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WHAT COMES NEXT AFTER
SOCIALISM IN CHINA?
COMMUNIST NEO-TRADITIONALISM
TWENTY FIVE YEARS LATER

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**WHAT COMES NEXT AFTER SOCIALISM IN CHINA? :
COMMUNIST NEO-TRADITIONALISM TWENTY FIVE YEARS AFTER**

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Abstract

The transformation of labour and unemployment in China raises a question of “What was socialism and what comes next.” This paper attempts to answer this question for China by looking at the unemployment policy changes before and after the reform. I employ Walder’s classic work, *Communist Neo-Traditionalism*, to discuss the nature of work and welfare prior to reform. I discuss three “caring” features of labour relations prior to the reform; 1) the state enterprise (*Danwei*) as a small welfare state; 2) organizational dependence between workers and their superiors; and 3) Maoist emphasis on political education. Then I attempt to address three new “daring” characteristics of unemployment practice in the process of dismantling the old socialist workfare, the Iron Rice Bowl; 1) Massive Unemployment; 2) From Organizational Dependence to Self-Reliance; 3) Ideology still matters: Persistence of Political Education and Thought Work. I argue that the current unemployment policy is a combination of both new and old, neo-liberal market rationality combined with old socialist ideological work.

Key Words: Unemployment, China, Labour, Communist Neo-Traditionalism

1. Introduction

After thirty years of the reform, now the Marxist idea of socialism and work is becoming the ideology of the radiant past in China, and unlike Marx’s vision of “workers of the world united,” Chinese workers having been pushed into society as self-employed peddlers, vendors or the unemployed, the industrial reserve army on a probationary, temporary and part-time basis. This transformation of labour and unemployment in China

raises a question of “What was socialism, and what comes next “ (Verdery, 1996). This paper attempts to answer this question China by investigating the unemployment policy changes before and after the reform. For this, first, I employ Walder’s classic work, *Communist Neo-Traditionalism* (1986),¹ to discuss the nature of work and welfare prior to reform. I discuss three “caring” features of labour relations prior to the reform; 1) the state enterprise (*Danwei*) as a small welfare state; 2) organizational dependence between workers and their superiors; and 3) Maoist emphasis on political education. Then, I make an attempt to address three new “daring” characteristics of unemployment practice in the process of dismantling the old socialist workfare, the Iron Rice Bowl.; 1) Massive Unemployment; 2) From Organizational Dependence to Self-Reliance; 3) Ideology still matters: Persistence of Political Education and Thought Work. I argue that the current unemployment policy is a combination of both new and old, neo-liberal market rationality combined with old socialist ideological work.

Presently, under the slogan of “Some should get rich first” the egalitarian ideas of the past have been criticized as reducing the efficiency and performance of the workers. The socialist ideas of ‘to each according to their labour’ and lifetime employment became burdens for the government and enterprises, and market-oriented ideas such as efficiency, competition, and self-reliance gained more popularity. The crib-to-coffin security of the socialist workfare is gone forever, and city streets are full of massive unemployed workers. This kind of radical change has been termed, *China’s Second Revolution* (Harding, 1987) or *The Quiet Revolution from Within* (Walder, 1995) or *The Unfinished Economic Revolution* (Lardy, 1998) to grasp the reconfiguration of Chinese society after the failed attempt to bring about a truly egalitarian society. It seems as if everything

looks different now in the twenty-first century China. One can easily find the signs of economic growth in the streets of China – luxurious hotels, fancy department stores, expensive cars, but signs of inequality are also quite visible.

This paper is based upon ethnographic fieldwork in China in the years of 2000-2001, 2003, 2005, 2006, and 2007, which includes more than a hundred interviews with unemployed workers, state officials, managers as well as various archival, internal (*neibu*) documents. Interviews provided critical first-hand primary information about people's actual, real-life experiences dealing with the problem of unemployment and officially undocumented aspect of change. Often, state officials and managers blamed financial constraints and structural limits to what they could do for unemployed workers – their hands are tied. However, unemployed workers voiced feelings of betrayal, manipulation, anger and frustration. These stories provided a vivid refutation of the successful stories found in official documents and medial reports. The ethnographic fieldwork offered data for interpreting why government policies do not work as promised and how this letdown influences the lives of millions of unemployed workers (Gupta, 1989).²

2. Theoretical Background: Neo-Classical Sociology

In a special edition of *American Journal of Sociology*, Burawoy (2001) has criticized the recent trends in the studies of post-socialism by Eyal and Stark because of their overestimation of the elite politics and underestimation of class relations, by arguing “(post-socialist) capitalism may be made without capitalists but certainly not without workers...a small fraction upgraded, the majority disconsolate and degraded.” Rejecting

the assumption that workers become voiceless and irrelevant, Burawoy invites a Marxist analysis of working class formation under current transformation. Though admitting the importance of studying the working class as subjects, I also recognize the danger of assuming any homogeneity of working class politics, as commonly shared by the Marxist framework. The analysis of post-socialist labour needs to pay more attention to the complexity of working class politics, particularly the issues of unemployment and the new logic of self-reliance, which I will explore more in this paper.

