INTRODUCTION

ON APRIL 20, 1959, at a mass gathering celebrating the tenth anniversary of the Liberation of Nanjing, Xia Shuiliu, president of Nanjing General Trade Union, declared:

> "On April 24, 1949, Nanjing was liberated. From that time on, the workers of Nanjing have been transformed from the slaves of the old society into the master of the new society. They have shaken off forever the yoke imposed by reactionaries, gotten rid of the sufferings of hunger and unemployment, and ended a life that had been worse than that of beasts of burden." (NJ6001-2-279)[1]

Xia's speech, eloquent as it was, in fact only reiterated the Maoist rhetoric about industrial workers. In the three decades following the founding of the People's Republic in 1949, the state's propaganda elevated factory workers to the status of *zhurenweng* or the "masters" of the country. Indeed, as a privileged group, workers of state-owned factories were entitled to a full range of benefits unavailable to the rest of society. In return, they were expected to "treat the factory as home" (*yi cang wei jia*), take good care of its properties, and work diligently in everyday production. As the "leading class" (*lingdao jieji*) of socialist China, they were encouraged to participate in the

"democratic management" (*minzhu guanli*) of the factory and take initiatives in technological innovation. The workers, in other words, were more than the employees of an industrial firm in the state's representation; they had the inalienable rights to own and run the place where they labored every day.

In sharp contrast, to justify the initiation of economic reforms in the late 1970s and the 1980s, the official discourse of the post-Mao era downplayed the economic performance of the Mao past. It underscored the inefficiency of production and chaos in labor management in state firms before the reform, attributing the poor performance in industry to the policies of egalitarianism, excessive centralism, and ultra-leftism of the radical leadership that prevailed in the late Maoist era, known notoriously as the "Gang of Four" (*sirenbang*). Workers of state firms, in this light, appeared to be shirking and slacking on the shop floor because of the lack of material incentives, and they seemed disinterested in participating in factory governance due to factory cadres' arbitrary leadership. So wrote Hu Qiaomu, a key propagandist of the post-Mao leadership, in an editorial of *The People's Daily*:

> "Under the reign of the Gang of Four, it made no difference for workers to produce more or less, to work hard or slack off, and to perform well or poorly, when the system of economic accounting was badly damaged. In other words, there was no calculation and supervision of labor input at all. At some work units, workers were paid even if they did not work year-round. Still at some work units, production was up to temporary workers; regular workers never went to work, or only worked privately for personal gain, or just loafed around." (Hu Qiaomu 1978)

In a similar vein, a divide exists in the Western literature on Chinese workers and factory politics under Mao. Based on their readings of the official publications from China or guided visits to the Chinese cities, some researchers in the 1970s noted the rapid growth of Chinese industry and the effectiveness of worker participation through formal or informal channels of factory management.[2] Other scholars, however, portrayed Maoist China as yet another totalitarian society modeled largely after the Soviet Union, and emphasized the party-state's total control of all aspects of the social, economic, and political lives of its people.[3] The factories in urban China, in this light, appeared to be atomized units in which the workers, as well as

urban residents at large, existed as victims living in fear and dependent on their supervisors; recurrent political campaigns and the stifling of personal expression arguably further enhanced the state's effective control of local communities without having to use secret police rule (Whyte and Parish 1984, 295, 367; Whyte 1999, 177–178). Despite the state's promotion of "democratic management" of factories and its attack on bureaucratism and hierarchy during the Cultural Revolution, what prevailed in Maoist China and continued into the post-Mao era remained "patrimonial" leadership (Kraus 1983; Burns 1989; Lü 2000a, 2000b) or "neotraditionalism" (Walder 1986, 1987, 1989). This was evidenced by the factory cadres' arbitrariness in dictating workers' well-being, the workers' dependence on and personal loyalty to their supervisors, political particularism in cadre-worker relations, and a subsequent split between the privileged activists and the rest of the labor force.

Recent studies have definitely departed from the paradigms of totalitarianism, patrimonialism, and neotraditionalism. Together they reveal a more dynamic and complicated picture of factory politics in the Maoist era. Based on their fieldwork at a state-owned liquor distillery, Jonathan Unger and Anita Chan (2007) documented, for instance, a prevalent consensus in the enterprise that all workers who had contributed to its growth for years or decades were entitled to its resources. This shared notion of "economic justice," the researchers contend, functioned to regulate the relationship between factory leaders who continued to act in a paternalist style and the workers whose rights were well respected in the early reform era. In another instance concerning state-owned enterprises in Northeast China, the workers, who suffered unemployment and marginalization in the 1990s, tended to nostalgically remember the Maoist years as a time when they had enjoyed a privileged social status and overall economic and political equality at workplace, as Ching Kwan Lee (2007a, 2007b) found through her extensive interviews with local residents. In both studies, the researchers noted that the workers being interviewed tended to emphasize their commitment to the enterprise and their hard work in production during the Maoist past despite the severe economic shortages and poor living conditions they had endured. The researchers interpreted this as resulting from multiple factors involving the workers, such as fear, anxiety, and compulsion on the one hand and consent, identity, and loyalty on the other, although these elements function differently for workers depending on their generation, locality, and industrial

