The New Crowd of the Dispossessed: The Shift of the Urban Proletariat From Master to Mendicant

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June 2003
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An earlier version of this chapter was presented at the Annual One-Day Conference of The British Association for Chinese Studies, "The Crowd in China," University of Warwick, September 14, 2001.

Plainly put, the Chinese state has lost its legitimacy for some tens of millions among its old urban proletariat. In their current guise as informal laborers, these people constitute a largely unstudied component of the transition to capitalism in China, a blight on that rosiness of reform with its supposed rising prosperity that one often hears about.[1] Those comprising this mass consist of that sorry section of the country's manual laborers whose post was snatched from beneath them in the name of efficiency and profits in

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[1] On the attitudes and protests of the workforce and former workforce, see Ching Kwan Lee, "From Organized Dependence to Disorganized Despotism: Changing Labour Regimes in Chinese Factories," The China Quarterly (hereafter CQ), No. 157 (1999): 44-71; Antoine Kernen and Jean-Louis Rocca, "The Reform of State-Owned Enterprises and its Social Consequences in Shenyang and Liaoning" (Ms., 1999); and Jean-Louis Rocca, "Old Working Class, New Working Class: Reforms, Labour Crisis and the Two Faces of Conflicts in Chinese Urban Areas" (first draft). Paper presented at the Second Annual Conference of the European Union-China Academic Network, January 21-22, 1999, Centro de Estudios de Asia Oriental, Universidad Autonoma de Madrid, Spain; Marc Blecher, "Strategies of Chinese State Legitimation Aong the Working Class." Paper presented to the Workshop on Strategies of State Legitimation in Contemporary China, Center for Chinese Studies, University of California at Berkeley, May 7-9, 1999; and Ching Kwan Lee, "The `revenge of history': Collective memories and labor protests in northeastern China," Ethnography 1 (2): 217-237 (2000).

the course of the reform of the national economy, mostly in the years after 1994.

Though their numbers have been estimated as being as low as just a dozen million (in official countings),[2] internal reports and scholarly papers have put the tally as high as sixty million.[3] And according to a mid-1999 report, some government officials believed at that point that the real number of workers who should be counted as unemployed--including all those currently labeled "as waiting for work" but not included in the unemployed statistics--could be as high as 100 million.[4] Whatever the precise total, even China's own National Bureau of Statistics admits that nearly 31 percent of those

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[2] Ministry of Labour and Social Security, National Bureau of Statistics, "The Year 2000's Statistical Report of the Developments in Labour and Social Security," Laodong baozhang tongxun [Labor and social security bulletin], No. 6 (2001), 36 notes 6.57 million laid-off as of the end of 2000, but Wang Dongjin, Deputy Minister of Labour and Social Security, referred in February 2001 to "some 20 million laid-off workers" (Reuters, "China to Lay off 6.5 Million Urban Workers a Month," Inside China Today, 16 February 2001.

[3] Wang Depei, "`Three people' and `The Second Reform'," Gaige neican [Reform Internal Reference] (hereafter GGNC), No. 7 (2001), 25. Economist Hu Angang stated that China had laid off 55 million people from 1995 to mid-2002 (China News Digest, 9 July 2002). In late 2001 Tang Jun, "Social discrimination in the minimum living guarantee system," paper presented at the Conference on Social Exclusion and Marginality in Chinese Societies, sponsored by the Centre for Social Policy Studies of the Department of Applied Social Sciences, the Hong Kong Polytechnic University and the Social Policy research Centre, Institute of Sociology, the Chinese Academy of Social Sciences, Hong Kong, November 16-17, 2001, 1 held that the urban unemployment rate was then between 12 and 15 percent. See my article,"Why We Cannot Count the "Unemployed," CQ, No. 167 (September 2001), 671-88.

[4] William H. Overholt, "China in the Balance," Nomura Strategy Paper, Hong Kong, May 12, 1999.

employed in the state sector as of end of year 1997 were cut (from 100.4 million to 76.4 million) within the following four years.[5]

This is a group of mainly unskilled workers who, summarily dismissed from the plants where they had toiled for decades, have had to discover new modes of livelihood from scratch in the midst of middle age. We can picture their efforts to eke out a living thusly:

> Along the streets of Chinese inland cities these days, the service sector, starved nearly to death until the early 1980's, seems full of life, packed with business, its practitioners a literal crowd. You can get your shoes shined for two yuan[6] by three different peddlers on just one block, buy what is essentially the same pair of nylons for the same 10 yuan five or six times or the same style ballpoint pen for two or three yuan in the same lane. Or you can choose any one of 10 pedicabs to deliver you as far as a couple of miles away, for as little as a piddling three to five yuan.[7]

Besides such self-employed city folk, others among these millions of state-abandoned, suddenly informal[8] urban laborers work for wages. One of my

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[5] Dali L. Yang, "China in 2002: Leadership Transition and the Political Economy of Governance," Asian Survey (hereafter AS), 43:1 (2003), 34. Hiroshi Imai, Special Report: "China's Growing Unemployment Problem," Pacific Business and Industries RIM (Tokyo) II, 6 (2002), 25, says that in the l980s, 99.2% of urban workers were employed in the publicly owned sector, 76.2 percent of them in state-owned firms and 23 percent in collectives. Employment in this sector continued increasing through the 1980s and into the first half of the 1990s, when a drop commenced. By 2000, the percentage of total urban workers employed in state firms and collective enterprises had fallen to 38.1 percent and 7.2 percent, respectively, for a combined total in "public" concerns of 45.3 percent of the urban workforce.

