

# **DISENFRANCHISED**

## **The Rise and Fall of Industrial Citizenship in China**

Joel Andreas

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## CHINA AND THE ERA OF INDUSTRIAL CITIZENSHIP

Industrial employment in China has changed radically in recent decades, shifting from a system of permanent job tenure to one that depends largely on highly flexible, precarious labor. Under the old system, which existed for four decades, from the 1950s through the early 1990s, all urban employees were members of a work unit (*danwei* 单位) and membership entailed lifetime employment. The archetypal industrial work unit was a walled community that included, in addition to production facilities, apartment blocks for workers and their families, childcare centers, schools, medical clinics, and recreation facilities. There was little mobility among work units; it was difficult for an individual to seek work elsewhere and hard for an enterprise to fire an employee. Workers' children were often able to secure jobs in the work unit in which they grew up and retirees continued to live in factory apartments, remaining part of the work unit community until the end of their lives.

Beginning in the mid-1990s, radical market reforms systematically dismantled the work unit system, replacing it with an industrial order in which workers have a much more tenuous relationship with the enterprises that employ them. Tens of millions of workers lost their jobs in the course of industrial restructuring and those who remained were given limited-term contracts. Chinese factories today strive to retain a small number of core employees—management and technical personnel as well as key skilled workers—while hiring most workers on a more casual basis. Many enterprises hire workers through labor contracting agencies or technical schools, which provide “interns” on short-term contracts. A large part of the industrial workforce is now composed of young migrants who follow shifting employment opportunities and find it increasingly difficult to secure jobs as they get older. As in the past, many large factories provide employee housing, but today this typically consists of single-sex dormitories for young workers.

These changes are not unique to China. What has happened in Chinese factories is an extreme manifestation of trends that have reshaped employment relations across the globe. During the decades that followed the Second World War, factories in many countries—both socialist and capitalist—provided stable, long term employment. Economist Guy Standing has aptly called the post-war decades the “era of industrial citizenship.”<sup>1</sup> The term captures essential features of the era, in which industrial employment not only secured economic entitlements, but also entailed political rights and duties. In looking back, most scholars have focused on the economic characteristics that made industrial relations during this period distinct, including employment stability and factory-provided welfare benefits. The political characteristics of the era, however, were also remarkable. Industrial citizenship meant that workers were not simply hired hands, but were considered members of an enterprise and were recognized as legitimate

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<sup>1</sup> Standing (2009), Standing (2010).

stakeholders. The idea of “workplace democracy” was in vogue and a wide range of organizational forms were developed to facilitate workers’ participation in factory management, some more democratic than others. Industrial workers were highly organized, some in trade unions of their own creation, others in organizations created by employers or the state. Workers were also mobilized by political parties to participate in national politics and many of these parties styled themselves as representatives of the working class.

Although the institutions of industrial citizenship reached their zenith during the decades that followed the Second World War, they were first forged during and after the First World War, with the spectacular rise of socialist and labor movements. Industrial workers became a force to be reckoned with. The institutions of industrial citizenship emerged as a result of radical demands from below combined with efforts from above to steer these demands in directions that would enhance rather than undermine social and political stability. The First World War gave rise to revolutionary factory-based “works councils” in several European countries. In Russia, where a revolution in which industrial workers played a critical role triumphed, Bolshevik leaders—suddenly transformed from revolutionaries into rulers—redirected works councils toward new state-building projects. In Germany and other countries where similar revolutions failed, state officials and capitalists endeavored to turn works councils into instruments of class compromise. The Second World War brought a second wave of political upheaval, creating fledgling regimes around the world that had cause to celebrate—and fear—industrial workers. As industrialization became a paramount national project for developing countries, states of many different ideological stripes found reason to offer factory workers relatively generous economic entitlements and special terms of political incorporation.

Industrial citizenship took a wide variety of forms. New socialist states in China and elsewhere followed the Soviet model of rapid industrialization and worker incorporation, which included elaborate workers’ self-management institutions in factories. Capitalist states established tripartite corporatist arrangements that brought together trade unions, employers’ associations, and state organs to manage industrial conflicts and discuss industrial policy. West Germany and a number of other Western European countries established a new generation of works councils in factories. Large industrial enterprises in Japan adopted paternalistic arrangements, promising core workers lifetime employment and encouraging them to manage production on the shop floor. Even the United States, which rejected the idea of works councils and tripartite arrangements, encouraged collective bargaining between employers and trade unions. In the global South, developmentalist and populist regimes created a wide variety of institutions to incorporate industrial workers at the factory level as well as in national politics.<sup>2</sup> The International Labor Organization, which became an arm of the newly established United Nations, called for the “decommodification of labor” and promoted the idea of “industrial democracy.”<sup>3</sup>

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<sup>2</sup> See Chapter 9 for a discussion of the evolution of institutions of workers’ participation and representation during this era.

<sup>3</sup> The ILO had been formed in the wake of the First World War. See Standing (2010), and Arrigo and Casale (2010).

Industrial citizenship did not, of course, necessarily mean industrial democracy. Even at the height of the era, democratic participation in factory decision making was usually quite limited and often formalistic; in some places at some moments workers enjoyed substantial power, but those places and moments were relatively few. Of course, the relationship between citizenship and democracy in citizenship's quintessential modern domain—national states—is similarly tenuous. Today all countries recognize their native born and naturalized populations as citizens, but the extent to which citizens actually enjoy democratic rights and powers varies considerably.

Citizenship, however, is hardly meaningless. The transformation of subjects into citizens was a momentous accomplishment; citizens became legitimate stakeholders in states, enabling them to make claims on the government that subjects of monarchies could not make. Citizenship is the essential prerequisite for democratic participation. The same principle applies in factories: If workers have not gained citizenship status in a factory—if their jobs are not secure and they are not recognized as legitimate stakeholders—they can hardly claim the right to participate in enterprise decision making.