sector. My own preliminary studies leading to this book further questioned the assumptions about widespread shirking among industrial workers and their systematic dependence on, and victimization by, factory leaders in the Maoist era. Instead, I found a set of strategies in the workplace that served the workers' interests and a pattern of power relations between cadres and workers that is best described as "symmetric" in nature (Li 2016, 2017). More recently, inspired by Guy Standing (2009, 2010), who observed a global phenomenon of "industrial citizenship" in the postwar decades in which workers' secured employments came with various practices of workplace democracy, Joel Andreas (2019) saw labor relations in China under Mao as no exception, where the workers' permanent employment in state-owned enterprises enabled them to participate in various forms of "democratic management" of the workplace, but he also underscored the Chinese workers' lack of autonomy under the party's monopoly of power at all levels. He thus described labor politics in the Maoist factory as a form of "participatory paternalism."

What, then, exactly were the actual experiences of Chinese workers in state-owned enterprises during the Maoist decades? Were they truly motivated to improve productivity and participate in factory governance, living up to their public image as the maters of the enterprises? Or, to the contrary, did they routinely slack on the shop floor in the absence of mobility and freedom to improve their career opportunities, fall victim to the violence of recurrent campaigns characteristic of Maoist politics, and frequently succumb to the abusive and corrupt cadres because of the failure or lacking of supervisory mechanisms, as the pro-reform discourse has assumed since the 1980s? Finally, what does a comparison with worker experiences in the post-Mao era reveal about the operational realities of factory governance before the reform?

Needless to say, these questions are key for understanding the Chinese economy under Mao and the origins of post-Mao reforms. For the Maoist state, the micro-level management of labor relations was as important as macroeconomic planning in shaping the overall performance of the socialist economy. In other words, the extent to which its goal of economic growth could be achieved depended not only on how its macro growth strategy for different sectors was implemented on the national level but also on the efficiency of day-to-day production in every factory. A thorough examination of the micro-process of labor management at the factory level, therefore, will help explicate how economic growth took place under Mao and why the

Maoist approach eventually yielded to post-Mao reforms. Moreover, labor relations at the factory level were at the core of the entire process of factory governance, which is key to understanding state-society relations in Maoist China. An examination of the practices and institutions of labor politics at the industrial enterprises, therefore, will shed light on the actual functioning of the Maoist approach to grassroots governance and its impact on the mechanisms of social control in the post-Mao era.

Unlike the existing scholarship on Chinese workers that has been done mostly by social scientists in sociology, anthropology, and political science, what follows is a systematic study of workers' everyday experiences in factory governance using a historical approach. It begins with a scrutiny of the formation of workers' personal identity through the classification of family status, admission into the party, pursuit of honorary titles, and involvement in political study sessions. It was, after all, through this process of identity formation that the workers defined who they were, perceived how they related to one another in the workplace and beyond, and determined what they could do and what they must avoid. I will then examine workers' involvement in the institutionalized channels of interest articulation, such as the staff and workers' congress (SWC), the trade union, and the appeal system, as well as their participation in recurrent political events that culminated in the Cultural Revolution. Through a detailed analysis of these routine mechanisms as well as unusual events, we will discover how the workers formed their choices and strategies in expressing their concerns and defending their interests as individuals and as a group. I will emphasize workers' day-to-day interactions with the cadres and the pattern of power relations that conditioned the functioning of an entire set of systems and practices in factory governance. I will pay equal attention to how those systems and practices motivated as well as constrained the workers in everyday production; after all, the single most important goal for the socialist state and its agents in labor management was nothing less than the timely and complete fulfillment of production tasks. To what extent the workers were willing and able to finish the assigned tasks was also the best measurement of the effectiveness of factory institutions.

As a historical study, the goal of this work is to reconstruct the realities of factory production and management in the Maoist era and compare them to worker experiences after Mao. My ultimate concern is to conduct a bottom-up inquiry into the dynamics, and their limitations, underlying the growth

of China's industrial economy during the Maoist era and the logic behind China's transition from a planned economy to a market-based economy in the post-Mao era.

THE MAOIST PAST AS HISTORY

As I have argued elsewhere, a constant challenge to historians is how to reconcile between their shared commitment to objectivity in reconstructing the past and the inevitable subjectivity or personal preference in their selection of the object of investigation and the approach to interpreting it. Such preferences reflect more or less one's intellectual inclination and even ideological bias, which in turn have to do with the influences of the paradigm that prevails in a given discipline or field as well as the ethos of the society or age in which the researcher is situated (Li 2013). "Subjectivity" is particularly an issue in the studies of economic and political policies of Maoist China. During the height of the Cold War years in the 1950s and 1960s, ideological and geopolitical confrontations between capitalist and socialist countries led many in the West to characterize Maoist China as a totalitarian state and therefore repudiate its economic institutions and policies. The escalation of the Vietnam War and the rise of antiwar agitations in the United States in the late 1960s and 1970s, however, caused a growing number of leftist intellectuals to be critical of U.S. foreign policies and the underlying modernization theory and at the same time sympathetic to the nationalist and socialist movements in the non-Western world (Latham 2000; Gilman 2003). Maoist China, in this light, emerged as a model for the rest of the Third World for its impressive records in industrialization, elimination of epidemics and extreme poverty, promotion of public health and literacy, and improvement of women's status in the family and workplace by the late 1970s.[4] Nevertheless, the inception of "Reform and Opening Up" in post-Mao China, the liberalization of intellectual and political lives that culminated in the student protest movement of 1989 and its tragic ending, and finally the collapse of the Communist states in Russia and East Europe by the end of the Cold War period—all these developments contributed to the predominance of neoliberalism in Western countries and beyond in the post-Cold War era. Many in the West, therefore, attributed China's vigorous economic growth and prosperity in the reform era to the forces of the market and privatization;

