

**The Issue of Human Agency
in the Reform of State Enterprises in China**

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Abstract

In this paper, I use Anthony Giddens' theory of structuration to examine the issue of human agency in the economic reform in China. As part of my preliminary dissertation research, interviews and archival research are conducted in order to explore the roles played by human agency of *laobaixing* (common people) in the historic era of structural change in China since 1978. I conclude that the agency of *laobaixing* is crucial in both official and plebeian discourses. In the former case, policy-makers try to be sensitive to people's response to the reform so that the economic transformation of society remains in control politically. The plebeian discourse, though often apolitical, might actually lead to action that imposes structural changes in certain directions. The common employees' response to the economic reform, be it resistance or cooperation, more often than not is spontaneous and expedient due to the rudimentary state of civil society in China. A more developed civil society, however, seems to be an inevitable trend if the human agency of *laobaixing* is recognized.

1. Introduction

Before the economic reform started in 1978, the People's Republic of China was characterized by a centrally planned economy, with public ownership and a state redistribution system supposedly minimizing social inequality (Bian 1994, Walder 1986). At the outset, the reform was intended to improve the centrally planned economy, with the introduction of market mechanism as supplementary to the state plan. Since the late 1980's, however, the market expanded and became the major orientation of the reform. The non-state sector has brought about the most tangible changes in China, both through its own development and through confronting the state sector with market competition (Kornai 1989, Wang 1994). As much intrigued as we are by the thriving private sector and its impact on Chinese society, we should also be aware of the fact that the state sector remains a focus of the reform. It continues to be important to study the institutional change of the state sector from different perspectives so as to achieve a good understanding of the Chinese reform as a whole.

Scholars of the institutional reform in China, tend to focus on the structural change without paying enough attention to human agency. They either completely ignore the issue of human agency, or concern themselves only with the rationalization of the policy-making elites, or take the employees' agency as no more than a sideline issue. Hui Wang (1994), for example, refers to the employees as "human assets," which he considers as a constraining factor of the reform process due to their unwillingness to change the status quo. No empirical support, however, is provided for the "human assets" argument.

Although it is true that the state has played an essential role in the reform process, the new era has seen more autonomy and freedom for individuals as well as businesses, partly as intended by the state, and partly as a necessary consequence of marketization.

In this paper, I will bring the hidden agenda of human agency to the surface. In particular, the following questions are to be explored: Situated in a socialist state featured by totalistic political control, what roles do *laobaixing* (common people) play in the process of reform? How do they interact with the state and the enterprise organizations? How do their cooperation with and resistance to the reform policy compound? Answers to these questions are also pertinent to the debate about the political change in China as to whether market reform will lead to democracy or not (White 1994) and whether there is a civil society in China (Dai 1996). These questions will be explored on the basis on Giddens's thesis that highlights the agents' ability to take action based on the understanding of themselves and of their social contexts (Giddens 1979).

2. Theory of Structuration

Social structure is understood by Giddens as "rules and resources" that are both constraining and enabling. He develops the concept of "duality of structure" by adding the temporal dimension and incorporating the theory of action to the conventional institutional analysis. In other words, structure is seen as fluid with relation to time and space and only instantiated through practice carried out by human agents who are informed by the past. Defined as a fluid set of "rules and resources" in which the distinction between structure and agency are actually broken down, Giddens' concept of structure by itself is hard to be empirically operationalized. He thus resorts to social systems, such as institutions, which are tangible "fields" of interdependent actions and of the dialectic interaction between

structure and agency. "To study the structuration of a social system is to study the ways in which that system, via the application of generative rules and resources, and in the context of unintended outcomes, is produced and reproduced in interaction" (Giddens 1979).

In what sense is Giddens' theory relevant to the case of Chinese institutional change? Though Giddens himself is explicit about theorizing in the context of the western industrialized society, I find his attention to temporality and human action important in understanding the institutional continuity in the Chinese market reform (Francis 1996). The reform since 1978 can be viewed as a structuration process involving multi-groups of agents interacting with each other with relation to the "rules and resources" (Giddens 1979). This dynamic process has the potential of destabilizing the present power relationship. Moreover, in Giddens's theory, the dichotomy between structure and agency gives way to dialectics, implying that any effort to separate the two would be artificial, and at best, methodological. He suggests that institutional analysis and study of strategic conduct can be done respectively, but whichever is not the salient object of study will have to be "bracketed," instead of being totally ruled out in the analysis. My effort to examine the effect of human agency on the reform of the state enterprise echoes the suggestion of studying the agential action with institutional analysis bracketed methodologically. Giddens' theory has indeed helped me shift my focus from the institutional aspect of the reform to the agential aspect, thus opening up an intriguing research agenda on community, lifeworld, democracy and development in China.