Industrial citizenship—like national citizenship—involves not only inclusion, but also exclusion.<sup>4</sup> Citizens enjoy rights that non-citizens are denied. When incumbent workers are able to effectively lay claim to jobs, this creates barriers to entry for others. Moreover, inside the polity—the national state or the enterprise—some may enjoy full citizenship rights, while others do not. In this way, part-timers, temporary workers, and contract employees are in a position akin to immigrants who lack state citizenship.

States that embrace industrial citizenship often take on corporatist characteristics, incorporating different sections of the population on different terms. During the era of industrial citizenship, in many countries factory workers were provided with economic entitlements and political prerogatives not available to others. Left on the outside, or at least in less advantageous positions, were most of the rural population and informally employed sectors of the urban population. Moreover, the archetypal industrial citizen was male, as domestic duties and prevailing ideas and policies excluded many women from industry and relegated those permitted entrance to subordinate and marginal positions.

The 1970s were the high point of the era of industrial citizenship. Since then, the rise of neoliberalism has substantially eroded employment security along with the ideas of industrial citizenship and industrial democracy. Although the advance of neoliberalism has been uneven, the institutions of industrial citizenship have been effectively challenged everywhere, as they have been—accurately—portrayed as infringements on private property rights, open labor markets, and profit imperatives. In countries in which industrial citizenship was only weakly established there have been few obstacles to the imposition of neoliberal labor regimes, but even in countries in which industrial citizenship was more firmly entrenched, hostile political and economic realities have significantly undermined the institutions of the previous era. After being rolled back in the 1980s, industrial citizenship faced decimating attacks in the 1990s. Since then,

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<sup>4</sup> For a discussion of national citizenship as social closure, see Brubaker (1992).

workers in countries across the globe have increasingly been reduced from industrial citizens to hired hands.

Among the many countries that have implemented some form of workers' participation in factory governance, China is a particularly interesting case. This is not because Chinese factories were at any point an exceptionally admirable model of workplace democracy; they were not. The Chinese case, however, is especially instructive for two reasons, which have to do with two basic conditions I highlight as necessary for industrial democracy—workplace citizenship and autonomy. The degree to which individuals have citizenship rights in their workplaces varies greatly and this, I propose, has a critical impact on the possibilities for democratic participation. For industrial democracy to exist, however, workers must not only have citizenship, but also autonomy. For my purposes, autonomy refers to the extent to which individuals are able to manage their own work as well as the extent to which they can express opinions and organize collectively to pursue common agendas. Without autonomy, even factories in which workers enjoy citizenship can be characterized by paternalistic—rather than democratic—industrial relations.

With regard to both of these conditions, the evolution of industrial relations in China is of particular interest. First, over the past seventy years the conditions for industrial citizenship have gone from one extreme to the other, as permanent job tenure has given way to highly precarious employment. Second, although the problem of lack of autonomy has been particularly acute in China, so were efforts to confront this problem, as I will discuss below.

### **Capitalism, socialism and the Chinese version of industrial citizenship**

While the 20<sup>th</sup> century socialist experiments in China and other countries were part of a global wave of industrial citizenship, they were also distinct in fundamental ways. To describe these differences it helps to first review the changes wrought by the rise of capitalism and the modern state. In both the economic and political realms, modernity has witnessed the creation of ever larger and more powerful bureaucratic institutions. These leviathans have displaced organizations that were much smaller in scale. There was great variation among these smaller organizations, but they had a number of characteristics in common. They were typically membership communities—kinship groups, villages, guilds, and so on—which were usually composed of familial units responsible not only for production, but also for consumption and reproduction (raising the next generation). Moreover, these communities were not only economic entities, they were also—due to their communal nature—political entities in the sense discussed in this book, with their members making up their citizenry. Some allowed considerable room for democratic participation, but most were dominated by patriarchal power.

The inexorable rise of capital and the state broke down these communities, incorporating their members as individuals into new hierarchies of authority. On the one hand, as capitalists concentrated the means of production into great enterprises, they not only separated labor from the means of production, but also divided production from consumption and reproduction.

Unlike the traditional organizations they displaced, capitalist enterprises took charge only of production, leaving responsibility for consumption and reproduction to families (which were largely stripped of their previous productive functions).

On the other hand, states, which had previously let communal groups manage their own affairs, gradually claimed jurisdiction over even the most local matters, enlisting a massive corps of officials to enforce this claim. Parochial communal organizations were replaced by centralized bureaucracies. As the state and capital each expanded their reach, they split the modernizing world between them, one claiming the political and the other the economic domain. Thus, politics and economics, which in the past had been combined within communal entities, were also split into separate realms.

Communist regimes in some ways reversed these processes. Marx had proclaimed that socialism would reunite labor with the means of production and the parties inspired by his doctrine did exactly that after they came to power. Socialist enterprises became industrial communities that featured long term employment and, like traditional production organizations, they took responsibility not only for production, but also for consumption and reproduction. Moreover, as victorious communist parties took control of workplaces, they made them important sites of governance, once again combining the political and economic domains under one roof. Within the workplace, they established institutions that fostered worker participation in decision making, and while some had little actual power, others—most famously in Yugoslavia—had greater practical impact.

Making the workplace a site of governance was consequential for the nature of politics. Because workplaces are sources of livelihood and feature much more intense and sustained interaction than do residential neighborhoods, when the workplace became a site of governance the state was brought into more intimate contact with the populace. This enhanced the potential for participatory democracy, but also for tyranny. Large-scale production inherently requires a high degree of cooperation and discipline and in the factories spawned by the rise of industrial capitalism these had been accomplished by highly undemocratic means, as authority was concentrated at the top and workers had little autonomy. Communist parties were, therefore, promising to cultivate their brand of democracy on difficult terrain.

Moreover, the program and culture of these parties both enabled and hindered the potential for industrial democracy. On the one hand, the socialist program, which entailed leveling social inequalities and elevating the political position of workers and peasants, bode well for citizenship. On the other hand, the determination of party leaders to cultivate a unified collective will under centralized leadership severely limited the possibilities for autonomy. After their conquest of power, party leaders continued to justify monocratic principles—engendered under the military exigencies of brutal civil wars—as an ongoing requirement for radically transforming the social order.