in sharp contrast, their writings reduced the Maoist past and its legacies to nothing more than repeated failures and endless tragedies.

More recently, however, China's meteoric rise as a global manufacturing center and the quick improvement in the living standards of Chinese people since the turn of the twenty-first century have caused scholars to reexamine Maoist legacies. These include the central role of the socialist state in engineering China's phenomenal economic growth, and the impressive durability and adaptability of the state itself despite the Western media's repeated predictions of its coming collapse. Unlike the literature about Maoist China up to the 1990s, which had been largely a product of area studies conducted by scholars in social sciences, the new generation of scholarship on Maoist China since the 2000s has been primarily a result of the emerging discipline of the history of the People's Republic of China (PRC) as a subfield of modern Chinese history, and most of its contributors are historians rather than social scientists.[5] Furthermore, unlike the earlier scholarship, which tended to be policy studies by social scientists centering on aspects of the Maoist state's top-down process of policy-making, the new generation of scholarship has focused largely on the bottom-up process of history, that is, the events that actually took place at the local level or the experiences of the individuals who actually participated in those events. With the ideological confrontation of the Cold War era left far behind, it is more likely than ever before that researchers will put aside the highly polemic and ideologically charged controversies and focus on the objective reconstruction of the Maoist past as history. This study joins the recent efforts of historians to reexamine post-1949 China.

The biggest barrier to the objective study of Maoist China, therefore, is no longer so much about the influences of contemporary geopolitical concerns or ideological biases among the researchers as the problem of subjective preferences or biases found in the sources that inform their research. By and large, recent studies on this subject have relied on two types of sources, namely, government archives that have been recently declassified and made accessible to researchers, and oral histories narrated by those who lived through the Maoist era. Unlike the official publications (primarily newspapers at national, provincial, or local levels and the documents of the CCP) that have informed many of the earlier studies on Maoist China, government archives reveal much about the actual implementation of the state's policies at regional or

local levels. But the archives have their own shortcomings. First, the scope of topics covered by the archives is usually limited, covering only the parts to which government policies were directly applied and focusing only on a select group of people who actively participated in the implementation of such policies, thus obscuring the experiences of ordinary people. Equally problematic are the reports by local government officials, as well as the confessions (or "self-examinations") by the targeted individuals of their "wrongdoing," which cover only the facts that were believed to prove the correctness of the policies and omit the aspects where the policies did not work. This study is no exception in using government archives. Much of its discussion about worker participation in factory governance draws on reports generated by the state-owned enterprises in Nanjing, currently preserved at Nanjing Municipal Archives. The problems with government archives previously discussed also exist in the records from this locality.

To complement, and offset the problems of, government archives, this study relies primarily on interviews with retirees from major industrial cities who worked in state-owned enterprises during the Maoist years. In 2012–2013, I collaborated with a team of researchers from different universities in China to interview a total of 97 retirees from different state-owned enterprises in Shanghai (19), Beijing (11), Jiangsu (14, mostly from Nanjing), Hubei (28, mostly from Wuhan), Zhejiang (5, all from Ningbo), Liaoning (5), Guangdong (3, all from Guangzhou), and other localities. Participants in this collaborative project are researchers, university faculty members, and graduate students from the institutions located in the aforementioned cities who selected the interviewees from their family members, relatives, friends, or acquaintances. The interviewees were identified to meet a basic requirement: having worked as regular, full-time workers or cadres in a state-owned enterprise between 1949 and 1976. Among the 97 interviewees, 39 were cadres at certain points during their careers in the state firms (5 factory heads, 7 workshop foremen, 11 group leaders, 1 party branch secretary, 1 trade union chair, 2 engineers, 3 technicians, 2 quality-controllers, 6 office clerks, and 1 teacher) and the rest were ordinary workers. They were employed in enterprises of different sectors (18 in machinery, 15 in textiles, 8 in metallurgy, 7 in electronics, 9 in petroleum, 4 in chemical industry, 4 in mining, 5 in construction, 5 in transportation, 6 in food processing, 3 in chemical fertilizer, 3 in tools, 2 in rubber, 1 in pharmacy, 1 in printing, 1 in plastic products, 1 in lighting, and

4 in various logistic services). The interview conducted with the 97 retirees was based on a standard questionnaire, consisting of 43 questions, that surveyed their personal experiences in factory production and political activities during different decades and specific movements. Each interview resulted in a written transcript varying from approximately three to ten thousand characters in length.