Giddens's concept of agency as applied here needs some qualification. By stating "all social actors, no matter how lowly, have some degree of penetration of the social forms which oppress them," Giddens implies that the agency of both the dominant and the dominated should be considered. He further argues that "[t]hose who in a largely unquestioning way accept certain dominant perspectives may be more imprisoned within them than others are, even though these perspectives help the former to sustain their position of dominance" (Giddens 1979). In other words, the dominant group is more likely to identify with the existing structure, which ensures their dominant positions but confines their horizons. Chinese society has been clearly stratified according to political affiliation (Bian 1994, Walder 1986). Agency in the institutional reform of China, therefore, also needs to be classified with regard to power relationship.

Having made the above distinction, I shall be explicit that it is the agency of the common employees within the state enterprises that concerns me in this paper, instead of the agency of the political and economic elites. It would be impossible, however, to completely ignore the state and organization hierarchy in analyzing the employees' agency. The definition of common employees (*laobaixing*) by itself is ambiguous, given the fluidity of the structure. In fact, the credit of Giddens's theory lies in his emphasis on the dialectical interaction between the human agency and the structure, between the dominant and dominated.

3. Method

This paper presents an exploratory research, which was conducted with an effort to search for a focus for my dissertation research. The research design and analysis are far from being satisfactory, due to the confinement of conducting a research about China in

the United States, and due to its being in the early stage of my research project. The research is nevertheless valuable, offering insights into the social change in China and marking a turning point in my own research agenda. The research methods employed are archival research and in-depth interview, which provide me both the trajectory of reform policy at the state level and close-up understanding of individual actors' experiences of the reform.

I examined some official documents on state enterprise reform in 1995 and 1996 and interviewed four former employees of various state sectors (a convenient sample). The qualitative data are analyzed with particular attention to the intersection between the official discourse and the individual accounts of the institutional reform, and with regard to Giddens' theory of structure and agency.

4. Background: State Enterprise Reform in China

To understand how the agential factor gets involved in the reform process, it is necessary to start with a picture of the typical pre-reform state enterprise. A state enterprise, by definition, was an enterprise owned and run by the state. Depending on the size and nature (what industry it is engaged in), a state enterprise could be affiliated to various level of local government (municipal or district), or directly to a central ministry. Depending on how close they were to the central government in the administrative hierarchy, state enterprises had access to different amounts of resources, labor supply, and financial allocation from the state.

To illustrate the way in which the state redistribution works in planned economy, Kornai (1989) uses the phrase "soft budget constraints," meaning that a state enterprise's survival does not depend on its profit-making or losing, but relies on the safety cushion

provided by the planning system. In such a system, the central government controls the enterprise's budget, gets all the profit made by the enterprise, allocated financial, labor and other resources based on the central plan of the state economy. The state also decides what and how much should be produced and at what prices the products should be sold.

In the pre-reform years in China, workers were assigned to the enterprises by the state labor bureau, and their wages were stratified according to seniority, with little correlation to their performance at work. Where did the incentives come from? For about four decades since 1949, political mass mobilization had been the major means of encouraging workers to be devoted to their work. Party membership, and the benefit that came with it, was an important source of incentive. Only "good workers" could be party members, and only party members had the chance to become a cadre, which implied access to power, an elaborate *guanxi* (social network) and consequently, resources. To maintain this incentive mechanism, the regime found it necessary to enforce the tie between the enterprises and the party. Party secretaries, therefore, are assigned to every level of the organization of the enterprise. The union was set up within the enterprise, usually with party activists assigned as the union leaders. Instead of representing employees and negotiating with the employer on terms of employment, the union in China performs minimal bureaucratic functions such as collecting union fees and distributing social welfare on behalf of the government or the enterprise.

