

The Resistance of Chinese Laid-off Workers in the Reform Period*

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ABSTRACT Since the 1990s, the Chinese government has carried out the reform of state-owned enterprises involving the retrenchment of millions of workers. One outcome of this reform has been labour unrest across the country. This article addresses the following questions about laid-off workers' collective resistance to the reform: why has collective action repeatedly occurred in a still authoritarian regime; and when are the workers more likely to take action? It argues that the workers' action is a result of two types of interaction, one between the workers and the government, and the other among workers themselves. Collective action is likely to occur when the workers expect to succeed. In addition, workers should be able to co-ordinate their actions, which is likely when there are mechanisms that make mobilization among them possible. The article concludes that worker resistance in the 1990s was not enough to stop the reform because several constraints made it difficult for them to take forceful action.

Since the 1990s, the Chinese government has carried out an unprecedented reform of state-owned enterprises involving the retrenchment of millions of workers. The official count of laid-off workers increased from 3 million in 1993 to 17.24 million in 1998.¹ One outcome of this reform has been labour unrest across the country.² A number of studies have explored the reasons for the workers' collective action of protests and demonstrations. For instance, Chen cites the subsistence crises faced by laid-off workers (LOWs) as well as the corruption of managerial personnel. He points out that because lay-offs make workers less dependent on their enterprises, they face a much lower risk in taking action against the enterprise authorities.³ Lee suggests that workers' resistance amounts to a "revenge of history" in the sense that the collective memories of Maoist socialism motivate their action. Such collective memories, together with the existence of assets in their enterprise that are worth fighting for, are significant in making workers act.⁴

While these studies have significantly increased our understanding of

* I wish to thank Jean Oi and Kyaw Yin Hiaing for their very helpful suggestions on the revision of earlier drafts, and Susan Lopez-Nerney for her editorial assistance.

1. *Chinese Labor Statistics 1999*, p. 441. The actual number of the unemployed in urban China could be much bigger. See Dorothy Solinger, "Why we cannot count the 'unemployed'," *The China Quarterly*, No. 167 (2001), pp. 671–688.

2. Ching Kwan Lee, "Pathways of labor insurgency," in Elizabeth Perry and Mark Selden (eds.), *Chinese Society: Change, Conflict and Resistance* (London: Routledge, 2000), pp. 41–60; Wang Daming, "Zhengque chuli quanti shijian, quebao wending daju" ("Managing the issue of workers' collective action to ensure stability"), *Qiushi (Seeking Truth)*, No. 4 (2001), pp. 1–3.

3. Feng Chen, "Subsistence crises, managerial corruption and labor protests in China," *The China Journal*, Vol. 44 (2000), pp. 41–63.

4. Ching Kwan Lee, "The 'revenge of history': collective memories and labor protests in northeastern China," *Ethnography*, Vol. 1, No. 2 (2000), pp. 217–237.

Chinese LOWs' resistance to the reform measures by highlighting their motivations, there are some prior issues that need to be addressed. Why has collective action repeatedly occurred in a still authoritarian regime? Chinese laid-off workers are often disorganized because of the lack of independent trade unions. How have they been able to act collectively? When are they more likely to take action? The answers to these questions will not only shed light on the relations between the state and labour in China. They will also explain how collective action, which is undesirable to the government, is possible in a communist state.

In China, the collective action of LOWs consists mainly of a formal presentation of grievances and demands by workers to their enterprise or government officials (*jiti shangfang*), protests and demonstrations. This article examines the factors that contribute to the collective action directed at the government and highlights the interactive nature of such action.⁵ In particular, it argues that the workers' action is a result of two types of interaction, one between the LOWs and the government, and the other among the workers themselves.⁶ Collective action is likely to occur when the workers expect to succeed, which is possible if the government faces constraints. In LOWs' action, it is the local government, as opposed to the central one, that is often targeted. The local government does face a significant constraint when dealing with disgruntled people in the sense that it does not have the right to use force at will. This creates an opportunity for the workers' action.

More importantly, for collective action to occur, in addition to the existence of a sufficient number of prospective participants, workers should be able to co-ordinate their actions. This is likely when there are mechanisms that make mobilization among them possible. For LOWs, the most important mechanism of mobilization is the presence of co-ordinators or organizers, who facilitate information dissemination, instil confidence in participants and articulate their demands.

This article first examines the conditions that lead to the workers' collective action and then explains when this action is more likely to occur. It goes on to discuss how government reform policies in China affect workers' resistance and the implications for China's reform of the state-owned enterprises (SOEs). It concludes that while the reform of SOEs had inevitably elicited worker resistance in the 1990s, their action tended to be small-scale and was not enough to stop the reform. This is because small SOEs rather than large ones had been the major target of the reform in the 1990s, and LOWs from small SOEs were less able to take forceful action.

5. This article is based on my fieldwork and secondary sources. The fieldwork was carried out in the summers of 1998 and 1999. I interviewed 77 laid-off workers in three cities in eastern China.

6. Solinger's study also treats the government and LOWs as two parties in a similar interaction and discusses their different modes of interaction. But workers' mobilization is not the focus of her study. See Dorothy Solinger, "The potential for urban unrest: will the fencers stay on the piste?" in David Shambaugh (ed.), *Is China Unstable?* (Armonk, NY: M.E. Sharpe, 2000), pp. 79–94.