It should be noted that interviewing the retired workers and cadres in the early 2010s was very different from doing so decades earlier. Having just lived through the Maoist era and with vivid memories of factory life behind them, those who were interviewed by researchers from the West in the late 1970s and early 1980s, mostly in Hong Kong as emigrees or refugees, could certainly provide more accurate and detailed information about their personal experiences and observations of grassroots politics in urban China. However, what they told more likely reflected the most recent developments in their work units than those back in the 1950s, 1960s, or early 1970s, and their memories and judgments were necessarily tinted by the striking contrast between Hong Kong and mainland China in living conditions and sociocultural environments as well as by the propaganda of the reform-oriented state in the early 1980s, which underscored the myriad of problems with state firms in production and management in order to justify its reform agenda that departed from the Maoist past.

By contrast, interviewing the workers more than three and a half decades after the inception of the reform era has its own advantages and disadvantages. The disadvantage is that for many informants, now in their seventies or eighties, details about their factory experiences have faded from memory; it was also hard for some of them to specify the exact year or time range of certain events. Nevertheless, recollecting their factory life decades after the Mao era could also dilute the color caused by the sharp contrasts that shocked the interviewees who had just emigrated or escaped from China around the end of that era. What the more recent interviewees described is more likely about the entirety of their overall career as workers or cadres in the factories throughout the Maoist period rather than their experiences only in the last years of that period; their judgments could be more "well-rounded" than the testimonies of those newly arrived in Hong Kong decades ago. At the same time, however, the stark contrast between the Maoist era and the 2010s (i.e., decades after marketization and privatization of the industrial economy)

in workers' social status and in their relations with enterprise management could also affect the informants' subjective reading of the past; from time to time, some of the interviewed retirees displayed a sense of nostalgia or strong aversion toward what they witnessed or lived through before the reform.

Added to the complexity of how to use the information provided by the interviewees of different backgrounds and experiences is the necessity and difficulty in distinguishing between the different years or periods of the Mao era or the different historical backgrounds to which the information refers. Many changes occurred to the economic organizations and grassroots politics in industrial firms throughout the three decades of the Maoist era as a result of the major shifts in the state's macroeconomic strategies and industrial policies. These shifts accounted for the recurrent alternations between the state's emphasis on material stimuli and prioritization of moral or political standards in incentivizing the workers, between its use of bottom-up initiatives and top-down implementation of regulations to boost productivity, and between its reliance on professional "expertise" (*zhuan*) and promotion of political "redness" (*hong*) in selecting the "activists" from among the rank and file for promotion or other rewards in state-owned enterprises. All these changes had an immediate impact on the everyday politics in state firms, thus causing the balance of power to tilt toward the rank and file at one time and toward the management at another. Therefore, when quoting our informants, this study will be as specific as possible on the backgrounds of the informants or any other individuals involved and the time period in which the events or phenomena being discussed took place, with an aim to make sense of factory politics under the state's different policy orientations at different times.

Nevertheless, many of our informants' comments do not specify a particular year or period. Instead, they described their experience of factory life in a general way. The value of such generalized observations should not be discounted. After all, there were some basic institutions in the state-owned enterprises that remained unchanged throughout the three decades of the Maoist era and essential to the formation of power relations in the industrial firms. These included: the standard three- or four-tiered hierarchy of production organization in a regular state-owned factory, which we will describe later; the state's definition of industrial workers as the "leading class" in society in its ideology and as the "masters" of the factory in relations to

the cadres; regular workers' entitlement to lifetime employment and a full package of welfare benefits that was guaranteed by the state and out of the factory management's control; and the lack of periodical increases in their wage level and the use of seniority as the primary criterion in determining their eligibility for a raise when it did occur nationwide. These institutions were no doubt the most important factors in shaping the historical context of factory politics, in which the workers developed their self-consciousness and everyday strategies for interaction with the cadres and among themselves during the "normal" times of the Maoist era, especially the 1970s when the chaos of the Cultural Revolution was over and of which our informants' memories were the clearest in relation to the earlier periods. Therefore, wherever the years or the particular period is not specified, it is assumed in this study that our informants' comments generally refer to the 1970s and sometimes the Maoist era as a whole.

All in all, despite the exceptional richness of government archives and personal narratives in revealing the actual implementation of government policies and workers' everyday experiences in factory governance, it is necessary to caution against possible distortions in our examination of this process caused by the biases inherent to these two types of sources, including the highly selective and one-sided representation by factory cadres or government officials in line with state policies and the equally selective memories of the retirees that have changed over the past decades from being resentful to nostalgic of the Maoist past. To minimize such distortions, therefore, this study emphasizes the use of two analytical approaches: (1) to distinguish between the ideologized and highly formalist representation of the official institutions in factory governance on the one hand and the substantive approach to factory governance as seen in the actual functions and efficacy of these institutions on the other; and (2) to distinguish between the formal institutions that shaped the official framework of factory governance and the informal institutions that created the social context in which the formal institutions operated. Let us begin with a discussion of the first approach and its application to our analysis.

