the bureaucratic hierarchy in petitioning, and not skipping steps (yueji). A significant number of petitions have evolved into protests, either because petitions fail to bring about results or because the gathering of petitioning masses easily generates unanticipated action dynamics. But workers' activism has almost always started with a petition to the enterprise or the local government. Then as now, petitions do not force the hands of officials, who can choose either to respond or to ignore petitioners.

In Liaoning, most workers repeatedly express their approval and trust in the central leadership. Even though workers are vehement in accusing enterprise managers and their conspirators in the local state bureaucracy as "enemies of the people" or "worms" in society, their faith in the moral and political integrity of the central state has remained largely unwavering. Time and again, workers declare their conviction that the "nation" (guojia) or the "center" (zhongyang) has designed good policies to protect workers, and the problem is local failure to implement them. When I asked what made them trust the center, one said, "You can see that on television: central leaders always emphasize the need to guarantee laid-off workers' livelihood. But when it comes to the local level, things are distorted and good policies are not always implemented." So the mere promulgation of protective laws and regulations seems to have buttressed the legitimacy of the regime in the eyes of the populace, who limit their critique to the local agents responsible for the law's implementation.
The finding that to date the political subject of protesting rustbelt workers is "the masses" appealing to a protector central authority in no way precludes the potential for change. For one thing, workers' continual appeal to the central government as protector results from the lack of alternative political authority. One protesting worker bemoaned tellingly, with palpable frustration, "Where else can we turn but to the government?" In many of my interviews, workers expressed in unmistakable terms that every leader has to be careful of the potential power of the masses, who may cause instability. The image of people's power surfaces with poignancy among the most articulate worker representatives, who have contemplated privately a more radical break with their docile politics of supplication. One of the most eloquent worker representatives in this study offered this thoughtful reflection on the possibility of a large-scale uprising against the regime itself, not just its local agents. The "masses" he had in mind were those in the 1989 prodemocracy movement and the more significant ones in the Communist Revolution that brought about the current regime.

It's a pity that the student protests were abruptly suppressed. Students had foresight that we did not: the problem of corruption is still with us today. . . . We the masses understand that reform will bring with it waves of instability, that we understand. But you [cadres] cannot ask us to sit and watch while you pocket tens of thousands of dollars. It is not easy for us the masses to summon the courage to confront the cadres. Only when we have no alternative are we forced to challenge the government [i.e., enterprise]. We only want to get a verdict of justice from the officials. . . . During the revolution, why could a small communist army defeat Chiang's nationalists? It's because it had the support of the people. Without the people, would there be any cadres or nation? 86

CONCLUSION

This chapter has focused on the demise of the socialist employment system and rustbelt workers' forced exit from the class structure. Beneath the surface variation in worker grievances is the common pattern of worker unrest organized around localized, bounded work units or their subgroups, whose boundaries are defined and fractured by state policies. Cellular activism deviates from the mode of organized labor movement à la Polish Solidarity. It is also different from the quiet, hidden, and atomistic forms of everyday resistance characteristic of socialist industrial workplaces or authoritarian political systems. What then are the institutional and cultural logics that generate cellular activism? I broached these questions by examining work-
ers' strategic interaction with the local and central governments, and their moral and cognitive resources and political subjectivities. Cellular activism is not the result of myopic worker consciousness, nor is it simply a concession to state repression against cross-factory networking. Its prevalence has to do with how workers' interests are constituted in the reform period. My research indicates that decentralization of economic decision making, from the central to the local government and down to enterprise management (in the name of enterprise autonomy), has constituted localized communities of interests and responsibilities. Workers lay the blame for pension and wage arrears on their enterprises and local governments because these agents have been given the power and responsibility to manage SOEs. Decentralization is coupled with market competition, giving rise to uneven and unequal economic conditions of enterprises even among those located in the same region or city. On top of these differentiations, state policies continue to accord different, albeit minuscule, entitlements and compensations to workers in different industries, cohorts, or forms of unemployment, resulting in bewildering variations of worker interests. This fragmentation of the working class into cellular interest groups does not paralyze collective action, but it does drive wedges among workers and channels them into dispersed units of activism.

Some students of Chinese labor have suggested that labor unrest is a form of moral economy protest. Nostalgic of lost subsistence rights, they argue, Chinese workers draw on prereform ideological legacies of state paternalism and the old rhetoric of class to demand a restoration of traditional entitlements. The argument of this book is that this moral economy interpretation is valid but not adequate. Although workers' resistance has been driven by a restorative and subsistence ethic, I have also found other coexisting political and cultural logics that impel worker activism. Rather than seeing workers as locked in some traditional political mentality harking back to the past, it is more accurate to see a repertoire of multiple worker subjectivities formed through workers' participation in ongoing institutional transformation. Legal reform, no matter how partial and uneven, imparts new conceptions of worker rights, interests, and agencies, as does the regime's continual adherence to Mao's notion of the masses. Citizen's rights to legal justice and the legitimacy of the masses to rebel against corrupt officials are equally powerful frames of labor mobilization. This book therefore emphasizes the coexistence of the working class, the citizen, and the subaltern as equally important, if also shifting, political subjectivities through which workers are interpellated to act. Again, following Göran Therborn, my argument is that Chinese workers, as social actors or subjects,
can turn ideology into power, becoming qualified to act and resist by the same ideological appellations that are intended to subjugate them. Like the making of class, we cannot predict the outcome but can explain the trajectory of when and which ideological interpellation underlies what collective action. In the process of waging these struggles, workers also contribute to bringing about legal and welfare reform in new directions.

In this drama of evolving labor insurgency, Chinese government's reactions to popular unrest command particular attention. Devising a "carrot and stick" approach to divide and conquer leaders and ordinary workers, and differentiate laterally organized dissent from local cellular mobilizations, the government at both the local and the central levels present themselves as a Janus-faced authority, setting clear boundaries between zones of indifference, even tolerance, and forbidden terrains. Within the limits of the former, the government can selectively concede to workers' most urgent livelihood grievances or make concrete improvements in the collection of social insurance or the implementation of bankruptcy procedures. Once workers veer toward organized political dissent, however, the state cracks down ruthlessly, arresting and imprisoning leading agitators. Thus, the state is responsive to popular discontent, though in a slow and erratic, and at times repressive, manner. Labor unrest is not a catalyst to challenging the political system in China, but it generates pressure for social policy changes. Most important, analysis of workers' bifurcated perception of the legitimacy of the central and local state throws into sharp relief the tensions between the central and local governments, or between the imperatives of legitimation and accumulation.

Even though cellular activism has been the dominant tendency in the past decade, my analysis here does not preclude the possibility or proclivity of workers to transcendcellularity and build networks of resistance. In Liaoning and elsewhere, I have found instances of workers' bold attempts to go beyond the confines of the work unit to create cross-factory actions, industrywide protests, or underground union movements. To date, these have been rare undertakings that either have been swiftly crushed by the state or have run out of steam for lack of popular persistence. In the next chapter, I explore another important institutional factor that has limited worker militancy—the way labor power is socially reproduced or the means of survival outside industrial employment. If this chapter captures Mao's working class at heroic moments of street protest, the next will delve into workers' quiet ambivalence about the communist regime and the market economy.
We saw in the last chapter the various kinds of protests workers staged to demand government action to solve their livelihood problems. But the puzzle remains: how did workers survive long periods of unemployment, wage arrears, and pension nonpayment? Alternatively put, why is there not more militant resistance, given the pervasiveness and severity of economic difficulties in the rustbelt as a whole?

To answer these questions, this chapter depicts core features of working-class life after the collapse of the socialist work unit. First, it explains the social reproduction of labor power, or the ways in which livelihood resources are found outside of waged work. Specifically, I will analyze workers' material survival and the strategies of eking out a livelihood at both the individual and familial levels. Second, I will attend to what Raymond Williams perceptively terms the “structure of feelings” in the reform era. The concept refers to workers' emerging collective impulses, which are not yet articulated as a well-formed counter-hegemony but are "affective elements of consciousness and relationships: not feelings against thought but thoughts as felt and feeling as thought: practical consciousness of a present kind."¹ This dual focus on both the material and cultural aspects of working-class transition flows from an analytical perspective informed by David Harvey's discussion of workers as "living laborers."² Seen in this light, Chinese workers are not just an economic category in the process of production but are also property owners, private entrepreneurs, participants in the informal labor market, members of household economies, and bearers of collective memories of Chinese socialism. This broadened conception of the worker will generate a more complex and ambivalent view of "labor politics" that goes beyond the moment of collective resistance to incorporate the latter's shadowy border with collective acquiescence.
Before the reform, urban China was aptly termed a "danwei society," one in which the workplace formed a "minisociety" or "minor public." Encompassing economic, social, and political functions within their walls, work units controlled and funneled essential livelihood resources and opportunities from the state to their employees and dependents. Andrew Walder's influential *Communist Neo-traditionalism* (1986) offers the most systematic analysis of this institution of "organized dependence." Market reform has ushered in a gradual and quiet death of this danwei way of life, rending the social fabric of many working-class communities and individual family economies. Rustbelt workers, as much as they rebel, have devised ways to survive the collapse of the danwei by triangulating resources from state redistribution, familial reciprocity, and participation in the informal economy. Living through the reform over the years is simultaneously a cultural process of rethinking what socialism was about and what postsocialism has become. Constitutive of and inseparable from improvising a new way of life is a new mentality, a conceptual achievement of some sort by ordinary people to make sense of the past, the present, and the future. In this cultural experience of transition, collective memory turns out to be a terrain as wrought with contentions and emotions as collective protests.

Throughout my fieldwork, three salient elements in post-danwei working-class lives have surfaced. This chapter is accordingly organized into three parts. First, housing resources and arrangements provide a glimpse into several processes, including the functioning of the working-class family as an economic unit, the informal privatization of socialist welfare into private property, and the minimum floor of subsistence that the transition generation of urban workers may enjoy perhaps for the last time. In theoretical terms, these are the mechanisms for the social reproduction of labor power. In chapter 3, I showed how the collapse of welfare organized by work units led to localized protests on issues of collective consumption. In this chapter, the discussion focuses on the effect of work-unit-based housing reform in limiting worker resistance. Second, the informal economy nurtured by overall economic growth for the past quarter century has kept many poor blue-collar families afloat. Workers participate in the market economy in various ways with different resources and outcomes, generating a wide differentiation of economic conditions within the same community. As in housing matters, the working-class family is a source of both resources and strains. Finally, everyday conversations are punctuated with recollections of and comparisons with the past. Workers' historical consciousness and collective memory mediate their handling of present predicaments and opportunities. I have found a rich mosaic of personal and collec-
tive assessments of the regime's record from the past to the present, consisting of both nostalgic and traumatic recollections. It is this heterogeneity and ambivalence that puts limits on worker solidarity and resistance.