[6] A Chinese yuan is equal to about twelve cents U.S..

[7] This paragraph and the several ones succeeding it are taken from my article, "Labour Market Reform and the Plight of the Laid-off Proletariat," CQ, No. 170 (June 2002), 304-26. See 308-09.

[8] The term informal refers to a process whereby employment conditions become more "flexible," entailing elimination of entitlements and benefits, reduction of safety and other

Wuhan informants was a woman who, first let go by her own firm, had later been dismissed from a private enterprise when its business deteriorated, and was currently dishwashing at a restaurant for 12 hours per day for 300 yuan a month, equivalent to about three U.S. dollars per day. Another, on her third post-enterprise position, was charged with simply standing at the gates of the idle plant where she had once been employed. A third woman did housework when contacted by the Women's Federation, which could be as rarely as just once a month. She would then be paid by the hour, at the measly rate of 3.2 yuan,[9] thus in slack times, perhaps just four U.S. dollars for the entire month.

A trade union study found that 48.7 percent of the "reemployed" it counted were self-employed, while of the other 51.3 percent who had been hired, well over half (59 percent) were engaged in work that was only temporary.[10] People doing this second type of informal work are described in a set of sobering vignettes that graced the pages of the local newspaper in the central China city of Wuhan in early summer 1998, as the numbers of those making up the new informal class of furloughed workers mounted steadily:

> Now in a lot of units there's irregular use of labor, obstructing the [laid-off] staff and workers' reemployment...The textile trade's reemployment service center is entrusted with 10,000 laid-off staff and workers, of whom about 400 have become reemployed...not one of the 100 units that hired them has taken over social security responsibilities for them or signed a formal contract.
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> Three hired as transport workers for a store's household appliance department were paid only 200 yuan after a month, while the store's regular workers' monthly income averaged more than 1,000 yuan.

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humane provisions at the workplace, and denial of job security, where all of these guarantees once existed. These cutbacks in welfare go along with a surge in short-term, temporary jobs having these features, and a marked upswing in very petty projects of brief self-employment.

[9] Wuhan street interviews, September 1999.

[10] Xue Zhaoyun, "Research, reflections, and suggestions about the reemployment situation of laid-off staff and workers," Gonghui gongzuo tongxun [Bulletin of trade union work] 7 (2000), 8.

> According to relevant regulations, staff and workers have a three month-probation period, in which wages are rather low. But after the three months a clothing enterprise fired those it had taken on. Of all those placed out of the [reemployment] service center, 44 percent of the total were soon fired for reasons that had nothing to do with their job performance.[11]

Besides having to cope with the psychological shock of losing their jobs, those able to find work--the new informalites--are generally severely strapped financially. In a 1997 investigation in 55 cities across 17 different provinces, 1,300 returned questionnaires revealed that well over half (a full 58 percent) of the laid-off in the study were obtaining an income under 200 yuan per month.[12] In 1999, when the State Statistical Bureau announced that the average national wage of an on-post urban state-owned unit worker averaged 695 yuan, only 12.6 percent of the total laid-off workers (as far as was known to official statisticians) had an income over 500 yuan.[13] With the growing numbers of people who have lost their former jobs, it is not surprising that by early 2000, 73 percent of China's urban population had incomes below the national average and just 27 percent were above it, according to a study done in 11 major cities by the Macroeconomic Research Institute of the State Planning Commission.[14]

Their better educated, more youthful brethren, who can generally more readily retain their jobs or else find a place in the thriving modern sector, or their younger, rural-born cousins migrating into town, fresh from the

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[11] Changjiang ribao [Yangzi daily], June 2, 1998, 2.

[12] `Investigation of urban enterprises laid-off staff and workers' reemployment situation' project topic group, "A difficult pass and the way out," from Shehuixue yanjiu [Sociology research] 6 (1997) [reprinted in Xinhua wengao, shehui 3 (1998), 21.

[13] N.a., (2000), 36, 35.

[14] State Planning Commission, Macroeconomic Research Group, "Establishing a social protection system is the key to our country's social stability," Neibu canyue [Internal consultations] (hereafter NBCY), May 5, 2000, 9.

countryside and prized by employers for their brawn and their grit--and for their readiness to reap the most meager of recompense that assembly-line drudgery, construction site exertion, or menial service and market stall jobs provide have far less trouble getting work. But these discharged urban-registered people, to the contrary--individuals whose livelihoods and positions were secure and whose spot in society was valued highly for decades--are now often at a loss in getting hired. There are also other workers, demographically similar to those let go whose firms, doing marginally better, still are sufficiently strapped financially as to be withholding wages and pensions. In the case of those who are the subject of this essay, however, for all practical purposes the tie with their former employers has been sundered irrevocably.[15] The startling thing is that these demeaned menials making up the crowd today are city-born and -registered citizens, members of the once celebrated factory proletariat, turned now into the cohort of the xiagang,[16] and not second-class inmigrating peasants, who made up the

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[15] Excellent studies of the entire working class of today are Ching Kwan Lee, "Pathways of Labor Insurgency," in Elizabeth J. Perry and Mark Selden, eds., Chinese Society: Change, Conflict and Resistance (Routledge, 2000), Chapter Two; *idem.,* "Three Patterns of Working-Class Transitions in China," in Francoise Mengin and Jean-Louis Rocca, Chinese Politics: Moving Frontiers (New York, Palgrave, 2002), 62-91; Jean-Louis Rocca, "Three at Once: The Multidimensional Scope of Labor Crisis in China," in Mengin and Rocca, *op. cit.*, 3-30; and Feng Chen, "Industrial Restructuring and Workers' Resistance in China," Modern China, (hereafter MC) 29, 2 (April 2003), 237-62.