SUBSTANTIVE GOVERNANCE UNDER SOCIALISM

A standard but complex set of systems existed in all state-owned factories throughout Maoist China that defined the rights and duties of individual

workers, ranging from regulations about their employment, classification of personal background and standing, and entitlement to welfare benefits offered by the factory, to requirements of their performance in day-to-day production and involvement in various events and organizations at different levels. Ideology played a key role in the state's formulation and justification of the purposes of these systems and regulations. In a fashion of "high modernism" (Scott 1998, 87–102) commonly found in the ideologies of authoritarian states, Maoist China embraced the goals of industrializing the nation on a larger scale and at a faster pace than its capitalist counterparts, building an egalitarian society by eliminating inequality and hierarchy between different classes, and making the socialist state more democratic than its capitalist rivals by encouraging the laboring people to participate in the management of factories and the entire country. It was on the basis of Maoist ideology that the state developed its factory system, such as the classification of workers into various categories ranging from the ordinary "masses" (*qunzhong*), the more desirable "Advanced Producers" (*xianjin shengchanzhe*) or other honorary titles, and the politically reliable "party members" (*dangyuan*), to the undesirable "backward elements" (*luohou fenzi*), "bad elements" (*huai fenzi*), or "elements of the Four Categories" (*silei fenzi*, namely, landlords, rich peasants, counterrevolutionaries, and bad elements; expanded to "Five Categories" to include rightists after 1957). It was also based on Maoist ideology that the workers were required to attend daily sessions of political study, join the labor union, elect their representatives to the SWC, participate in factory management and technological innovations, and fight bureaucratism by appealing to government authorities. Maoist China, in a word, was no different from other "totalitarian" states in its heavy reliance on an ideology to legitimize its apparatus at every level and its programs of social transformation. Not surprisingly, for decades since the founding of the PRC in 1949, much of the debates among researchers and policymakers in China and beyond about factory management of the Maoist era have centered on the questions of whether or not, and to what extent, the workers were able to exercise their "democratic rights" versus succumb to the arbitrary leadership and abuse of power by factory cadres.

But the importance of ideology in the formation and operation of the factory system should not be overstated. By centering on an analysis of worker participation in everyday production and management, this study

demonstrates a striking disjunction between the ideological goals of factory institutions and their instrumental functions in actual practice. To put it bluntly, the Maoist ideology lost a lot of its original purpose and meaning as a theoretical guide for action in the Communist revolution or socialist construction as it was designed; in its everyday application, this ideology became nothing more than a convenient tool for the factory to regulate production and discipline the workers. Key to understanding this disconnect is an understanding of the functional versatility of the Maoist ideology. In his monumental work *Ideology and Organization in Communist China* (1968), Franz Schurmann distinguished between what he termed "pure ideology," or a set of ideas to guide one's formation of a unified worldview, such as the doctrines of Marxism and Leninism, and "practical ideology," or a set of ideas to guide one's actions in the real world, such as the "Mao Zedong Thought," which was derived from connecting pure Marxist and Leninist ideology to the Chinese revolution (22–34). In its actual application to the realities of factory governance in the Maoist era, however, not only did the pure ideology of Marxism and Leninism lose much of its relevance to workers' daily experiences, but Mao Zedong Thought as the party-state's practical ideology also failed to function as it was originally designed. Rather than a set of rich and sophisticated ideas derived from the experiences of the Communist revolution, when relating to the daily practice of factory governance, Maoist teachings were reduced to a set of quotations completely detached from their original contexts. Ideological indoctrination became nothing more than the daily routines of reciting Mao's quotations or reading party documents based on Mao's instructions.

Nevertheless, through the repeated sessions of political study and after years of recurrent political campaigns, workers did indeed grow a collective consciousness about who they were, how to distinguish between "us" and "others," what the "correct" ways were to speak and behave, and what was "wrong" and how to avoid it. In other words, the party's ideology, even though it deviated from its original context and lost much of its intended meaning, firmly established its "hegemony," to borrow from Antonio Gramsci (1976, 328), in Chinese society and came to shape the political consciousness and everyday expressions of factory workers as individuals or as a group. It was in the language of the party's ideology that different groups of people were identified and classified; this highly ideological language further defined

power relations among these groups and fashioned their everyday operation. Ideology, in the final analysis, functioned merely as a practical instrument for labor control. It generated a pervasive discourse characteristic of the Maoist society that separated its real-world functions from ideological ends but worked effectively to mediate the complex relations among the state, cadres, and ordinary workers. This is clearly seen in the discussion of various factory institutions in the following chapters.

Chapter 1 examines the day-to-day operation of various factory systems and practices in shaping workers' identity and status. Unlike the conventional wisdom that interprets the state's stress on ideological goals as the very end of the party's state-making efforts, this chapter reveals the use of ideology or its conversion into a workplace discourse as a pragmatic means to discipline the labor force. Thus, while the Maoist teaching was used to justify the classification and labeling of factory workers based on their family origins, in actuality, this chapter argues, such groupings functioned only to cultivate the workers' consciousness of self-discipline and compliance with the state's institutions of social control. Much of the same can be said about the effects of political study sessions. While ideological consideration seemingly served as a key factor in identifying workers for the political rewards of party membership or other honorary titles, this system of moral incentives turned out to be more cost-effective than material stimuli in motivating the workers and mitigating popular resentment during times of severe economic shortage.