**HOUSING: FROM WELFARE TO PRIVATE PROPERTY**

Whereas joblessness is ubiquitous, there is no sign of homelessness even in the worst-hit areas in the rustbelt. Near universal provision of housing is perhaps one of the most significant keys to the regime's capacity to maintain overall social stability even in the midst of rising and massive unemployment. Fieldwork for this research has taken me into many a worker's home. I was struck by the wide variations in the quality, the size, and the interior decor of these apartment units. In Shenyang, the most spacious apartment I visited was about 120 square meters. There, an unemployed woman worker at a textile mill lived with her husband, who was a manager at another state-owned enterprise (SOE). The sun-filled and airy living room had big windows on two sides, and the hardwood floor was shiny from a recent waxing. A gigantic thirty-two-inch television set sat quietly next to a home entertainment system with hi-fi and DVD player. The woman's teenage daughter was playing the piano in her own room. The golden or brass-colored light fixtures in the apartment were eye-catching. The kitchen had what are considered the basic appliances in the vast majority of working-class households—refrigerator, microwave, stove, rice cooker, and dish sanitizer (a small refrigerator-like cabinet that purportedly keeps out germs for glasses, china, and dinnerware). At the other end of the spectrum, in Shenyang I interviewed an unemployed male worker in his thirty-square-meter, unheated one-bedroom apartment. Shivering in this cold, decrepit, dark, and dingy home on a frigid winter day of −12 degrees centigrade, he talked about the inconvenience of everyday life when his wife and his two grown sons all had to cramp into this space already stacked with clothes, bedding, and a tiny wooden table that serves all purposes. The little kitchen was carved out of a balconylike three-foot-wide corridor leading to the toilet. Every corner of this apartment was filled with old furniture, small appliances, and everyday items of all kinds. Even in the daytime, he had to turn on a small lightbulb hanging naked from the living room ceiling so that he could see his way in his packed homestead.

There are many reasons for the wide discrepancy in workers' housing conditions. None of these observations implies that workers are satisfied with their living conditions. Variation in firm profitability, workers' seniority, rank, and family size, and managers' commitment to improving
employee housing all affect what kind of apartments workers obtain. Also, workers with second incomes or spouses in lucrative sectors such as oil or telecommunications tend to enjoy better than average housing obtained from these other work units. Higher family incomes allow them to invest in modern interior decor. Workers harbor substantial grievances about the inequities in housing allocation, the dilapidated conditions of some of the housing stock, and the ambiguous property rights they hold. But no matter how incongruous, these complaints coexist with the reality that workers are provided with basic housing. No matter how destitute, they have a home to go back to at the end of the day.

Allocation of apartments to SOE employees was a long-standing practice during the prereform period. It became more important to workers' lives in the 1980s when reform gave more autonomy to enterprises to improve employee welfare as a means of boosting incentives and productivity. As I outlined in chapter 2, in the 1990s commodification of the housing stock became a reform policy and enterprises began selling work-unit-built apartment units to their employees at subsidized prices. The privatization of work-unit housing has turned many state-sector workers, who had been tenants, into private property owners. According to national statistics, 42 percent of households in which the household head is a worker have purchased their homes from their work organizations. Nearly 50 percent of urban households that purchased their housing units by the year 2000 paid less than 20,000 yuan. In Shenyang, for example, workers in my study reported paying between 10,000 yuan and 30,000 yuan for their apartment units, or about 40 percent of the market price. Depending on local regulations, these working-class owners have acquired varying types of rights: right of occupancy, use rights, partial rights to generate profits by renting or reselling after a certain number of years of occupancy. Even after their enterprise has been declared bankrupt, their ownership rights remain intact. As property owners, they can also bequeath ownership rights to their children. In times of financial difficulties, a popular income-generating practice among residents in enterprise housing complexes is to take in boarders or rent the entire apartment unit to outsiders. A top-floor unit of fifty-one square meters in the working-class neighborhood of Tiexi, sold to workers at the subsidized price of 14,000 yuan in 1991, could fetch 50,000 to 60,000 yuan when sold in the open market in 2002. Deborah Davis has noted the windfall reaped by sitting tenants at the time of housing reform in late 1990s, remarking in particular how management and cadres benefited disproportionately owing to their power to allocate more and better housing to themselves.
But not all workers benefit from the government’s commodification policy. Workers who cannot afford to purchase their apartments remain tenants and pay monthly rent to the local Housing Bureau. Rents used to be nominal, accounting for 2–3 percent of workers’ income. Housing reform throughout the 1980s has aimed at restructuring rents to enable basic housing construction and maintenance, and by 2000, rents in the public sector had increased to levels that cover basic construction and maintenance costs, plus investment interest and property tax. Some families can no longer afford rent. In an old neighborhood in northern Shenyang, as reported by one woman, tenants spontaneously refused to pay rent.

My factory pays me only 110 yuan, and rent costs 60 yuan per month. How can I afford it? If I pay rent, how am I supposed to buy enough food to stay alive? I would say 80 percent of all tenants in this building refuse to pay rent and the Housing Bureau officer has stopped asking for payment. I have stopped paying rent for several years.

Among those who have purchased their apartments, private ownership of one’s apartment is widely viewed as the most important financial asset ordinary workers in Liaoning can realistically accumulate at the end of what they consider “a life-long contribution to socialism.” Most workers see owning their work-unit apartments more as an entitlement they deserve than as a benevolent policy of the state. Some even complained about being forced to dig into their savings to buy something that previously was theirs to use almost for free. A retired lathe turner complained,

We used to pay only 28 yuan per month as rent. Then they made us pay 8,000 yuan for the same apartment. What’s the advantage to us? And only now does the City Housing Bureau tell us that we own only 70 percent of the property rights. They said we need to pay an additional 3,000 yuan to obtain full rights to the apartment.

Stories abound about workers who persistently and strenuously maneuvered to obtain more than their usual share of apartments, and these are often told with extraordinarily intense emotions. Family feuds and suicides have occurred growing out of conflicts in housing allocation, and the quality of worker-management relations in an enterprise could hinge overwhelmingly on whether or not workers’ housing needs have been satisfied.

There are workers who file for fake divorce so that they obtain two housing units instead of one. We workers labor our whole lives and the biggest reward we get is an apartment. It is very important. In my factory, an elderly male worker committed suicide because of housing distribution. He had four sons and all lived in one apartment unit. One of
his sons was so upset about his father's inability to obtain individual units for each of the four brothers that he had an argument with his father after getting drunk. The honest old man went to talk to the factory director, who refused him. The next thing we knew, he hanged himself on the front gate of the factory. His son was outraged and assaulted the director. In the end, they got one more apartment unit.\textsuperscript{10}

In another case, a middle-aged worker in the cable factory in Shenyang jumped off the factory building after a failed request for a work-unit apartment. The man was paralyzed, but he got his apartment. Ever since this tragedy, workers with housing grievances had flocked to the director's office to lodge complaints.

These examples illustrate not just the economic significance of having an allocated apartment. More important, perhaps, they reveal how Chinese working-class familial reciprocity crucially mediates workers' plights. Especially middle-aged workers in SOEs, who are the hardest hit in the reform process, find shelter in inherited housing property. Mr. Jin is one such example. A foundryman in one of Shenyang's oldest factories, Mr. Jin inherited his factory job from his father, who retired in 1985, at a time when the national dingti (replacement) policy allowed for early retirement as a way to create employment opportunities for younger workers returning from the sent-down movement. In 1992, his father bought the fifty-square-meter apartment the family was living in for ten thousand yuan. It was passed on to Mr. Jin when the old man died several years ago. Mr. Jin is a divorce and a laid-off worker, taking up temporary transportation jobs riding his motorcycle. To supplement his irregular income, he has rented one of the bedrooms to a friend for a modest amount of money. Like many laid-off workers, he is struggling to make ends meet but his inherited apartment unit has at least given him a stable dwelling even while he is unemployed.\textsuperscript{11}

Filial obligations and intergenerational transfer in Chinese society have usually taken the form of the younger generation supporting the older generations. This "tradition" has inadvertently been preserved in urban China by socialist institutions after the 1949 Revolution. Bureaucratic allocation of employment tends to keep parents and children in the same city if not also in the same enterprise. Service shortages also compelled exchange of multiple kinds of assistance to cope with the demands of daily life. Pensions, medical insurance, and other benefits that have been guaranteed to elderly urbanites make them fairly nononerosus to their grown children.\textsuperscript{12} What seems to have occurred in the 1990s is a reversed pattern of dependence whereby grown children of elderly workers rely on the latter's housing benefits and pensions to survive periods of unemployment and wage
arrears. I have discovered that housing allocation in Liaoning is skewed toward older male workers, who usually score higher in housing allocation exercises due to their seniority in the enterprise and the gender bias of allocating housing to male household heads. When bankruptcy began to appear, many middle-aged workers found to their dismay and desperation that they would not be allocated any subsidized housing in the future. Married couples have to stay put in cramped conditions in their parents’ apartments. Some of these young couples with school-age children are in such dire financial straits that they have to move in with their parents and become dependent on them for meals, education fees, and living expenses. A worker representative in the Liaooyang protest was painfully ashamed of his dependence on his parents.