In sum, the various national communist experiments of the 20<sup>th</sup> century shared four features of particular relevance to the prospects for industrial democracy: 1) They created industrial communities that fostered norms of workplace citizenship, 2) they made these

communities a central site of governance and participation, 3) they took radical measures to level existing social inequalities, and 4) they insisted on maintaining a political monopoly. There was, however, a great deal of variation among countries and among them China stands out for several reasons.

In terms of industrial citizenship, under the Chinese work unit system—in place through the 1990s—employment was perhaps more permanent than in any other country. The movement of individuals was strictly controlled through household registration, food rationing, workplace-based welfare provision, and labor assignment policies. The system was also very extensive, absorbing virtually the entire urban population, including the vast majority of women; in fact, at the height of the work unit era in the late 1970s over 90% of working-age women in urban China were employed.<sup>5</sup> In his perceptive portrayal of the Chinese system, economist Barry Naughton highlighted the durability of employment and the welfare entitlements associated with it, observing, “Employees are not so much contractors with the *danwei* as they are citizens of it.”<sup>6</sup> Sophia Woodman stressed the political connotations of membership in both urban work units and rural communes. In China, she wrote, “the boundaries between work and political engagement often blurred in the collectives of the past, so the concept of participation (*canyu* 参与) retains broader connotations than in the narrowly political meaning generally used in citizenship studies.”<sup>7</sup> I would frame her observation a little differently: In China, work units themselves became political entities.

If all socialist states turned workplaces into sites of governance, this was especially true in China because of the centrality of the work unit system. Work units became the main site through which the state exercised social control over the population. They maintained the all-important personal dossiers of their members and managed their residential compounds, schools, clinics, and recreation facilities. Work units also became the main venues for popular political participation, both through periodic political campaigns and through elaborate “Democratic Management” (*minzhu guanli* 民主管理) institutions established in factories and other workplaces. Workers were organized into small teams that met before and after work and were expected to manage their own affairs on the shop floor. They elected representatives to staff and workers congresses that nominally had the power to review factory policies and elect and evaluate factory leadership. Workers were called *gongchang de zhuren* (工厂的主人), which can be translated as “masters,” “owners,” or “hosts” of the factory. While they were certainly not masters or owners, they could be considered to be hosts, that is, members and permanent stakeholders—or citizens—of the factory.

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<sup>5</sup> Jiang (2004, p. 208).

<sup>6</sup> Naughton (1997, p. 170).

<sup>7</sup> Woodman (2016). Woodman discussed both urban and rural collective units, but focuses on rural collectives. Compared to the urban work unit system, China’s system of village production brigades featured membership that was even more permanent and it more thoroughly encompassed the country’s rural population and more completely integrated economics and politics.

While the Chinese work unit system fostered strong norms of industrial citizenship and participation, however, the second condition necessary for industrial democracy—autonomy—was distinctly lacking. As in other countries that followed the Soviet model, the Chinese Communist Party (CCP) created a one-party state and harshly suppressed all forms of independent organization inherited from the old society. Although party leaders strongly encouraged workers' participation, the entire Democratic Management apparatus was controlled by the party, which monopolized power at all levels, including inside factories, and autonomous organization was normally prohibited.

The experience of the CCP, however, was distinctive because of its exceptionally radical program of social leveling, which Mao Zedong extended—tentatively—to include the political power and privileges of party cadres. Mao's dissatisfaction with the way the officialdom of his own party behaved in power led him to conduct fateful experiments with autonomous criticism of officials from outside and below. The most audacious was the Cultural Revolution (1966-68), when Mao—concerned that party cadres were becoming a privileged “bureaucratic class”—suddenly called on workers to organize their own “rebel fighting groups” and attack the party leaders in their workplaces. The battles of the Cultural Revolution were the consequence of an effort to deal with the problems created by the lack of autonomy that was particularly intriguing, even if ultimately it was largely unsuccessful.

In this book, I will examine the evolution of industrial relations in China over the course of the past seven decades, from 1949 to the present. My investigation has been oriented to answering the following questions: To what extent have workers enjoyed rights to citizenship and autonomy in their workplaces? How have these rights changed over seven decades and what has caused these changes? And finally, as these rights have changed, how much power have workers actually had to shape their conditions of work and participate in workplace decision making?

### **Industrial citizenship, autonomy, and democracy**

Before previewing the content of the book and discussing how it fits into existing scholarship, it is necessary to elaborate in more detail the basic concepts and theoretical propositions that have guided my investigation. I start with a simple definition of democracy: the wide dispersion of influence over decision making among members of an organization. This is a broad definition that can be applied to states, but can also be applied to non-sovereign organizations, including industrial enterprises. It does not require specific institutional arrangements or strict qualifications and avoids making dichotomous determinations about whether or not an organization is democratic in favor of assessing whether it is *more* democratic or *less* democratic. Although there are persuasive arguments for adopting stricter definitions of democracy, they would be of limited use in analyzing the governance of workplaces; even employing the simple and inclusive definition I have adopted, very few workplaces anywhere in the world can be considered very democratic.