From Marx's perspective, unemployed workers are mainly understood as the lumpen-proletariat since they do not directly participate in the production process. Unemployed workers are not manual wage-earners in manufacturing industry. In *Eighteenth Brumaire of Louis Bonaparte*, Marx (1963) dismissed the revolutionary role of the lumpen-proletariat by calling them "scum" or "offal" of society, or "knave" class (Thoburn, 2002). Marx believed that they side with the state and are easily bought off. Furthermore, Marx predicted that only (exploited) workers will be able to transform themselves from a class-in-itself to a class-for-itself, which acts collectively for their collective interests.³ In short, workers' common experiences of exploitation under capitalism, ironically, will turn out to be the basis for workers' mutual integration as well as their collective interdependence. From this perspective, workers' class politics should be understood in the context of exploitation of labour, not necessarily as that of oppression or exclusion.⁴

However, after losing job security and welfare, the Chinese unemployed workers now live in the uncertain, unstable world of temporary, probationary, and part-time employment. Here, I share some of the scepticism and questions of Eyal, Szelenyi, and

Townsley (2001), “where is the working-class-cum—collective actor? At present, there is nothing but a demobilized, disorganized mass of (unemployed) workers.” At present, the Chinese unemployed workers are not what Marx expected them to be – a universal class under socialism.

In the Chinese case, newly unemployed workers are not victims of exploitation under capitalism but rather are excluded from the newly emerging market economy. The unemployed workers face downward mobility, dreadful living conditions, and extensive poverty. According to an empirical report on classes in *the Chinese Academy of Social Science* in 2002, which was banned from circulation due to its critical tone of the recent reform, unemployed workers have become the lowest class among ten classes⁵ in the bottom of the class hierarchy in Chinese society, the truly disadvantaged who are facing exclusion from labour relations, not exploitation within labour relation. This kind of exclusion is more devastating and brutal than exploitation. In this sense, the notion of oppression needs to be broadened to incorporate the devastating situation of unemployed workers,⁶ and to grasp the politics outside the point of production, for instances, the practices and lived experiences of everyday life (de Certeau, 1998) or the politics of unemployment. Workers are no longer permanently located within the relations of production, and have been pushed into society in post-socialist China.

3. Labour Before the Reform: Revisiting Communist Neo-Traditionalism

The socialist revolution in China put the urban working class into the rather privileged position of “masters of the country” from small-scale craftsmen to large-scale, modern, industrial workers. The socialist state was an omnipresent actor in this process

of the making of the working class (Walder, 1984). The state was actively involved in the employment policies, and tried to build the social order through absorbing the unemployed population in both urban and rural areas. Based on Marxist-Leninist principles and the slogan of “high employment, low wages, high welfare,” the major way for the state to deal with unemployment was to institutionalize the workfare, to expand the numbers of the state enterprises. State enterprises provided almost total social security for their workers based on Chinese standards, and essentially guaranteed lifetime employment.

One of the new regulations for workers was the Labour Insurance Law. Institutionalized in 1951, this law aimed to provide protection and welfare benefits to the workers, and workers become eligible for several benefits and services such as maternity leave, sick leave, and access to nurseries, kindergartens, restaurants, etc (Gold, Hurst, Li and Won, 2009).

In addition, due to the virtual eradication of market forces, the state enterprise was able to control the mobility of labour in China, thus making it impossible to transfer from one job to another and to move from one region to another without permission. The absence of labour mobility has been one of the major features of state enterprise. In this part, I mainly focus on the three general features of the state enterprise that characterizes pre-reform China: 1) the state enterprise as a small welfare state; 2) organizational dependence between workers and their superiors; and 3) Maoist emphasis on political education.

1) State Enterprise as a Small Welfare State

As a socialist work organization, the Chinese state enterprise provided basic welfare to its workers such as permanent job security, training, housing, medical care, pensions, and various kinds of subsidies such as day care and schooling for children, and sometimes even employment for spouse and children. As Walder explains,

“ In a communist economy, employment in the state enterprise is not primarily a market relationship. It is a position that establishes the worker’s social identity and rights to specific distributions and welfare entitlements provided by the state.... State-owned enterprises not only provide complete health insurance and pensions, they also provide direct medical care in their own facilities or in an attached hospital; they are the main source for housing; they provide loans, subsidies, child care, meal services, and sometimes, education.”
(Walder, 1986: 16).

