

**“The New Crowd of the Dispossessed: Factory Layoffs  
and the Informalization of the Urban Economy”**

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**The New Crowd of the Dispossessed: Factory Layoffs and the Informalization of the Urban Economy**

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**Abstract**

This paper contrasts the old "crowd" of the revered urban proletariat from the days of Mao Zedong to the new "crowd" of laid-off workers. It utilizes concepts from the book, *CROWDS AND POWER*, by Elias Canetti, to characterize the opposed characteristics of the two crowds, and details the plight of the current crowd, as well as highlighting some continuities in the behavior and treatment of the working class by the regime. It also provides some statistics on unemployment, reemployment, benefits, and poverty among the old working class, and shows how its members have become informal workers.

Keywords: crowd, proletariat, laid-off workers, informalization

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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<sup>1</sup> by three different peddlers on just one block, buy the same pair of nylons for the same 10 yuan five or six times or the same ballpoint pen for two or three yuan in the same lane. Or you can choose any one of 10 pedicabs to deliver you as far as a couple of miles away, for as little as a piddling three to five yuan.

Besides such self-employed city folk, others among these millions of sorry, suddenly informal<sup>2</sup> urban laborers work for wages. One of my 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 some just over three-quarters of a British pound 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 gainfully, purposefully employed. A third woman did housework when contacted by the Women's Federation, which could be as rarely as just once a month. When she did get this very temporary employment, she was paid by the hour, at the measly rate of 3.2 yuan.<sup>3</sup>

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.<sup>4</sup> 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.

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.

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 performances.<sup>5</sup>

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

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

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 for those who had made a big contribution to their enterprises in the past...they feel abandoned by society.<sup>7</sup>

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.<sup>8</sup> 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.<sup>9</sup> 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.<sup>10</sup>

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,<sup>11</sup> and not second-class immigrating peasants, who had held such posts just a few years back.<sup>12</sup> In illustration of this crumpling of status hierarchies, the term "mingong,"--loosely, a label used to specify casual labor, which in the recent past was employed just to refer to surplus rural workers from the interior--in 1998 began to designate the urban laid-off and unemployed as well.<sup>13</sup>

These newly informalized drudges and displaced members of the sometime city-based proletariat--combined with their position with respect to and their treatment by the state--stand as a powerful symbol of what has shifted and what has not in the stance and behavior of the "people's" government in the PRC today, as compared with its Maoist predecessor. The image of "the crowd" can serve as a wonderful vehicle for presenting this transformation, of the workers and of their relational bond, both among themselves and with their state. In this talk, 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 how they are affected by current state policies.

### *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 activity, 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, in his book, Crowds and Power, equality is one of the four chief attributes of the generic crowd.<sup>14</sup> And indeed, in both cases, though in disparate ways and for very different reasons (both times having much to do with the posture of the government), the respective crowds' components are equals. For those in each are, respectively, fairly homogeneously affected by the state and thus react comparably. And the plight of both crowds' members could be seen as the same in still one more 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 their purported partners. Both the workers and the peasants--when officially mobilized--comprised the regime's only, or, surely, most legitimate political actors, agents, if you will, without much volition. But in that state supposedly based upon the lower classes, the formal social status of the crowd was high, and to be a part of it meant one stood as decidedly included within the ranks of the renowned.

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." This in the Mao-era Chinese case was because of the features noted just above.<sup>15</sup> These actors were known to perpetrate such marvels as to spark a prairie fire, stage a revolution, reshape the structure of ownership of 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. One man out of work offered his observation, one not wholly without foundation: "Zaiyede hen shao, gongren chabuduo yiban dou xiagangle" [Those still at work are very few, about half the workers have been laid off].<sup>16</sup> 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 poorer, and its recasting of status in favor of those with capital, technical know-how, and the means of easily acquiring more of both of these goods. To be a constituent of this present crowd, then, is to be among the excluded, the abandoned.