In analyzing workplace governance regimes, I start with Robert Dahl's framework for evaluating the extent to which states are democratic, in which he highlighted two dimensions: *inclusion* and *contestation*. The first refers to the extent to which the population is entitled to participate in democratic processes, while the second refers to the openness of these processes to competition. Dahl submitted that no existing regime could be considered fully democratic, but he proposed that democratic claims could best be evaluated by considering these two dimensions. Although he used this framework to analyze national states, he suggested that it could also be applied to other types of organizations, including trade unions, religious organizations, and firms.<sup>8</sup>

In adapting Dahl's basic framework, I have chosen to use the concepts *citizenship* and *autonomy* because they help elucidate the conditions necessary for democratic participation in workplace governance. The first condition, citizenship, connotes inclusion, as it recognizes the elemental qualification that only members of an organization are accorded rights to participate in democratic decision making within that organization. This is true of any organization, from small voluntary associations to sovereign states, and it is certainly true of workplaces. When Dahl turned his attention to democracy in the workplace he pointed out that this would entail transforming "employees from corporate subjects to citizens of the enterprise."<sup>9</sup>

The second condition, autonomy, is the fundamental requirement for contestation, as only those who enjoy autonomy are in a position to engage in contestation. Its meaning, however, is broader. Autonomy is commonly defined as capacity for self-governance; for my purposes, it refers to the capacity for independent action at multiple levels, from shop-floor self-management to collective action independent of enterprise and state authorities. When individuals manage their own work this does not necessarily involve contestation, but even autonomy at this basic level is absent in despotic systems of industrial relations, in which even the most minute activities are controlled by factory authorities. At higher levels, the meaning of autonomy becomes more collective, more political, and more contentious, including the right to organize to change policies or capture positions of power.

The proposition underlying this framework is that citizenship rights and autonomy provide the basic conditions for workplace democracy. Both are necessary conditions and strengthening these conditions facilitates democratic participation, while curtailing either leads to more coercive governance. Like democracy, both are best treated as continuous rather than dichotomous variables.

Workplace citizenship can vary from full citizenship to non-citizenship, with a wide range of intermediate statuses. Strong workplace citizenship rights, for instance, are typically accorded to family members in kinship-based production organizations. Others who enjoy strong citizenship rights include members of closed villages, guilds, and production cooperatives, and wage workers with permanent job tenure. At the other end of the spectrum, very weak citizenship rights are accorded to casual wage workers, contract employees, and chattel slaves.

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<sup>8</sup> Dahl (1971).

<sup>9</sup> Dahl (1990, p. 109). Also see Dahl (1986) and Dahl (1989, pp. 328-332).

In this basic definition of citizenship rights, I am not referring to any specific political or economic rights that citizenship might entail, but simply to the durability of an individual's association with an organization and the recognition that the individual is a legitimate stakeholder in the organization. In addition to this basic right, full citizenship can entail other specific rights, the content of which depends on the ideological and political framework in which citizenship is embedded. As T.H. Marshall stressed, citizenship implies equal access to these rights and, because equal access is always compromised in practice, the expectations of citizenship frame conflicts over inequality:

Citizenship is a status bestowed on those who are full members of a community. All who possess the status are equal with respect to the rights and duties with which the status is endowed. There is no universal principle that determines what those rights and duties shall be, but societies in which citizenship is a developing institution create an image of an ideal citizenship against which achievement can be measured and towards which aspiration can be directed.”<sup>10</sup>

Just as citizenship is intrinsically linked to equality, equality is intrinsically linked to democracy. Citizenship enables demands for equality and, as Dahl observed, inequality among citizens is a fundamental obstacle to the full development of democracy.<sup>11</sup>

Citizenship creates a sense of solidarity that enhances the capacity for collective action, both of an entire organization and of factions within it. When states are preparing for war, for instance, they can more effectively mobilize citizens than subjects; at the same time, citizens are more likely than subjects to make collective demands on the state. The same is true in an industrial enterprise. If workers are recognized and treated as industrial citizens, they will be more likely to identify with the enterprise and more amenable to conscientiously fulfill duties that citizenship entails. At the same time, industrial citizens are in a better position, practically and ideologically, to organize collectively to make demands on the enterprise.

It should be noted that citizenship and mobility are conversely related. In systems based on strong workplace citizenship rights, people do not move around much and, by the same token, systems based on high mobility among workplaces generally feature weak workplace citizenship rights. Expressed in a different way, workplace citizenship rights obstruct open labor markets and open labor markets undermine citizenship rights. It should also be noted that because citizenship rights tie members to the means of production, they encumber property rights. Thus, private ownership rights in land are compromised when villagers enjoy strong customary use rights (to cultivate land that belongs to others), and private ownership rights in enterprises are compromised when workers have secure job tenure.

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<sup>10</sup> Marshall (1950, pp. 28-29). In this classic treatise, published in 1950, Marshall also discussed, but only in passing, what he called “a secondary system of industrial citizenship parallel with and supplementary to the system of political citizenship” (p. 44).

<sup>11</sup> Dahl (2006).

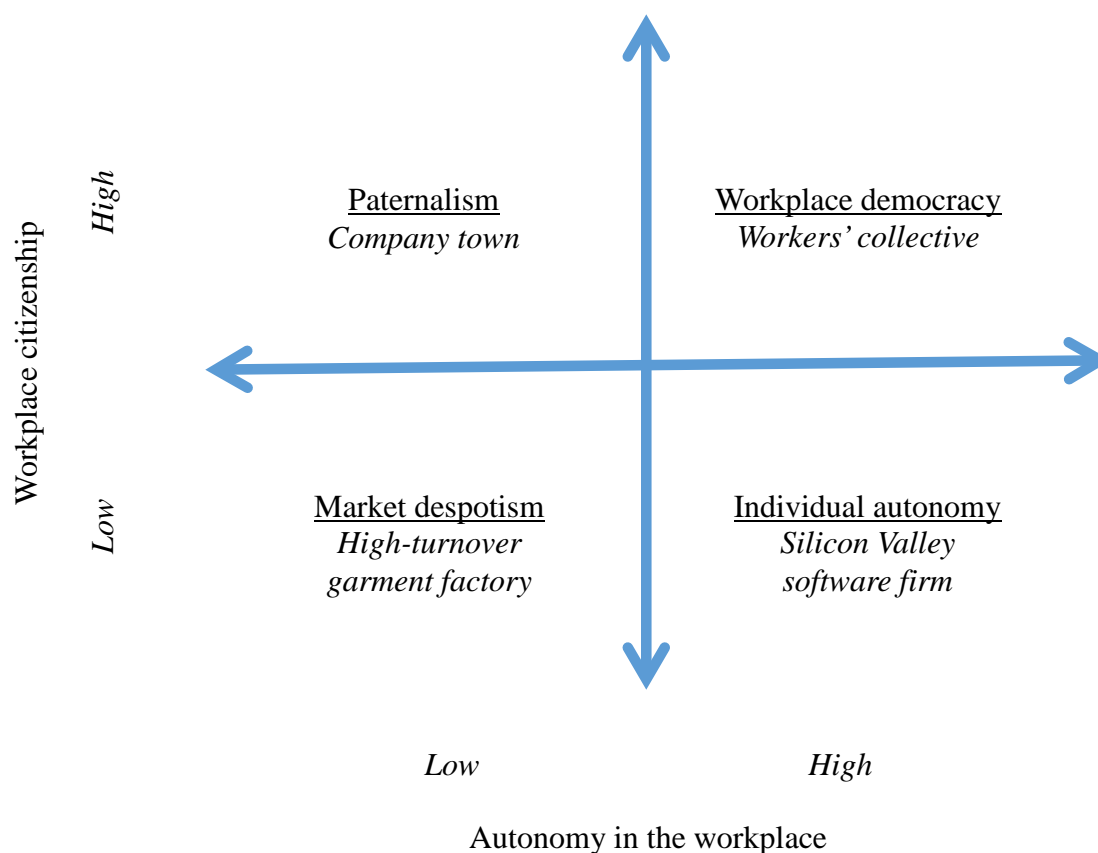
Like citizenship, the extent of autonomy can vary greatly, ranging from full autonomy to none at all. Some individuals are largely in charge of their own work, while others work under strict supervision, and some workplaces impose few limits on expression and organization, while others suppress all unauthorized speech and collective activity. With greater autonomy, workplace conditions are determined through negotiation and are more consensual; with less autonomy, there is not as much room for negotiation, labor discipline is enforced through rewards and punishments controlled by superiors, and labor relations are more coercive.