[16] Officially, a xiagang worker is one who meets all of these conditions: 1) s/he began working before the contract system was instituted in 1986 and had a formal, permanent job in the state sector (plus those contract laborers whose contract term is not yet concluded); 2) because of his/her firm's problems in business and operations, has been let go, but has not yet cut off relations with the original firm; and 3) has not yet found other work in society (see Guo Jun, "What's the difference between laid-off and diverted workers

principal set of demeaned urban residents just a few years back.[17] In illustration of this crumpling of status hierarchies, the term "mingong,"--loosely, a label specifying casual labor, which in the recent past was used just to refer to surplus rural workers from the interior--in 1998 sometimes designated the urban laid-off and unemployed as well.[18]

As a writer in the journal of the official trade union bemoaned over the troubles of these workers:

> For a long time, they've been drifting outside the enterprise in a socially marginal situation, especially those in small-scale, scattered, mobile informal departments...They meet up with many problems and annoyances, but lack any organization's loving care, are without any opportunity to get education or to participate in society.[19]

Another lamented that, "Some households in special difficulty suffer discrimination in trying to become reemployed." Going on, he called attention to the facts that,

> Their legal rights and interests are harmed arbitrarily by employers, and they are bearing economic, psychological and social burdens. They feel lost and in a negative mood. Pessimistic and depressed, they're hopeless, lost their confidence...This is especially so for those who had made a big contribution to their enterprises in the past...they feel abandoned by society.[20]

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in the state firms?" Zhongguo gongyun [Chinese workers' movement] (hereafter ZGGY), 3/99, 32.

[17] Lora Sabin,"New Bosses in the Workers' State: The Growth of Non-State Sector Employment in China," CQ, 140 (1994): 944-70 states that in 1987 Beijing, three quarters of the employees in the private sector were from the countryside, and by the early '90's, half the labor force (including owners and employees) held rural household registrations. Also, Shi Xianmin, "Beijing's Privately-Owned Small Businesses: A Decade's Development," Social Sciences In China 14, 1 (Spring 1993), 161-62.

[18] Ming Pao, [Bright Daily] (Hong Kong), February 12, 1998.

[19] Xue Zhaoyun, "Research, reflections," 10.

[20] Zhang Yuanchao, "We ought to raise our awareness of the livelihood situation of state-owned firms' especially difficult staff and workers," Zhongguo gongren [Chinese worker], 5.

As these abuses ground on, it was just a small step from feeling deserted by society to withdrawing faith in the state. For in the 40-odd years before the restructuring of the economy began in the late 1970s, urban Chinese workers, especially those on the payroll of state-owned firms, could count implicitly upon a kind of covenant with the state that employed them, to provide for the bulk of their basic needs.[21] With the coming of the capitalist market order, that connection workers used to draw between their jobs and their government has now led some to blame the state--which they view as having thrown them aside--for their current jobless plight.[22] Laid-off workers in the city of Wuhan, for instance, told me in summer 2002 that:

> The furloughed [*xiagang*] workers and those in money-losing enterprisees are very dissatisfied with the government. It should take responsibility for our situation, but from the center to the localities all the governments are problematic. The Communist Party, as just one party, can't find a solution. Our government's leadership is poor. What we need is a political solution: our leaders should be elected as they are in the United States. The policies of our government can't be of any help to us.[23]

Such sentiments signal for these people the termination of the legitimacy of officialdom and its governance, as these institutions fail to fulfill the paternalistic role they had always, and seemingly properly, assumed before.

Though separated not just by several centuries but by space and culture as well, the tale of this disenchantment resonates with that of English working people of the eighteenth century as spun by E.P. Thompson. For those folk too, the coming of capitalism similarly shot down a moral economy which

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[21] The *opus classicus* expounding this idea is Andrew G. Walder, Communist Neo-Traditionalism: Work and Authority in Chinese Industry. (Berkeley: University of California Press), 1986.

[22] Typically in the late 1990s, dissatisfied workers accused their own factory leaders of corruption and mismanagement and believed it was such behavior that had led to their firm's bankruptcy or collapse. See Feng Chen, "Subsistence Crises, Managerial Corruption and Labour Protests in China," The China Journal, No. 44 (July 2000), 41-63.

[23] **Interview, Wuhan, August 19, 2002.**

had long sustained an allegiance of laborers to their leaders.[24] As Thompson delineates its predicament upon perceiving that prices would henceforth override sustenance, the "crowd" he describes was likewise confronted with a challenge to its sense of legitimacy:

> By the notion of legitimation I mean that the men and women in the crowd were informed by the belief that they were defending traditional rights or customs..[their] grievances operated within a popular consensus as to what were legitimate and what were illegitimate practices in marketing, milling, baking, etc. This in its turn was grounded upon a consistent traditional view of social norms and obligations, of the proper economic functions of several parties within the community, which, taken together, can be said to constitute the moral economy of the poor...this moral economy..supposed definite, and passionately held, notions of the common weal--notions which, indeed, found some support in the paternalist tradition of the authorities.[25]

In China, these newly informalized displaced members of the sometime city-based proletariat--with their changed stance with respect to, and their altered treatment by, the state--appear as a powerful symbol of what has shifted and what has not in the posture and behavior of the "people's" government in the PRC today, as compared with its Maoist predecessor. Thompson's image of the legitimacy-challenging "crowd" can serve as a vehicle for presenting this transformation of the workers and of their relational bond with their no longer trustworthy state.