The permanent workers in state enterprises were entitled to claim their rights for “Iron Rice Bowls,” as members of the small Chinese welfare state, *Danwei* (Perry and Lu, 1997). The privileged status of these workers was based on their urban residential and state-enterprise employment status. In terms of social hierarchy, the state workers were in a relatively much better position than workers in collectives, to say nothing of peasants in the countryside. The socialist working class was “remade” during the socialist period, so that the permanent workers in state enterprise enjoyed the status of labour aristocracy. Employment was clearly not based on market relationship. Therefore, unemployment and lay-offs were very rare, and even when they did occur, it was normally temporary and followed by immediate reassignment to new jobs. As Walder cites from workers,

“They do not expel workers for bad work. This would be called, “firing,” and they do not fire workers in China. The units just didn’t have the right to fire people or take away their wages.” (Walder, 1986: 143)

It is no wonder that China was once called, “work-unit socialism” (*Danwei shehuizhuyi*), and almost full, permanent employment policy had been practiced. The redistribution of wealth based on labour was one of the key features in Chinese socialism. Under socialism, welfare was mainly understood as work-based occupational welfare.

2) Workers’ Organizational Dependence

After the socialist revolution, the socialist party-state actively established the employment policies, and tried to build the social order through its party-branches in state enterprises. The apparent absence of a labour market and the guarantee of permanent employment created workers’ social, political, and economic dependence on the state enterprise for their livelihood. This aspect of “organizational dependence” is the other side to the comprehensive welfare at the state enterprise. Walder’s concept of “organizational dependence” is based on the institutional position of workers with regard to superiors, and workers’ high degree of dependence on the state enterprise. Workers are dependent economically on the enterprise, politically on party leaders, and personally on their superiors for their subsistence and living. That is, organizational dependence has been characterized “by rituals of deference, relatively unquestioning obedience, a tendency not to articulate objections and claims directly, and common place attempts to cultivate personal ties with superiors in order to advance or stabilize one’s position” (Walder, 1983). Unlike Marx’s expectation, socialist workers are neither independent nor free species being but rely heavily on the enterprise for their survival in socialism. As Walder explains,

“the dependence of Chinese workers is the result of generic feature of Communist political and economic organization: the role of enterprise in delivering public goods and services in a poorly developed consumer market; the political organization of the workplace and its role in the national governance; and the discretion exercised by shop management and party-officials in factory administration.” (Walder, 1986: 23)

Workers’ organized dependence is a new, generic socialist pattern of authority, and it creates a new type of social relation, a client-patron relation between workers and their superiors. Chinese socialism did not create a horizontal, egalitarian relationship between workers and leaders in socialism, but it resulted in a new kind of hierarchy based on workers’ organized dependence. This kind of worker dependence on the enterprise gave the party/state supervisors an extraordinary degree of political control over the work force. However, it was not just about force or violence, but incentives for compliance under non-market authority relations.

3) Maoist Emphasis on Political Education

In pre-reform China, state enterprise also had a political function to watch and monitor its workers, and to set limits and constraints on political behaviour. Each enterprise had a communist party office which functioned as a watchdog for the central party-state. Political mobilization of the population operated at the level of the *Danwei*. For instance, dossiers (*dang an*) of workers were kept by each enterprise and they were responsible for the political activities of its workers. Also, a “Socialist Education Movement” was launched in 1963 to hunt down bourgeois tendencies among bureaucrats. This reflects the continuous effort by party leaders to lead people on the “correct” road to communism in China. Under the Socialist Education Campaign, class struggle was re-

emphasized, and once you had been branded a “rightist,” you were then sent to labour camp or to jail, or to the countryside. This campaign had its peak during the Cultural Revolution, when the Red Guards attacked intellectuals, so-called capitalist roaders, and those who manifested the four olds – old ideas, old culture, old customs, and old habits through mobilization and mass campaigns. They had to transform their elitist attitudes, material incentives and other privileges, and to eliminate the spiritual pollution (Gold, 1984).

This represented a new stage in the development of the socialist revolution. In the post-revolutionary society, unlike the pre-revolutionary period, the problem emerged in regard to how to motivate people in certain directions, since people tend to take the accomplishment of the revolution as a given. After the successful achievement of socialist revolution, there was no longer a clear target to direct people’s energy. As Mao mentioned,

“Our revolutions are like battles. After a victory, we must at once put forward a new task. In this way, Cadres and the masses will forever be filled with revolutionary fervour... With new tasks on their shoulders, they are totally preoccupied with the problems for their fulfilment.” (Chen, 1970: 63)

In the case of China, the growing trend of bureaucratization might lead to a new kind of inequality. Chinese intellectuals, inextricably embedded in an authoritarian ruling elite, enjoyed protection and privileged available in China only through their powerful bureaucratic allies (Israel, 1986). There also were views that the Chinese revolution was losing impetus because of party conservatism and the lethargy of the huge and cumbersome bureaucracy, which had lost its ability to make speedy or innovative

decisions (Spence, 1990: 603). One can argue that it was an expression of the egalitarian-collectivist ideal (White, 1989: 24).