The Opportunities for Action: Constraints on the Local Government

China's reform of SOEs has been characterized by the Chinese saying "Draining the water before the tunnel is ready." In other words, the unemployment insurance system is not adequate.⁷ Job loss and a reduced income have seriously disadvantaged a significant number of workers.⁸ As the studies by Chen and Lee have suggested, this mode of reform has created strong motivation for worker resistance. However, not all workers dissatisfied with the reform have acted. It seems that motivations alone cannot explain LOWs' collective action. A more important question is: what are the mechanisms that translate workers' motivation into action?

Because LOWs' demands in most cases involve economic issues, they are usually directed at specific entities seen as capable of addressing these issues – the SOEs or the government. As the SOEs are often unable to solve the problems faced by their LOWs because of the lack of financial resources,⁹ it is not surprising that these workers instead appeal to the local government. When this happens, LOWs succeed only when the government faces certain constraints that force it to make concessions.

Earlier studies have shown that Chinese people now have more channels for political participation, including lawsuits and complaints, and that many of these channels are institutionalized or sanctioned by the government.¹⁰ However, the collective action of LOWs is often discouraged or even prohibited.¹¹ The reason why such action can occur and sometimes even succeeds has been insufficiently studied so far.

Although China is still an authoritarian regime, government officials, especially at the local level, face a constraint when dealing with disgruntled citizens: they do not have the authority to repress these citizens at will as long as their demands are legitimate and their action is peaceful. As power in the Chinese political system is distributed on the basis of the administrative hierarchy, it is possible for citizens to appeal to high-level officials who may then penalize the misconduct of their lower-level counterparts. This is because if people's claims and demands

7. The State Economic Planning Commission, "Shiji zhuanzhe zhiji de Zhongguo shehui xingshi" ("China's society at the turn of the new century"), *Jingji gongzuozhe xuexi ziliao* (*Study Materials for Economic Workers*), No. 23 (2000), pp. 2–11.

8. Wu Bangguo, "Qieshi zuohao guoyou qiye xiangang zhigong jiben shenghuo baozhang he zaijiuye gongzuo" ("Providing for laid-off workers and their re-employment"), *Qiushi* (*Seeking Truth*), No. 13 (1998), pp. 2–7.

9. Li Peilin, "Laogongye jidi de shiye zhili: hougongyehua he shichanghua" ("Handling unemployment in the old industrial bases: post-industrialization and marketization"), *Shehuixue yanjiu* (*Sociological Research*), No. 4 (1998), pp. 1–12.

10. Tianjian Shi, *Political participation in Beijing* (Cambridge, MA: Harvard University Press, 1997); Minxin Pei, "Citizens versus Mandarins: administrative litigation in China," *The China Quarterly*, No. 152 (1997), pp. 832–862; Kevin O'Brien and Lianjiang Li, "The politics of lodging complaints in rural China," *The China Quarterly*, No. 143 (1995), pp. 756–783.

11. In the case of a formal presentation of grievances and demands (*jiti shangfang*), the government regulates that the participants should not exceed five. See The Complaint Bureau of the Central Government, *Zhongguo xinfang xiezhen* (*A Record of People's Letters and Visits in China*) (Beijing: Zhongguo gongren chubanshe, 1998).

are legitimate, the high-level officials may need to respond either symbolically or substantively in order to maintain their own legitimacy. Thus, citizens know that there is a possibility of higher officials overturning the decisions of lower-level officials. This is similar to O'Brien's use of the term "rightful resistance" to explain how peasants in China sometimes resist the unreasonable demands of local officials by appealing to higher-level officials.¹²

In the reform period, the higher-level government in China wants to avoid events that may threaten social and political stability. For this reason, since the early 1990s, the Chinese government has adopted a policy of holding top local officials responsible for the occurrence of such events.¹³ The government may also punish those local officials who mishandle the collective action of disgruntled citizens. For example in 2000, a group of Muslims held a protest in a county in Shandong province because a self-proclaimed Muslim restaurant served pork to its customers. When the local government resorted to repression and killed six of the protestors, the officials involved were punished.¹⁴

The possibility that collective action directed at the local government can be used as evidence of its inability to maintain social stability and that repression may lead to blame or even punishment from the higher-level government constrains the local officials. Thus they may make concessions to silence disgruntled citizens. The saying "Big trouble for the government, big possibility of having one's problem addressed; small trouble, small possibility; and no trouble, no possibility" holds true in some cases.¹⁵ "Big trouble" often means a large-scale collective action that takes a more dramatic form, like a protest, demonstration or traffic blockade, which creates more serious social disruption.

This constraint is a significant factor in the success of LOWs' collective action. For example, in one county factory, in order to punish their manager whose corruption caused the factory to stop production and lay off its workers, some LOWs appealed to the provincial government. Straight after they got to the provincial government, the officials sent by the county magistrate also arrived. The county officials asked them to leave and promised to investigate the case. The workers left, and the corrupt manager was punished as promised.¹⁶ Another laid-off worker reported a similar case:

It was just before the 1995 Spring Festival. We had not received a penny from the factory for six months. Some retirees and coupled workers [husbands and wives

12. Kevin O'Brien, "Rightful resistance," *World Politics*, Vol. 49, No. 1 (1996), pp. 31–55.

13. Yu Bin, "Yi piao foujue bao difang pingan" ("Using one-vote-veto to insure local stability"), *Liaowang (Perspectives)*, No. 29 (2001), pp. 3–4.

14. *Zhongguo qingnian bao (Chinese Youth Daily)*, 31 August 2001.

15. Dong Qingmin, "Renmin neibu tufaxing quti maodun de tedian jiqi chuli yuanze" ("The characteristics of people's collective action and solutions"), *Lilunqianyan (Theoretical Frontiers)*, No. 13 (1999), pp. 7–9.