One of the most salient features of the state enterprise was its multi-functionality (Bian 1994), or what Kornai (1989) calls "paternalism." Not only did the enterprise perform industrial tasks assigned by the state, but it also played the role of caretaker of its employees on behalf of the state. The budget the state gave the enterprise included funds

for housing, healthcare, education, cultural activities, social welfare. As a result, the enterprise functioned like a "small society." The employees worked, lived, received education, health care (usually free), and entertainment (limited as they are) all within the same sphere - the enterprise.

This all-encompassing feature is important for understanding the role of human agency in the transformation of state enterprises. It partly explains how state employees, held together under the state control, had developed a mentality of dependence and stability, and become less oriented towards mobility and entrepreneurship. The resistance to change by many state employees incurs difficulty to implement more drastic reform in the state sector. These employees are therefore considered as a constraining factor of the reform (Wang 1994). A different vision might emerge, however, if we consider the political implication of the state enterprise institution as well as its immediate effect on the progress of the economic reform. The small-society feature implies the horizontal association of the people within the enterprise and thereby the possibility for alternative outlooks other than the state ideology. The state employees, sharing public and private sphere, have a unique form of lifeworld that allows them to interact, socialize and maintain communal norms and values. These norms and values may overlap with and may also contradict with the dominant ideology (Calhoun 1994).

In the analysis of the Chinese reform, Wang (1994) argues that the definition of China's economic reform has been evolving ever since it began. The reform of the state sector in particular, is a zigzagging process, initiated as an effort to improve the incentives and productivity of the central planning system. The planned economy has been under transformation since 1979 when the state no longer claimed all the profits the enterprises

made. In the profit-making enterprises, workers started to be rewarded for better performance and higher productivity in the form of bonus. Since 1986, Chinese economic reform involved the dismantling and remaking of economic institutions in general, with a focus on resolving the problems of state enterprises and developing a quasi-market. Starting from 1994, there have been efforts to establish "modern enterprise system" and to free the enterprises from the burden of the "small society" by way of separating the economic activities and social responsibilities (Wang 1995). The year of 1997 marked the beginning of the attempt to privatize most of the small and medium sized state enterprises.

The lack of a coherent blue print and the trial and error approach is criticized for incurring difficulty in carrying the reform on in a systematic manner (Fan 1994). Other scholars (Wang 1994, Stark and Nee 1994), however, think positively of the approach of "touching the stones while walking across the river," which allows for flexibility and creativity on the part of the decision-makers. This spontaneous approach to some extent, reflects the impact of common employees on the transformation of the economic system. In other words, the systemic changes have been carried out in a manner that is sensitive to and mediated by the needs and response of the common employees.

5. Agency of *laobaixing* Embodied in the Official Document

The sources of the official documents under examination are the 1995 and 1996 *Annual of the Chinese Reform* – which documents speeches by the central officials including Jiang Zemin, Li Tieying, Li Peng, and analysis of the economic situation by scholars affiliated with the government. Typical of any published official document in contemporary China, these speeches and articles are full of ideological rhetoric and

statements of "gratifying achievements" during the reform. The issue of the employees in the state enterprises is nonetheless addressed to some extent.

With regard to state employees, the top leaders' speeches are the best illustration of the socialist rhetoric, referring to the employees as "the working class" who are the master of the country, and whose interest must be prioritized in the reform process. The following statements about "the working class" were part of a speech President Jiang Zemin made in a meeting about the state enterprise reform in 1995.

Our party must depend on the working class whole-heartedly on the matters of the reform and economic construction. This is out of question at any time under any circumstances. ... What does depending on the working class wholeheartedly mean? ... Institutionally it means we must reinforce the democratic way of management, listen to the suggestion of the mass, ensure that the employees understand and participate in the management of the enterprise, guarantee the effective supervision of the employees over the leaders of the enterprise. It means that we must emphasize the construction of the contingent of the workers, improve the general qualification of the employees, equip the employees with the theory of "building socialism with Chinese characteristics" and "socialist market economy," reinforce patriotic, collectivist and socialist education among the employees. It means we must protect the legal rights and benefits of the employees, improve their living conditions and environment, concern ourselves with the employees' lives and welfare, especially the employees in industries and enterprises in financial trouble. ... In terms of transforming these enterprises, we should encourage annexation instead of bankruptcy. ... Attention must be paid to the reemployment of the *daiye* (waiting for employment) people, so as to maintain social stability (Wang ed. 1995).