These kinds of political supervision attempted to mobilize workers' loyalties and discipline by labelling them "good model workers" (*laodong mofan*). Mao's idea stressed the voluntaristic, heroic workings of the human will and the power of the masses. This kind of political, moral aspect of authority in Chinese state enterprise is critical to Walder's concept of "organized dependence." In this period, political purity, not technical competence; revolutionary goals, not economic efficiency were greatly emphasized.

Officially, there was no unemployment, and the state enterprises provided a comprehensive welfare to their workers from cradle to grave, but in return, workers had to participate in political education and thought work. As Walder points out in his interviews of workers,

"If someone's work wasn't good, they did educational work. This was the job of the party organization. They figured if your thought was good, then your work would be good. If your work was not good, then you must have some sort of thought problem..."(Walder, 1986: 108)

"...there were a number of people who were expelled for political mistakes. These people usually went to jail or labour camps... For bad work, the treatment is education." (ibid, 143)

The emphasis on political, ideological work comes from the Maoist idea that anybody can become working class regardless of their economic class position, by transforming their ways of thinking according to the socialist party's definition of correct thought. This is what Susan Shirk (1981) called, "virtuocracy," a system of reward based on appropriate display of political behaviour and obedience to the correct way of thinking.

Thus, a good worker was the one who followed the party's correct political thought and the one who showed selfless, committed "moral" behaviour at the workplace as well as at the thought class. These kinds of activities were recorded, monitored, supervised, guided, and promoted by political advisers and activists in the enterprise.

Thus, the state enterprise is a combination of comprehensive welfare of the "Iron Rice Bowl," a space for workers' organized dependence, as well as a site for political, ideological education. In this process, the socialist party-state itself was the omnipresent agent of hiring, educating, and supervising workers, and workers were essentially passive participants in controlling their destiny and daily existence. This is why Walder (1986) claims that "The contemporary Chinese working class is itself a creation of the industrial drive directed by the party-state" (p.84). Later, Walder's picture of organizational dependence between managers and workers started eroding after the initiation of the reform. Most of the state enterprises are losing money, and can not afford to provide comprehensive welfare to their workers anymore. What has been taking place after the reform is slow, but steady transformation of the state enterprise from welfare institutions (*Danwei*) to profit-making enterprises (*qiye*) to its workers. In my evaluation, Walder's work is still one of the best to discuss this work-unit socialism with the iron rice bowl in pre-reform China because it attempts to shed light on the question of "What was socialism?" in the Chinese context.

4. Communist Neo-Traditionalism Twenty Five Years After : What comes Next?

More than thirty years after the initiation of the reform in China, China has been considered as a successful case of transformation from state socialism (Unger and Cui,

1994). China has shown rapid economic growth, and urban China has been the centre of this rapid economic development. However, recently a surging problem of unemployment and the demise of old socialist workfare have generated a challenge to China's political economy. Chinese state enterprises have been under much financial pressure to cut the welfare benefits to their workers, while they have to restructure with massive layoffs. Also, recent global recession has made numerous factories to shut down their production and lay-off workers. When I visited China for my fieldwork in 2000-2001, 2003, 2005, 2006, and 2007, I found that old socialist workfare is dismantled. Workers are destitute and feel betrayed by the broken promise of socialism with "Workers are masters of the country."

At first glance, Ms. Tian looked tired and depressed. In her late forties, she was unemployed more than four years ago, but could not get any jobs so far. I met her in 2006, in Beijing.⁷ Now the Chinese workers have been driven out of their workplace, and have become victims of the new market-oriented utopia of Socialism with Chinese Characteristics. Ms. Tian's husband, also an unemployed, is not an exception. He is usually in the street marketplace selling fruit. On a lucky day, he can make ten kuai (about two dollar) profit, but there is no guarantee that he can make money every single day. The street marketplace is not a stable place for these ex-workers outside the factory. If it rains or snows, their business does not do well. This day, I could not find him in his usual spot. Thus, I gave up talking to both people, and decided to talk to her. In contrast to messages from the state and media propaganda, she seemed to have not received any help from the state or her original work unit. As for questions regarding welfare benefits after being laid off, her answer was always "no."

“Do you have any social insurance to cover any expenses after your lay-off?”

“No.”

“Has the trade union provided any aid or help?”

“No.”

“How about government? Did they provide any help?”

“No, nothing.”

“There should be some help from your residential committee.”

“Absolutely nothing. No.”