In what follows, I first conjure up continuities and contrasting visions between today's and yesterday's crowds and their respective connections to the state. I then supply some empirical material about the constituent members of this urban crowd, and about how they are affected by current state policies. In the course of this exercise, we will observe the draining away of their loyalty to their leaders and of the legitimacy they once accorded their state.

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[24] **See E. P. Thompson, "The Moral Economy of the English Crowd in the Eighteenth Century," Past and Present, No. 50 (February 1971), 76-136. I got the idea of drawing on this piece from a footnote in Yong-shun Cai, "The Silence and Resistance of the Dislocated: State and Laid-Off Workers in Reform China," Singapore, ms., 2002, 4.**

[25] **Thompson, *op. cit.*, 78-9.**

While I borrow from Thompson the concept of crowd, another writer, Elias Canetti, in his book, Crowds and Power, offers images that help to illustrate the sullying and debilitation of the link that once lay between the Chinese laborer and the state. Canetti's portraits also can conjure up a picture of the antitheses between the remnant of the proletariat we see today and its forebear from the socialist past.[26]

The Crowd in People's China: Continuities and Contrasts

Just as the crowd--the masses--in Mao's time inspired awe--by its huge, unfathomable numbers, its eerie internal conformity, and its ostensibly unstoppable vigor--so in the present, untold millions are, once again, all engaging in similar activities, for seemingly endless stretches of time. If the awe felt by the viewer of the crowd of yore was inspired by that crowd's apparent passion, though, the spectator's wonder now is more a result of pathos. For where the earlier crowd, its members unified in collaboration, was allegedly accomplishing miracles, the crowd before us now is composed of people struggling, usually singly, to stay alive.

According to Elias Canetti, equality is one of the four chief attributes of the generic crowd.[27] And indeed, in both cases, though in disparate ways and for very different reasons (both times having much to do with the posture

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[26] **Certainly, there were great discrepancies between the treatment accorded workers in firms of different sizes and degrees of importance under the socialist regime that existed in China between 1949 and 1978. On this, see Andrew G. Walder, "The Remaking of the Chinese Working Class, 1949-1981." MC, 10, 1 (1984): 3-48. But in that time the working class was acclaimed as the master of the state, and indeed as a unit it was treated better than were the members of any other social group, barring officials, top leaders, and the military.**

[27] **Elias Canetti, Crowds and Power, trans. Carol Stewart (New York: Viking, 1963), 29. The other three are the desire to grow, its love of density, and its need for direction. Not all of these fit the Chinese crowd so well.**

of the state), the respective crowds' components are indeed equals in some fundamental respects. For those in each are, respectively, more or less homogeneously affected by the state in gross terms and thus react comparably.[28] And the plight of both crowds' members could be seen as the same in another regard: their situations are largely involuntarily constituted, coerced, if to varying degrees and in quite differing ways.

And yet the chasm between the two mammoth hordes is deep, reflecting a sea change in the state's choice of social coalition and its vastly altered ambitions. Under Mao's reign, municipal workers--the urban mass's members--were "masters," in name and in privilege, and the masses of rural peasants (though clearly handled in a far inferior manner) their purported partners. Both the workers and the peasants--when officially mobilized--comprised the regime's only, or, surely, most legitimate political actors. In that state, supposedly based upon the lower classes, the formal social status of the crowd's partisans was high, and to be a constituent element within it meant one stood as decidedly included within the ranks of the renowned. The legitimacy they accorded the state was, consequently, unquestioned.

As historical actors, when stirred into motion, these Maoist partisans were a rapidly moving and mighty force with fearsome power. For Canetti, this would be the "baiting crowd," which "forms with reference to a quickly attainable goal," toward which it heads "with unique determination." It "has speed, elation, conviction." For the Chinese masses in the days of socialism, though, these traits were increasingly merely feigned, with time. Canetti also notes that, "the [baiting] crowd have [sic.] immense superiority on their side."[29] This in the Mao-era Chinese case was because of the features noted just above. These actors were known to perpetrate such marvels as to spark a prairie fire, stage a revolution, reshape the structure of ownership of

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[28] **On the many disparities within the working class from the 1950s to the 1970s, see Elizabeth J. Perry and Li Xun, Proletarian Power (Boulder, CO: Westview Press, 1997).**

[29] **Ibid., 49.**

agricultural land, appropriate for the state the wealth of the bourgeoisie, forge steel in the fields while surpassing all prior grain growth targets, and surge through the streets in the persons of Red Guards, wantonly deposing and shaming all their superiors.

In stark opposition to that visage of potency, the crowdspeople of today in the cities are the xiagang, off-post or laid-off workers. In the year 2000 in a central Chinese city, a man out of work offered his observation, one not wholly without foundation: "Zaiyede hen shao, gongren chabuduo yiban dou xiagangle" [Those still at work are very few, about half the workers have been laid off].[30] These folk are perceptibly slowed down today, as against their robust style in the past, and pretty impotent, in the face of the regime's switch of alliance away from the poor, along with its stacking the status hierarchy in favor of those with capital, technical know-how, and the means of easily acquiring more of both of these goods. To be a component of this present crowd, then, is to be among the excluded, the abandoned.