Where the old, secure, entitled, full-time proletariat was agent, 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."<sup>17</sup> While the first was the protagonist in earth-shaking mass movements at home, 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 movement," and the "stagnating crowd")<sup>18</sup>, 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 around 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. Many, many others in the urban

crowd were since the late 1990's tossed from their workposts, their 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 that juncture. 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*

According to a mid-1999 report, some government officials believe the real number of workers who should be counted as unemployed--including all those currently labelled "as waiting for work" but not included in the unemployed statistics--could be as high as 100 million.<sup>19</sup> 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.<sup>20</sup>

It is literally impossible to offer a true reckoning of the numbers of laid-off labor in China during the mid- and late 1990's. A review of some of the statistics announced over the past few years is sure to confuse the analyst. For instance, in early 2000, one journal article asserted that 5.64 million state workers had been laid off or diverted in 1995, 8.9 in 1996, 9.4 million in 1997, plus an additional 6.1 million in 1998 (or a total of 30 million).<sup>21</sup> But another article in a different journal noted that in 1998 and 1999 combined, there was a total of 24.28 million xiagang workers, a figure reached by adding the 12.54 it said were laid off in 1998 (i. e., twice the figure cited in the first piece) to 11.74 in 1999. Yet, most puzzling, it then goes on to announce that in 1998, 5.62 million had joined this pool, plus another 5.64 million in 1999.<sup>22</sup>

Official statistics on "reemployment" are similarly slippery. One might be suspicious when even those who compile these 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]."<sup>23</sup> According to this official, who cited a percentage of about 30 percent reemployed in Wuhan, it is the numbers of positions known to be newly filled [renci], and not the number of people with new jobs, that is counted up once each month, and each year these figures are added up, eliminating from the total the jobs that are known to labor administrators to have ended. These figures certainly involve counting the same person--who may have held several very short-term posts that year--more than once.

In addition to this vagueness about how to tally the reemployed, there are wide variations in official announcements about their proportions among the laid-off. One article in an internal publication cited a miserable rate of just 27 percent nationwide who had found new placements as of the end of June 1999.<sup>24</sup> 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.<sup>25</sup> And after surveying 160 firms in 16 cities in August 1999, a research group from the All China Federation of Trade Unions found that the reemployment rate in most provinces fell between 20 and 40 percent.<sup>26</sup>

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.<sup>27</sup>

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 stallkeepers, a worrisome 45 percent were discovered to be working as vulnerable, mobile peddlers, selling in shifting sites without a license.<sup>28</sup> 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!<sup>29</sup> If there is any accuracy at all in such a sum, it is not surprising that the streets of the city are crammed with a crowd of men pedaling their empty carts, and that their daily take is tiny.

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

Despite appearances, this deregulated economic activity does not represent just a straightforward manifestation of the metamorphosis of the Chinese urban economy, some uncomplicated consequence of that system's steadily deepening marketization. Nor do these sellers merely symbolize an instance of the widespread process of privatization<sup>30</sup> that is attending the advance of capitalism on a global scale.<sup>31</sup> It is also inappropriate to view their labor as the latest incarnation of the secondary sector of China's longstanding "dual market," as if a market, operating according to principles of supply and demand, had merely become bifurcated along some new fault line.<sup>32</sup>

What is usually billed as the "secondary economy" across the world is a sector comprised of marginal and/or denigrated people, usually migrants or minorities, who have been relegated to the least desirable and most unstable work available. Their lives, however, no matter how bitter, have generally improved significantly in material terms as a result of having joined such markets, as compared with what their existence was like before.<sup>33</sup> 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 in order to build businesses or to amass capital. Rather, they have found themselves in this spot because their former rice bowl was snatched away, and for them there is no other means of survival. Since most of these small-time sellers of odd merchandise and manual 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 what is going on.<sup>34</sup>

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,<sup>35</sup> figures that are probably much lower than the reality. Despite these promising bits of information, however, a report on the sector admonished--in an analysis which still holds true--most practitioners in the private sector are seriously constrained by a lack of funding channels.<sup>36</sup> In the especially stricken northeast, people attempting to open their own businesses are unable to obtain any government support for their little ventures, and have been heavily taxed.<sup>37</sup>

The predicament of these people is by no means a product of "the market" acting alone. Instead, it derives mainly from state policies. Indeed, in the second 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."<sup>38</sup> Just as the sacking campaign was getting underway in force, the 1997 May Day editorial in the Party paper, the People's Daily, admonished its readers that, "It's possible benefits

of some workers may be temporarily affected. Seen from long-term benefits, the pains are worth enduring."<sup>39</sup>

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, instead of the advancing affluence, rising levels of education, and embourgeoisment of a large section of the working class that took place in many societies along with economic development--and quite markedly so in China's East Asian neighbors, South Korea, Japan and Taiwan--this informalization of the urban economy represents a regression, not an ascent, for quite a numerous portion of the urban populace.