Here Jiang elaborates on the point of "depending on the working class whole-heartedly". Yet how the working class gets involved in decision-making remains to be specified. In spite of the rhetoric that the master position of the working class must be guaranteed, the paragraph conveys the message that the employees are more or less like helpless kids who not only need to be protected, but also need to be "educated" with

socialist ideology, and to be pacified when they are not happy so that they won't make any trouble. Finally, it is not surprising that the statement is wound up with "so as to maintain social stability" since stability, or the existing social order is a major concern of any regime, not to mention the communist government.

The very fact that the concerns of the employees are mentioned in the top official discourse demonstrates that the "mass" have a leverage in the policy-making process, though they cannot speak through their own voice in this process. It also shows that the central government has realized that the problems concerning the state employees (unemployment, etc.) are very serious and demand immediate attention. The reform of the social security system, including health insurance, unemployment insurance and retirement insurance was initiated as a response to those problems (Liu 1996). Although establishing a social security system is a slow process, the effort is directly related to the daily life of the employees when the system has been changing in the way that their basic needs might not remain the obligations of the enterprises as they used to. At the macro level, therefore, I perceive systemic changes as responsive to the agency of the social actors. How the agency gets to work in this particular context will be explored later in this paper.

Compared to the strong ideological color of the top leaders' speeches, the "official scholars" tend to be more down-to-earth. I call them "official scholars" because they usually play the role of "councilors" for the policy makers. As experts on economics, finance, or management, they conduct macro and micro research on the economic system to reveal problems related to the institutional reform and to provide advice for solutions. For example, Wang Shiyuan, the chief editor of *China Economic Systems Reform*

Yearbook discusses the reform of the "small society" feature of the state enterprises in the following paragraph:

Some of our old, large state enterprises have got everything a society does - kindergartens, elementary schools, high schools, colleges, shopping malls, post offices, police stations, and so on. How can we solve this problem? At the end of last year (1994), we proposed that they should transfer whatever the government can deal with to the government, such as schools. But it is hard to solve this problem in reality. ... 6,000,000 children of the state employees are going to about 60,000 elementary schools and high schools under state enterprises. The numbers are too large to dismiss. Even if the local governments want to take the schools over, they might not have enough money to do it. Some of the large enterprises are located far away from the cities. Who are going to take them over? The local village committee? I've been to a large enterprise. It is said that the high school they sponsor has got high college entrance rate with good teachers and facilities. This is one of the cohesive factors of the enterprise. That enterprise, however, was going to be transformed into a share-holding enterprise. It can't get on the share market with a school, can it? The school has to get out of the way. They asked us what to do with it. Later on, we took some compromising measures, and solved this problem in a transitional way. These employees expect the school to educate their kids and send them to colleges. ... In principle, the enterprise should no longer be burdened with these social responsibilities. In practice, however, we should make gradual changes. For example, we can first turn over the administrative, logistical aspects of the schools (to the local government), which is feasible now. And then we will wait and see what can be done later. (Wang 1995)

In this case, the employees speak through the representation of the "official scholar," who takes their opinion as an important factor in the implementation of the reform policy. The problems concerning the employees's lives become real in this dimension of discourse, where the official and the public discourses converge and clash. Compromises have to be made, by the government, the enterprise managers and the common employees for the institutional reform to forge ahead.¹

¹ An interesting dichotomy of "us" and "them" reveals the elitist position of the author.

6. Agency in the Plebeian Discourse

The best way to hear these employees' voice to examine the role of their agency is to let them talk, instead of having them represented. In this exploratory research I conducted interviews. Following is a brief, anonymous introduction of my interviewees.

Interviewee 1: male, 26 years old, former employee of a state-owned commercial bank in Beijing.

Interviewee 2: male, 25 years old, former employee of a state-owned newspaper in Hebei Province.

Interviewee 3: male, 30 years old, former employee of a state-owned farming enterprise in Heilongjiang Province.

Interviewee 4: male, 25 years old, former employee of a state-owned investment corporation in Beijing.