My wife is also a laid-off worker and she now washes dishes for ten yuan per day. I don’t have a job now and I have moved in with my parents. The whole family is dependent on my father’s monthly pension of 540 yuan. I have no option. For the sake of my kid, that’s the only way to survive. Of course, I feel the psychological pain all the time to be still dependent on my folks when I am forty-five.13

He is of course not unique in sustaining a reversed pattern of intergenerational transfer. In a multicity survey of urban workers’ livelihood, it was found that among workers who left their jobs involuntarily, 34 percent of men and 54 percent of women reported relying on the income of other household members. Personal savings is the primary source of support for 23 percent of men and 12 percent of women among the same group of workers. The same survey also shows that unemployed workers tend not to live in nuclear family arrangements. Only 38 percent of the unemployed lived in households with two or fewer adults.14

Intergenerational family reciprocity keeps many workers afloat in hard times. This example of income and care pooling is typical. In Shenyang, a fifty-three-year-old woman who coordinated with other residents in refusing to pay rent took early retirement at the age of forty-five. Her valve factory had owed her several months of pension payments and the government-stipulated 170 yuan minimum living allowance, giving her a monthly subsidy of only 110 yuan. Her husband received only 300 yuan, 200 yuan less than the full amount of his 500 yuan pension. They live with her daughter, who is a clerical worker at the Shenyang Daily. Her 500 yuan monthly income is an essential part of the meager household economy. In return, she relies on her parents to take care of her out-of-wedlock baby.15

Welfare housing and its transformation into private property are the only remaining benefits that ordinary workers see as their last defense
against market competition and insecurity. Even destitute workers have a
dwelling to go back to after protests or blocking traffic. As the government
decided to redevelop Tiexi, and the northeastern rustbelt in general, into a
modern, high-tech commercial district, however, a crisis is developing. A
retired engineer who has worked for many years as a heat casting worker in
the Shenyang tractors factory grudgingly condemned the government's
policy of tearing down working-class neighborhoods for redevelopment. He
said, "There are graffiti on the walls of buildings destined to be demolished.
People wrote, 'How can the government be so cruel to its own people?'"
Forced relocation has not yet occurred, but workers are already discussing
the pros and cons of the compensation plan, wondering where to find jobs if
they can afford housing only in more remote areas. In other major cities
across the country, housing demolition and urban renewal projects have
already prompted millions of residents to protest against inadequate com-
prehension and forced relocation.16

THE INFORMAL ECONOMY:
PETTY ENTREPRENEURS AND "FLEXIBLE" WORKERS

Many times during my fieldwork, I was baffled by workers' response to a
seemingly straightforward question, "Do you work now?" (Ni xianzai you
gongzou ma?) They would say no. But as the conversation grew and
expanded, they would mention working for a relative, a former coworker, or
a collective enterprise in a nearby rural area. As it turned out, many take
what Chinese labor officials have euphemistically termed "flexible employ-
ment" (ninghuo jiuye) or "hidden employment" (yingxin jiuye). Workers,
too, differentiate formal work from informal work with their linguistic
invention of the term bucha, literally meaning "making up the difference"
between regular earnings and arrears. Bucha is not considered "real work,"
which in Liaoning workers' lexicon is restricted to permanent employment
in the state sector.17 These linguistic nuances undergird some puzzling dis-
crepancies in (un)employment statistics. According to a survey that includes
Shenyang and other major cities, only 29.1 percent of former SOE workers
who had left their work units between 1996 and 2001 were able to find
reemployment within one year. By the end of 2001, 64.5 percent of these
workers were still unemployed.18 Yet official statistics on hidden employ-
ment suggests a different picture. In the Blue Book of Chinese Employment
compiled by the Institute of Labor Studies of the Ministry of Labor and
Social Security, which is intended as the research basis for government pol-
icy formulation, officials estimated that by the year 2002, out of an accu-
mulated population of 25 million laid-off workers in the state sector, 15 million had engaged in some form of flexible employment.\textsuperscript{19} If the figures of laid-off workers from both the state and collective sectors are considered together, the proportion of laid-off and unemployed workers involved in flexible employment reaches 80 percent.\textsuperscript{20} Flexible employment, as a form of employment, includes workers who are employed as seasonal, temporary, subcontracted, or day laborers in state-owned, collective, private, and microenterprise firms, the self-employed, and independent service workers such as peddlers and domestic helpers. Flexible employment can be found in different occupations, principally in community services (e.g., care for the elderly, maid service), urban sanitation (e.g., garbage collection, street cleaning), secondary production services (e.g., packaging, parts, and components), and personal service (e.g., hair salons, bicycle repair, concession stands, moving, and transportation). The same report also notes that these jobs are usually low-paying, low-skill, short-term, and unstable, and they lack legal contracts and welfare and social security contributions by employers.

In Liaoning, I found that workers bemoaned the loss of permanent and formal employment in state factories, and they suffered financially as a result of payment arrears and unemployment. They see themselves as "without jobs," owing to the inferior working conditions, the high intensity of labor, the instability of wage payments, and the lack of benefits. Yet the reality is that intermittent and unstable employment in the many categories of jobs enumerated in the aforementioned employment report has provided some means of livelihood to many of these workers. The most daring and prosperous are those who have ventured into some form of entrepreneurship, setting up their own small businesses. The majority, however, have oscillated between self-employment and casual jobs. "Hardship households" (kun nan hu) can be found among those who have been plagued by both chronic illness and prolonged unemployment of family members. The following discussion covers some of the most typical patterns of employment strategies among Liaoning workers I have encountered in the past six years. Together, these personal stories convey the salient reality of intraclass economic differentiation and inequality. At the bottom of the working-class structure are hardship households, which are plagued by prolonged unemployment of more than one family member, usually aggravated by chronic illness within the family, and lack the means or capacity to become petty entrepreneurs or casual workers. I introduce some typical cases from my fieldwork to explicate each of these conditions—petty entrepreneurs, casual workers, and hardship households.

Some workers early on had entrepreneurial ambitions. Even before mas-
sive plant closures in the rustbelt, at the time when most SOEs experienced a production boom and rising wages in the 1980s, these workers sought and found opportunities to try their luck in petty trades. One of the most entrepreneurial working-class families I encountered in the Tiexi neighborhood began their business ventures back in 1982, at the very beginning of market reform. Over the next fifteen years, Ms. Wang and her husband, a worker in a bridge works enterprise in Shenyang, tried selling women’s clothes, household appliances, and opening first a salon and then a restaurant. Most of these attempts did not last long, and she claimed that they did not make much money. But still their home was among the better maintained, with hardwood floors and new stainless steel window frames. Their twenty-four-year-old daughter, a clerk in a joint-venture swimming pool facility, was playing the piano in her room while I talked to Ms. Wang in the living room in front of a large-screen television set. Never satisfied with the rigid and disciplined working life of a factory worker, Ms. Wang applied for “internal retirement” when she reached the eligible age of forty-five, receiving a fraction of her basic wages and then her full pension when she finally reached the official retirement age of fifty. She boasted a long career as a petty entrepreneur.

When the “market” first appeared in Guangzhou in the early 1980s, I was very curious to know how people do business. I found some excuses to get a long sick leave to visit my relatives in Guangzhou. I was very adventurous, finding my own way and asking people who spoke only Cantonese. I even brought back some clothes to sell to people in Shenyang. My husband is also interested in trading and doing business. In 1982, he already began his own seafood trade, buying from Guangzhou and selling in Shenyang. He later shifted to soy beans, buying from Heilongjiang. Even when I was still working in the tractor factory, I already had a second job selling home appliances in a neighborhood mall. After I retired in 1996, I first tried operating a small salon in the neighborhood. Rent was only two hundred yuan per month. Hiring migrant women to do shampooing and hair cutting cost another several hundred yuan per month. . . . Later on, there was too much competition and I closed the salon and tried selling clothes in the downtown underground mall. It’s difficult to make a lot of money . . . but I feel much frerer when I work for my own business. I don’t like being controlled by the factory. I have relatives in rural Liaozhong. My uncle opened a large restaurant there with a loan from the Agricultural Bank. I was inspired. It’s cheaper to operate a restaurant in a rural area. I found a three-story building, recruited some waitresses and hostesses—you need to have hostesses; otherwise no one will patronize the restaurant. I invested
seventy thousand yuan and in the end I did not make any loss. Unfortunately, my uncle became jealous and sent a group of gangsters to harass my employees and me, to make me quit. I was too disillusioned. . . . I sold the restaurant.21

Elsewhere, two laid-off workers in a Tieling rubber factory had tried their hands in the farm business in the countryside, starting farms and raising rabbits, sheep, and fish. In Liaoyang, one of the jailed worker representatives, Yao Fuxin, opened a small concession store after he was dismissed from his work unit in the mid-1990s. His store became a major gathering and meeting place for organizers of the protests. Other businesses accessible to former workers include food stalls, neighborhood restaurants, and vegetable counters in the street markets. Some workers have made good use of their apartments to launch businesses. The retiree who led several pension protests in Tiexi turned his married son’s bedroom into an ant farm, raising medicinal ants in wooden drawers lining the walls. A forty-three-year-old laid-off woman worker in a Shenyang rubber plant invested 3,300 yuan to launch a pure-bred dog business at home. She reports that in Shenyang’s pet market, it is not unusual to find people bringing foxes, cats, pet hogs, and other small animals they breed at home for sale.

I started breeding this kind of dog [she calls them small deer dogs] several years ago. I was wandering aimlessly and went into the pet market just for fun. I was inspired when I saw that a little dog could be sold for seven thousand yuan. I asked people there and one said he could sell me a three-thousand-yuan dog for breeding. I bought it, together with another three-hundred-yuan dog to make a pair. I never talked about my business to neighbors and coworkers. The dogs always stay home, so the neighborhood committee people know nothing about it. I have printed some business cards and distribute them in the pet market. When someone is interested, I show them my wares at home. I now have eight dogs, and each can be sold for three to four thousand yuan. I have to raise them for only forty days after they are born. Buyers are usually businesspeople who nowadays give pets as gifts. Sometimes I get phone calls from people who happen to have a copy of my business card. I can make about ten to twenty thousand yuan a year. It’s pretty good. It’s still labor, and labor is honorable. I am not like people who speculate in the stock market: they play mahjong all day long and just wait for prices to rise and fall.22

In some neighborhoods, the local government has implemented a preferential policy to help laid-off workers start their own vending businesses. In smaller cities such as Tieling and Liaoyang, it is quite common for men
to become tricycle drivers, taking residents around town and making several hundred yuan per month. In Shenyang, a number of workers I interviewed reported a 50 percent reduction in rent in certain local markets if they can present their “laid-off certificate.” Some sell homemade steamed buns during the morning breakfast hours; others hawk vegetables, fruit, and snacks.