16. Gao Jianyan, Li Chunsheng and Huang Bicheng, "Baijia changzhang, qineng jinchan tuoqiao" ("Corrupt manager, you have no chance to escape responsibility"), *Fazhi yu xinwen (Rule of Law and News)*, No. 4 (1999), pp. 2–4.

working in the same factory] could no longer endure the situation. They organized themselves and gathered in front of the offices of the county government, demanding lay-off subsidies for the Festival. At that time, the mayor [the immediate superior of the county government] happened to be visiting our county. He immediately allocated some funds to pay each worker a three-month salary for the Festival ... The mayor was so angry that right then and there he wanted to auction the car of the county magistrate to obtain the money to pay the workers. In the end, only when our factory manager promised to sell his car was the county magistrate's spared.¹⁷

This constraint on the local government shapes LOWs' perception of the government and boosts their confidence to take action. As one interviewee put it, "The government is not always formidable. Lower-level cadres have their own bosses, and they cannot always do as they please. In addition, government officials are human beings like us, and they know we would not approach them if we did not have problems."

Nevertheless, even if the local government faces a significant constraint in dealing with disgruntled citizens, there is a limit to its tolerance. Like the central government in the 1989 Tiananmen Incident and the case of *falun gong* activities, if the local government believes that collective action poses a political threat, it can easily resort to repression.¹⁸ The workers fully realize this possibility and therefore tend not to resort to violent or dramatic forms of action. This is because, as other studies have suggested, violence "merely hastens and insures its [the offended party's] failure because its actions increase the hostility around it and invite the legitimate action of authorities against it."¹⁹ Some of our interviewees claimed that they have only held "civil demonstrations" (*wenming youxing*). Radical or violent actions are thus usually unplanned and come about because the moderate methods failed to pressure the government or because catalytic events such as suicides by helpless LOWs arouse feelings of anger.²⁰

What is highlighted here is that while the constraint on the local government may not always force it to make concessions, it provides workers the opportunity to take action which could succeed. But this opportunity does not arise from the structural factors as defined in literature on social movements, such as the changes occurring to the polity or the emergence of political alignments or government crises.²¹ On the other hand, however, the existence of such an opportunity indicates room for action. The possibility of workers acting collectively also depends on their ability to co-ordinate their actions.

17. Yu Xiu, *Zao yu xiagang (Facing Retrenchment)* (Beijing: Zhonghua gongshanglian chubanshe, 1998).

18. Elizabeth Perry, "Challenging the mandate of heaven: popular protest in modern China," *Critical Asian Studies*, Vol. 33, No. 2 (2001), pp. 163–200.

19. William A. Gamson, "The success of the unruly," in Doug McAdam and David A. Snow (eds.), *Social Movements* (Los Angeles: Roxbury Publishing Company, 1997), pp. 357–364.

20. Interview no. 34.

21. Sidney Tarrow, *Power in Movement: Social Movements, Collective Action and Mass Politics in the Modern State* (New York: Cambridge University Press, 1994).

Participants, Organizers and Collective Action

That “collective action is *collective*” (italic original) suggests two conditions for its occurrence: a sufficient number of participants and the mechanisms that can mobilize prospective participants into action.²² A sufficient number of participants is important to the success of LOWs’ action, because, as mentioned earlier, “big trouble” is more likely to put sufficient pressure on the local government. As some interviewees pointed out: “The more participants the more effective the action (*ren duo lilian da*). From the government officials’ point of view, the more participants, the greater the trouble (*ren duo mafan da*).” Other interviewees also reported: “If more people present their grievances and demands to the officials, they put more pressure on those officials. If only a few people go, the officials may simply dismiss you.” Hence the scale of participation often determines whether workers are able to create large-scale peaceful chaos, such as a traffic blockade, demonstration or blockade of government compounds. It is also true that large-scale action is more likely to attract the attention of the government.

The existence of a sufficient number of participants does not necessarily mean that they will act collectively. This is because of the co-ordination problem. Prospective participants will participate in collective action only when they know that others will do the same. Workers’ collective action is thus not only a result of the interaction with government but also a result of the interaction among themselves. For this reason, workers need to co-ordinate their efforts in order to act collectively. In most cases, worker mobilization is possible with the presence of organizers. As Schumpeter has pointed out, “collectives act almost exclusively by accepting leadership – this is the dominant mechanism of practically any collective action.”²³ Organizers often play a number of roles in collective action.

In China, trade unions are not independent of state control and workers’ action is often organized by workers themselves. Because these workers are often disorganized, co-ordinators are especially important for a number of reasons. First, such people are crucial to information dissemination, a precondition for workers’ collective action. For example, in 1997, a city silk factory in Mianyang, Sichuan province, was declared bankrupt and the workers’ subsidies were embezzled by its corrupt manager. On 6 July, a worker, reportedly a college student who had been recently assigned to the factory, posted a notice in the factory announcing that a city vice-mayor would be visiting the factory at 8 o’clock the next morning to address the workers’ subsistence problem. The notice urged all the workers to be present. Many workers came the next day, but they did not see the vice-mayor. Despite the persuasion of representatives

22. James Gibson, “Mass opposition to the Soviet putsch of August 1991: collective action, rational choice, and democratic values in the former Soviet Union,” *American Political Science Review*, Vol. 91 (1997), pp. 671–684.