Before proceeding to the analysis, I would like to note that due to the restriction of conducting the research in Minnesota and within a short time, I was unable to contact more people to interview. Obviously, these interviewees are hardly representative of all the state enterprise employees in China. However, their accounts of personal experiences in the reform not only provide preliminary data based on which I can tentatively answer my research questions, but also provoke more questions. During the analyzing process, I sometimes found the interviewees' accounts so self-evidently intriguing and instructive that I could not impose my interpretation on them. In that case, I prefer to let them speak for themselves and leave room for interpretation for the readers². Even the interpretations that I make are subject to examination and disapproval of the interviewees and the readers.

² This means long quotes, sometimes.

6. 1. What strikes me first is that all the interviewees are extremely articulate about the historical development, and the specific reform policies in their own workunits. Not only are they familiar with the official policy, but they are quick to articulate their own understanding of the policy and to take advantage of the policy for their own sake. It is a consensus that the reform leads to more opportunity for achieving material benefit. Interviewee 2, a former employee in a state newspaper, talked about how he made money as a journalist during the reform era:

A: The journalists and editors in the newspapers all have "gray income."

Q: What is "gray income?"

A: "Gray income" is a kind of invisible income. ... For example, I was a journalist, and I never knew how much money I made. One day I would go down to a county. They'd give me a couple hundred *yuan*. The next day I would attend a company's opening ceremony, and would probably get some money there. I didn't have to spend money on meals whenever I went. I was familiar with a lot of restaurants, where I could go as often as I wanted, simply because I wrote articles about them and was on good terms with them, believe me or not. The government talks about controlling this part of the income. But it is hard to do so because it is too flexible and elusive...

Q: Does this phenomenon have to do with the reform?

A: Of course. It has a lot to do with the reform. In the centrally planned economy, nobody wanted to establish relationship with you for economic interest. Instead, people were more concerned about political gains...Now that the economy has been opened up, what do most of the enterprises want to do? To make money! They want you advertise for them, so that they can make money. (Interview 2)

The frank, honest way in which this interviewee talked about "gray income," especially pertaining himself, took me by surprise at first. It is understandable only when it is contextualized in the reform era when old norms are being challenged and new ones are yet to be established. To some extent, irregularity is normalized. The following case is an excellent illustration of the impact of "norm vacuum." Interviewee 3 was a teacher at a party school where cadres are getting their technical training and political education. He told me how he explained Deng Xiaoping's reform policy to his cadre students.

Q: Did you say that you taught the cadres what you had learned from the Center?

A: Yeah. And then I would add my own understanding. There is always your own understanding no matter what you teach.

Q: What is your own understanding of these ideas?

A: My own understanding is that we should be sensitive to the general economic and political situation of the country...For example, after I went back from Beijing, I gave lectures to the cadres. I said to them, "Our country is facing a rare opportunity. We are now undergoing a great, drastic change in the Chinese history. For individuals, if you cannot stand out and raise your social status, you will miss this opportunity...In terms of the development of the enterprise, it is also an opportunity. You are both participants and beneficiary..." I talked about why Deng Xiaoping would have the idea of shifting from planned economy to market economy. In this transformation process, irregular operations are inevitable. This is normal. ... The key point is that you should benefit from this process. How? You might do something irregular. That's OK.

Q: Weren't you encouraging corruption?

A: No it's not corruption. Irregularity is not just corruption.

Q: Then what do you mean?

A: For example, you can seek help from friends. Or...another example is that the Farm made some products, and sold them under a famous brand. So what? Take Japan as an example. Before its economy took off, "made in Japan" was a symbol of bad quality. They also manufactured fraud products. The president of SONY said that was a way of adjusting to the market. What happened later? "Made in Japan" has become a symbol of quality... We must take the same path. Why? Because we need capital... You can do things that do not go with the old norms to ensure your benefits...If a lot of other people do the same things as you do, and there is too much chaos, people will realize that it is not right to do so. And then we can impose regulations. If nobody behaves this way, there will never be regulation. From chaos to order - this is the axiom of development.

Q: This is an interesting take of the reform policy.