Chapter 2 further investigates the institutions for worker participation in factory management, including the SWC, the trade union, and the appeal system. Contrary to the state's ideological definition of these institutions as tools for workers to exercise their rights or as channels to promote democracy in factory management, workers found few chances to participate in their factory's decision-making process by those means. The conventional wisdom about the perfunctoriness and ineffectiveness of these institutions in promoting "democratic management" in the factories thus was valid in this sense. Nevertheless, through an in-depth examination of their day-to-day operations, this chapter argues that these institutions operated to serve a wide array of practical purposes that have been largely overlooked in past studies. They turned out to be quite effective and indeed indispensable ways for workers to express practical needs for improved conditions of production and livelihood as well as to vent their discontent against irresponsible and

abusive cadres. Government authorities and factory leaders also allowed, and sometimes encouraged, workers to use these channels, and leaders frequently satisfied worker demands in order to assuage disgruntlement and keep the labor force in good spirits. None of these demands had to do with the workers' role as the masters of the enterprise or with democracy in factory management, but they did satisfy day-to-day needs in the workplace and beyond.

The Maoist approach to labor management and factory governance thus was pragmatic and substantive in nature. For the socialist state, the most important goal in running the factories was ensuring their smooth operation. For that end, it had to keep the labor force disciplined in the most cost-effective way, that is, to rely on the means of moral and political incentives while reducing the use of material rewards. At the same time, it also had to satisfy workers' reasonable demands to ensure that their subsistence needs were met and that they performed their production tasks as expected. Despite its commitment to workers' rights as factory masters and democracy at the grassroots level, the state had to rely on experienced cadres and engineers to effectively manage the state-owned factories while limiting the scope of workers' participation in management to avoid chaos and inefficiency in production, a lesson it learned repeatedly from the Great Leap Forward and the Cultural Revolution. For the Maoist state, the practical needs of factory production were more important than its ideological claims. In fact, in most of the Maoist era, the state had to use its fractured ideology to serve its goals of production rather than the reverse.

The key to understanding the prevalence of substantive governance in Chinese industry lies in a profound contradiction that was inherent to the Maoist state, namely the incompatibility between its ideology that had bolstered its rise to power and its new mission of industrialization after it came to power. The Maoist state was in essence a mobilizational one. It won the civil war against the Nationalist regime by appealing to the masses in rural and urban China. Central to its mobilization was the making and popularization of a revolutionary ideology that promised economic and political liberation of the peasantry and the working class. Therefore, after the founding of the PRC in 1949, the Maoist state defined itself as a government based on the alliance between peasants and workers, with the latter as the leading class in society. It was this ideology that led the Chinese Communist Party (CCP) to designate industrial workers as the factory masters who supposedly had the innate right

to participate in enterprise management; this same ideology drove some of the idealistic policymakers to promote democracy in factory management. Nevertheless, the most important and challenging task for the socialist state after 1949 was economic reconstruction, central to which was the quick recovery of the devastated industry in the cities. After the completion of economic recovery in 1952, the state faced the even more urgent and daunting task of full-scale industrialization, which required the institutionalization and bureaucratization of the state apparatus to run the increasingly complex and ever-expanding economy and society.[6] Thus, throughout the decades under Mao, the Communist state struggled to strike a balance between its commitment to the revolutionary ideology and its need to institutionalize. From time to time, this balance tilted to the former, resulting in radicalism against the privileged elites; but most of the Maoist era maintained a delicate balance, tolerating the hierarchy and inequalities in the socialist society. Not surprisingly, in the day-to-day management of state-owned factories, experienced cadres and technical experts dominated; worker participation and workshop democracy were greatly curtailed or nonexistent.

THE WORK-UNIT EQUILIBRIUM AND WORKER PERFORMANCE

Aside from the differences between their ideological representation and instrumental utilities, to understand the operational realities of factory institutions, we should further distinguish the formal, official institutions from informal and unofficial practices that were usually invisible yet indispensable in shaping the social context in which the formal institutions functioned. It was the interaction between these formal and informal institutions, I shall argue, that generated a low-level equilibrium in the political and economic relations in state-owned factories, which worked to maintain industrial production during the Maoist era. Rapid industrial growth, in other words, was not merely a result of the Maoist state's macroeconomic strategizing, as numerous studies have demonstrated in the past, but also had to do with the functioning of the complex and nuanced microeconomic mechanisms on the shop floor, an element that has been largely overlooked in previous scholarship about the Chinese economy under Mao.

The term "formal institutions" here refers to a wide range of official systems and policies that were universally implemented in every factory in Maoist China. By and large, there were two sets of such formal institutions.