Thus, there has not really ensued in urban China the shift in the principle of social stratification from status to class that some imagine to be underway. Though one could label these newly jobless members of a lower class in formation, their situation is now defined and shaped much more by their status as xiagang workers than by some new class category. For this group of people, chiefly of middle age, have together and all at once fallen onto a downward trajectory in their lifestyles and in their prospects.

The overwhelming majority of them were deprived of formal education from having been compelled to quit school and join in the Cultural Revolution (including, for most, a lengthy stint in the countryside) over a decade or so after 1966, and therefore lack any skills. Study after study more or less replicates the findings of sample research done in 1996 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.<sup>40</sup>

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].<sup>41</sup> But this move away from planning, with its shunting aside of the former urban workforce, has not, unlike marketization in other settings, eventuated in any meaningful autonomy for most members of this contingent, as some have predicted.<sup>42</sup>

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

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

For more than 40 years, the Chinese state and its elite laborers, the workers at the urban state-owned enterprises (SOE's), enjoyed a relationship that was multifaceted, to be sure. But at its core this tie embodied a strong dose of paternalistic protection, of succor, albeit one laced with

surveillance. As is well known, workers labored under a reign of "organized dependency,"<sup>43</sup> 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.

Now 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 1995 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 them, the plant officials--especially those in the failing firms--have shucked off their pose of custodian and taken on that of embezzler, thereby no longer serving either the central state (except insofar as they obey orders from above to push the workers from their plants) or their original worker-wards.

Thus the more or less clear line of command and superintendence of old--along which management acted toward 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 its prior proteges. At the same time, the workers, in turn, experience despair mixed with their fear, and, in a growing proportion of cases, embitterment and daring. This is the mid-term inter-echelon and inter-personal dynamic that is developing with the 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 stated aims--reform, development, and stability: While the leaders strive to develop the economy through market reforms, they must balance a treacherous trade-off between their objectives of growth and marketization, which, in their version, has meant massive discharges, and the creator 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. More, intimidation is evident among both parties--the state alternatively in its offering (or at least promising) favors and funds, or battling and jailing dissidents, and many workers either retreating into a crushed quiescence 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 prelude to a collective and sudden informalization of the urban economy, a reforging of a crowd once ennobled and proud into a new crowd, one cowering and declassé. The current condition of the past proletariat is not just a matter of some people taking up private sectoral jobs as the economy marketizes; nor is their new niche, as it is promoted and sometimes assisted by the government, a typical second economy.

So 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.

## Endnotes

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<sup>1</sup> A Chinese yuan is equal to about eight pence, so this shoe shine would cost about a sixth of a British pound.

<sup>2</sup> The term informal refers to a process whereby employment conditions become more "flexible," entailing elimination of entitlements and benefits, reduction of safety and other humane provisions at the workplace, and denial of job security, where all of these guarantees once existed. These cutbacks in welfare go along with a surge in short-term, temporary jobs having these features, and a marked upswing in very petty projects of brief self-employment.

<sup>3</sup> Wuhan street interviews, September 1999.

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

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

<sup>6</sup> Xue, op. cit., 10.

<sup>7</sup> Zhang Yuanchao, op. cit., 5.

<sup>8</sup> 'Chengzhen qiye xiagang zhigong zaijiuye zhuangkuang diaocha' ketizu ['Investigation of urban enterprises laid-off staff and workers' reemployment situation' project topic group], "Kunjing yu chulu" [A difficult pass and the way out], from Shehuixue yanjiu [Sociology research] 6 (1997) [reprinted in Xinhua wengao, shehui 3 (1998), 21.

<sup>9</sup> N.a., (2000), 36, 35.

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

<sup>11</sup> Officially, a xiagang worker is one who meets all three of the following conditions: 1) s/he began working before the contract system was instituted in 1986 and had a formal, permanent job in the state sector (plus those contract laborers whose contract term is not yet concluded); 2) because of his/her firm's problems in business and operations, has been let go, but has not yet cut off relations with the original firm; and 3) has not yet found other work in society (see Guo Jun, "Guoyou qiye xiagang yu fenliu you he butong?" [What's the difference between laid-off and diverted workers in the state firms?] Zhongguo gongyun [Chinese workers' movement] (hereafter ZGGY), 3/99, 32, among many other places).