Taking advantage of the neighborhood committee’s registration fee waiver for laid-off workers, one forty-eight-year-old woman worker from the Shenyang petrochemical company joined together with two other laid-off women workers from another factory to run a “family service center,” a form of community reemployment touted most enthusiastically by the official media as the ideal career for middle-aged laid-off women workers. Ms. Ma spoke proudly of her entrepreneurial success.

Other people refer to us as “iron women”! We have developed special skills and techniques to clean stoves and range hoods. Many households need this service every few months. We also clean apartments, take care of sick elderly, chaperone schoolchildren, prepare meals . . . . One of us has a ground-floor apartment and we turned that into a storefront.

[Interviewer: How much capital did you need?] We bought a big umbrella, fifty yuan, to set up a stand with a company sign. We also bought plastic cleaning gloves and cleaning agents, but we took buckets from home . . . so a total of one hundred yuan was enough. We did not pay any management fee or tax for three months. After three months, the neighbourhood committee charged us a monthly fee of only thirty-five yuan to defray all state taxes or miscellaneous fees.$^23$

For the majority of unemployed workers and retirees who do not have the money or the capacity to become self-employed, casual employment is the most common way out. Given the relatively young official retirement age for workers (fifty for female workers and sixty for male workers), it is not unusual for retirees to continue some form of gainful employment.$^24$

Ms. Zhang is a seventy-year-old retiree from a Shenyang casting factory, and has been active in the factory’s elderly activity room, especially in organizing residents to pressure their director to pay additional money to the Housing Bureau, which will then recognize workers’ full property rights over their apartments. After her retirement in 1989 with a monthly pension of 200 yuan (increased to 470 yuan in 2003), she had always been able to continue her profession as an auditor, working for private companies and earning a monthly income of 500–800 yuan. She had stopped working only two years before I interviewed her, at the age of sixty-eight. Despite her discontent with her work unit’s delay in granting workers full property rights,
she spoke of the unmistakable material improvement in ordinary workers' lives. Her remaining worry was medical fees.

People are lying if they say there is no improvement in our living standard. I now have an apartment in a high-rise building. We once lived in barracks used by the Japanese army! We [workers] are now the bottom stratum in society, and our living standard is of the lowest level. You need about 500 yuan per person to cover all the basics. But things have become cheaper over the years. I can wear a blouse for ten years, and it costs only about ten yuan. Food prices are also stable. One kilo of rice is only 0.8 yuan. Fish, meat, and vegetables are always available in the market. Rural production has increased and we city folks can eat cheaply. The government has kept a close watch on prices. My husband can even afford a few drinks occasionally . . . My greatest burden is medical expenses. My husband has diabetes and need to get four shots per month. The consultation fees, needle fees, and asepsis together cost 500–600 yuan per month, more than his living expenses. Between the two of us, we have to spend all we earn. In the past, the work unit provided free medical care and free hospitalization. But then, we were so young and strong that we did not even have the flu. Now, when there is no state guarantee, we become old and sick.25

Some workers got burned by their small business ventures. Ms. Zhang’s fellow retiree, Mr. Zhou, a former skilled worker in the casting factory, had also worked for two years after his retirement in 1989. He continued his mechanic work in a suburb of Shenyang, working for the collective enterprise that had been set up to absorb surplus family labor of the casting factory. Like many locals in Shenyang, Mr. Zhou explicitly denied that he had a “job” (gongzuo), insisting that was only “making up the difference” (bucha). Mr. Zhou’s retirement stipend was about 300 yuan at that time (increased to about 500 yuan in 2003), and his income from this moonlighting job was 200 yuan. With declining health, he stopped working in 1992. His wife received a monthly retirement stipend of 300 yuan from her collective enterprise making tractors. When their two sons, who were workers in other state factories, were laid off several years ago, they dipped into their personal savings and gave them fifteen thousand yuan as start-up capital for business ventures.

One of our sons began his business as a merchandiser of casual clothing. He bought merchandise from Zhejiang and transported and distributed it to small vendors in Shenyang. But he was cheated, and never got his money back from the vendors. My second son also tried selling video compact disks, renting a retail counter in a shopping arcade. He did not have any luck either. The price of VCDs dropped precipitously after he
opened his stall. He could not recover his investment, but still had to pay upfront a monthly rent of one thousand yuan for his counter. That fifteen thousand yuan was my personal savings over the years. It’s all gone now.26

Finding temporary jobs is not nearly as hard as holding on to a job and getting paid. The litany of jobs many have held after being laid off reflects the pervasive instability and insecurity of employment even when jobs are available. Ms. Han of Tieling’s rubber plant has experienced job change every year since her factory stopped production and sent all workers home. When I talked to her, she was working as a clerk in a video rental store, earning ten yuan per day.

It’s been like this since 1994. By now, I really feel discouraged. There’s never any stability, and I don’t know how long I can continue dagong [working for the bosses]. I have sold tickets on a minibus, traveling all day with the driver. The following year I was a cashier in a restaurant, and then I became a helper in a friend’s restaurant. Last year I came to this video store. Sometimes I really have the idea of committing suicide. It’s easier to be dead than to be exhausted like this. It’s so meaningless.27

Moreover, the main peril of holding such odd jobs is wage default. As a rule, no labor contract is signed, depriving employees of legal recourse to redress any violation of their rights. Ms. Jiang, a forty-three-year-old laid-off worker from Shenyang’s casting factory, is willing to settle for a low-paying job as a kitchen assistant in a local school, which she thinks is less likely to default on wages. Her erratic work history is typical of middle-aged laid-off workers in Liaoning.

My factory began imposing long vacations in 1992. I did not go to work but nominally was still on the payroll. For seven or eight years, I worked full time as a sales clerk in the shopping mall, earning a basic salary of two hundred yuan plus a 1 percent sales commission. The year 2000 was particularly bad for retail, so I took another job, wrapping dumplings in a restaurant for 350 yuan per month. I worked every day continuously for three months, no rest days. Then I found a kitchen assistant job in the canteen of No. 36 High School, washing dishes, cleaning, and picking vegetables. They only hire people younger than forty. I am too old for them. But I convinced them that I’d be a responsible worker. I now work twelve hours per day, five days a week, for only three hundred yuan. It’s a private contractor, but I thought it’s still part of a government school. It’s not likely to default on wages.28

Hardship households are those whose income falls below a local government-set threshold. Established in the mid-1990s, the minimum living
standard program for urban dwellers entitles these households to an income supplement equal to an amount by which their per capita family income falls below the minimum living standard.²⁹ During my fieldwork, workers reported that the family monthly income threshold set for a minimum living standard was 220 yuan in Shenyang in 2002 and 180 yuan in Tieling. (See also chapter 2.) Yet only 29 percent of qualified residents in Shenyang, for instance, were paid, owing to the city’s financial difficulties, bureaucratic red tape, and malfeasance.³⁰ Also, unemployment subsidies for registered unemployed and laid-off workers were not available to the majority of affected workers. In a survey that includes Shenyang, it was found that fewer than 30 percent of unemployed men and 25 percent of unemployed women had access to public unemployment or layoff subsidies.³¹ Urban poverty has become a visible social problem in China, with the Ministry of Civil Affairs estimating an urban poverty rate of 4–8 percent, or 15–31 million urban citizens.³²

Among workers in this study, the Tieling worker Zheng Wu, who lay on the railroad in the incident I described at the opening of chapter 3, was representative of the situations of the multitude of urban poor. Like many of his fellow impoverished citizens, Zheng Wu had to confront the combined predicaments of chronic illness, unemployment, divorce, and family dissolution. I was told later that several years after our interview, he had become mentally ill, but still refused to step out of his shuttered apartment. The deep scars on his wrists resulting from several suicide attempts were indicative of a huge problem among the urban poor. Tragic stories of suicides were staples in my interviews, as were accounts of elderly workers dying of chronic illness without medical care. A woman worker told me with moving rage and contagious sorrow an unforgettable, haunting case. As we strolled down a street in her Tiexi neighborhood lined with women and men squatting in front of the heaps of odds and ends they were trying to sell, she said,

When my sister’s factory closed last year, she became a fruit hawker and she told me about this horrible incident she witnessed in the market. A middle-aged woman was caught stealing a piece of pork in broad daylight. When the hawker and the surrounding crowd accused her of stealing, she broke down in tears. It turned out that her son had begged her to cook him some meat, after he was offered some in his classmate’s home. She was unemployed and too poor to afford pork at the dinner table and so she stole. People were sympathetic and let her take the pork home without charging her anything. The next day, in the daily paper, people were shocked to read that a family of three was found dead after eating some poisoned pork for dinner. It was that woman who stole the pork, who apparently took her own life and those of her family members.³³
Some of the unemployed workers in Shenyang introduced to me by their coworkers had taken to drinking and gambling. On several occasions, when my worker informants finally convinced these workers to leave their poker games to talk to me, they were obviously drunk and were not able to hold coherent conversations in the middle of the day. I also heard that in some cases, their wives had left them or had turned to the sex trade to support the family. Such experiences of social dislocation have spawned satirical jingles (shunkouliu), which are counter-hegemonic colloquial expressions, collective political statements in the guise of rhyming folk wisdom. In Liaoning, for all the reasons this book analyzes, the plight of unemployed workers and corrupt management were prominent themes. This one was made up by a group of workers in China’s leading heavy machinery plant, where workers had staged spontaneous work stoppages after the plant delayed wage payments for four months.

We don’t know the date of wage payment
We don’t have gloves as labor protection
We don’t have soap for washing our hands
We don’t know how much we earn

kaizhimeiyouhao
laobaomeishoutao
shishoumeifeizao
zhengduoshaobuzhidao

Others had less specific origins but were circulated and appreciated widely among locals in their daily conversations. When workers I encountered offered these to me, it was always to make an implicit statement about the resilience of the human spirit and the wit of the masses, no matter how desperate the circumstances.