A: Yeah. I have a lot other ideas that I came up incorporating the spirit of the Center - (in a mocking accented tone) "White or black, the cat who catches mice are a good one." (Interviewee 3)

Monetary benefits are given priority to such an extent that illegitimate means are employed by the common employees as well as the people with more power. However, while the latter case would be repudiated as corruption, the "tricky" means of making money by common people are justified as one way of reallocating the social wealth. China is undergoing a period when almost everything can be justified if the purpose is to make money. We should not forget, after all, that the goal of the reform is to develop the country economically. Given that for three decades not only were Chinese people

deprived of any material luxury, but were condemned just for showing any interest in money making, it is not difficult to understand why the pragmatic thoughts of Deng Xiaoping have been widely supported. Interviewee 3 quoted the well-known saying in China, “Money is not omnipotent, but you would be impotent without money.”

6. 2. Another positive reaction to the reform on the part of the individual employees is that they perceive more freedom and mobility, both because of the change of the administrative institution per se, and as a result of the opening up of the economy. The following is the change perceived by interviewee 2.

A: ...Now people don't care that much about ranking and age. Competence becomes more important.

Q: Why is that?

A: This is closely related to the economic reform. Why was there the strictly regulated cadre system? That had to do with the planned economy system, which determined the elite resource redistribution... I think the political reform should start with the system of choosing elites and staff.

A: How do you understand political reform?

Q: Once political reform is mentioned, a lot of people will think about democracy. But I don't think change can happen that fast. We should start with reforming the internal staffing system and establish a new system emphasizing capability instead of age. We are now more democratic internally. Why? In the past, all the assignments were made through *guanxi* and quota, which seriously impeded the flow of human resources. Now we can select employees to our own accord. In the past, you cannot place a person in a certain position without quota from above. (Interviewee 2)

He thinks positively about the localization of the decision-making, which he sees as a first step to democracy. This interviewee, however, overlooks the persistence of *guanxi* after the reform. Interviewee 4 made the following comments when asked about how he was recruited in 1995 by the prestigious state enterprise he worked for.

Q: Can you tell me how you got into that company? Did you go through examination?

A: “Well, most of the employees get in through some kind of *guanxi*. In this sense, my company is like any other profit-making enterprise. This has resulted in serious problems for the future development of the enterprise. Because a lot of people were

recruited due to *guanxi*, you would touch upon some really complicated social network by doing any staff adjustment, like getting rid of people. You might find out to your astonishment that somebody you wish to fire is somewhat related to the vice president.” (Interviewee 4)

In this case, the interviewee is aware of the institutional problems resulted from the use of *guanxi* in the reform, whereas at the same time, he did not object to making use of his own *guanxi* to achieve his goals. The elaborate, ubiquitous social networks in China have been considered as important social capital that enhances a person's career mobility, before and after the reform (Bian and Ang 1997). However, the difference the reform makes is that freedom is also perceived as a result of the more flexible economy.

“Under the planned economy, ...everything was controlled by the state. You as an individual could get resources only from the state...that was a terrifying system under which people didn't have any freedom...You must try to adapt to that system...But it is different since the reform. For example, suppose I am not on good terms with my leader, I can go to Shenzhen³! I can work on my own or for some companies. With my diligence and wisdom, I believe that I can ultimately become a general manager of a company. It is very possible now, but was completely impossible before. (Back then) what would you do in Shenzhen? All the organizations were state owned. (You would be interrogated) 'Where do you come from? Where is your file?'" (Interviewee 2)

This example shows that due to the diversity of economy under the market reform, the vertical hierarchy has been modified and the horizontal transition of people has become possible. People know about and try to take advantage of the possibilities in pursuing their own interests. By doing so, they break the shackles of the old systems of residency, filing and housing, though not necessarily with explicit subversive intention.

6.3. It must be noted that all the four interviewees benefit from the reform themselves mostly because they are young and well educated. It is yet another story for people who are put at disadvantage by the state enterprise reform. As I argue earlier, he

³ Shenzhen is a city with flourishing private economic sector in southern China.

official attempt to establish a new social security reform is partly a reaction to the dismaying situation of the state employees laid out because of the reform. Although the interviewees in my studies did not experience the hardship themselves, they are well aware of the problems, sometimes from story telling of the people they know. The following incident is one example of explicit protest on the part of employees. The state-owned farm where interviewee 3 worked for is undergoing the transformation from a state-owned enterprise into a regular rural area. Most of the former employees have to change their urban residency into rural residency, and change their status of workers into that of peasants. As a result, they are deprived of the privileges and benefits attached to the urban, worker status.

A: Psychologically this was a shock...Some people who couldn't take it are explicitly against this policy in vain. One of my teachers was against this policy.