Based on the two conditions described above, it is possible to create a diagram with two dimensions, which facilitates discussion of interaction between the two. This interaction produces the four quadrants presented in Figure 1, each characterized by a theoretical type of labor relations, which I have illustrated with a concrete example. The combination of strong citizenship rights and weak autonomy, in the upper left hand quadrant, produces relations of *paternalism*. This combination is typical, for instance, in a wide variety of kinship-based production organizations in traditional societies as well as in modern factories that feature long term job tenure, but allow little room for independent labor organization. The combination of weak citizenship rights and weak autonomy, in the lower left hand quadrant, creates conditions for *market despotism*. An example would be a modern factory with high labor turnover. The combination of weak citizenship rights and strong autonomy, in the lower right hand quadrant, which I have labeled *individual workplace autonomy*, becomes possible when contract employment is based on strong employee market power. An example would be a Silicon Valley software firm that competes for highly mobile, highly skilled employees. Finally, the combination of strong citizenship rights and strong autonomy creates the conditions for *workplace democracy*. One example would be a workers' cooperative; another would be a relatively democratic university, in which tenured faculty are largely responsible for managing department affairs and elected faculty councils exercise a degree of influence over some aspects of university policy. In both cases, citizenship is limited by member-controlled barriers to entry and decision making—to the extent that it is democratic—is accomplished through collective deliberation among members (or their representatives).

It is important to note that in the top half of the diagram power is derived from different kinds of resources than it is in the bottom half. Where citizenship rights are weak, power is determined largely by market resources, while where citizenship rights are strong the importance of political resources increases. In the first situation, that is, in systems based on weak citizenship rights (high labor mobility), the distribution of workplace power and the extent of labor autonomy is determined largely by the market resources of individual employers and employees. Those who possess scarce resources command greater market power, which can be transformed into power in the workplace. Normally, employers have greater market power than employees and their power is enhanced when jobs are scarce; if labor is in short supply, however, the power of employees increases. This is a key part of the explanation for the workplace autonomy enjoyed by some highly skilled professional and technical employees. Under extraordinary conditions, however, even unskilled workers can convert labor shortages into workplace power.

In contrast, in systems featuring strong citizenship rights (which diminish labor mobility), labor markets play a much smaller role. Instead, the workplace becomes a political entity with a stable membership, and the distribution of workplace power is determined politically. That is, power is based on organizational resources and can be contested through collective action. Usually organizational power is concentrated at the top and workers are relegated to subordinate positions in hierarchies of authority dominated by management. If workers gain the capacity to organize autonomously, however, they can acquire significantly greater power over workplace decision making.

*Figure 1: Workplace citizenship and autonomy*



These two sources of power—market resources and workplace organization—are, of course, related. Workers who enjoy greater market power are in a better position to organize and workers who are able to organize usually lay claim to their jobs, protecting themselves from the vicissitudes of the labor market. Moreover, to the extent that workers have won workplace citizenship rights, they are in a better position to convert workplaces into polities and workplace conflicts into political struggles, that is, struggles based not simply on individual market

resources, but also on collective action and democratic negotiation and deliberation within the workplace.

The situations on the right side of Figure 1, *individual autonomy* and *workplace democracy*, are rare. Their characteristics are also very different. In the situation at the bottom, *individual autonomy*, an individual has won—based on market power—greater capacity to control the terms of his or her employment, determine working conditions, and manage his or her own affairs within the workplace. Individual autonomy, however, is not democracy because it does not entail collective decision making. *Workplace democracy*, in which decisions are made collectively by members of the enterprise, requires not only autonomy, but also citizenship. Workplace citizenship and autonomy, of course, can be mutually reinforcing. Advances in securing one can facilitate securing the other; by same token, the erosion of one often leads to the erosion of the other.

Historically, workplace power has usually been concentrated at the top, producing the situations on the left side of Figure 1, *paternalism* or *market despotism*. Production units in pre-capitalist societies, which were often based on kinship or communal relations, typically featured strong membership rights, but power was usually concentrated in the hands of patriarchal authorities, creating relations of dependency. These organizations were often quite autocratic, severely restricting members' freedom of action, but there was significant variation. Because they were based on strong membership rights, they generated robust community norms and although these norms reproduced social hierarchies, those at the top had social duties as well as privileges. There were often mechanisms that held them accountable to their subordinates and social conditions sometimes allowed for the creation of kinship and communal norms that empowered those at the bottom.