Don’t you worry, unemployed big brothers
Go pick up guns or choppers
Our leaders’ homes have everything you need
You must fight with your fists when you need to

xiagang dage xin mo huang
shuangshouzhuqi dao he qiang
lingdaojiazhong shadouyou
gaichushoushi jiu chushou

Don’t you shed tears, unemployed woman worker
Put on makeup and go to the nightclubs
Fifty yuan for drinking with you
One hundred yuan for sleeping with you
xiangang nugong mo liaolei
dabandaban qu yezonghui
wushiguanyuanqian peinihe
yibaiyuanqian peinishui

Directors and managers travel across the oceans
Midlevel cadres travel to Shenzhen and Zhuhai
Workers and the masses descend into the bitter seas
changzhangjingli piaoyangguohai
zhongcengganbu shenzhenzhuhai
gongrenqunzhong diaojinkuhai

The factory looks small
The director drives a Bluebird
The factory looks a mess
The director drives a Crown
biekanchangzixiao
changzhangzuonanniao
biekanchangziluan
changzhangzuohuangguan

In short, long gone are the days when every family knew what their neighbors’ incomes were and when people felt that they were more or less economic equals. In the age of reform, families face different opportunities and predicaments, depending on idiosyncratic circumstances such as the economic fortune of a spouse or offspring, the availability of start-up capital loans from relatives or friends, the timing of one’s retirement or layoff, knowledge or social connections to get one started in a business venture, and luck. Inequality is painfully visible. My ethnographic field data indicate the pivotal significance of individual sources of income and housing assets and subsidies as the two greatest sources of inequality in urban Liaoning. This finding agrees with the national pattern that Khan and Riskin have found for urban China as a whole in the period 1988 to 1995.34

For the purpose of understanding working-class experiences of market reform, this chapter so far has mapped the range of survival strategies and the resultant disparity in material well-being among unemployed workers. This intraclass heterogeneity and the multiple sources of inequality must be emphasized when broaching the subject of the limits of labor activism, solidarity, and radicalism. The next question is: How are objective inequality and material hardship perceived and filtered through workers’ cognitive, moral, and historical lenses? In what follows, I turn to what seems to me the third and final parameter of labor’s lived experience of accommodating to and surviving market reform—workers’ collective memories and assessment of the present.
NOSTALGIA AND CRITIQUE: WHAT WAS CHINESE SOCIALISM AND WHAT HAS IT BECOME?

The pivotal significance of collective memories for understanding labor politics in the reform era dawned on me soon after I started my fieldwork in Liaoning. Day after day, as I went from one home to another, conversations with workers about protests and survival today inevitably returned to "the past," that is, "in the time of Chairman Mao" or "under the planned economy." Rarely could my interviewees articulate and describe the present without invoking the past. The intense moral indignation and righteous anger triggered in recalling the past and contrasting it with the present furnish the emotional energy that "puts fire in the belly and steel in the will." These emotions were compelling forces fueling many of the protests described in chapter 3. Yet, when I probed deeper into workers' collective memories, I found complexity and contradictions in their historical experiences, not just nostalgia for the good old days.

In this final section of this chapter, I present some of the salient but diverse themes emerging in workers' narratives, which together point to working-class ambivalence about the socialist revolution and postsocialist reform. The socialist period, remembered fondly by most as a time of employment security and relative equality in material rewards, was not a time of unmitigated bliss, as it was also a period of material shortages, and political campaigns meant that the masses had a relative degree of power, but also that violence and interpersonal distrust were pervasive. For most people, it was a mixed bag of social and personal experiences too complex to be reduced to a simple narrative of progress or decay. Some aspects of the past were good and some others bad, and they are often expressed in the same breath. The present predicaments hurt, but many see progress in the reform era. Caught between two concrete historical realities, two ways of life, each with its own pitfalls and merits, workers feel ambivalent and torn. Constrained by the varying availability of political and organizational resources, they oscillate between acquiescence and critique, inaction and action.

Nostalgic Memories

Several themes stand out in workers' positive remembrances of the socialist period and these encompass both personal livelihood conditions and more macro political and social concerns. The most oft-mentioned characteristic of their lived experience under Mao is livelihood and job security. Many workers made the distinction between material standard of living (which was lower at that time than in the current period) and psychological
well-being (which was better in the past). The second element in workers' nostalgic memory centers on their labor experience within SOEs, especially occupational pride based on skills acquired in the factory, the relative equality of wages, and, most important, the political power of ordinary workers over cadres. The third component in workers' positive memories emphasizes workers' contribution and dedication to national development, and the collective purpose realized in production work. In many narratives, these themes are interwoven pieces mentioned in one single breath, as workers depicted in broad strokes the gestalt of an era. Another noticeable feature of these narratives is that they are seldom strictly about the past. The striking regularity in the juxtaposition and contrasts between the Maoist and post-Mao periods suggests that the present is an enabling device for workers to make sense of their past.

Livelihood and Employment Security The following account was given by a fifty-two-year-old woman worker in a Shenyang textile mill. When I met her in 2000, she had taken "early retirement" and was getting an allowance of about two hundred yuan per month from her enterprise. Recalling the past, she sighed and shook her head constantly throughout the interview, although she lived in a very respectable, roomy, and well-heated seventy-square-meter apartment allocated by her husband's work unit under the Railroad Bureau. They bought it at a subsidized price of twenty thousand yuan. The past stood out as a time of material and psychological security.

At that time, I always felt that life had a natural rhythm: I worked, collected wages, retired, and then my children would inherit my post. But now, there is no guarantee for pensions, children's education, or employment. I don't know on whom to depend in the future. Many young people cannot find jobs and they have to depend on elderly parents. I cannot feel the bottom of my heart. In the past, I never felt this empty inside. When I was sick, I had labor insurance, free medical care, and the union to depend on. Now, when I am sick, I cannot ask for reimbursement. I cannot even afford to cure minor illnesses, let alone major ones. At that time, I could approach the work unit and the Party. Now, where can you go for help? . . . Openness and reform work only for those with ability, culture, and knowledge and for those who are sneaky. For honest, ordinary, and mediocre people like us, Mao's egalitarianism was much better. My family ate steamed buns; your family also ate steamed buns. The next day there were the same steamed buns. My heart felt balanced and relaxed. And there was no corruption. During the Cultural Revolution, my neighbor's family member was jailed for ten years for stealing one thousand yuan. On the contrary, today, even if you lined up all officials in the work unit and shot all of them one by
one, you would still miss others who were corrupt. . . I feel unbalanced not because others make more money. If people get rich by working hard and doing legitimate business, I can only be envious. But now, workers are outraged because it is all about power. Tens of thousands of yuan of bribes are all ordinary people's money. "Eating from one big pot" may not be good for our country's development, and it impoverished and exhausted workers, but psychologically we felt better.36

Another woman worker in Tieling, a forty-nine-year-old worker in a textile mill, echoed an attachment to the needs-oriented redistributive system of Mao's day. She emphasized the regime's commitment to fulfilling workers' welfare and livelihood needs. Workers were treated as "human beings," and she saw that as a consequence of the more powerful role of the masses under Mao. In her case, she explicitly explained that her recognition of a distinct past era resulted from the contrast the present thrust upon her, when she was deprived of enterprise welfare.

Our old factory director was very concerned about workers' welfare. For women workers in particular, we had a clinic—they distributed sanitary napkins to women—a nursery, a mess hall, a factory bus, a barber shop, a workers' culture palace [a Mao-era institution for movie screenings and other cultural events]. . . When the new director came, there was nothing left. Now I understand what exploitation means. We are really pitiful. In the old days, if you needed housing, the factory would give you housing. Now, no single apartment has been built. Mine is a three-person household and still we cannot buy our own apartment unit. Instead we rent an eighteen-square-meter unit from the city Housing Bureau, paying thirty yuan per month. Gradually, all kinds of power the masses had under Mao have been taken away bit by bit.37

The importance of "welfare" and "needs" in the Maoist period was also central to male workers, although some of them associated "needs" with skill training and work conditions rather than reproductive services. For instance, a fifty-year-old driver at a machinery factory said,

In the past, when my kid was sick or my family had any financial difficulty, I went to the union chair. He would study the problem and come back to me with allowances. This is gone now. Our Workers' Congress has not had a meeting in years. The union chair works only for the director who appoints him. Workers have no protective gear on the shop floors, no working shoes, antitoxic masks, soap or towels, nothing. They cannot even reimburse you 50 percent of your medical expenses. In the days of Mao, no matter how poor, the factory could not ignore you when you got sick. Now, without money, you just wait for death when you get sick.38
A Shenyang welder, boasting a twenty-nine-year job tenure in the same factory, spoke at length about the superiority of Maoism, focusing mostly on skill acquisition and workers' commitment to quality production. His lively demeanor and colorful voice expressed vividly his excitement about the past and anger about the present.

The current system in our country slight[s] skills. But when we first joined the factory, we spent many hours taking skill classes. Every Monday, Wednesday, and Friday, every week, in the evening we stayed in the factory after work to learn systematically different types of welding, different raw materials and their mixture, and how to read blueprints. These days, when young workers come in, they know nothing and learn nothing in the factory. Our country is regressing. . . . When the Chairman was alive, poor students who really wanted to go to school and did well would get scholarships. It was a way to preserve the strength and the quality of our nation. Now, without money, you cannot send your child to school. I really miss the Chairman. You see, I have his portrait in my living room. At that time, we did not consider rewards. We just had faith. The more difficult the production task, the more willingly we worked. I was a Youth League member, very eager to join the Party. Once a fire broke out in the factory. I took the lead in fighting it. I was not afraid. . . . Now, no more. I don’t care if I make substandard products, because the factory defaults on my wage payments. It’s natural that we are producing many rejected goods because no one feels responsible for their work. What a contrast with the past, when we volunteered to study how to improve production. Now everyone says, “This is so meaningless.”

Economic and Political Equality The sense of security and stability described by these workers is closely associated with the relative economic and political equality workers remembered about the socialist period. An articulate fifty-five-year-old male technician, who was once honored as a model worker in one of China’s largest valve factories, gave a compelling depiction of working-class mentality at that time.

At that time, people’s class feeling and standpoint (lichang) were very simple and pure. Eight hours of work was our responsibility to society. I did not have big dreams or lofty ideals. Even though propaganda sang the praises of good people and their good deeds, most of us did not aspire to those high goals. There was no time to think about those things. I only worked and worked, because I felt that society treated me well. As long as I worked hard and well, I did not have to worry. The work unit took care of my housing, children’s employment, and pension. I was very content. . . . They used to say the working class was
the leadership class. At that time, I believed it because of our status in society and in the enterprise, and our wages were not low. . . . Our living standard was not high, it’s true, compared to the present. But we were worry-free. For my own interest, I would prefer going back to the time of the planned economy. Society was stable and the masses had a sense of purpose. At the time of old Mao, the planned economy served our country. In 1949, there were only foreign goods. No domestic industry. At that time, even if we had wanted to open up our economy, no one wanted to be open with us. We could depend only on ourselves to build up our foundation. The most important things are stable development, social stability, and that people can be carefree.40

Workers’ positive memory of the relative political equality in the past was commonly invoked by their palpable discontent about cadres’ abuse of power and corruption, and workers’ powerlessness to restrain officials. Strained Party-mass relations (dangqun guanxi) were vehemently criticized by reference to past practices such as big-character posters and political campaigns. A fifty-year-old truck driver in Shenyang made some of the most passionate indictments of management in the reform period, centering on workers’ desperation in the face of rampant cadre corruption. Big-character posters and union power have given way to fatalistic passivity and anger, he said.