Speaking very clear, standard Mandarin, Ms. Tian sounded very articulate. She lost her job four years ago when fellow workers at her factory voted her out of the factory. Each worker was asked to cast a ballot to decide who stayed in the factory and who had to leave in the name of “Votes by the Masses” (*qunzhong toupiao*). In her division, sixty workers decided to lay off eight fellow workers by this “democratic” process. She was pregnant with her son then, and expecting a baby as well as maternal leave soon. She was thus an easy target due to her vulnerability and expendability. Generally, workers over a certain age, with vulnerable health were laid off in China. Her husband was laid off a few months later, so the two factory workers from a state enterprise became one peddler in the street marketplace, and one domestic worker taking care of a baby in a household.

Unemployed workers desperately need any kind of help possible, but it is not easy to receive any help since most of their friends and relatives are also laid off. They are all struggling to get by each day, and it is hard to find somebody who can provide

substantive help in their neighbourhood. Workers are now left outside their work-unit and become merchants, peasants, taxi-drivers, or some type of service workers (repairing bikes, hotel workers, hairdressers, cook, etc). Most of the unemployed workers indirectly heard about institutional help from the state, e.g. free training, job allocation, but rarely have they had a chance to enjoy these benefits after being laid-off. This information is not really verifiable to unemployed workers.

For most unemployed workers, it is the very first time they have had to face the labour market in their lifetimes. They never experienced the uncertain reality of the market before. These unemployed workers are the very products of the government labour policy of the past, and they were used to the practice of “organizational dependence” (Walder, 1986) on the state or the work-unit in the past. Rarely are they able to gain their original status as workers who enjoy job security and several fringe benefits. The rapid marketization and the demise of work-unit welfare have produced epochal change - millions of workers without jobs in a workers’ state. In this part, my discussion centers around the three “daring” characteristics of post-socialist labour in China: 1) Massive Unemployment; 2) From Organizational Dependence to Self-Reliance ; and 3) Ideology Still Matters: Persistence of Political Education.

1) Massive Unemployment

After the initiation of the reform, the Chinese State has taken steps to gradually introduce the market into their welfare and employment system. To facilitate the reform process, the party-state actively reformulated labour regulations in 1986, which officially

introduced the labour contract system. It was titled, “Regulations on Administration of Labour Contracts by State Enterprises” (Gold, Hurst, Li and Won, 2009). This means that workers can be laid off or fired should the enterprise declare bankruptcy, and that new workers are recruited on a contract system rather than as permanent employees. It was called “a double track system,” in which new workers got labour contracts while old workers retained lifetime employment in order to promote more marketized labour relations (H.Y. Lee, 1999).

However, from the early 1990’s, new types of laid off workers emerged in China due to the implementation of the new bankruptcy law. In particular, the fifteenth Congress of the Chinese Communist Party in September 1997 provided an ideological justification for reforming the state enterprises. Even the old workers under lifetime employment have been laid off in the name of buying off tenure (*mai duan*), a long vacation (*fang jia*), and early retirement (*neitui*), and workers under new contracts were also predisposed for cancellation and non-renewal of their contracts (Won, 2004).

The exact number of unemployed workers is difficult to assess because the official definition does not necessarily reflect the real practice of the state policy (Solinger, 2002; Won, 2009). However, as of January 2009, unemployment is estimated to be at its highest levels in the history of Chinese socialism (Washington Post, Jan. 13, 2009), roughly 20 million unemployed from state enterprises and 150 million surplus rural labourers. The idea behind the unemployment policy is to make the enterprise profitable through hardening budget control, getting rid of the redundant workers, and hoping to result in progress and efficiency – the project of the modernization of China.

This idea of “Cut People, Improve Efficiency” (*jianyuan zengxiao*) assumes that it is not desirable or possible to retain the old socialist type of workfare, the iron rice bowl.

Unemployment means not only loss of work, but also the loss of various welfare benefits. There is no centralized way or institutionalized social safety net to deal with the problems of unemployment. The party-state aims to “socialize” welfare under the slogan of “small government, big society,” and the state calls for more involvement from society in sharing responsibility for social welfare and resolution for unemployment. However, socialization without the realm of “the social” actually means privatization and marketization. The socialist party-state continues to introduce the liberal, decentralized, marketization process. Nowadays, most workers rely on their own personal relations to get a job or just to get by. The problem of unemployment is often seen as a necessary part of the process of achieving economic efficiency and a step toward preparing for the future. Therefore, the solution for unemployment still remains a missing piece in the modernization of Chinese welfare program, and work-unit became a very “daring” social organization.

2) From Organizational Dependence to Self-Reliance

As discussed previously, in the past, the urban work-units functioned as micro welfare states, providing comprehensive fringe benefits to their workers such as housing, social insurance, health care and etc. However, as of 2008, most State Owned Enterprises had been privatized, and the iron rice bowl had become a thing of the past for workers (Won, 2004), and unemployment is a critical social issue for China. Chinese people often say that there are three obstacles for reemployment – age, education and skills, and these

are usually the very reasons why they are unemployed in the first place. These characteristics of laid-off workers make them vulnerable and expendable, thus they are excluded and marginalized from the “successful” transformation of socialism in China.