Where the old, secure, entitled, full-time proletariat was agent (if without much volition of its own), this set of part-time or overtime informalites is victim; where the former was wound up by the Party, the latter has been unwound, undone by it. These people correspond to Canetti's "flight crowd," which is "created by a threat," in this case the threat of perishing from hunger or from untreated illness. He explains that "the same danger faces them all." Such a crowd could become a panic, should mass flight turn into a "struggle of each against all who stand in its way."[31] While the old crowd was the protagonist in earth-shaking mass movements, the second is reject in a sort of immobile mass stasis (in Canetti's terms, these are, respectively, the "rhythmic crowd," for which "everything depends on

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[30] **Interview at a night market, September 12, 2000.**

[31] **Canetti, op. cit., 53.**

movement," and the "stagnating crowd")[32], or, at best, pawn in the leadership (in league with foreign investors)'s grand project of global ascent.

Moreover, while the crowd of the past was a united body, an internally relatively uniform aggregation that worked in unison, that mass has been dismantled and disaggregated, atomized in its action first into families by the household responsibility system in the countryside, which cut up the commune after 1980. These family units, in turn, were further carved up into individual actors with the state's permission to migrate, which created a population of "floaters," and by the state's license to launch private businesses just a few years later. As for the urban crowd, many of its constituents were since the late 1990's tossed from their workposts, in their once collective units [danwei], one by one.

So as this very brief comparison highlights, the modalities of the crowd in China have both changed and not changed. But what we can say by way of summary is that, in myriad ways, the crowd provides an image, whether of a mob or a herd churned into agitation by political campaigns, or of people in multitudes chased from their workplaces as accounts run dry and plants collapse. Whatever happens, so far the components of the Chinese crowd at any given point (if viewed as the majority of the population at that particular time and place) greatly resemble each other. At the same time they reveal in their features, and in their forms and manner of dynamism, the program, the direction, and the aims of the state at each of two respective junctures. Accordingly, as they are switched from benefactor to butt of the state's designs, their own belief in the legitimacy of that state has shifted 180 degrees. We turn now to a closer look at the urban crowd in the age of efficiency and flexible labor.

The Urban Crowd Today: A Glance at Some Statistics

Numbers, however debatable, tell a chilling story that confirms furloughed workers' feelings of neglect and their consequent lack of trust in

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[32] **Ibid., 30.**

the state. Though official statistics on the "reemployment" of these folk are notoriously slippery, their very collection does suggest that the leadership is well aware of the situation. Unfortunately, the increasing grimness of the data over time indicates that the state's several efforts to help these people have by no means been adequate.

One might be suspicious when even those who compile the figures have to admit, as one did in Wuhan, that, "One can't be clear about these statistics; they're relative, not absolute. The situation is dynamic and there's no way to count them [..shuobuqing ..xiangduide..meibanfa tongji].[33] According to this official, who cited a figure of about 30 percent reemployed in Wuhan, it is the numbers of positions known to be newly filled [renci], and not the number of people with new jobs, that is counted up once each month, and each year this data is added up, eliminating from the total the jobs that are known to labor administrators to have ended. These figures certainly involve counting the same person--who may have held several very short-term posts in a given year--more than once.

In addition to this vagueness about how to tally the reemployed, there are wide variations in official announcements about their proportions among the laid-off. One article in an internal publication cited a miserable rate of just 27 percent nationwide who had found new placements as of the end of June 1999.[34] The All China Federation of Trade Unions reported, on the basis of local labour departments' statistics, that there has been a trend of annual deterioration: in 1998, the reemployment rate was 50 per cent, in 1999, 42 per cent, and in the first 11 months of 2000, down to a mere 16 per cent.[35]

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

[34] **Yang Yiyong, "An analysis of the employment situation in our country in the year 2000," NBCY, January 28, 2000, 11.**

[35] **All-China General Trade Union Security Work Department, "Investigation on Handling Laid-off Staff and Workers' Labour**

According to a 2002 Xinhua release, the rate had dropped to just 9 per cent in the first half of 2002.[36] Moreover, an open official pronouncement asserted that a late 1990's study of 10,000 laid-off workers in 10 cities showed that as many as 68 percent of those with new jobs had held these jobs for just six months or less, including 40 percent of the total who did so for under three months. A mere 17.26 percent managed to hold onto their new post for longer than a year.[37]

Another cause for concern about the numbers is the amount of time people are spending out of work: In Hubei province, a September 1997 random sampling of 3,000 laid-off workers in 580 firms in 10 cities and counties revealed that, although 47 percent were said to be reemployed, as many as another 26 percent had already been without employment for three years or more, while only 29 percent had been in that situation for less than a year.[38] Not only were so many languishing laborless, but the occupations they took up if they did find work were most unpromising. According to this same study, 18.6 percent had turned into odd-job manual workers, 10 percent did various sorts of hourly work (which usually refers to activities such as picking up others' children from school); 5.2 percent had seasonal jobs; 60 percent were individual retailers operating stalls; and a mere 6.8 percent had obtained formal, contracted employment.

Among the stall keepers, a worrisome 45 percent were discovered to be working as vulnerable, mobile peddlers, selling in shifting sites without a

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Relations and Social Security Continuation Issue," ZGGY, No. 5 (2001), 14.