One set was administrative and political, including: (1) the management personnel of a factory, ranging from the party secretary and factory director at the top, to workshop directors in the middle, and production group leaders at the bottom; (2) political organizations that had their branches and members in the factory, namely the CCP and the Communist Youth League; (3) organizations open to worker participation, namely the SWC and the trade union; (4) the appeal system, also known as the system of people's letters and visits; and (5) the daily, weekly, or periodic sessions of political study. The other set concerned factory production and labor management, including: (1) permanent employment for the vast majority of factory workers; (2) their entitlement to a full range of welfare benefits, ranging from maternity leave, childcare, children's education, and hospitalization to housing, food and grocery supplies, weekend or holiday activities, and retirement pensions; (3) rules and regulations on workers' duties and performance in production; (4) regulations on workers' relocation, change of jobs, and so forth; (5) the wage system, including the regulations about wage grades, eligibilities for wage upgrading, and the criteria in using time-rate or piece-rate systems; and (6) regulations about the selection of workers for honorary titles and rewards, etc.

"Informal institutions," on the other hand, refers to practices and relations in the workplace that were not prescribed in official regulations yet remained prevalent in and outside the factory to condition the functioning of the formal institutions. Some of them deviated significantly from, and even ran counter to, state ideology or factory regulations, such as the practices of favoritism, nepotism, patron-client ties, or personal connections (*guanxi*) that have been covered well in past studies on industrial organizations and the party-state in Maoist China (Walder 1986; Yang 1994; Lü 2000a). However, the range of informal institutions to examine in this study is much broader; it covers the informal or invisible institutions that directly influenced the operation of the formal institutions and includes workers' identity or self-perception about who they were and how they were related to the factory and all others at the workplace; personal relations between cadres of different levels and the rank and file in the factory; work norms or shared expectations among the workers about what constituted an acceptable job in production; cultural values and customs that the workers had learned in their growth to adulthood; and social networks that the workers developed in and outside the factory.

This study scrutinizes the operation of industrial organizations in Maoist China by taking into account both the formal and informal institutions outlined here. It postulates that the formal and informal institutions interacted to form a social milieu in which factory workers chose an action that best served their interests when participating in everyday production and dealing with people around them. The picture of industrial production and factory politics in post-1949 China that emerges from this perspective thus differs from the conventional wisdom that accentuates inefficiency in production and worker dependency on cadres. My findings also disagree with a neoliberal assumption that sees China's industrial economy under Mao as a "failure" and attributes this to the lack of incentives motivating the labor force (Lin et al. 2003; Wu 2009; Coase and Wang 2012).

Chapter 3 examines everyday power relations in industrial factories. Instead of focusing on the obvious formal institutions, this chapter emphasizes the various informal institutions that worked to constrain both workers and cadres. Recruited from the rank and file, most of the grassroots cadres, including production group leaders and workshop directors, held power and influence over the workers not only because of their appointments by the superiors but, more importantly, due to workers' recognition of their leadership and capabilities. To effectively perform their duties as managers and supervisors, as well as to ensure the timely completion of routine production tasks, cadres of different levels had to win over workers' respect in order to gain their voluntary cooperation in the workplace, unlike the managers of private firms of the post-Mao era, who could enforce work discipline by firing a slacking worker. While the cadres were always in a position to protect a select group of workers who showed personal loyalty to them, they had to avoid flagrant favoritism and subsequent damage to their reputation among the workers. This was especially true during the recurrent political campaigns that invariably targeted any misconduct of the cadres. The workers, for their part, normally showed no hesitation to confront a wrongdoing cadre and defend themselves for two basic reasons. First, they did not have to worry about losing anything key to their livelihood in the Maoist era because of their right to permanent employment and guaranteed entitlement to the factory's welfare benefits. Second, and more important, workers enjoyed a particular discursive and psychological advantage over the cadres in the Maoist era, when the party-state's ideology designated the workers as the leading class

of the country with the innate power to supervise the corruptible cadres through political campaigns as well as the routine mechanisms of appeal to superior authorities. Thus, rather than the one-sided dependence of workers on cadres, as the conventional wisdom has suggested, this chapter reveals an equilibrium in cadre-worker relations. The workers interacted with the cadres on an equal footing by and large, and they were definitely more powerful in relation to the cadres than past studies have suggested.

Chapter 4 turns to workers' everyday experiences in production. It challenges the received wisdom that worker performance in Chinese factories under Mao was plagued with the problems of widespread shirking and perennial inefficiency because of the egalitarian wage system, which minimized income differentiation among the workers, and further because of the policy of permanent employment, which prevented factory leaders from firing workers due to poor performance. Without denying the existence of shirking as a problem in poorly managed factories and during times of disorder, this chapter underscores the role of work norms in shaping workers' everyday performance on the shop floor. Work norms, I shall argue, were not merely the result of enforced disciplines and cadres' on-site supervision, nor were they just the workers' response to the pressure of political campaigns that forced them to conform or to the incentives of spiritual rewards that motivated them to work hard. This chapter highlights the role a set of informal factors played in shaping the work norms, including workers' self-consciousness of their personal position in relation to those outside the state-owned factories, identification with their work units, and peer pressure from co-workers. The interaction between the formal and informal elements, this chapter suggests, shaped workers' perception of their workplace, defined what they thought to be a decent job, and formed their subsequent attitudes toward routine tasks. Under normal circumstances, neither flagrant shirking nor utmost diligence was a wise choice for the majority of workers; instead, the best strategy was to avoid being alienated by their peers or censured by the cadre, so they conformed to what they believed to be the proper way or acceptable level in performing their daily tasks—hence the prevalence of an equilibrium in everyday production. Rather than a sign of "innocence" or "simplicity," as many of our interviewees believed when talking about their commitment to the factory in the Maoist era, what dictated their performance in the workplace, I shall argue, was a shared disposition, or habitus, to borrow from