23. Joseph Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper Torchbooks, 1950), p. 270.

from the city public security bureau and government officials, the gathering escalated into a large-scale collective action. Workers took to the streets and blocked the traffic. They were soon joined by LOWs from other factories as well as peasants. Reportedly, tens of thousands of people participated in the protests. The local government responded by arresting a number of participants and publishing an official editorial in the *Mianyang Daily* accusing hostile foreign and domestic forces of stirring up trouble. No information on the college student who had posted the notice was available. This incident was said to be one of the biggest examples of labour unrest in China in the 1990s.²⁴ This case highlights the importance of information dissemination to collective action: the notice posted by the worker was crucial for the workers' gathering and consequently the escalation of their action.

Secondly, organizers inspire confidence among participants and articulate their demands. Organizers among Chinese LOWs do not receive any additional benefits for performing their role. Instead, they bear more risks than ordinary participants because of the government's repressive policies, as evidenced by the arrests of student and worker leaders in the 1989 Tiananmen Incident. Hence, the presence of organizers not only increases the confidence of participants but also reduces the risks they bear. In fact, some LOWs in Beijing claim that "nowadays, no one is willing to organize demonstrations. If there were one, I would definitely participate."²⁵

Thirdly, organizers are also more able to articulate workers' demands when dealing with the government or its organs because they are often cadres who have experience dealing with bureaucrats. Over the years, Chinese citizens in the urban areas have pursued their personal or some collective goals through their work units rather than directly through the government.²⁶ Many of them do not have much experience in dealing with bureaucrats. Hence, LOWs need representatives who are able to negotiate with the government and articulate their concerns and demands. Organizers are often seen able to take on this responsibility in addition to organizing the action. As one interviewee admitted,

If the action is likely to succeed and solve our problem, I will definitely participate. But for such action to succeed, it should be effectively organized and there should be persons who are able to articulate our interests and negotiate with the government. I participated in a collective petition to the city government once and stopped after that because it was not effectively organized. If you want to take action, you should do your best to make it a success.

The following example reported by an informant also indicates the

24. This was reported by some of our interviewees and published on the internet (www.hrichina.org, 2 January 2001).

25. The Beijing Labour Bureau, "Jiakuai shishi 'zaijiuye gongcheng,' duoqudao anzhi xiagang zhigong" ("Speeding up the implementation of re-employment and allocating laid-off workers through multiple channels"), in the Research Office of the Beijing Party Committee and Beijing Labour Bureau, *Zaijiuye gongzuo de yanjiu yu shijian (Studies and Practice of Re-employment)* (Beijing: Jingji guanli chubanshe), pp. 69–83.

26. Tianjian Shi, *Political Participation*.

importance of organizers in the worker's collective action. This example relates to a factory of over 700 workers which adopted ownership reform in 1998 based on a proposal approved by the city government. According to this plan, the factory was to adopt an employee share-holding system, whereby all workers were required to buy at least 5,000 *yuan* of shares in order to keep their jobs. Those who failed to buy the shares would be laid off or fired. However, at that time, the performance of the factory was deteriorating and a number of workers doubted that their investment would bring them any profits. If the factory continued to lose money, they would never be able to get their money back. For many workers, 5,000 *yuan* was a large amount of money. Concerned over this possibility, about 100 of them, including some work shop managers, refused to buy the allotted shares. As a result they were laid off without being paid their subsidies.

This angered the LOWs, and under the leadership of four cadres (one work shop manager and three production-group heads) they approached the city government for a solution. The leaders divided the workers into three groups and instructed them to block the gate of the government office in three shifts, all day every day. The leaders informed the government that the workers would not leave until their demands were met. In the end, the government told the factory not to force workers to buy shares. However, the factory refused wholly to accept this proposal. Instead, it reduced by one-third the number of shares that had to be bought.²⁷ This case suggests that workers' collective action can help bolster their bargaining power and strengthen their position in the negotiation.

The importance of co-ordinators or organizers raises the issue of who these people are and why they want to play these roles. Perry and Li's study of workers in the Cultural Revolution suggests that the "unusually forceful personalities" and personal ambitions of some individuals drove them to become rebellious leaders.²⁸ For LOWs, personal ambition is no longer important in the struggle for economic benefits such as back payments of salary. In fact, being an organizer does not bring a person more benefits but puts them in a risky situation because of government policies.

Based on my fieldwork as well as reported cases, initiators or organizers of LOWs' collective action include current enterprise leaders, previous enterprise cadres, retired workers, military veterans, non-cadre Party members and common workers (see Table 1). Most of these people are the elite of the workers in the sense that they are more influential than the rank and file.²⁹ As Table 1 suggests, more than 46 per cent of them

27. Interview no. 24.

28. Elizabeth Perry and Li Xun, *Proletarian Power: Shanghai in the Cultural Revolution* (Boulder, CO: Westview Press, 1997).

29. It has also been found that in China, peasant leaders tend to be the elite of peasant communities. On peasant leaders, see Thomas Bernstein and Xiaobo Lü, "Taxation without representation: peasants, the central and local states in reform China," *The China Quarterly*, No. 163 (2000), p. 758; Yu Jiangrong, "Liyi, quanwei, and zhixu" ("Interests, power and order"), *Zhongguo nongcun guan cha (Observations of Rural China)*, No. 4 (2000), pp. 70–76.