The Chinese socialist party-state has not delivered a plausible solution so far except encouraging them to be “self-reliant.” That is, the socialist habitus in Bourdieu’s sense, the old way of thinking (*jiu sixiang*) and concepts (*lao guannian*), have to be modified to a new mind and soul more appropriate for the responsible, rational, self-reliant being from the perspective of the state. This is a shift from a “[organizationally dependent] work-unit person (*danweiren*)” to a [self-reliant] social person (*shehuiren*)” (Anagnost 1997; Dutton, 1992; Hoffman, 2001). This view is a transformation similar to what Gordon critically examines, “from a situation in which man defines himself as a worker to a situation in which he is employee of society (1991: 40)” Workers have lost their privileged status as state workers and face the cruelty of the market themselves. Chinese media and newspapers report often about “Stars of Reemployment” (*zaijiu ye de mingxing*) who are willing to take risks and consider unemployment as new opportunities to realize capitalist dreams of new entrepreneurs (*laoban*) of their own business. The media generally focuses on the triumph and success of these unemployed workers after initial hardship and suffering, and on the process through which they overcome these obstacles and pitfalls. According to the Chinese press, these workers are the ones full of competitive spirit. They are good examples of survival of the fittest in the new market economy, and become exemplary workers who fulfil the good goals implied by the slogan: “One should be self-reliant” (*ren dei kao ziji*). They are the fearless ones (*bu pa diu mianzi*) with good, quick eyes for the market economy unlike other unemployed

workers. Often, Chinese newspapers conclude that self-reliance is the key to success in reemployment, and the market made unemployed workers free, independent, economic beings.

Prior to the reform, the image of “good” workers was not really those with risk-taking behaviour or the spirit of capitalism, but with good class background, with selfless, altruistic behaviour for the group, and with correct communist ideology. However, now these workers are criticized for their lack of skills and education, and are asked to be “self-reliant” to survive in the marketized labour system in urban China. These old workers became Don Quixote in the new market economy in China.⁸

Some of these unemployed workers have to sell their blood to get by, and some of the women even had to sell their bodies. However, the Chinese socialist party-state propagated the ideas of self-reliance, and individual responsibility under the market economy, and celebrated the self-reliant, individualistic new Homo Economicus, who is willing to take difficult (*ku*), dirty (*zang*), tiring (*lei*), and dangerous (*xian*) jobs. For the party-state, good, patriotic workers are those with a spirit of challenge (*chiku*), who are not afraid of hardship (*bupashoulei*), and who exhibit self-reliance (*kaoziji*) by reducing the burden on the state. But to workers, this new policy of unemployment made them second- or third-class citizen (*sandeng gongmin*) compared to the policies of the past.⁹ In the ideological theory of the new utopia of marketized China, pure sense of self-reliance plays an essential role, but in the real China, in the struggling, desperate poverty of dystopia that unemployed workers find themselves in after being unemployed, they need the support of family, relatives, friends, and neighbours for their survival.

In spite of the state's efforts to transform workers' organizational dependence into self-reliance, most of the unemployed workers I interviewed told me gloomy stories of their lives after losing jobs. They still miss the good old days, the golden days of socialism with permanent employment. It is not easy or feasible to be self-reliant, just as Bourdieu (1962) pointed out in his study of peasants in Algeria, where peasants endowed with a pre-capitalist habitus were suddenly uprooted and forcibly thrown into a capitalist economy. The formation of a "rational, economic habitus" is not so easy to be obtained. Unemployed workers' fear of the market, and an avoidance of risk-taking is similar to what James Scott (1976) called, "subsistence ethic," which can be expressed as a "safety-first principle." To workers, marketization and the commodification of labour threaten their job security and old practice of organizational dependence, but it is so difficult to adjust themselves to the new principle of self-reliance.

3) Ideology still matters: Persistence of Political Education and Thought Work ¹⁰

The Chinese state continues to emphasize the significance of political education just as in the past, as often announced in the official media: "The Party's ideological work plays the role of ideological guarantee and opinion support in the great cause of building socialism with Chinese characteristics" (*People's Daily*, 10-16-02). However, this time, this emphasis is operating outside the work-unit with the new idea of individualism. The Chinese socialist state is instilling the ideology of self-reliance and spirit of challenge to these workers with four slogans, "Arming the Minds of the People with Scientific Theory," "Guiding People with Correct Opinion," "Molding People with Noble Spirit," and "Inspiring People with Excellent Works." By emphasizing the

importance of self-reliance and celebrating successful stories of “stars of reemployment” (*zaijiuyue mingxing*), the Chinese socialist party-state is trying to create the image of a future utopia, where these unemployed workers can transform themselves into small-business entrepreneurs, the petty-bourgeois. The state’s campaign to promote self-reliance sounds good, but it is another example of thought work practiced in the past.¹¹ The state technique emphasizes a correct understanding of the market economy, which tries to help unemployed workers overcome psychological obstacles to market activities. As one state official points out,¹²