[36] **Terence Tan, "China's Jobless Can't Get New Work," The Straits' Times, 27 September 2002. The date of the Xinhua release was not given.**

[37] **N.a., "1998-1999," 35.**

[38] **Hubei province general trade union livelihood guarantee department, "Utilize policy and legal methods, fully promote the reemployment project to develop in depth--an investigation of Hubei's laid-off staff and workers," Lilun yuekan [Theory monthly] (Wuhan) 2 (1998), 18.**

license.[39] Other research in 1997 among 360 reemployed staff and workers in Wuhan found that over a third of them (34.54 percent) had set up a stall, were operating a pedicab or driving a taxi; by autumn 2000, a pedicab jockey claimed in private conversation that he had a startling 26,000 competitors in his trade in the city![40] If there is any accuracy at all in such a sum, it is not surprising that in the years after 1997 the streets of the city were crammed with a crowd of men pedaling their empty carts, and that their daily take was tiny.[41] As these new informalites see no change in their incomes or their placements year after year and as they perceive the worthlessness of the niche they have been forced to fill, they increasingly repudiate the state whose policies have put them where they are.

The State Abandons its Former Coalition Partner and the Nature of the Resulting Informalization

Despite appearances, the deregulated economic activity adopted by the laid-off does not represent just a straightforward manifestation of the metamorphosis of the Chinese urban economy, some uncomplicated consequence of that system's steadily deepening marketization. Nor do these sellers and service people merely symbolize an instance of the widespread process of privatization[42]that is attending the advance of capitalism on a global scale.[43]

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[39] **Ibid., 8-9.**

[40] **Interview, Wuhan, September 16, 2000. But on October 31, 2001, informants from the Wuhan branch of the All-China Federation of Trade Unions confirmed that the official figure had gone up to 40,000 as of that date.**

[41] **In spring 2003 the city government attempted to clear the streets of these carts by buying the carts from their owners for some eight thousand yuan and offering these drivers low-paying, low-status jobs. Communications from Huang Xiangchun, editor of a local party journal in Wuhan, June 11 and July 6, 2003.**

[42] **At the same time that employment in state units dropped 19.6percent between 1995 and 1998, jobs in urban privately and**

It is also inappropriate to view their labor as only the latest incarnation of the secondary sector of China's longstanding "dual market," as if a market, operating according to principles of supply and demand, had merely become bifurcated along some new fault line.[44]

For what is usually billed as the "secondary economy" across the world is a sector comprised of marginal and/or denigrated people, usually migrants or minorities, who have been relegated to the least desirable and most unstable work available. Their lives, however, no matter how bitter, have generally improved significantly in material terms as a result of having

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individually-owned enterprises increased by 44.8 percent, according to economist Hu Angang (as cited in the journal Jingmao daokan [Economic and trade guide], December 30, 1999, in Summary of World Broadcasts (hereafter SWB), FE/3750, G/10, January 29, 2000; Xinhua (hereafter XH) announced in late 1997 that between 1991 and 1995, self-employed and private business provided 40 percent of the newly created jobs in cities (SWB FE/3098, G/5, December 10, 1997, from XH, December 9). A 1999 10-city study of 553 reemployed staff and workers laid off from state firms found that 77 percent of them had switched from state to nonstate firms, half of whom went into the private sector (Xue Zhaoyun, "Research, reflections").

[43] **P. Connolly, "The Politics of the Informal Sector: A Critique," in N. Redclift and E. Mingione, eds., Beyond Employment: Household, Gender and Subsistence (Oxford: Blackwell, 1985) and Alejandro Portes and John Walton, Labour Class and the International System (New York: Academic Press, 1981). Both these works are cited in Michael Pinches, "`All that we have is our muscle and sweat': The Rise of Wage Labour in a Manila Squatter Community," in M. Pinches and S. Lakha, eds., Wage Labour and Social Change: The Proletariat in Asia and the Pacific (Clayton: Centre of Southeast Asian Studies, Monash University, 1987), 104.**

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

joined such markets, as compared with what their existence was like before.[45] But as distinct from the usual secondary market worker elsewhere, these laid-off Chinese workers are downwardly, not upwardly, mobile.

Furthermore, unlike informalites in other places, the urban people on Chinese streets today are not situated in this niche voluntarily with dreams of bettering their lot by building businesses or to amass capital. Rather, they have found themselves in this spot because their former rice bowl was snatched away, and for them there is no other means of survival. Since most of these small-time sellers of odd merchandise and manual labor were until recently full-time, life-tenured, completely welfare-entitled and state-employed manufacturing workers, one needs to go beyond the surface signs of their quotidian practices--their superficial appearance as a reborn "private sector" linked to economic "reform" in the urban areas--to get a good grasp of the totality of what is going on.[46]

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[45] **Michael J. Piore, Birds of Passage: Migrant Labor and Industrial Societies (Cambridge: Cambridge University Press, l979). David Stark, "Bending the Bars of the Iron Cage: Bureaucratization and Informalization in Capitalism and Socialism," Sociological Forum 4, 4 (1989), 637-64 says that the "second economy" is "a broad range of income-gathering activity outside the boundaries of the redistributively coordinated and managed economy."**