Table 1: Types of Organizers in Chinese Workers' Collective Action (N = 41)

| <i>Background of organizers</i> | <i>Number of cases</i> | <i>Frequency (%)</i> |
|---------------------------------|------------------------|----------------------|
| Previous enterprise leaders | 12 (4 retired people) | 29.27 |
| Party-member workers | 9 (4 retired people) | 21.9 |
| Current enterprise leaders | 7 | 17.1 |
| Military veterans | 4 | 9.8 |
| Others | 9 | 21.95 |
| Total | 41 | 100.02 |

Sources:

Gongren ribao (1997–99), *Zhongguo laodong baozhang bao* (1999), *Qiye zhenggong xinxi bao* (1998–99), *Zhongguo laodongbao* (1997–99), author's fieldwork (1998–99).

were cadres or are still cadres, and another 31 per cent are Party members or military veterans. Many of them have accumulated experience in dealing with the enterprise authority or the government. They qualify as leaders because of their prestige and their ability to articulate the demands of LOWs when confronting enterprise cadres or government officials. The reason that they are willing to become organizers or initiators is often a combination of their personal stake in the action, community pressure, and sometimes a sense of justice.

Some people are willing to be the initiators or organizers because they are strongly motivated by their resentment of an undesirable situation at work. Collective action provides a means for them to rectify the situation which is often beyond individual action. Hence, their motivation may or may not be the same as that of other participants. For example, in 1995, a county ship factory was on the verge of closure, and the industry bureau decided to lay off some workers. One 58-year-old worker thought that he was less likely to be laid off because he was close to the age of retirement. But it turned out that he was among those to be retrenched. This person reasoned: "You lay me off, I will appeal to the government. You leave me with nothing to do, and I will keep you busy." He was originally a middle-level cadre in the factory and had 40 years of working experience and enjoyed some prestige among his co-workers. He organized about 200 people to picket the factory, the industrial bureau and the local government. He created a lot of trouble for the factory management who had to spend time dealing with these workers. The leaders of the industrial bureau, the labour bureau and the factory repeatedly reasoned with him and tried to help him. Factory leaders also asked cadres and Party members to donate money to laid-off workers. Because of this, he decided to stop his efforts to co-ordinate the other workers.³⁰

Another reason why some people become organizers is community

30. *Gongren ribao* (*Workers' Daily*), 19 March 1998.

pressure. Individuals who have high social status in their communities tend to conform to the expectation of others.³¹ As Chong suggests, “there may be substantial community pressure on such individuals to lend their prestige and the leadership skills associated with their current roles to the new political enterprise, especially if it is perceived that collective action is impossible without the active involvement of these pivotal individuals.”³²

Chinese laid-off workers can be seen as a community although its solidarity may not necessarily be strong. Current and previous cadres and Party-member workers in SOEs may be under community pressure because LOWs usually have high expectations of these people. Leadership is often a capacity that is transferable from one realm to another. “People regarded as leaders in one context ... will hurt their status and credibility if they do not uphold their reputations in other situations which call for them to marshal their resources.”³³ This explains why current or previous cadres often become the natural organizers of workers’ collective action. Sometimes, LOWs elect representatives from among themselves, and these representatives will often be current or previous cadres. One interviewee reported his experience in appealing to the government:

There were about 50 of us. We first went to the industrial bureau and spoke to the officials about our subsidies. But one official who was a director of the general office in the bureau told us that the number of laid-off workers was too large in the whole industrial sector, and that the industrial bureau was trying to gain assistance from the government. But he was not sure whether they would succeed. What he said meant nothing to us. After we went out, we stood in front of the office, discussing what to do next. When someone suggested that we approach the government, almost all of us looked at a previous shop-floor manager who was the highest-ranking cadre among us at that moment. This person thought for a while and said “Let’s go.” He led us to the complaint bureau and selected three others among us and they spoke to the official there on our behalf.

It must be pointed out that individuals weigh community pressure against potential costs or risks. Some people assume the role of organizers because they do not think that collective action involves high risks or they fail to anticipate the risk involved. As mentioned above, the Chinese government is not tolerant towards organizers of undesirable collective action, especially political action. Some people are willing to become co-ordinators because they believe that peaceful action is acceptable to the government. However, ensuring that the collective action remains peaceful is usually beyond the control of the organizers. Thus, if individuals anticipate a risk of violence, they may refuse to assume a leadership role. As some labour activists admit: “We only work as consultants, because organizing is too sensitive ... We research the workers’ situation,

31. Douglass Bernheim, “A theory of conformity,” *Journal of Political Economy*, Vol. 102, No. 5 (1994), pp. 41–87.

32. Dennis Chong, *Collective Action and the Civil Rights Movement* (Chicago: University of Chicago Press, 1991), p. 125.

33. *Ibid.* p. 126.

find out what ways work best. We only help workers who request help. If they don't request help it's best to keep a distance from them."³⁴ Therefore, although collective action is possible in China, it is often non-political and less organized because of government intolerance. In other words, the constraint on the local government discussed previously is relative.

Modes of Lay-offs, Emergence of Organizers and Collective Action

The importance of co-ordinators and the need for a sufficient number of participants raise the question of when these two factors are likely to be present simultaneously. The preceding discussion suggests that organizers emerge when their own interests are threatened. Likewise, people will be willing to participate if they too have a stake in the action. Collective action, especially a large-scale action, is therefore more possible when the interests of a significant number of people are threatened or encroached upon simultaneously. Existing research on social movements has pointed to the importance of solidarity in mobilization. Tilly, for example, suggests that the most organized type of collectivity is a group that combines both "catness" and "netness," called "catnet" for short. "Catness" (from the word category) refers to the strength of a shared identity in a group, whereas "netness" (network) refers to the density of networks among group members that link them to each other by means of interpersonal bonds.³⁵ For Chinese LOWs, the way lay-offs are carried out may determine their "catness" by affecting the number of people who face a common fate. In other words, the way lay-offs are carried out may affect the possibility of LOWs' action. Other things being equal, simultaneous lay-offs are more likely to lead to action than sequential (often small-scale) lay-offs for a number of reasons.