Northeastern workers today harbor rebellious mentalities (yifanxintai). The twenty-somethings look toward the West and those in their forties and fifties long for Mao’s time. I think the 1990s is like the 1960s, only now we do not have to eat bark. But we Chinese still have to eat a lot of bitterness and bear much hardship. . . . If only the top leaders can take the lead and set the example of sharing the pain with us. Today, you see all those factory leaders, it’s too common for them to go out with ladies, spending several thousand yuan, while workers have no money for medical treatment. This is antagonism and opposition. Cadre-masses relations have become extremely tense. . . . The most important thing is that today’s workers have no power, the power that Mao gave workers, the power to criticize the director and to write big-character posters. Now it’s illegal to write big-character posters. They will arrest you. . . . Our union is a yellow union, just as Marx and Lenin said, and the union chair is the running dog of the capitalists. He is just a dog. Maoism urged cadres to “serve the People.” I really believed that was true. When we went to school, we were poor but we were given the chance to attend school. But the current government does not care at all about people’s interests. . . . I don’t have a religion, but let me tell you this story about our director. Our director had a beloved BMW. His son had returned from college in Japan, and had learned how to drive the car. The son’s wife was an ordinary woman worker in our factory. The whole family
went visiting his hometown in the countryside to show off his wealth and status. But his car crashed, because he was driving too fast. The director's son and daughter-in-law were both killed! When workers heard the news, they all said, "Heaven cracks down on corruption when workers cannot." The car was not his; it was a state asset, the sweat and blood of workers!41

Many workers recalled, either fondly or cynically but always with nostalgia, their occasional exercise of mass power over cadres during political campaigns. A sixty-eight-year-old retired manual worker in a military equipment factory offered a typical comment.

People today always say, if the Cultural Revolution came again, these corrupt cadres would all be executed many times. In the past, cadres were criticized and persecuted just for harboring bad attitudes toward workers, meaning that they were too wooden or their voices were too harsh when they urged workers to work harder. There was absolutely nothing like the kind of corruption we see these days. Now, there is hardly any cadre who is not corrupt. The problem today is twofold: first, there are no more campaigns; and second, even if there was a campaign, it would be impossible to nail officials down because they collude and protect one another. The auditor is always an acquaintance of the director. You can never get the proof to charge them.42

Working-Class Contribution to National Development Workers recalled a striking sense of collective purpose in their mundane factory labor. Many conveyed having the experience of involvement and commitment in a national project of economic construction. Wage levels were low and stagnant, and working hours long, sometimes lengthened by political meetings and voluntary work. Yet what is remembered is not complaint or resentment, but willing submission, even fervent belief in the national and factory leadership. That sense of community is now lost but missed, as remarks by two woman textile-mill workers reveal.

Even in the early 1960s, when we had to endure hunger, we did not complain. People without ability are all nostalgic about Mao's time. We had to do voluntary labor. Perhaps because we were young and strong, we never complained. It was something we "should" do. I saw my father working in the factory continuously during the Great Leap Forward and coming home to rest only every two weeks. He did not get extra pay. Back then, earning thirty yuan was sufficient for supporting the entire family. . . . Workers became lazy and calculating only after the Cultural Revolution. When bonuses were introduced, workers became reluctant to work if the bonus was small. People also had more conflicts with one another on how to distribute bonuses.43
I was a 1968 sent-down youth. When I returned to the city, I was particularly enthusiastic and progressive, probably because we were educated in Maoist thought. Whether I was in the village or in the work unit, I worked particularly hard, without any impure thought. You can almost say I lived up to the standard of a Communist Party member. At that time, production was for our country, for building socialism. I had a very advanced mentality. [Interviewer: Was it only a slogan?] It’s what the slogan said, but it’s also my genuine feeling. We were very different then from young people today. It’s true that I had my own struggle when I was sent down to the countryside, with no hope of returning. At the beginning of my return to the city, I felt particularly excited and content because I could learn new technologies. I was very hard-working.44

Another worker in the same textile mill explained how an esprit de corps was forged by a delicate mix of political and social pressure, and a workplace culture of competition.

When I started working in the textile mill in 1975, there were still many political activities, meetings, emulation, competition, posters, small-group evaluations, group discussions of workers’ thinking, and so on. We were already exhausted after work, but we still had to attend meetings. If you did not go, you would be criticized and you lost face. Every week they posted a huge table of outputs for each worker. It made you look really bad if you fell behind others. For the sake of saving face, you would work hard just to be in the middle. Otherwise, you felt very uncomfortable. That was the time when politics was in command. It was really something; those meetings were nerve-racking. Who was good and who was bad were all discussed. But I must say, those criticisms were usually reasonable. Moreover, if you really fell behind, several Party members next to you would follow you all day long, to encourage you or help you, all day long. If you did not meet your quota, they would drop their work and came over to work with you. I did not know whether they were really nice or were just fulfilling their political task. But they did help you.45

In short, collective memories of the Maoist era were essentially the workers’ revisiting a standard of justice now lost in reform. In rallies and demonstrations in Liaoning, banners proclaiming “We Want Justice,” “We Want to Live,” “We Want to Eat,” and “Down with Corrupt Officials” reflected what they considered the basic conditions of a “just” social order. In the absence of a public forum for workers’ articulation of their interests and of organizations of worker resistance, shared emotive and moral frameworks have come to play a heightened role in fostering solidarity.
Critical Memories

Several themes are prominent in workers' negative remembrances of the prereform past: the violence and fear induced by campaigns, the despotic power of work-unit leadership, and inequality produced by socialism. The most bitter criticisms I heard came from middle-aged workers who joined the workforce in the early 1970s and were too young to benefit from pensions when enterprise bankruptcies deprived them of all the traditional socialist workers' rights. Yet by that time, they already had put in almost two decades of labor and had sacrificed the best years of their youth.

Violence and Fear  Although most people glossed over their years during the Cultural Revolution, giving general statements rather than specific details, their avoidance and occasional forays into that period reveal glimpses of their memories of fear and violence. A seventy-five-year-old Grade Eight worker, boastful of a work history that began "before the establishment of the Republic," remarked sarcastically but with trepidation,

In the past, production was interrupted by politics. Today, production is arrested because of economics.... Reform brought a better life, that's for sure. We don't have to endure hunger, as in the days of Mao. I now eat rice every day. I don't like noodles. In the past, we chanted the "working-class leadership" slogan because that's what leaders wanted. No one could avoid it. We chanted whatever slogans were given us. I could not care less whether those slogans were true or not. I only knew that if I did not chant, I would be branded a "backward" element.... Three workers on my shop floor died: one committed suicide, the other two were beaten to death. One was named Liu. He was accused of sabotaging a big project. But he was a Grade Seven or Grade Eight worker. In hindsight, I don't think it was a case of sabotage, just a technical error with the casting mold. But at that time, once someone charged you with sabotage, you were certain to be found guilty, whether you admitted it or denied it. The real problem was his political viewpoint and some leaders wanted to get rid of him. He soon committed suicide.... If leaders admired you, you were good; if they criticized you, you were bad. It was not up to us. I just wanted to avoid mistakes. Everyone was afraid of struggles every day at work. But then production was hectic because people were afraid of being labeled as saboteurs. We cast eighty tons of iron every day at that time. Now, we don't make that much in a month.... It's hard to say which period is better, Mao's or now.46

A similarly ambivalent experience of fear and acquiescence was reported by a seventy-year-old male worker in a Shenyang military equip-
ment factory. He joined the electronic equipment factory in 1954 and had retired by the time I talked to him in 2000. Yet what also stood out in his memory of the socialist period was workers' contribution to national development.

During the Great Leap Forward, production went on nonstop. It was a contribution to the country and to socialism. It was what we should do, without bonuses, but from our hearts. I was genuinely willing. But it's also true that people dared not resist, because no one wanted to fall behind. The common thinking at that time was to be progressive, ambitious, and positive about work. People at that time dared not cultivate guanxi to get away from work. We had to report our thinking to the Party, or report coworkers with ideological problems, or who sabotaged production. When I missed my family in Sichuan, I reported this to my superior and he advised me to take a different perspective about my feelings. They made me realize that it was more important to do well in production. At that time, those leaders had people's trust, and they were not corrupt at all. One of them had an affair with a woman and he was kicked out of the Party, branded as a case of corrupting bourgeois mentality. . . . During the Cultural Revolution, there were always meetings, like two hours every day, until eight or nine in the evening. All kinds of criticisms and confessions. The Red Guard organized us to write big-character posters, and we spent day and night writing. We also went to other factories to participate in struggle meetings. Everyone had to go, otherwise you got criticized. I was very afraid at that time, and could only go with them. . . . When I was thinking of finding a marriage partner, the Party helped me to check potential spouses' political backgrounds. I did not find this repellent because everyone was like that. Indeed, for certain personal information in people's dossiers, you had to rely on the Party to find out.47