Q: How did he protest?

A: He mobilized the employees and organized a strike. (They said) "we are not going to plant anything this year. No way!" Later the leaders of the farm went to negotiate with him.

Q: What happened finally?

A: Finally they stopped the strike after the leaders promised the conditions they negotiated about.

Q: What were those conditions?

A: I won't talk about them in more details. The fact is that the employees did protest. What after the protest? It doesn't change the general situation. One year the negotiation was going nowhere. (The leaders said) "OK, you are not going to plant anything. We can recruit farmers from somewhere else and rent the land to them. You can do whatever you want. We wouldn't allow you to work on the land even if you wanted to..." (Interviewee 3)

The hostility discourse between the officials and common employees is self-evident in this case. The employees' protests ended up as failures mostly because they do not have access to the resources, land, besides the fact that they might not have been well-organized. Interviewee 1 also talked about workers' demonstrations after being laid out

by the enterprises. The employees express their dissatisfaction in spontaneous, unsystematic ways mostly out of economic interest. However constrained by the “rules and resources,” the individual employees take initiatives to resist the change that threatens their own well-being. The irony, however, lies in the fact that by doing this, these employees are actually trying maintain the very system that deprive them of their freedom, which would be considered as “unintended consequences” by Giddens.

The bright side of the picture can be seen only if the broader, political implications are brought to light. These protests, in spite of their lack of political consciousness, demonstrate the tension between the governing regime and the common people, which seems inviting to potential bottom-up social change. As Interviewee 3 says, “the fact is that the employees *did* protest.” In Giddens’ term, the protest itself is a “strategic conduct,” with an intended outcomes (their own economic well-being) and unintended consequences (reinforcing the authoritarian system). The tug-of-war between the government, the enterprises and the employees is a process of producing structural changes and reproducing the social structure at the same time.

6.4. Besides direct protest actions, people are also using mass media as an outlet. Although the Chinese government still exerts censorship on the media, it has loosened up the control over the media, by allowing "social" papers and magazines to be published other than the "political papers." So-called social papers are tuned into cultural aspects of social life, or the cultural reproduction of the lifeworld, which ideally contains hope for a true democratic order, should it be separated from bureaucratization related to modernization (Habermas 1987).

Interviewee 2 provided a case where people use media to engage the government in dialogues on environmental issues.

A: "The Municipal Government cut off a lot of trees. If this had happened in the past, what say would you have if the government wanted to do that? Nobody would say a word. It was exhausting enough just to survive. Who would care about trees? But (now it's different) these people (journalists of a so-called social paper) reported this incident six times in a roll. Not only did they interview scholars of the science academy, environmental institute, they also asked *laobaixing* about their opinions. They followed up this event and made it a hot issue of the city. Now the situation was different. The Municipal Government started to respond - because of the continuous media coverage.

Q: What is the final solution?

A: The solution was that the government had to explain their actions. (Interviewee 2)

Even the "political" media play a role in taking the common people's opinions into the official discourse. This has to do with an important feature of the Chinese government-controlled media - the coexistence of the published papers and the "internal reference" (*neican*). The former is accessible to the general public and the latter only to officials of certain ranks. To illustrate how the internal reference works, I quote my conversation with interviewee 2.

Q: What are the sources of the internal reference?

A: The journalists... When I noticed some social phenomenon, I can write two articles, one is for "the above" and the other is for the general public. You must make a clear distinction here. The real problems, for example, some terrible situations in a place, or anything that does not show peace and stability, should go to the internal reference. On one hand, the leaders will pay attention to the internal reference, and on the other hand, it cannot be shown to outsiders... You must tell the truth if you write for the internal reference...

Q: Is it because it has impact on policy making?

A: Right, right, right. Very important.

Q: But will the journalists risk being punished for revealing the dark side of the society?

A: No. That's what internal reference is for. If you had a chance to read it, you would find that it's all about the dark side.

Q: Does every journalist have the right to write for internal reference?

A: Yeah. Even *laobaixing* can write internal reference. If you write something valuable, I can do some editing and put it in the internal reference, with your named as the

author and me as the editor...But it won't be published in the newspaper. As an editor, I can make a lot of changes on your article, and give it to the internal reference.