First, in simultaneous lay-offs, fragmentation is less serious because of the large number of workers affected and the short time span in which the lay-offs happen. Workers are often laid off in this way if the whole enterprise goes bankrupt, closes, stops production or ceases to pay its workers. Hence, many workers are affected simultaneously and consensus building among them is easier. This is also why reform measures like bankruptcy are more likely to lead to workers' collective action, as will be discussed later. In contrast, workers who are laid off sequentially are often able to receive subsidies, because their enterprises are still in operation. This is especially the case of LOWs from large SOEs that have more financial resources. However, if the number of workers laid off each time is large, it is tantamount to simultaneous lay-offs, and collective action is also likely.

Secondly, simultaneous lay-offs also affect cadres who may become

34. Jiang Xueqin, "Fighting to organize," *Far Eastern Economic Review*, 6 September 2001.

35. Charles Tilly, *From Mobilization to Revolution* (Reeding, MA: Addison-Welsey, 1978), ch. 3.

organizers of collective action. In other words, co-ordinators are more likely to emerge with this mode of lay-off. Cadres have played an important role in workers' collective action in SOEs. Existing studies have found that in loss-making enterprises, current or previous enterprise cadres tend to be more active in collective action. For example, one study compared a money-losing textile factory with 6,000 workers and a money-losing company with 20,000 workers. It found that 30 per cent of previous leaders at the enterprise level and 50 per cent of previous cadres at the middle level (below the enterprise manager level) or above participated in collective action at least once, whereas the percentage of the rank and file who did so was only 15.³⁶ The trust and respect which the rank and file give to these cadres may also make them more self-confident in taking action. Hence, if cadres are among those affected by lay-offs, they are likely to emerge as leaders.

In contrast, while workers laid off sequentially need co-ordinators in order to take action, this mode of lay-off does not readily produce leaders. It is not uncommon for some enterprises to lay off their workers sequentially and pay them during their initial period of unemployment. But as an enterprise's financial situation worsens, it may not be able to continue payments. By this time, however, most LOWs no longer come to the enterprise. Hence for these people to take action, there would need to be co-ordination in order to mobilize the workers laid off at different times.

Yet sequential lay-off prevents the emergence of initiators and thus reduces the degree of LOWs' "catness." For one thing, it often does not affect enterprise cadres because they tend not to be laid off unless a factory goes bankrupt or reduces the size of its staff drastically.³⁷ For another, even when cadres are among those who are sequentially laid off, they may lack the incentive to become the organizers. This is because they are more likely to find employment elsewhere from personal connections or possessing much sought-after job skills or both. For example, according to a survey by the ACFTU in 1997, cadres were more likely to earn extra income outside their work units. While about 16.7 per cent of workers were able to make an extra income of 500 *yuan* or more per month, the percentage was 32.2 for cadres.³⁸ A survey of 1,000 LOWs by the ACFTU in 1997 shows that about 18.5 per cent of laid-off rank-and-file workers were able to secure jobs, but the percentages for laid-off technicians and cadres were 22 and 33.3 respectively.³⁹ Hence, in sequential lay-offs, because of the longer time lapse, some employees like cadres

36. Zuo Fu, *21 shiji shui gaili fanchi (Who will Feed You in the 21st Century?)* (Nanchang: Baihuazhou wenyi chubanshe, 1998).

37. The research group, "Chengzhen qiye xiangang zhigong zaijiuye zhuangkuang diaocha: kunjing yu chulu" ("Re-employment conditions for laid-off workers: plight and solutions"), *Shehuixue yanjiu (Sociological Research)*, No. 6 (1997), pp. 24–34.

38. The All China Federation of Trade Unions, *1997 Zhongguo zhigong zhuangkuang diaocha (1997 Investigation of Chinese Employees)* (Beijing: Xiyuan chubanshe, 1999), p. 1340.

39. *Ibid.* p. 97.

who are laid off earlier may have found alternatives before others are also laid off.

For Chinese LOWs, the issue is not only how many workers are laid off but also who is laid off and how. One case, reported as the largest instance of labour unrest in China as of the year 2000, shows the effect of simultaneous lay-offs on consensus building and collective action. It happened in Huludao city, Liaoning province. In February 2000, more than 20,000 workers of a mine smashed windows, blocked traffic, burned cars and fought with armed police for days. The unrest began with the mine's bankruptcy. More than 20,000 mine workers were offered a lump-sum severance pay of 560 *yuan* for every year served. After the payment, there would be no further unemployment subsidies whatsoever. With this compensation, a worker who had worked for 20 years at the mine would not have been able to support his family for more than two years. It was clear to all that this was "far too little," especially because workers were also asked to make pension contributions from the money. Since the economy of the town was dependent on this mine and residents had little chance of finding other jobs locally, the workers faced great economic pressure. About 20,000 workers joined by thousands of their family members blocked the traffic in order to attract the attention of the government. Their action escalated into a confrontation with the police. Order was restored only when the government sent army and police units to the town. As expected, the few ringleaders were arrested.⁴⁰ This case also suggests that while the local government faces constraints when dealing with disgruntled people, as discussed above, it can also be risky for people to take the lead in collective action. Hence, the constraint on the local government is always relative in the sense that certain boundaries set by the government cannot be crossed.