Compared to most traditional societies, capitalist societies have featured much greater labor mobility and much weaker membership rights at work. When labor has been abundant, the owners of capital have often established highly coercive labor regimes that feature great flexibility in hiring and firing and little worker autonomy in the workplace. At times, however, political and market conditions have allowed workers to effectively claim citizenship rights in the workplace, including job security and a say in workplace affairs. As was evident during the decades following the Second World War, capitalist regimes have been capable of accommodating employment arrangements based on industrial citizenship and forms of labor-management consultation, at least temporarily and in a limited fashion.

Dahl's two-dimensional framework leaves out an important dimension—the *scope* of democratic decision making. With regard to states, suffrage rights may be extensive and elections contested, but elected parliaments may have limited power over civilian and military bureaucracies, and democratic influence may be much greater at a local level than at higher levels of the government. Likewise, in industrial enterprises, employees may have influence on the shop floor and even at the factory level, but their sway may be much more limited at higher levels of a firm, and the issues subject to union negotiation or works council purview may be

quite restricted. It is also necessary to distinguish between formal rights and powers, which may exist only on paper, and actual practices.

Of course, the scope of democratic decision making and the extent to which formal powers can actually be exercised depends on the relative power of subordinate groups. As their collective power grows, these groups can expand the areas over which they have influence and they can turn rights that existed only on paper into actual prerogatives, and even claim powers beyond those that are legally recognized. Conversely, if their collective power is eroded, they can lose what they had gained and institutions of democratic participation can be reduced to hollow formalities.

This endeavor to create a typology of labor relations systems shares much in common with Michael Burawoy's influential typology of "factory regimes," as both analyze workplaces as political entities and are concerned with the relative power of workers and managers.<sup>12</sup> Moreover, both seek to explain the same historic trajectory, which in this study is identified as the rise and fall of industrial citizenship and in Burawoy's work as a shift of factory regimes from despotic to hegemonic and back to despotic. In both schemes, unsurprisingly, "market despotism" is a basic type and paternalistic systems can arise under conditions in which market competition is attenuated. Burawoy's model is quite a bit more complex, as he considers more causal variables, which determine an even greater number of regime types. The simpler model adopted here sacrifices some of the analytical power derived from complexity in favor of focusing on the two elements I consider most fundamental to workers' power—membership and autonomy.

### **Interpreting the impact of long-term job tenure in China**

To fully understand the political realities produced by the socialist experiment in China it is necessary to go down to the grassroots level; for my purposes, that means examining power relations among workers and cadres inside factories. This study joins a small tradition of ethnographic research that has done this. The best of these studies have all recognized that under China's work unit system these relations were fundamentally shaped by the durability of employment, but they have interpreted its impact very differently. These interpretations have been connected with distinct normative perspectives and research agendas.

The most influential monograph on labor relations during the work unit era is Andrew Walder's classic treatise, *Communist Neo-Traditionalism: Work and Authority in Chinese Industry*. In this masterful book as well as a series of articles, Walder cogently described a system of "organized dependency" that featured clientelist relations between workers and cadres. Two conditions, he argued, made workers particularly dependent on work unit leaders: They had little opportunity to transfer to another unit and they relied on their own unit for most of their material needs. In discussing the lack of labor mobility, Walder stressed impediments that prevented workers from changing jobs, rather than obstacles that prevented managers from firing

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<sup>12</sup> Burawoy (1985).

workers, an emphasis that reinforced his theme of managerial power. “Work units have, in effect, a form of property rights over their employees,” Walder wrote. “The dependency created by enterprise-centered systems of distribution, and by this notable lack of mobility, provides the basis for personalized forms of dependency that are created by systems of rewards and punishments.”<sup>13</sup> Thus, permanent job tenure appears in Walder’s work mainly as a millstone that made workers toe the line. At the same time, he observed that factory managers were hamstrung by strong “pressures from below,” which stemmed largely from the fact that they could not fire workers. As a result, he argued, industrial relations in China were burdened by a “mutual dependency” between managers and workers, which could only be unraveled by opening up closed labor markets.<sup>14</sup>

While in Walder’s accounts permanent employment is associated exclusively with dependency, other scholars have observed the problem from a different angle, pointing out that secure job tenure enhanced the power of workers. Several have argued that the employment security provided by China’s work unit system fostered a culture of assertiveness. Elizabeth Perry wrote that the system gave rise to a “politics of place” that underpinned a “politics of protest.”<sup>15</sup> Ching Kwan Lee found that workers were nostalgic about the Mao era not only because of the job security and relative economic equality in state-run factories, but also because of memories of “the political power of ordinary workers over cadres.”<sup>16</sup> In a case study of a state-owned distillery, Jonathan Unger and Anita Chan also stressed the extent of workers’ influence, highlighting instances during the first two decades of the post-Mao era in which workers were able to impose decisions—against the will of workplace leaders—that distributed material benefits according to more egalitarian principles.<sup>17</sup> This kind of deliberative democracy, they stressed, was based on workers being members of an “all-encompassing workplace community” in which “they held a strong bond and material interest” as well as the existence of “deliberative forums...embedded in institutions that were established from above.”<sup>18</sup>

Two insightful studies have directly engaged Walder, suggesting that his dependency thesis was one sided. While acknowledging merit in Walder’s depiction, Lu Feng gave his own account a different tilt, stressing that industrial relations during the Mao era were characterized by “a balance between the patriarchal-type authority and workers’ confrontational force derived from their employment status.”<sup>19</sup> In a recent article, Huaiyin Li went further, contesting Walder’s central thesis. Based on extensive interviews, he argued that during the Mao era the discretion of cadres was considerably constrained by the power of workers. Because they had “taken-for-

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<sup>13</sup> Walder (1983, p. 56).

<sup>14</sup> Walder (1987), Walder (1989).