[46] **A reborn private sector indeed appeared after the early 1980's. But the current informalites have emerged from a very different social process from the ones that produced the earlier segments of this sector. Those who earlier joined the post-1980 private sector are people who were or hoped to become capitalists, if often just petty ones. They were young people waiting for their first state jobs, migrants from the countryside, ex-convicts, demobilized soldiers, rural cadres, and, especially recently, officials and state enterprise managers (See Susan Young, Private Business and Economic Reform in China (Armonk, N.Y.: M.E. Sharpe, 1995); Ole Bruun, Business and Bureaucracy in a Chinese City: An Ethnography of Private Business Households in Contemporary China (Research Monograph 43. Berkeley: Institute for East Asian Studies, University of California, 1993); Ole Odgaard,**

In understanding their condition, one is also led astray by official formulations aimed at enticing urban residents into the new tertiary or private sectors. In 1999 the National People's Congress amended the state constitution, proclaiming the private sector a "component part" of the national economy. A hopeful sign appeared to be the expanding portion of the national economy occupied by this branch: in spring 1999, the State Economic and Trade Commission announced that "private enterprises" were accounting for almost one fifth of the gross value of industrial output nationally and for a full 37 percent of the retail trade in consumer goods,[47] figures that are probably much lower than the reality. Despite these promising bits of information, however, a report on the sector admonished--in an analysis which still holds true--that most practitioners in the private sector are seriously constrained by a lack of funding channels.[48] In the especially stricken northeast, people attempting to open their own businesses have often been unable to obtain any government support for their little ventures, and have been heavily taxed.[49]

The predicament of these people is by no means a product of "the market" acting alone. Instead, it derives perhaps primarily from state policies as they have evolved over time and in the recent past.[50] Indeed, in the second

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"Entrepreneurs and Elite Formation in Rural China" Australian Journal of Chinese Affairs 28 (l992), 89-108; and David L. Wank, Commodifying Communism: Business, Trust and Politics in a Chinese City (New York: Cambridge University Press, 1999).

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

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

[49] **In South China Morning Post (Hong Kong), June 7, 1999.**

[50] **Here I am alluding not just to the years of the planned economy, when state policy and regulations and the incentives these official acts promoted led local managers and leaders to overstaff in the firms and set up unnecessary construction projects. I also mean policies that resulted in massive**

half of the 1990's, the Chinese state adopted a set of new policies quite unrestrained by the nature of the social coalition that had formerly buttressed its rule: it abandoned its putative past political partner, the working class, quite callously, in a step it has disingenuously justified as being in labor's own "long-term interest."[51] Just as the sacking campaign was getting underway in force, the 1997 May Day editorial in the Party paper, the People's Daily, warned its readers that, "It's possible benefits of some workers may be temporarily affected. Seen from long-term benefits, the pains are worth enduring."[52]

Ironically enough, in its march toward modernization and economic reform, even as the Chinese leadership has unleashed and encouraged the forces of the market, at the same time it has arrested the full unfolding of some of the chief social processes that generally emerge from marketization elsewhere. Thus in China, in addition to the advancing affluence, rising levels of education, and embourgeoisement of a section of the working class that took place in many societies along with economic development--and quite markedly so in China's East Asian neighbors, South Korea, Japan and Taiwan--this informalization of the urban economy in China also represents a regression, not an ascent, for quite a numerous portion of the urban populace. Though one could label these newly jobless members of a lower class in formation, their

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losses and bankruptcies in recent years, including those that nurtured firms facing competition from newer, non-state firms that operated without welfare responsibilities and which had new equipment. And I also refer here to official credit tightening, as well as to explicit regime calls for downsizing in the enterprises.

[51] Jingji ribao [Economic daily] (hereafter JJRB,), April 27, 1998; Deng Baoshan, "Government, enterprise, and laid-off staff and workers' role in reemployment work," Zhongguo laodong [Chinese labor] (hereafter ZGLD) 3 (1999), 11; also see Zhu Rongji's speech in Tianjin, from Jingji guanli wenzhai [Economic management digest], in Gongyun cankao ziliao [Workers' movement reference materials] 3 (1998), 5.

[52] Renmin ribao [People's Daily], May 1, 1997, in SWB FE/2908, May 2, 1997, G/6.

situation is now defined and shaped as much by their status as xiagang workers as it is by some new class category. Indeed, this group of people, chiefly of middle age, has together and all at once fallen onto a downward trajectory in their livestyles and in their prospects.

The overwhelming majority of them were deprived of formal education from having been compelled to quit school and join in the Cultural Revolution (including, for most, a lengthy stint in the countryside) over a decade or so after 1966, and therefore lack any skills beyond those elementary ones connected with the simple factory jobs they have lost. Study after study more or less replicates the findings of sample research done in 1996 nationwide by the State Statistical Bureau. That inquiry discovered that as many as 57 percent of those laid off had been educated only up to junior high level; another 14 percent had received just a primary school education or even less. As many as 70.4 percent were between the ages of 25 and 44, while another 18.5 percent were over 45. Women accounted for a total of 64.3 percent of the sample, though they represented under half the workforce before the sackings started.[53]

True, with the demise of the planned economy, economic forces have played an important role in changing society. For one thing, they have surely infringed on state institutions' old monopoly on shaping people's fates. And there has certainly been a diminution in the determining power over urbanites' lives of specific institutions such as the danwei [work unit].[54] But this move away from the state's planned economy, with its shunting aside of the

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[53] **For one example, see Ma Rong, "Thoughts about state enterprises' staff and workers' layoffs and the question of reemployment," ZGLD 2 (1998), 12.**