Informants also reported how simultaneous lay-offs and the emergence of organizers made their action possible. One example concerns a machinery factory of about 500 workers. In 1998, the factory was declared bankrupt, and workers were provided a lump-sum compensation. But the factory had not paid the retirement insurance for its workers for three years. Workers were worried that if the factory did not make this up, they would not be able to receive their retirement pension. This was a problem faced by both cadres and rank and file workers. After the industrial bureau announced its bankruptcy plans, workers became upset. When several hundred workers gathered in the factory to discuss this issue, it was not difficult for them to take the next step. They surrounded a few middle-level cadres of the factory, and these leaders suggested approaching the city government. Other workers had no reason to disagree, so they went to block the government compound. In the end, the government forced another factory that owed money to this one to pay its debts which would then be used to pay the insurance for the factory. What annoyed these cadres and workers was also the government's

40. James Kynge, "Chinese miners riot over severance pay," *Financial Times*, 3 April 2000.

discriminatory policy. At that time, lower-level cadres and workers suspected that the government would assign jobs to the few top cadres in the factory, which was proven true. But the government did not assign them jobs at that time because of the possible reaction of the workers. About three months after the bankruptcy, the manager, the Party secretary and two deputy managers were reassigned.⁴¹ Indeed, bankruptcy is likely to give rise to collective resistance often because it affects the interests of most people, including cadres, simultaneously.⁴²

Reform Style and the Scale of Resistance

The importance of organizers and the existence of a sufficient number of participants for collective action also suggest that relative to the magnitude of SOE reform, large-scale resistance was not widespread in the 1990s,⁴³ because the government's reform policies shaped workers' incentive and ability to mobilize and act. In the reform period, the collective action of Chinese workers, including LOWs, has often been based on individual enterprises, which means that the scale is limited.⁴⁴ Action across enterprises is less likely because of the risks incurred by organizers. According to our informants, the exceptions were those cases in which LOWs from different enterprises happened to approach the government or its organs at the same time.⁴⁵ One reason for the lack of such action is that the specific demands of workers from various enterprises are different or they believe that their goals are different. Another more important reason is that few people are willing to take the lead to organize cross-enterprise action.⁴⁶ This has created a dilemma for LOWs. If they organize large-scale collective action, it would put organizers at great risk; but if they engage in small-scale action, it could fail to put enough pressure on the government. In some other cases, workers think that acting together with LOWs from other enterprises may reduce their odds of success because of government intolerance.⁴⁷

If cross-enterprise action is less possible, large-scale action can only be taken by LOWs from large enterprises. It is also true that, other things being equal, LOWs from large SOEs are more able to take action because they face fewer constraints in mobilization. For one thing, if many LOWs from large SOEs are laid off, organizers are more likely to emerge; for another, LOWs from large SOEs tend to be less scattered than LOWs

41. This was also true for the bankruptcy of the Chongqing Knitting Factory. The manager, the Party secretary and the general engineer transferred jobs. See Jin Pei, *Hequhecong (Where to Go)* (Beijing: Jinri Zhongguo chubanshe, 1998), p. 246.

42. Xie Delu, *Zhongguo zuida pochuan an toudi (A Perspective on China's Biggest Bankruptcy Case)* (Beijing: Jingji guanli chubanshe, 1993).

43. The State Planning Commission, "China's society at the turn of the new century," pp. 2-11.

44. Alan Liu, *Mass Politics in the People's Republic: State and Society in Contemporary China* (Boulder, CO: Westview Press, 1996).

45. Interview no. 14.

46. Interview no. 27.

47. Ching Kwan Lee, "The 'revenge of history'."

from small SOEs. Because of the Chinese work-unit-based welfare system, housing is determined by the financial resources of SOEs. LOWs from large SOEs are more likely to live together than those from small ones because large SOEs often have more financial resources and can afford to build housing for their workers.⁴⁸ The fact that workers live near each other is important because it may significantly affect information dissemination and thereby co-ordination among laid-off workers as the following case reported by one of our interviewees suggests.⁴⁹

There was a roller chain factory with about 700 workers. In the 1980s, it had had about 400 workers. Because the manager wanted to promote the status of the factory, he tried to recruit more workers in order to expand its size. In the planned economy, hiring more people did not constitute a burden on the factory because workers' salaries were guaranteed by the state. The factory had also taken over some farmland in nearby villages, so it had to recruit peasants from these villages as required by the state land-use policy. However, despite its expansion, the factory did not provide housing for its workers, because sale of its products had not been profitable enough. Only a few cadres were assigned housing by the industrial bureau. Most others lived in private houses or those provided by the work units of family members.

In 1993, the factory was forced to stop production because of the shortage of capital, and workers had to stay at home. For the first eight months, the factory tried to pay workers 70 per cent of their salary by selling the remaining products. When everything was sold off, they stopped receiving payment. Initially, workers engaged in individual action or small-scale collective action, because the housing-provision pattern made co-ordination difficult. When some workers finally decided to mobilize people to take concerted action to appeal to the government, two types of people constituted the majority: peasant-turned-workers and those who had telephones, including those who lived in close proximity. Peasant workers lived more closely to each other because their homes were in the same or nearby villages. It was thus easier to disseminate information among this group. For workers dispersed throughout the city, it was time-consuming and difficult. Hence, some people just told those who had telephones and asked them to contact those they were able to locate. As a result, only about 100 out of 700 firm employees showed up even though many of them were still unemployed. At that time when lay-offs were not common, it seldom occurred to many workers that they should be self-employed. The information dissemination problem was one of the most important reasons for the small number of participants.

48. Xie Zhiqiang, *Tupo congwei: Zhongguo fanggai daxingdong (Making a Breakthrough: A Big Move in the Housing Reform in China)* (Beijing: Shehuike xue wenxian chubanshe, 1999), p. 69.