<sup>15</sup> Perry (1997). Also see Perry (2006) and Perry and Li (1997).

<sup>16</sup> Lee (2007b). Also see Lee (2007a).

<sup>17</sup> Unger and Chan (2004).

<sup>18</sup> Unger, Chan, and Chong (2014). Other scholarship that examines deliberative forums in Chinese factories includes Andors (1977), Bettelheim (1974), Brugger (1976), Brugger (1985), Cliver (2009), Feng (2012), Harper (1971b), Jiang (1988), and Phillion (2009).

<sup>19</sup> Lu (1993, p. 77).

granted rights as full members of their work unit,” he concluded, workers “would not hesitate to defend themselves against potential abuse by cadres.”<sup>20</sup>

There is no question that long-term job tenure can produce relations of dependency, but it can also enable workers to have a voice in workplace affairs. As proposed in Figure 1, both dependency and democracy are founded on stable membership; the extent to which one or the other prevails depends on the degree to which workers are able to act in an autonomous manner.

## Overview

While the topic of this book is broadly similar to those tackled by the scholars mentioned above, my analytical framework—focusing on citizenship and autonomy—offers a theoretical perspective intended to shed new light on the topic. At the same time, the temporal scope of the book—encompassing the turbulent evolution of industrial relations in China over seven decades—is longer than that of previous scholarship. I return to seriously reexamine the Mao era, but then extend the investigation to cover the post-Mao era, which has been the focus of most recent scholarship. The longer historical sweep allows for instructive comparisons and reveals long term trajectories less evident in accounts with shorter time frames.

While the concepts and theoretical propositions outlined above—regarding industrial democracy, citizenship, and autonomy—set up the fundamental questions and the analytical framework at the center of this book, I will also introduce other concepts drawn from the laws, policies, and institutions developed by the CCP under the rubric of Democratic Management. The participatory institutions built by the CCP were always considerably short of genuinely democratic, but they were not simply window dressing. I will argue that for party leaders Democratic Management had three main objectives. The first was to mobilize workers behind the party’s goals, encouraging them to work conscientiously, participate in party-led activities, and carry out management responsibilities on the shop floor. The second was to maintain channels for input from below, allowing leaders to solicit suggestions and learn about, address, and defuse employees’ grievances and concerns. The third was to enlist workers’ participation in the task of “mass supervision,” that is, to help the party monitor and criticize the behavior of its own cadres. Much of the analysis in the following chapters will involve comparing the actual practices and outcomes in Chinese factories with the CCP’s own objectives.

The organization of this book is largely chronological. The next chapter recounts how the CCP reorganized industrial enterprises after taking power in 1949. Party leaders dispatched to every major factory a small number of cadres, mostly peasant veterans of the rural insurgency, who mobilized workers to attack capitalists and incumbent managers in a series of aggressive mass campaigns. Through these campaigns, the party established its control, recruiting worker activists to take on leadership responsibilities and creating party-led institutions of popular participation. After nationalization was completed in 1956, Mao—concerned that Communist cadres were becoming autocratic and arrogant—initiated a Party Rectification campaign in

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<sup>20</sup> Li (2017).



which he encouraged more freewheeling criticism of “bureaucratism” among local party officials. The campaign, however, was quickly aborted and during the subsequent Anti-Rightist movement those who had spoken out were harshly punished, squelching prospects for autonomous activity.

Chapter 3 describes the institutional foundations of the Chinese work unit system and the practices of worker participation in the early 1960s, after the work unit system was fully established and before the onset of the Cultural Revolution. Despite high levels of participation, predicated on lifetime job tenure and relatively egalitarian distribution, industrial governance was democratic only in a very limited sense. Not only was the scope of workers’ influence largely restricted largely to the shop floor, they also had little autonomy. Although participation was extensive, the system was more paternalistic than democratic.

Lack of autonomy presented a problem even for accomplishing the CCP’s own goals, especially enlisting workers to monitor and criticize Communist cadres. Chapter 4 examines the results of the Four Cleans movement (1962-66), by far the largest and most prolonged campaign carried out to that point to organize “supervision from below” of party cadres. Mao attempted to mitigate the problems created by lack of autonomy by sending in teams of outside cadres to mobilize workers to criticize factory party leaders, but ultimately his dissatisfaction with the results led him to launch a much more radical attempt to introduce autonomy into mass supervision.

Chapters 5 recounts the initial upheavals of the Cultural Revolution, when Mao called on workers to form rebel organizations to criticize and challenge the authority of the party leadership in their factories. Mao called this unbridled political participation “Big Democracy,” which he contrasted to more civil and institutionalized forms. By fomenting a movement independent of the party organization and loyal to no one but himself, Mao was able to introduce greater autonomy into mass supervision, with lasting consequences for cadre behavior. After the party organization was paralyzed, however, factories polarized into rebel and conservative camps and the country descended into increasingly violent factional contention.

Ultimately, Mao was unwilling to countenance the establishment of permanent autonomous organizations. Instead, as recounted in Chapter 6, he called for factories to be governed by new “revolutionary committees,” which were to include veteran cadres and rebel leaders, as well as military officers assigned to oversee this volatile combination. Rebel leaders were supposed to serve as “mass representatives,” but after their organizations were disbanded, they not only lost the political base that had given them autonomous power, but they were also no longer accountable to the membership of their factions. With the masses sidelined, the subsequent factional contention between “new” and “old” cadres hardly served as effective mass supervision.

Chapter 7 looks at the impact on factory governance of the initial reforms carried out during the first decade and a half after Mao’s death in 1976. These reforms left the fundamental features of the work unit system—public ownership and permanent job tenure—in place and institutional forms of participation, including staff and workers congresses, were revived and

further enhanced. The long 1980s, from 1976 through the early 1990s, were an era in which workers enjoyed substantial influence, especially with regard to the distribution of wages and bonuses, housing, and other welfare entitlements, but they also marked the beginning of the erosion of industrial citizenship, as temporary employment was expanded and the power of the factory director was reinforced in the second half of the decade.