Cadre Tyranny Although many workers recalled with amazement that workers actually once occasionally wielded the power to criticize management, they also remembered the institutional power and privilege enjoyed by cadres. Female workers were particularly vulnerable to sexual harassment. A forty-three-year-old woman recalled the sexual abuse she and her coworkers had to endure when shop-floor cadres held despotic and total power over pay and bonuses. She joined the casting factory in Shenyang when her father retired in 1978. Many workers on her shop floor operated cable cars controlling the mixing of molten iron and alloy materials. The absolute power of the foreman was the most vivid, if also most hated, aspect of her years as an SOE worker. She was so disillusioned that she became very distrustful of the "quality of the working class."
You could never antagonize the foreman or the section head. They had myriad means to make life miserable for you. They could allocate you "good" work, so you could sleep through your shift, or they could give you impossibly hard work. Among the fifty of us in the section, only ten were men, elderly men. So all the women workers tried every means to placate the section head, giving him cigarettes, home-cooked food at lunch, or sweet words. They surrounded him all the time, organized their daily lives around him. Why? All for a few yuan of bonus every month. . . . When I first joined the shop floor, I was only nineteen, and one day the foreman said he wanted to teach me how to operate the cable car. I followed him up the cable car and when the door was closed, he put his hand on mine and his body pressed hard against mine from behind. I was horrified and when I went home, I complained to my father. He was furious and said that the foreman had a problematic work style. My father knew him and talked to him. He dared not touch me again. But very soon, he spotted another new woman worker who was even younger than I was. He first bought her goodies and then took her out during lunch break. Later someone found out that they made out in a secret place near the railroad. . . . They were discovered by the police and both were criticized. But they still remained in the work unit, just on different shop floors. Another foreman came, but still the same problem. The Women's Federation even came to investigate. But I was on good terms with this foreman. There were times when I needed to attend to my moonlight job during the day and wanted to work the night shift, so I gave him cigarettes. I gave him one carton at first. He refused. I gave him a second carton, and he agreed. I got night shifts for two weeks. After that, I had to give him more for more weeks. I really hated this. Now I work outside the danwei, and I don't have to cultivate this kind of relation. I rely on my own ability. As long as I am good at my work, I don't have to cajole anyone. I don't miss the danwei at all. For the first few years in the danwei, I was a model worker, because of the quality of my work. But these leaders and their work style really disgusted me. I don't believe in the quality of the working class anymore. 

Sacrifice and Betrayal Quite common among middle-aged workers are cynicism and criticism both of socialism's demand for personal sacrifice and of the lack of payback by the state now that reform has rescinded many of the benefits older workers enjoyed. Their rejection of the past is prompted by their misery in the present. A demobilized soldier and a Party member, a fifty-one-year-old technician in Tieling spoke angrily about the betrayal of his generation. He has to support two school-age children after being laid off. He has become so disenchanted by his current predicament that he disparaged his own past as only an illusion.
I am just a victim of deceit and lies. But sacrifice for what? In the past, I was very active in debating what were socialism, communism, and capitalism. But they were all instruments of political struggles. They deceived ordinary people to serve the interest of politicians. . . . Since I was a child, I had always believed in the Party. At that time, I felt I had a religion, and psychologically was very peaceful and balanced. I willingly gave my best effort at work, so as not to fall behind. We were the masters of the enterprise, I thought, just as the propaganda said. But now, I know that I was fooled. Only 312 yuan [severance pay] per year of job tenure. Is this fair treatment for "masters"? How can a technical employee of the best-equipped factory in China become so pitiful? Is this not cheating?49

Workers in their thirties and forties expressed the most negative experience of socialism. Many recognized their plight as a generational phenomenon. A typical memory of the socialist past depicted a collective experience of suffering owing to radical shifts in state policies. Not surprisingly, during a large-scale protest in Liaoyang, a labor leader passionately invoked a popular satirical jingle that expressed the desperation of victimization. Mass emotion was spurred to a high point when he lamented on behalf of the crowd,50

We gave our youth to the Party
Now in our old age no one cares for us.
Can we turn to our children?
Our children are also laid off.

In the northeast, workers have an aggravated sense of victimization because of a strong regional identity. Northeastern workers is a common collective reference they use to describe themselves. A seventy-year-old engineer-turned-worker in Tiexi, the largest and most established working-class district in Shenyang, elaborated at length on the sacrifice made by Shenyang Tiexi workers.

Tiexi was the famous Ruhr of the East. Industries here began in the Japanese colonial period. Then with Soviet aid, many of the 156 projects were located here too. It's the eldest son of the Republic's industrialization, and many national number ones [flagship factories] were born here. Now, workers' villages have become laid-offs' villages. At the beginning of the Republic, many technical workers submitted to government allocation and were moved from other cities to work here. Our government owes them too much. In the past, there was provision for basic needs. Now, everything is gone. Some time ago, a former model worker sold his National May First medal because he needed money to see the doctor. The local community was really shocked.51
Another Shenyang worker echoed the same regional identity of sacrifice. Northeastern workers have a very glorious history. The liberation of China depended on the northeast. Without the industrial resources of the northeast, how could the Communist Party have made its way to the south? Even after the Liberation, it was the northeast that led the country to industrialize. Workers here, unlike those in Guangdong, gave their lives and fates to the factory once they got in. They loved and respected their work. There was not much opportunity to moonlight, unlike in the south. We worked for very low wages, and all the surplus went to build up the nation’s military. But all this nation-building sacrifice is wasted. Now that we are approaching old age, we cannot even get our pensions on time.\(^{52}\)

In a nutshell, working-class memories are fragmented and ambivalent. Diversity of worker memories most prominently follows a generational pattern, perhaps a consequence of changing realities in state factories and different amounts of time spent as a worker. Workers in their sixties or older recalled a more “revolutionary” experience in which sacrifices were made in the name of socialism and national development, and relative equality and employment security were lived experiences in the past. In contrast, those who started their factory careers in the 1970s had more cynical and less passionate recollections of their working lives. Their memory narratives were more negative, emphasizing cadre tyranny, unrewarded sacrifice, and state betrayal. This is probably the result of their position in the social structure. Caught between the old and the new economies, these disgruntled workers neither benefited from pensions nor have the youth and educational advantages to succeed in the marketplace. One interesting caveat is that although their personal experiences informed their critical memories of socialism, they also drew on their parents’ experience to articulate an imagined memory of Maoism. This imagined Maoism, consisting of themes of equality, security, and mass power, is invoked in petitions to local government.\(^{53}\) Among people of the same generation, there is no linear relationship between current conditions and the emphasis of memory. That is, workers who feel secure in their lives under reform are as likely to be nostalgic for the socialist era as those who experience deterioration in their current lives.

SURVIVAL, MEMORIES, AND FEELINGS

This chapter has attempted to illuminate the fabric of everyday survival and structures of feelings that are continuous with but distinct from moments
of collective action. Holding these two elements together, we see that after each episode of protest or petition that we examined in chapter 3, workers go back to their private abodes. And between acts of collective defiance, they are preoccupied with making ends meet in the marketplace. Although righteous rage, outcries against injustice, and nostalgia for the Revolution and the socialist past are the emotional energies that constitute labor resistance, acceptance of some of the practices and values of market reform prevails as a quiet undercurrent of working-class feelings. Both sets of emotions are informed by workers' collective memories of socialism, a terrain marked by profound ambivalence.\(^{54}\)

This argument is slightly different from what has been suggested in the literature on worker politics in the reform era. On the one hand, Marc Blecher has found that workers in Tianjin accept a "market hegemony," subscribing to the core values of the market peddled by the dominant class and the state.\(^{55}\) For instance, he found that workers believed that market allocation of income and competition were both right and were more effective than the planned economy was. They also believed that the economic health of their enterprises was a matter of luck, the result of an agentless, natural, and inevitable market process. Such hegemonic acceptance, for Blecher, explains the absence of a coordinated worker challenge to the state. On the other hand, William Hurst and Kevin O'Brien found a more black-and-white situation in two ailing mining towns, where "all the working-class interviewees expressed open hostility towards market reforms, claimed that they and the country had been better off before reform began, and expressed varying degrees of desire to restore large parts of the Maoist social order."\(^{56}\) Rather than positing these two scenarios as contradictory and mutually exclusive, the present study finds that both hegemony and counter-hegemony coexist in workers' attitudes. Instead of underscoring either rebellion or hegemony, I have tried to clarify the terms of each and the circumstances under which they are activated and translated into a mix of collective action and inaction.

In chapter 3 and this chapter, I have depicted how and why rustbelt workers staged protests of desperation while they managed to scrape together a mode of survival in the shadow of widespread bankruptcy and unemployment. I have argued that this pattern of protest and survival was shaped by the political economy of decentralized legal authoritarianism and a labor system in the rustbelt that still organizes the social reproduction of labor power around the work unit and that attempted a transition from the social to the legal contract, which stalled. Next, we move on to another regional political economy and a different pattern of labor struggles and survival. In
the sunbelt province of Guangdong, I found protests against discrimination by a new generation of young, migrant workers in nonstate manufacturing, construction, and service firms. Although their backgrounds, interests, strategies, and identities diverge from those of rustbelt workers and despite working under a labor system predicated more on legal contracts than on the social contract and to a reproduction of labor power based in villages rather than in the urban work unit, the features of cellular activism and legalism are rooted in the same political economy of decentralized legal authoritarianism. It is to these protests against discrimination in the sunbelt province of Guangdong that the next chapter turns.
PART III

Sunbelt

Protests against Discrimination
On the afternoon of May 9, 2002, the courtyard outside the Petition Department of the Shenzhen City Labor Bureau was crowded with young workers still in their blue uniforms, with factory identity cards pinned to their shirt pockets. They were ordinary workers and line leaders of a Hong Kong-owned electronics plant making hair dryers and toaster ovens for export to the United States. After the company announced a “wage reform” that substituted piece rates for hourly-wages, workers walked out of the factory on May 7 and marched to the Labor Bureau in Nanshan district in Shenzhen to launch a collective petition. After unsuccessful negotiations with management, they decided to strike again and this time they decided to appeal to the Shenzhen City Labor Bureau instead. The Nanshan district police, anxious to prevent angry workers from causing a disturbance within their jurisdiction, blocked traffic and demanded that the buses carrying these workers suspend service. Undeterred, workers decided to walk for three hours to downtown Shenzhen. Police officers “escorted” them until they left the Nanshan district boundary. Hours later, these workers showed up in the Shenzhen City Labor Bureau downtown. One worker representative explained the cause of the strike.