“Unemployment is just normal to take place during the transitional period from a planned economy to a market economy. The very existence of unemployment reveals that we are heading toward the right direction, the socialist market economy. Now it is time to reform workers’ ideas to adjust to the new market economy. Only workers with the right mind, with self-reliance can survive under the market economy. Look at migrant workers! They don’t complain. They are willing to take any jobs, but those unemployed workers still have the old habit of organizational dependence (*yikao zuzhi*), and are only looking for stability (*wending*) and safety (*anquan*). They are still waiting (*deng*), relying on others (*kao*), and demanding (*yao*). This is not an appropriate attitude in the new era of socialist market economy. They have to change their ideas first, and it will help them get jobs, too. Our job is to help them reform their ideas.”

The presence of the socialist state is still everywhere in China. As Wong (1996) points out in his study of Chinese entrepreneurship, it was the state, which constituted the omnipresent economic activity and risk-taking force in China. For unemployed workers, the socialist party-state is present not in terms of welfare benefits or training to get new jobs, but rather as the one which attempts to transform workers’ ways of thinking into new rational, independent, risk-taking through the practice of thought work. Ironically,

becoming a new independent being in the market economy is practiced through the old socialist practice.

The Chinese State is making efforts for workers to be self-reliant, just like those model “star” workers of reemployment. They argue that “waiting for a rice bowl” (*deng fan wan*) is not working, and it is time to “look for the rice bowl” (*zhao fan wan*) by oneself. However, the state’s efforts to reform workers’ ways of thinking and practice will not be an easy task to accomplish. For workers, the recent process of marketization means dismantling of the permanent worker status - deprivation of past entitlement of permanent employment and various welfare benefits. There have been quite a few reports about demonstrations of these unemployed workers as well as some incidents of suicide of workers after being unemployed (C.K. Lee, 2007; Won, 2005). Still, there seems to be no clear, universal, centralized regulation about resolution of the unemployment problem in China.

It is certainly true that some fraction of unemployed workers have begun to enjoy “success” in newly marketized China as new petty bourgeois, but the majority of unemployed workers have become desolate and degraded, as probationary, temporary part-time workers in some sort of service economy or remain as jobless non-workers. Even when they are fortunate enough to find a new job, they are going through lay-off after lay-off, and are not able to get back to their original work-unit even if that is what they wished most. These unemployed workers become divided and fragmented after being laid off from their work-unit. Starting their own business appears to be the easiest solution for the state since they did not have to worry about creating any new job posts or providing any education for these workers. However, generally, unemployed workers are

having a hard time becoming self-reliant and independent risk-takers from their past practice of organizational dependence on the state and work-unit in this transformation. Most of the unemployed workers I interviewed expressed some sort of disappointment, worries, and even anger toward the state and political leaders. One worker told me,¹³

“We are finished. (*Wan le*). I devoted all my life to the party-state and factory, but what do I get now? Absolutely nothing. No help or money. Most of my friends are also laid-off...I am so depressed. This society is sooo wrong! They are telling me that I am too old to get a new job, but most of all, they are telling me that my conception (*guannian*) is too old. I don't want to be pessimistic, but they treat me like the ghost from the past. In the past, we were the masters (*zhuren*) of the country, but now we barely have things to eat. The state should take care of our problem”

Table 1. Unemployment Practice before and after the Reform

	Maoism	Socialist Market Economy
Regime Type	state-socialism	Developmental
Unemployment Policy	Institutionalization of workfare	Marketization
Slogan	“Iron Rice Bowl”	“Self-Reliance of workers”
Institutional Apparatus	<i>danwei</i> (work-unit)	market
Ideology	Egalitarian	Neo-Liberal
	Past	Present

4. Conclusion: Old Socialist Practice for New Market Capitalism

Marx once wrote, “Hegel remarks somewhere that all facts and personages of great importance in world history occur, as it were, twice. He forgot to add: the first time as tragedy, the second as farce” (Marx, 1963: 15). In the history of Chinese socialism, the first revolution (1949) had brought the Iron Rice Bowl, lifetime job security and various welfare benefits to urban workers in the state enterprises, but the second revolution (1978-) has brought the market, lay-offs, and the dismantling of the socialist workfare. The first time was triumph, making the workers into the labour aristocrats of the country— emphasis on the paternalistic, “Caring” aspect of state socialism by institutionalizing workfare. But the second time is tragic, now workers are deprived of jobs and welfare benefits with rapid “daring” marketization. Workers are left alone to reform their ideas to adjust to the new market society without any substantial help from the state. Unemployed workers became a marginalized underclass after the Second Revolution.