49. Also see Ching Kwan Lee "The 'revenge of history' "; Dingxin Zhao, *The Power of Tiananmen: State-Society Relations and the 1989 Beijing Student Movement* (Chicago: University of Chicago Press, 2001), ch. 8. This stands a contrast to the workers in the US in the 19th century where the separation of work and home was common. See Ira Katznelson, "City trenches," in Dennis R. Judd and Paul P. Kantor (eds.), *The Politics of Urban America* (Boston: Allyn & Bacon, 1998), pp. 70-78.

As the reform proceeds, local governments are becoming accustomed to small-scale and peaceful collective action from people like LOWs. It is for this reason that some LOWs have begun to take more dramatic action such as blocking highways, railways or bridges. But for this mode of action to succeed with low risks, a small number of people may not suffice. For example, according to one count of 26 contentious collective actions such as traffic or office-compound blockades by LOWs, all had more than 200 participants, and 23 of them (or 88 per cent) had more than 500.⁵⁰ Such action is often beyond the reach of LOWs of small SOEs.

While LOWs from large SOEs are more able to take forceful action, their enterprises were not the major target of the reform in the 1990s. This was because of the government's reform policy of "retaining the large SOEs and letting go of the small ones." In China, the administrative level of the owner of a SOE not only indicates its size in terms of its assets but also the number of its workers. The higher the administrative level of the owner, the higher the number of employees is likely to be. Hence, those under the central government tend to have the most employees. In 1995, for example, SOEs under the central government had an average of 2,290 employees, SOEs under the provincial government had an average of 871, those under the city government had 600 and those under the county government had 224.⁵¹

The reform of SOEs has been carried out in such a way that more small SOEs than large and medium ones have been privatized, closed or declared bankrupt. This is one reason why LOWs from large SOEs only form a small percentage of the total LOWs. In 1998, for example, LOWs from enterprises under the central government accounted for about 9 per cent of the total, whereas those from small and medium enterprises constituted more than 90 per cent.⁵² Equally important, large SOEs are more likely to provide unemployment subsidies for their LOWs. In 1997, about 31.6 per cent of LOWs from small industrial SOEs failed to receive unemployment subsidies, compared to only 8 per cent of LOWs from SOEs under the central government.⁵³ Moreover, because large SOEs have more resources, they may also adopt sequential rather than simultaneous lay-offs in order to reduce worker resistance.

The government policy of "retaining the large SOEs and letting go of the small ones," together with its policies towards action organizers, significantly reduce the frequency of large-scale actions. Concerted resistance is thus often small-scale, non-contentious and short-lived. This is a fundamental reason why massive lay-offs did not pose a serious challenge to the social and political stability in China in the 1990s. Yet precisely because LOWs from large SOEs are more powerful, the Chinese government faces more difficulties in carrying out SOE

50. "Beijing's struggle to 'ride the tiger of liberalization'," *Jane's Intelligence Review* (January 2001), pp. 26–30.

51. The State Statistical Bureau, *Da toudi (Perspective)* (Beijing: Zhongguo fazhan chubanshe, 1998), p. 31

52. *Chinese Labor Statistics 1999*, pp. 441, 457.

53. *Chinese Labor Statistics 1998*, p. 444.

reform in the 2000s. Most small SOEs have been reformed and what is left is the large ones. The worry over the resistance of workers from large SOEs has slowed down the reform. In 2001, the central government decided to stop the bankruptcy of large SOEs. The Supreme Court ordered provincial courts not to proceed with bankruptcy cases of SOEs with assets in excess of 50 million *yuan* unless they had prior Supreme Court approval. This decision is a clear sign that “crucial industrial reforms are being slowed down as Beijing concentrates on warding off social unrest.”⁵⁴

Conclusion

The economic restructuring in China has thrown tens of millions of workers out of their jobs, making them suffer deprivation and poverty. The reform has provoked workers' resistance across the country which has become a serious concern for the government. While existing studies have pointed to the importance of workers' motivation as well as other factors that may reduce their costs of action, insufficient attention has been paid to the issue of how collective action is possible in a still authoritarian regime and how laid-off workers who are often disorganized have been able to act collectively.

This article finds that within the Chinese political system there is room for workers' non-institutionalized action owing to constraints on the local government. Because it does not have the authority to use force at will when dealing with disgruntled citizens and because its inability to maintain social stability could endanger the political career of its officials, the local government sometimes grants concessions to workers seeking redress for their grievances. However, the possibility of such concessions by itself does not necessarily lead to workers' collective action. They also need to co-ordinate their actions. The presence of leaders or co-ordinators and a sufficient number of participants are also necessary factors that drive workers to action. For LOWs, the most important mechanism for their mobilization is the presence of organizers or co-ordinators. This study finds that self-interest, community pressure and sometimes a sense of justice cause these leaders to emerge. In addition, this study also suggests that simultaneous lay-offs, as opposed to sequential lay-offs, not only are more likely to produce organizers but also tend to affect more people at the same time. Therefore, the way workers are laid off may significantly affect the possibility of their collective action. Given the conditions for workers' action, it was found that, despite the magnitude of reform, large-scale resistance in China should be relatively rare because large SOEs, whose large number of workers are more able to stage resistance, have not been the major target of the reform. But by the early 2000s, many small SOEs have been reformed and the government is now facing increasing difficulties because they have to deal with the large

54. James Kynge, “Beijing puts freeze on state-group bankruptcies,” *Financial Times*, 24 October 2001.

ones. While resistance can be unprecedented, it may not be insurmountable. With multiple measures, such as minimum subsistence provision, sequential lay-offs and the severe punishment of worker leaders, the government may still be able to continue with the reform.