# 2002

*The 1990s and early 2000s saw sustained activism and protests by Chinese workers. On one side, state workers who felt betrayed by the State and excluded from the new labour market engaged in 'protests of desperation'. These usually entailed disruptive actions such as factory occupations, mass demonstrations or roadblocks. On the other side, migrant workers engaged in 'protests against discrimination', in which they resorted to legal mobilisation to advance demands mostly related to wage non-payment and working conditions. Through the lens of the Liaoyang strike of 2002—one of the most visible labour protests of those years—this essay examines the plight of state workers in China's rustbelt at the turn of the millennium.*

# The Liaoyang Strike and the Unmaking of Mao's Working Class in China's Rustbelt

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

Liaoyang had the look of many an old industrial town in the northeastern province of Liaoning. A pervasive greyness and an air of morbidity beset what once was a proud and buzzing industrial centre boasting a dozen major military equipment factories and a nationally renowned chemical plant built with French technological assistance in the early 1970s. Inklings of such past glory could still be found in the faces of the many unemployed workers gathering in makeshift 'labour market spots' (劳务市场), holding in their hands or hanging around their necks placards announcing their skills: plumber, electrician, nanny, seamstress, and so on. Abandoned brick workshops punctured with broken windowpanes

lined the main road leading into this city of 1.8 million, one of which was the Liaoyang Ferro-Alloy Factory, or Liaotie (辽铁), the epicentre of the protests. For four years, the 3,000 employees of this SOE had petitioned the local government, charging the enterprise's management with financial irregularities and non-payment of wages, pensions, unemployment allowances and medical reimbursements. The columns near the building's main entrance were covered with posters and open letters. One open letter, addressed to 'All the People in Liaoyang', read:

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

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

> First, there were laid-off workers who did not get their 180-yuan monthly allowance. Then, there were retired workers complaining about not getting a special allowance promised by the central government two years ago. It was stipulated then that, for each year of job tenure, they should be paid an additional 1.8 yuan monthly for their retirement wages. Third, there were retired cadres whose career dated back to the pre-revolutionary era complaining about unequal treatment of retirees. There was a policy for military

> personnel who were with the Chinese Communist Party [CCP] before 1949 to get 1,800 yuan a month as pension, but those who surrendered to the CCP at the end of the anti–Japanese War were given only half of that amount. The latter group was of course furious … Then, there were banners saying: 'We want to eat', 'Return us our wages' … People are nostalgic about the time of Chairman Mao, when everyone had jobs and society was stable and equal … After devoting my life to political education work, I now feel my efforts have all been wasted. Since the early 1990s, after they started the director responsibility system, I as the Party secretary was sidelined, and he [the director] could rule and decide on personnel matters however he wanted—no restraint at all.

## A Time of Reckoning

Thanks to its cross-factory participation and its explicit political demands, the Liaoyang protest received intense international media attention. Despite the rapid collapse of inter-workplace rebellion, its short-lived existence signalled to the regime the possibility of an escalated working-class rebellion beyond the predominant pattern of localised, single-factory mobilisations, spurred by economic and livelihood grievances related to wages, pensions, health benefits and bankruptcy compensation. In terms of sociological significance, it was this latter type of 'cellular activism' that had become paradigmatic in the Chinese reform era. Police statistics on demonstrations, startling as they were, captured only a small part of the phenomenon. In Liaoning Province alone, between 2000 and 2002, more than 830,000 people were involved in 9,559 'mass incidents' (群体性事件), or an average of ten incidents each involving ninety people every day for nearly three years.[1] Nationwide, the Ministry of Public Security recorded 8,700 such incidents in 1993, rising to 11,000, 15,000 and 32,000 in 1995, 1997 and 1999, respectively.[2] In 2003, three million people—including farmers, workers, teachers and students—staged some 58,000 incidents.[3] Among them, the largest group consisted of 1.66 million laid-off, retired and active workers, accounting for 46.9 percent of the total number of participants that year.[4] The surge in social unrest continued from 2004 to 2005, as the Ministry of Public Security announced a rise from 74,000 to 87,000 cases of riots and demonstrations during these two years.[5]

Rampant non-payment of wages, pension defaults and the general collapse of the enterprise welfare system had triggered this trend of increasing labour strife among China's massive laid-off and retired proletariat. The total number of workers in state and collective enterprises who were owed unpaid wages increased from 2.6 million in 1993 to 14 million in 2000, according to official trade unions statistics.[6] In Shenyang, the provincial capital of Liaoning, a survey showed that, between 1996 and 2000, more than one-quarter of retired workers were owed pensions and one-quarter of employed workers were owed wages.[7] Adding insult to injury, in 2002, the Chinese Government had begun experimenting with a one-time severance compensation scheme that translated each year of job tenure into 470 yuan (in Shenyang; the rates were lower for smaller cities and they varied across industries). Many workers simply rejected the idea that 'job tenure' could be put up for sale; many others found it repugnant that the value of their labour for socialism was now reduced to a pittance, while the state permanently relinquished responsibility for its workers. With glaring gaps in the new welfare safety net, the estimated twenty-seven to forty million workers shed from their work units in the state and collective sector since 1995 were plagued by a profound sense of insecurity.[8] Across the country, in rage and desperation, workers were wrestling with explosive questions: Who should be held responsible for the collapse of enterprises the regime had for years touted as worker-owned? How much should workers' lifelong contribution to socialism be worth now? Who should be paying for it? How much for every year of job tenure? Why are pension regulations and bankruptcy laws not implemented? In short, workers were contesting the value of their labour in the broadest sense, not just the amount of severance compensation, but also the meaning of labour, the basis of legitimate government and the principles of a just society. The 1990s was a time of reckoning between workers who had come of age under Maoist socialism and the post-Mao reform regime.