<sup>12</sup> According to Lora Sabin, in 1987 Beijing, three quarters of the employees in the city's private sector were from the countryside, and by the early '90's, half the labor force (including owners and employees) held rural household registrations. See Lora Sabin, "New Bosses in the Workers' State: The Growth of Non-State Sector Employment in China," China Quarterly (hereafter CQ), 140 (1994): 944-70. Also, Shi Xianmin, "Beijing's Privately-Owned Small Businesses: A Decade's Development," Social Sciences In China 14, 1 (Spring 1993), 161-62.

<sup>13</sup> MP, February 12, 1998.

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<sup>14</sup> 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.

<sup>15</sup> Ibid., 49.

<sup>16</sup> Interview at a night market, September 12, 2000.

<sup>17</sup> Canetti, op. cit., 53.

<sup>18</sup> Ibid., 30.

<sup>19</sup> William H. Overholt, "China in the Balance," Nomura Strategy Paper, Hong Kong, May 12, 1999. I discuss the difficulties of estimating the total numbers who have lost their workposts in the past decade and of the numbers currently without real jobs in Dorothy J. Solinger, "Research Note: Why We Cannot Count the 'Unemployed,'" CQ, 167 (2001), forthcoming.

<sup>20</sup> A number of outside scholars have reported on the attitudes of the workforce and former workforce in the China of recent years and their protests. See, for instance, Ching Kwan Lee, "From Organized Dependence to Disorganized Despotism: Changing Labour Regimes in Chinese Factories," CQ 155 (1999): 44-71; Antoine Kernén 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 Autónoma de Madrid, Spain; Marc Blecher, "Strategies of Chinese State Legitimation Along the Working Class." Paper presented to the Workshop on Strategies of State Legitimation in Contemporary China, Center for Chinese Studies, University of California at Berkeley, May 7-9, 1999; and Ching Kwan Lee, "The 'revenge of history': Collective memories and labor protests in northeastern China," Ethnography 1 (2): 217-237 (2000). But no work with which I am aware of has yet discussed their occupations, with the exception of my paper, "Sudden Sackings and The Mirage of the Market: Unemployment, Reemployment, and Survival in Wuhan, Summer 1999," presented at the 2000 annual meeting of the Association for Asian Studies, March, 2000, Chicago, Illinois.

<sup>21</sup> Luo Zhuanyin, "Jiaru WTO zhongguo jiuye mianlinde jiyu yu tiaozhan" [Chinese employment is facing opportunity and challenge in entering the WTO], ZGLD 3 (2000), 9.

<sup>22</sup> N.a., "1998-1999 laodong baozhang tongji baogao" [Report on 1998-1999 labor insurance statistics], Laodong baozhang tongxun [Labor insurance bulletin] (hereafter LDBZTX) 3 (2000), 35.

<sup>23</sup> Admission by an official at the Wuhan General Trade Union's Professional Introduction Service Center, September 13, 2000.

<sup>24</sup> Yang Yiyong, "2000 nian wo guo jiuye xingshi fenxi" [An analysis of the employment situation in our country in the year 2000], Neibu canyue [Internal consultations] (hereafter NBCY), 4 (2000), January 28, 2000, 11.

<sup>25</sup> N.a., "1998-1999," 35.

<sup>26</sup> Quanguo zonggonghui diaoyanzu [All China General Trade Unions research group], "Guanyu guoyou qiye xiagang zhigong jiben shenghuo baozhang he zaijiuye gongzuo di diaocha" [An investigation of state enterprise laid-off staff and workers' basic livelihood insurance and reemployment work], Zhongguo gongyun [Chinese workers' movement] (hereafter ZGGY), 2 (2000), 14.

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<sup>27</sup> Hubeisheng zonggonghui shenghuo baozhangbu [Hubei province general trade union livelihood guarantee department], "Yunyong zhengce he falu shouduan, quanli tuijin zaijiuye gongcheng xiang zongshen fazhan--hubeisheng xiagang zhigong di diaocha" [Utilize policy and legal methods, fully promote the reemployment project to develop in depth]--an investigation of Hubei's laid-off staff and workers], Lilun yuekan [Theory monthly] (hereafter LLYK 2 (1998), 18.

<sup>28</sup> Ibid., 8-9.

<sup>29</sup> Interview, Wuhan, September 16, 2000.