In the case of Chinese unemployment, I find a hybrid of both old socialist practice and new neo-liberal rationality. The old practice of “organizational dependence” on the state and work-unit (Walder, 1986) is now officially regarded as abnormal, inefficient, irrational and immoral with the introduction of the market and promotion of the capitalist spirit. This is very similar to the rise of neo-liberal rationality in modern society from the Foucauldian perspective,

“the neo-liberal forms of government do not simply lead to a shift in the capacity to act away from the state and onto the level of society, to a reduction in state or its limitation to some basic functions. On the contrary, the state in the neo-liberal model not only retains its traditional functions, but also takes on new tasks and functions.” (Lemke, 2001: 201).

Likewise, the present Neo-liberal “Second Revolution” has not been fully revolutionary, but rather it has brought a hybrid of old and new – millions of unemployed workers from the past as well as new institutions of the market. The streets in China are also full of unemployed workers - the flip side of present economic success. Most of the unemployed workers I interviewed miss the past with its stable, permanent employment, and the stable and safe world of socialism with protection by the state enterprise. As socialist workers, they got jobs through the planned arrangement of the state. They were not “allowed” to obtain their jobs by themselves before the reform, but now they are not “allowed” to return to their workplace. They are not workers anymore in a new China.

¹ Based upon rich interview data of exiled mainland Chinese workers in Hong Kong, Andrew Walder’s *Communist Neo-traditionalism: Work and Authority in Chinese Industry* provides one of the most important analyses of socialist state enterprises and workers before reform in China. Walder’s major interest focused on the question of socialist order and political authority under a planned economy. Walder attempted to capture a generic socialist pattern of authority between workers and their superiors, as well as between workers and enterprises.

² The state officials felt compelled to defend and to implement the state policy. They justified the state policies on the grounds of progress, reason, and efficiency. Although some did express compassion for the workers, but in the end their answer to the problem of unemployment is to make workers self-reliant, so that they can act for and by

themselves in the market economy. Repeatedly, state officials blame the backwardness and irrationality of unemployed workers and regarded workers as objects to be educated and transformed. Interestingly, several state officials who were forced to take early retirement provided me with more honest, critical evaluations of the government policies, sympathizing with the unemployed workers' positions.

³ For example, Wright (2000) argues that "exploitation is a form of oppression that gives real power to the exploited because the exploiters need the exploited to produce the surplus value."

⁴ The exploited are better agents for revolutionary social change than mere oppressed other actors. As Marx explained, "Only the proletarians of the present day, who are completely shut off from all self-activity, are in a position to achieve a complete and no longer restricted self-activity, which consists in the appropriation of a totality of productive forces and in the thus postulated development of a totality of capacities." From *German Ideology* (Tucker, 1978: 191). Also in *Communist manifesto*, "Of all the classes that stand face to face with the bourgeoisie today, the proletariat alone is a really revolutionary class" (ibid, 482). Lenin also adds, "Only the proletariat – by virtue of the economic role it plays in large-scale production- is capable of being the leader of all the working and exploited people" (p.327).

⁵ They are state officials, managers, entrepreneurs, technicians, office clerk, small business owners, service workers, industrial workers, peasants, and unemployed workers in the order of social hierarchy.

⁶ In fact, sometimes Marx also uses a term "oppression," instead of "exploitation," in some instances. In *The Coming Upheaval*, Marx states, "An oppressed class is the vital condition for every society founded on the antagonism of classes. The emancipation of the oppressed class thus implies necessarily the creation of a new society" (Tucker, 1978: 218).

⁷ Interview, Beijing, August 2006.

⁸ Of course, the old institutional base for thought work carried on within the work unit does not exist in China anymore after these workers are laid-off. The recent thought work is operating outside the work-unit mainly through the reemployment service centers, media, and the newspapers.

⁹ I am not saying that workers under Maoism lived in an egalitarian paradise or "safe heaven." Socialism in the Maoist period forced all workers to be gainfully employed by the state or collective enterprises. Those who complied with the state's ideology received a guaranteed minimum living condition, but those who did not comply had no safety net at all. The post-socialist transformation is not one from an egalitarian system to an unequal system, but from one type of inequality to another. The problem, however, is that now workers "remember" this old socialist period as a period of stability and safety,

the radiant past; for this imaginary aspect of Maoism and workers' nostalgia, see C.K. Lee (2007).

¹⁰ What I am arguing here is that the socialist language and the Maoist emphasis on "ideas" have not been fully discarded. The thought work (*sixiang gongzuo*) is declining in the post-reform period, but dying hard with a new emphasis on self-reliance.

¹¹ Similarly, *South China Morning Post* (Feb. 8, 2002) reports a story about Beijing's publicity campaign to pacify workers.

¹² Interview, Beijing, June 2002.

¹³ Interview, Changchun, June 2002.

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