Q: Has it ever happened? I mean, has any *laobaixing* written internal reference?

A: *Laobaixing* won't intend to write for internal reference. Their purpose is to publish articles on the newspaper. They probably don't even know about internal reference. But once I see the article, I know it can't appear in the newspaper. But there is something important in it, so I will decide to edit it into an internal reference article. (Interviewee 2)

I would like to make two points about the way internal reference works. First, there is no doubt that it serves the purpose of state control of information. Second, the people's concerns are expressed though their expression is mediated by the journalists and editors. How effectively this channel works for the sake of governmental control or for the sake of the public interest depends on the people who get involved in this process - the people who write, the editors, and the officials who read them. Though hardly in a democratic manner, a discourse is carried out between the dominant and dominated actors.

6.5. A more open economy, and higher living standard in general also lead to people's multi-dimensional association, alternative outlooks on life and world, which partly explains the waning of the impact of the communist ideology. Interviewee 2 talked about the "soccer craze" and "qigong craze" in China. Interviewee 3 talked about the bridge and chess associations, organized by the employees within the enterprise. People have more ways of relating to each other, besides in the manner set up by the state hierarchy.

I would not hesitate to argue for the subversive potential of these associations, for the very fact that the government is well aware of the existence of these associations and tries to impose control over them. Interviewee 2 revealed that their newspaper was instructed by the Party not to have excessive coverage of "soccer craze" or "qigong craze"

because the government worries about the "unstabilizing factors" conceived in those social vogues. The discourse, however, is more complex than a dichotomy of power and resistance when the following situation is taken into consideration.

Q: Are those associations organized by the employees themselves?

A: I think at the beginning they were all initiated by the employees themselves. But since the employees have no funding, these association all became affiliated with the Party Committee. It's kind of weird. One member of the Party Committee is in charge of the cultural activities...even though this should not be a function of the Committee.

Q: Did the employees want to be affiliated with the Committee or the Committee wants them to be affiliated?

A: Well...Before I left the company recruited a lot of young people, who wanted to establish a soccer club so that they can buy balls, uniform, and rent fields. So they all thought of the Party Committee (smile) - They have money. We wanted to go under the Committee so that we could apply for money through it and organize activities. (Interviewee 4)

So, who is in control in this case? When I tried to make the point that the Party might try to control these activities by affiliating these associations with their political Committee, the interviewee laughed that idea off. In his opinion, the employees are taking advantage of the economic resources of the Party Committee through voluntarily subjecting their organizations to the committee.

In general, however, these alternative ways of associating with each other have potential impact on the institutional change because it is transforming the constitution of social networks and opens up more channels of information transmission. These secondary associations, which constitute a rudimentary civil society, provide a base for further development of social movements and collective action (Calhoun 1994).

Conclusion

Based on the above analysis of official document and interviews of former state employees, I conclude that the agency of *laobaixing* is crucial in both official and plebeian

discourses. In the former case, policy-makers try to be sensitive to people's response to the reform so that the economic transformation of society remains in control politically.

The plebeian discourse, though often apolitical, might actually lead to action that imposes structural changes in certain directions. The common employees are very well-informed of the reform policy, of the organization and management of the specific institutions they work for. State employees tend to maximize their own interest through the policy, or sometimes the "loopholes" of the policy. When the policy or the implementation of the policy is against their own interest to the extent that they cannot maintain their basic living standard, there are various ways in which they express their dissatisfaction. Though they do not always succeed in bringing about substantial policy rectification, they *will* have their grievance known by the government. In general, people perceive more control over their own lives, more means to engage in discourses with the state, more alternative ways of thinking as opposed to the Party line and the state policy.

The common employees' response to the economic reform, be it resistance or cooperation, more often than not is spontaneous and expedient due to the rudimentary state of civil society in China. A more developed civil society, however, seems to be an inevitable trend if the human agency of *laobaixing* is recognized. Nonetheless, the common employees' actions are always based on their own knowledge and understanding of the reform policies and the particular social settings they are located. Their agency has been playing a significant role in the economic reform and will continue to do so though the influence might not be quick and conspicuous. Giddens, again, provides us an insightful and optimistic remark:

"In some circumstances, and from some aspects, those in subordinate positions in society might have a greater penetration of the conditions of social reproduction than those who otherwise dominate them" (Giddens 1979).

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