## Cellular Activism

A notable feature of rustbelt worker unrest was that it was organised around localised, bounded work units or their subgroups, whose boundaries were defined and segmented by state policies. Cellular activism

deviated from the mode of organised labour movement *à la* Polish Solidarity (see Wilson's essay in the present volume). It was also different from the quiet, hidden and atomistic forms of everyday resistance characteristic of socialist industrial workplaces or authoritarian political systems. But cellular activism was not the result of myopic worker consciousness, nor was it simply a concession to state repression of cross-factory networking. Its prevalence had to do with how workers' interests were constituted in the reform period. Decentralisation of economic decision-making, from the central to the local government and down to enterprise management (in the name of enterprise autonomy), had created localised communities of interest and responsibilities. Workers laid the blame for pension and wage arrears on their enterprises and local governments because these agents had been given the power and responsibility to manage SOEs. Decentralisation was coupled with market competition, giving rise to uneven and unequal economic conditions for enterprises even among those in the same region or city. On top of these differences, state policies continued to accord different, albeit minuscule, entitlements and compensation to workers in different industries, cohorts or forms of unemployment, resulting in bewildering variations of worker interests. This fragmentation of the working class into cellular interest groups did not paralyse collective action, but it did drive wedges between workers and channelled them into dispersed units of activism.

Worker protests were shaped not just by what happened in the realm of production. Equally important was the social reproduction of labour—that is, how workers survive beyond their participation in and dependence on wage work—and how it shaped the interests and capacities of rustbelt workers. Work unit housing was a critical factor in facilitating and limiting labour activism in the rustbelt. Residential quarters for SOE workers were self-contained and all-encompassing communities where work and nonwork lives took place in the same locality. This pattern facilitated communication and aggregation of interests during moments of labour conflict. Yet, during the same period, of enterprise bankruptcy and massive unemployment, workers also became property owners as urban housing reform allowed them to purchase the property rights for their welfare housing units at below market price. Workers could sell, rent out or pass these properties on to their offspring, even after plant closure and retirement. Housing was perhaps the most enduring and important redistributed good. No matter how desperate workers were in the workplace, homeownership cushioned them from destitution and

dispossession caused by market competition, instilling a degree of dependence on and allegiance to the reform regime that had also marginalised them. Herein lies the structural limit for rustbelt workers' insurgency.

## Moral-Economy Protests?

Some students of Chinese labour have suggested that labour unrest was a form of moral-economy protest.[9] Nostalgic for lost subsistence rights, Chinese workers drew on pre-reform ideological legacies of state paternalism and the old class rhetoric to demand restoration of traditional entitlements. This moral-economy interpretation is valid but inadequate. Although workers' resistance was driven by a restorative and subsistence ethic, I also found other, coexisting political and cultural logics that impelled worker activism. Rather than seeing workers as locked in some traditional political mentality harking back to the past, it is more accurate to see a repertoire of multiple worker subjectivities formed through workers' participation in ongoing institutional transformation. Chinese legal reform from the 1990s to the 2000s—no matter how partial and uneven—imparted new conceptions of workers' rights, interests and agency, as did the regime's continual adherence to Mao's notion of the masses. Citizens' rights to legal justice and the legitimacy of the masses to rebel against corrupt officials were equally powerful frames of labour mobilisation. Therefore, we should emphasise the coexistence of the working class, the citizen and the subaltern as equally important, if also shifting, political subjectivities through which workers were compelled to act. Following Göran Therborn, Chinese workers, as social actors or subjects, could turn ideology into power, finding resources to act and resist in the same ideological appellations that were intended to subjugate them.[10] Like the making of class, we cannot predict what will happen but can explain the trajectory of when and which ideological interpellation underlies what collective action. In the process of waging these struggles, workers also contributed to pushing legal and welfare reform in new directions.

In this drama of labour insurgency, the Chinese Government devised a 'carrot and stick' approach to divide and conquer leaders and ordinary workers and differentiated laterally organised dissent from local cellular mobilisations. In the aftermath of the Liaoyang protests, officials rushed to offer workers most of the money they were owed. At the same time, the local news media condemned protest leaders as troublemakers who

'colluded with hostile foreign forces'—a reference to foreign journalists, rights groups with whom the workers spoke and their contacts with the banned China Democracy Party. Two worker leaders were given prison terms of four to seven years. On the other hand, the Central Discipline Inspection Commission, the Communist Party's antigraft unit in Beijing, sent investigators to Liaoyang to look into the complaints. The officials involved were arrested, demoted or removed.

Governments at both the local and the central levels presented themselves as a Janus-faced authority, setting clear boundaries between zones of indifference, even tolerance, and forbidden terrains. Within the limits of the first, the government could selectively concede to workers' most urgent livelihood grievances or make concrete improvements to the collection of social insurance or the implementation of bankruptcy procedures. Once workers veered towards organised political dissent, however, the state cracked down ruthlessly, arresting and imprisoning leading agitators. Thus, the state was responsive to popular discontent, though in a slow, erratic and, at times, repressive manner. Labour unrest was not an effective catalyst to challenge the political system in China, but in its failure, it successfully generated pressure for social policy changes.