<sup>30</sup> At the same time that employment in state units dropped 19.6 percent between 1995 and 1998, jobs in urban privately and individually-owned enterprises increased by 44.8 percent, according to the figures of economist Hu Angang (as cited in the journal Jingmao daokan [Economic and trade guide], December 30, 1999, in SWB FE/3750, G/10, January 29, 2000; 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). As for the lately laid off, in particular, a 10-city study of 553 reemployed staff and workers undertaken in 1999 with help from the trade unions found that 77 percent of those queried had switched from state to nonstate firms, half of whom went into the private sector (Xue Zhaoyun, op. cit., 8).

<sup>31</sup> P. Connolly, "The Politics of the Informal Sector: A Critique," in N. Redclift and E. Mingione, eds., Beyond Employment: Household, Gender and Subsistence (Oxford: Blackwell, 1985) and Alejandro Portes and John Walton, Labour Class and the International System (New York: Academic Press, 1981). Both these works are cited in Pinches, op. cit., 104.

<sup>32</sup> 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.

<sup>33</sup> See Michael J. Piore, Birds of Passage: Migrant Labor and Industrial Societies (Cambridge: Cambridge University Press, 1979) for the classic statement of this phenomenon. According to David Stark, the "second economy" is "a broad range of income-gathering activity outside the boundaries of the redistributively coordinated and managed economy" (see David Stark, "Bending the Bars of the Iron Cage: Bureaucratization and Informalization in Capitalism and Socialism," Sociological Forum 4, 4 (1989), 637-64).

<sup>34</sup> There has indeed been a reborn private sector in China since the early 1980's. But the current informalites have emerged from a very different social process from the ones that produced the earlier segments of this sector. Those who earlier joined the post-1980 private sector are actually people who were or hoped to become capitalists, if often just petty ones. They were young people waiting for their first state jobs, migrants from the countryside, ex-convicts, demobilized soldiers, rural cadres, and, especially in more recent times, officials and state enterprise managers (See Susan Young, Private Business and Economic Reform in China (Armonk, N.Y.: M.E. Sharpe, 1995); Ole Bruun, Business and Bureaucracy in a Chinese City: An Ethnography of Private Business Households in Contemporary China (Research Monograph 43. Berkeley: Institute for East Asian Studies, University of California, 1993); Ole Odgaard, "Entrepreneurs and Elite Formation in Rural China" Australian Journal of Chinese Affairs 28 (1992), 89-108; and David L. Wank, Commodifying Communism: Business, Trust and Politics in a Chinese City (New York: Cambridge University Press, 1999).

<sup>35</sup> SWB FE/3520, April 27, 1999, G/11, from XH, April 26, 1999.

<sup>36</sup> SWB FE/3520, April 27, 1999, G/11, from XH, April 26, 1999.

<sup>37</sup> In South China Morning Post, June 7, 1999.

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<sup>38</sup> Jingji ribao [Economic daily] (hereafter JJRB), April 27, 1998; Deng Baoshan, "Zhengfu, qiye, he xiagang zhigong zai zaijiuye gongcuozhong de cuoyong" [Government, enterprise, and laid-off staff and workers' role in reemployment work], ZGLD 3 (1999), 11; also see Zhu Rongji's speech in Tianjin, from Jingji guanli wenzhai [Economic management digest], in Gongyun cankao ziliao [Workers' movement reference materials] (hereafter GYCKZL) 3 (1998), 5.

<sup>39</sup> Renmin ribao [People's Daily] (hereafter RMRB), May 1, 1997, in SWB FE/2908, May 2, 1997, G/6.

<sup>40</sup> For one example, see Ma Rong, "Dui guoyou qiye zhigong xiagang yu zaijiuye wenti di renshi" [Thoughts about state enterprises' staff and workers' layoffs and the question of reemployment] ZGLD 2 (1998), 12.

<sup>41</sup> Lowell Dittmer and Lu Xiaobo, "Personal Politics in the Chinese *Danwei* Under Reform," Asian Survey XXXVI, 3 (1996), 247-49; and Barry Naughton, "*Danwei*: The Economic Foundations of a Unique Institution," in Xiaobo Lü and Elizabeth J. Perry, eds., Danwei: The Changing Chinese Workplace in Historical and Comparative Perspective (Armonk, NY: M.E. Sharpe, 1997), 169-82.

<sup>42</sup> Ming-kwan Lee, "The Decline of Status in China's Transition from Socialism," Hong Kong Journal of Sociology 1 (2000), 72.

<sup>43</sup> Andrew G. Walder, Communist Neo-Traditionalism: Work and Authority in Chinese Industry (Berkeley: University of California Press, 1986).