[54] **Lowell Dittmer and Lü Xiaobo, "Personal Politics in the Chinese *Danwei* Under Reform," AS 36:3 (1996), 247-49; and Barry Naughton, "*Danwei:* The Economic Foundations of a Unique Institution," in Xiaobo Lü and Elizabeth J. Perry, eds., Danwei: The Changing Chinese Workplace in Historical and Comparative Perspective (Armonk, NY: M.E. Sharpe, 1997), 169-82.**

former urban workforce, has not so far eventuated in any meaningful autonomy for many members of this contingent.[55] For their lives are constricted by the urgent need to scrape up a pittance to keep themselves and their families alive. The meager take of those who work is the result to a large extent of the lack of any true demand-driven economic activity in the emerging labor market, at least insofar as the work done by the furloughed is concerned. This is the case because, given the immense proportions of the official program of enforced dismissals, plus the unspecialized nature of the labor the affected workers have to offer, there cannot be demand sufficient to forge a decent livelihood for the tens of millions made redundant, now struggling to find buyers for their wares and their services.

So the Chinese leadership has fostered a novel style of economic growth and development, one that entails sacrificing and discarding the selfsame working class that once laid the foundation for the present rise to prosperity. In short, in the state's very rush to reform its municipal economy, most of marketization's typical social concomitants have been suppressed or halted for many. It is these many who now question the current state's right to rule, and who lament the loss of a former day where they stood supreme--at least relative to other social groups--in state rhetoric and in its treatment.[56]

What has become of the old proletariat represents a fundamental and quite sudden reconstruction of the liaison between the state and its former premier workforce. For more than 40 years, the Chinese state and its elite laborers, the workers at the urban state-owned enterprises, enjoyed a relationship that was multifaceted, to be sure. But at its core this tie

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

[56] On nostalgia for the past, see "Ching Kwan Lee, "The Labor Politics of Market Socialism: Collective Inaction and Class Experiences Among State Workers in Guangzhou," MC 24, 1 (January 1998): 3-33.

embodied a strong dose of paternalistic protection, of succor, albeit one laced with surveillance. As is well known, workers labored under a reign of "organized dependency,"[57] in which plant leaders could generally consider themselves to be caretakers--for the employees--but for the state as well, under whose commission managers controlled their charges. In prosaic terms, factory officials were there to administer the daily business of production and workers' welfare. But in a larger sense they were joined with the Chinese state in enacting a role of benefactor as well as guardian, if a very intrusive one.

All that has changed in the space of just a few short years. Increasingly as the last century came to a close, the nature of this once often benign connection turned sour. With the sudden surge in shedding state workers after the Party's Third Plenum of its Fourteenth Party Congress in December 1993, when its heightened commitment to marketization was publicly enunciated--a move that had already seen a start in the late 1980's--the key component of the linkage between state and this laboring segment of society has become fear, a searing dread on both sides. At the same time, many of the one-time intermediaries standing between these two players, the plant officials--especially those in failing firms--have shucked off their pose of custodian and taken on that of embezzler, thereby no longer serving either the central state (except insofar as they obey orders from above to push the workers from their plants) or their original worker-wards.

Thus the more or less clear line of command and superintendence of old--along which plant management acted toward labor as the agent of the center, which was its principal, directing production and disbursing benefits--has been deflected, such that the three parties (state, enterprise administrators, workers), once supposed allies, have become mutually antagonistic. Now in the relation between state and this recast lower portion of society, the state's moves are motivated primarily by its fear (though probably also, at least for some among its staffers, by guilt), as it abandons its prior roles, along with

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[57] **Walder, (1986).**

its prior proteges. At the same time, the workers, in turn, experience despair mixed with their fear, and, in a growing proportion of cases, embitterment and daring. Their old bestowal of legitimacy upon the state has dissolved along with their prior posts. This is the mid-term inter-echelon and inter-personal dynamic that is developing with the informalization of the urban economy, as the process transforms a crowd of once so-styled "masters" into one of paupers.

The upshot is that the state and its rulers have fallen captive to an increasingly pronounced paradox in the trio of their oft stated aims--reform, development, and stability: While the leaders strive to develop the economy through market reforms, they must balance a treacherous trade-off between their objectives of development, that is, of growth and marketization, which has meant massive discharges and the creation of a new crowd of the dispossessed, on the one hand, and a resultant and mounting social instability among these recently disenfranchised, on the other. In the process, contestation surely occurs, but this is only one option. More often, intimidation is evident among both parties--the state in its alternately offering (or at least promising) favors and funds to compensate the jobless, or battling and jailing protesters, and many timorous workers retreating into a crushed quiesence or exhausting themselves with full-time income-seeking.

Conclusion

This material demonstrates that in China today--where rampant economic reforming and enterprise dismantling is decimating a great proportion of the old state sector and the crowd it sustained for decades--unemployment means much more than being out of work on an individual level. Rather, it is serving as the symbol of a collective and sudden informalization of the urban economy, a reforging of a crowd once ennobled and proud into a new crowd, one most commonly cowering and declasse.

Thus, formal Chinese workers, dignified and advantaged for decades, became idle or informal ones in the late 1990's. In the place of the miraculous world of the crowd of yore, we see instead a grim and lackluster one of the undistinguished masses, those let go by their firms. In the altered social status hierarchy in the making in Chinese cities, to be a laborer is lowly,

not lordly, as it had been not so long ago. There is, too, quite a transformed tie between the state and its one-time working class, now the new crowd, a bond lately characterized much more by mutual fear and shame than by the original socialists' shared and cooperative mission of constructing, with and through their honored crowd, a more fair and egalitarian China.