Chapter 8 examines the consequences of industrial restructuring, beginning in the early 1990s and continuing to the present day. The great majority of state-owned and collective enterprises were privatized and all firms—including those in which the state retained a controlling stake—were “corporatized,” becoming shareholding companies oriented toward maximizing profits. Tens of millions of workers lost their jobs and permanent job tenure was replaced by much more precarious employment relations. As workers have been reduced from work unit citizens to hired labor, the foundations for workplace participation have been eroded. Shop floor self-management has been replaced by harsh disciplinary regimes and staff and workers congresses been sidelined. Workers, whose influence is now explicitly seen as compromising efforts to maximize profits, have been disenfranchised.

The final chapter looks back over the experiences of the past seven decades and considers prospects for the future. Chinese workers are beginning to reorganize, this time largely outside the confines of party-controlled institutions, and their strikes and protests have won important victories. I conclude, however, that until they are able to regain some form of workplace citizenship rights, their gains will be limited and precarious. The chapter closes by suggesting broader lessons that can be drawn from the era of industrial citizenship and its demise.

### *Research design and sources*

When I began research for this book my initial plan was to do a case study of a single factory, much as I studied a single university for my first book. I found, however, that Chinese factories are much less open places than universities. As a result, I turned to interviewing workers and cadres from many different factories. In the end, I was happy with this shift, as I found that there was tremendous variation among factories. What I lost in depth, I gained in breadth. My main method ended up being similar to that adopted by Andrew Walder when he interviewed émigré workers in Hong Kong in the 1980s, only I was able to camp out in various industrial cities for extended periods and interview a range of retired workers and cadres, as well as current employees, from different factories. It was, of course, valuable to interview a number of people from the same factory in order to compare how different individuals experienced and interpreted the same events.

I interviewed 119 people who worked in Chinese industrial enterprises at some point during the last seventy years. They were not a random sample. Friends and colleagues introduced me to people who had worked in factories and I then asked these people to introduce me to others. I tried to find individuals with a variety of backgrounds, experiences, positions, and perspectives—ordinary workers, management cadres, technical staff, and factory leaders, party

members and non-members, men and women, activists and non-activists, and employees of large and small enterprises and members of different Cultural Revolution factions. The sample I ended up with was skewed in several ways—more employees of large than small factories, more men than women, more activists than non-activists, and more rebels than conservatives. The great majority—89—started their factory careers as ordinary workers, although 36 were later promoted to cadre positions. Twenty-nine began working as cadres (four as office staff, 13 as technical cadres, and 12 as management or political cadres). Altogether, 36 interviewees eventually served in senior administrative or political positions in factories.

I especially sought to interview workers and cadres who had several decades of work experience, and I made great effort to find individuals who had entered the workforce during the first decades of the Communist era. Three interviewees began their factory careers in the 1940s, 24 in the 1950s, 34 in the 1960s, 22 in the 1970s, 24 in the 1980s, 10 in the 1990s, and 2 in the 2000s. I was also interested in talking to individuals who had worked both before and after enterprise restructuring began in the 1990s. Altogether, 46 interviewees had experienced both eras, facilitating their own comparison of the two.

Interviewees had worked in 43 different industrial workplaces, including locomotive manufacturing plants, steel mills, aluminum mills, coal mines, machinery factories, chemical plants, electronics factories, textile mills, industrial equipment factories, the railway system, a brick kiln, a meatpacking plant, a pipe factory, a carpet factory, a truck repair facility, and a glass factory. The workplaces ranged from huge complexes with tens of thousands of employees to small shops with several dozen.

All introductions were informal and interviews were almost always conducted outside the workplace, usually in the homes of interviewees or their friends. Most of those interviewed were already retired or had been laid off, and many generously spent long hours—in some cases several days—telling me their stories. I use pseudonyms to refer to interviewees and refer to the position they occupied during the period they were discussing, rather than their current status.

I also collected written materials published by government, party, union, and enterprise sources over the last seven decades. Most were official publications; these included *People's Daily*, the flagship periodical of the CCP, *Workers Daily*, the national newspaper of the All-China Federation of Trade Unions, which is run by the CCP, as well as local newspapers. These publications provided contemporary descriptions of party policies, as well as a timeline of events and official accounts of these events. Laws, regulations, directives, and speeches documented the evolution of policy changes. Factory gazetteers provided official statistics, event chronologies, historical narratives, and enterprise-level perspectives on institutional developments, policy implementation, and changes in management and employment practices. For the early Cultural Revolution years, in addition to these official publications, I had access to fliers and newspapers published by factory-based factional organizations. Although they were also produced under narrow political and ideological constraints, for a brief period these publications reflected the diverse perspectives of contending groups.

These two types of primary data sources—interviews and published documents—were complementary. From the latter, I learned dates, numbers, and official policies, goals, and accounts, as well as the perspectives of Cultural Revolution factions. From the former, I learned about what actually happened on the shop floor and in factory communities, from different viewpoints, although the specifics were subject to the vagaries and interpretative filters of individual memory.

In order to focus on comparing different periods, I give less attention to variations between geographical regions and industrial sectors. The latter are substantial and important, but it is difficult to incorporate within one study both temporal changes over seven decades and regional/sectoral differences. Thus, in both research design and presentation, I have chosen to concentrate on the former, rather than the latter. In two chapters, however, I will examine specific cases in order to provide more detailed and cohesive pictures of complicated events as they transpired in particular places. In the first section of Chapter 6, which deals with factional struggles that accompanied the formation of factory revolutionary committees during the Cultural Revolution, I focus on Henan and Hubei provinces and compare the two. Then in Chapter 8, in order to better capture the dramatic conflicts surrounding industrial restructuring, I provide a case study of a single enterprise, the Brilliant Glass Factory.<sup>21</sup> In both chapters, I discuss the ways in which these cases reflect broader trends as well as the ways in which they are particular.

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<sup>21</sup> Brilliant is a pseudonym. My research at Brilliant was conducted with the able assistance of Yao Li.