We always knew we were not getting the legal wage rates. But nobody stuck his neck out to do something about it. And as long as we could get by, we didn’t want to create trouble. But this time, management pushed us to rebel. The wage reform is a wage cut in disguise. They say it can raise productivity, but the assembly line is already moving so fast that we’ll become robots to make a living wage under the new piece rate system. Four years ago when I first came, we were making 360 hair dryers per hour in each production line. Now, we are turning out 440 pieces an hour. It’s impossible to work faster.¹
As worker representatives presented their case to the Shenzhen City Labor Bureau officers inside the petition room, their fellow workers waited eagerly outside and filled the courtyard with lively conversation, occasional laughter, and angry cursing of the police who had stopped their buses. A dozen Shenzhen police arrived, standing by without intervening, while "black market" lawyers handed out business cards, offering legal advice about the 1995 Labor Law and encouraging workers to file a lawsuit against the factory. When the Nanshan District Labor Bureau chief emerged from the building and tried to address these several hundred workers, asking them to return to the factory located in his district, he drew howls of protest from workers who wanted to drown out his voice. Eventually, the Shenzhen City Labor Bureau chief came out of his office and announced his solemn pledge to resolve the dispute to the workers' satisfaction. Everything would be resolved according to the law, he vowed, and workers would get a labor contract, legal wage rates and overtime compensation, and pension benefits, all of which had been denied them by their employer. Around 5:00 PM, the Shenzhen City Labor Bureau chief deployed his fleet of employee buses to take workers back to their dormitories, to "ensure workers' safety."

Workers in another subcontracting factory manufacturing for Wal-Mart also approached the government. Like their counterparts in the construction company, their struggle for legal wage rates, overtime pay, pensions, and decent dormitories was a protracted one, lasting more than eighteen months. The incident had evolved from writing complaint letters to management to collective visits to the city government, strikes and work stoppages, mediation and arbitration by the local Labor Bureau, public demonstrations outside the city government offices, and finally the court. In this case, six worker representatives had received a call from the court saying that the authorization letter signed by workers at the arbitration stage was no longer valid. They had to come up with an updated authorization, something that was almost impossible because workers had already left the factory and had given only their rural home addresses to the representatives. The court suggested mediation, asking if workers would accept a settlement of five hundred yuan for each plaintiff. When they accepted, the clerk in the court went to the Labor Arbitration Commission and somehow managed to obtain a revised updated authorization all by himself. One worker leader, reflecting on the "mediated" result of the lawsuit, was ambivalent about the workers' success: "Financially, we lost. We were owed more than five hundred yuan each. But morally, we won. The court affirmed our righteousness."
THE FORCE OF LAW AND PROTESTS AGAINST DISCRIMINATION

These two episodes of labor conflict illustrate a typical dynamic of labor contentions involving migrant workers in southern China. Labor unrest is closely intertwined with the law, the courts, and the government's labor bureaucracy. The trajectory of working-class formation involving young migrant workers hailing from the vast countryside in the reform period evolves differently but parallel to that of veteran workers in the rustbelt. Whereas the exit of the older generation of urban workers from state industries occasions collective mobilization, it is the mass entry of about one hundred million migrant workers into cities producing for the global economy that gives rise to labor contentions. One group protests against its exclusion from the market and betrayal by the state, the other against capitalist exploitation and state discrimination. Also, whereas the contestation involved in the unmaking of the socialist working class is driven by the socialist social contract, labor conflicts between migrant workers and their employers are regulated and engendered by the fledgling legal system and the legal contract. That is why the law, the courts, and the labor bureaucracy become the crucible of labor mobilization in the sunbelt. The discrepancy between the legal prescription of rights and the lived reality of the absence of those rights has prompted workers to raise their voices against discrimination.

The project of building a law-governed state is not a unique Chinese concern; many postsocialist states strive for new legitimation through reconstituting state power based on legality, distinguishing themselves from the previous socialist state based on terror, fiat, arbitrariness, and deceit. It is a Herculean task of such historic proportions that the legal scholar William Alford vividly compares it to the construction of "a second Great Wall." The outcome depends significantly on how social groups respond to and use the law, and what powers and cultural processes shape the law's actual operation in social life. As detailed in chapter 2, a series of labor regulations and the National Labor Law were promulgated in the reform era to allow the government to regulate labor relations after it removes itself from direct management and allocation of labor (its role under the planned economy). Of particular relevance to migrant workers are the Labor Law (1995) and the Regulations for the Handling of Labor Disputes (1993).

In this chapter, I examine how workers actually use the law and how they interact with officials charged with instituting this fledgling system. As "a social field of force," as Bourdieu suggested, the Chinese juridical and
bureaucratic fields are sites of competition for control in which everyone is constrained, however unevenly, by the constitutive structure and principles of the legal field. That is, corruption, prejudices, or other caveats notwithstanding, law and regulation's universalizing logic imposes terms and limits of contestation and may be seized and transformed by workers. I have found that, on the one hand, many migrant workers have successfully used the law to obtain back pay and pension contributions owed to them by employers. My fieldwork finds that their positive experience with this tantalizing legal system encourages other migrant workers to follow suit, constituting a social force that bolsters the central government's project of constructing rule by law. Yet, on the other hand, for every worker who finds vindication in the system, there are many more who, in the process of their long and arduous legal battles, lose faith in the neutrality of the court and develop negative dispositions toward the integrity of the state itself. These workers become inclined toward noninstitutionalized, bordering on illegal, modes of actions, or what they themselves describe as "radical action." Therefore, the transformative effect of the law is open in the sense that it can become a new wellspring of criticism and discontent, and yet at the same time it may lead to enhanced state legitimacy or the spread of popular demands for the right to legal justice. Either way, the uncertainty of the outcome in this field of force has propelled rather than inhibited labor activism.

In a nutshell, this chapter uses ethnographic and interview data to unpack the processes of contentions in the corridors of the Labor Bureau, the dormitories of factories, lawyers' offices, and the courthouses. I find that migrant workers, feeling deprived of the socialist social contract available to state-owned enterprise workers, see the Labor Law as the only institutional resource protecting their interests vis-à-vis powerful employers and local officials. From the perspective of migrant workers, their inferior legal status in the cities, enforced by the household registration system, leaves them no choice but to turn to the state bureaucracy and the law as the only protections available. Hailing from the countryside and shackled for generations to the farm, many migrants regard urban jobs as a major means of upward mobility. The Labor Law defines them as workers with legal rights and therefore furnishes institutional leverage amidst all kinds of disadvantages. Workers are inclined to resort to the government labor bureaucracy and the court whenever conflicts erupt in the workplace. The unpredictable and often corrupt bureaucracy and the legal system may, however, add insult to injury and end up producing more frustration and desperation than the initial workplace disputes did. Collective mobilization at that point will over-
flow from the Labor Bureau and the court into the streets, and legal activism will be transformed into direct street action. This oscillation between rationalization and radicalization of labor conflict is what underlies the volatility of the labor regime in South China, where the law and the legal contract are purportedly the major means of state regulation. Mirroring the analysis in chapter 3, I analyze workers’ grievances, action strategies, and subjectivities in the following sections.

The first part of this chapter discusses the industrial economy and growth of Shenzhen in relation to the proliferation of labor conflicts. Through workers’ narratives of their own workplace experience, I depict features of workplace degradation, exploitation, and discrimination from which labor grievances and conflicts flow. The core part of the chapter traces how migrant workers come into contact with the Labor Law, how they navigate the treacherous mediation and litigation processes, and how they confront labor officials, employers, lawyers, and judges. Such interactions between workers and the legal system often work to contain conflicts within the officially prescribed channels of resolution but occasionally and subsequently they also lead to street protests. Either within or outside the institutionalized channels of labor contention, the prevailing mode of mobilization is that of cellular activism, as is the case in the rustbelt, engendered by the state strategy of decentralized legal authoritarianism. Finally, I return to the discussion about labor insurgent identities at the end of the chapter, noting both commonalities and differences between migrant workers in the south and unemployed state workers in the northeast. The sharp consciousness of legal rights is shared by workers in these two vastly divergent political economies.

REVISITING THE SOUTH CHINA MIRACLE

The site of my fieldwork is Shenzhen, in the southern Chinese province of Guangdong. A stark contrast to the old industrial cities of the northeast, Shenzhen, with a population of about 7.8 million, is China’s major link to the global marketplace. In 2000, Guangdong province accounted for 42 percent of all China’s exports, 90 percent of which came from eight cities in the Pearl River Delta area, led by Shenzhen.8 Driven by international industrial investment and domestic private firms, Shenzhen boasts a staggering average annual gross domestic product growth rate of 31.2 percent over two decades of reform, and remains to this day the most popular destination for China’s eighty to one hundred million migrant workers.9 One in three migrant industrial workers in China lives in Guangdong and some six mil-
lion of them worked in Shenzhen as of 2000. Despite the ubiquity of savage industrial capitalism in its factories, Shenzhen is also the frontier of labor law and labor arbitration reform, making it a most contentious city in labor relations. Almost one-fifth of China’s arbitrated labor disputes occur in Shenzhen.10

In 1992 and 1993, I worked as a factory hand in a Hong Kong–owned export-processing electronics plant, as part of the fieldwork research for my dissertation. Back then, I was exploring the mechanisms of labor control and the reproduction of power behind an economic success story founded on the use of female laborers. I characterized the factory regime there as "localistic despotism."11 It was a system in which local state intervention in and regulation of labor relations was minimal, thanks to the clientelist relationship between foreign investors and local officials. Such a political economy allowed despotic management to rely on the use of coercive and punitive discipline. The social and gendered organization of the labor market was such that localistic networks among workers were incorporated into the shop floor, subjugating a predominantly female workforce by constituting them as docile maiden workers. My theoretical project there was to engender Marxist understandings of the labor process so that gender hierarchies and identities become integral elements in theorizing production-based class relations. I was more interested in the organization and reproduction of power than collective resistance to control.12

Despotism, Growth, and Conflict

Now, a decade later, I revisit this pioneering border city to find the export-driven economy continuing to thrive as a potent force in this city. The city boundaries have sprawled in all directions to accommodate an ever-increasing workforce that hail from villages all over the country. Shenzhen’s migrant labor population has grown from 1.3 million in 1990 to 6 million in 2005, about 75 percent of whom find jobs in industry. Although many international and domestic firms have relocated to more remote, inland locations in search of cheaper land and labor, Shenzhen has witnessed the persistent growth of foreign and private investment. The largest number of firms are export-processing projects and foreign-invested projects, with a total of twenty-one thousand establishments at the end of 1999, accounting for 80.9 percent of the city’s industrial output.

Fueling such impressive expansion of the industrial economy are numerous "satanic mills" running at such a nerve-racking pace that workers' physical limits and bodily strength are put to the test on a daily basis. In the