Pierre Bourdieu (1976; 1977, 72, 80), among the workers that was conditioned by their self-perception as a privileged group as well as their awareness of the objective environment in which they worked. The workers in Maoist factories were indeed rational actors who prioritized their self-interest over anything else, but they pursued this self-interest by taking full consideration of the social context and forming the best strategy of action.

A dual equilibrium thus prevailed in labor management and power relations in state-owned enterprises during the Maoist era. Far from passive and apathetic in production, or submissive and powerless in relation to the cadres, the workers were strategic and calculating when pursuing their interests as individuals or as a group by taking into account all formal and informal factors within their economic and sociopolitical universe. Without having to seek personal protection or favor from supervisors, most workers chose to keep what they thought to be a "normal" relationship with those in power, as their employment and livelihood were secured by the state; they would not hesitate to defend themselves by turning to the readily available means of appeal, formal or informal, when suffering unfair treatment at the workplace. An overall symmetry thus characterized the power relations between labor and management. In their everyday production activities, likewise, most workers habitually chose to do what they believed to be a "decent" job that met the expectations of those around them. Their criteria for being "normal" or "decent" certainly changed over time and from factory to factory, varying from strict compliance with official regulations and requirements to open defiance, depending on how the formal and informal institutions interplayed to shape the workers' shared attitudes and expectations. Usually, however, being "normal" meant maintaining a stable working relationship with those above them and delivering the timely and full completion of production tasks as scheduled. Both the cadres and the workers were subject to a set of shared dispositions that functioned to motivate as well as constrain them. The dual equilibrium in the workplace, more than any other factor, enabled the necessary degree of efficiency in production at the micro level, which accounted in large measure for the impressive growth of China's industrial output: at the rate of 9.4 percent per year between 1953 and 1978, if both the state-owned and collectively owned sectors are included (Guojia tongjiju 1987, 36), or 12 percent a year during the same period for the state sector only (Guojia tongjiju 2005, 63–64).

But the dual equilibrium in labor relations and power politics was fragile. Underlying it was a set of economic and social institutions that bespoke inequality and division within the factories and threatened to undermine the status quo. Chapter 5 shows that, despite its rhetorical commitment to social equality and the well-being of the laboring people, the Maoist state pursued a policy in the 1950s and the first half of the 1960s that resulted in a striking differentiation between social classes and between different groups within the working class in particular. Not surprisingly, the most conspicuous phenomenon in the factories at the beginning of the Cultural Revolution was the agitation of radical workers, who demanded higher wages. Temporary and contract workers who had been marginalized also joined the rebels to demand the conversion of their status into permanent workers, despite the state's quick suppression and condemnation of these requests as the "wind of economism." The Cultural Revolution itself had a huge impact on the existing equilibrium in the workplace. Most of the cadres at the factory or workshop level lost their positions due to seizure of power by radical workers, who came to control their factory and thus became its masters in a real sense during the first few years of the Cultural Revolution. The existing regulations in the workplace also lost their effectiveness in constraining the labor force when the workers were divided into different factions and when their violent confrontations caused chaos and disrupted production. Nevertheless, as the turmoil of radicalism subsided in the early 1970s, the dual equilibrium was gradually restored over the rest of the Maoist era, as a result of the rehabilitation of senior cadres, the marginalization and eventual expulsion of the most active rebels from the reestablished factory leadership, the recovery of the SWC and the trade union, the enforcement of working disciplines, and the restoration of all other factory institutions that had been paralyzed during the height of the Cultural Revolution. As the number of informal workers increased steadily throughout the 1970s, their gap with formal workers widened, despite the state's efforts to absorb most contract workers into the regular labor force in 1971 and 1972. In the final analysis, what really mattered to the Maoist state was not the party's ideological commitments but its practical concern with industrial productivity, which was key to its viability, and, for that end, maintaining the dual equilibrium in the workplace.

It is worth emphasizing that the existence of this equilibrium was based on the insulation and stability of the work unit (*danwei*)—that is, a factory or a workshop—as a microeconomic entity bolstered by a series of institutional

links. Each of these links was indispensable for the existence and functioning of the equilibrium; the malfunctioning or disappearance of any of these links would necessarily cause the equilibrium's damage and eventual collapse. Among these links are the following:

- The enterprise existed only as a "factory" of the state, subject to the state's centralized planning of every aspect of its operation, without being affected by any factors that made up a "market" and without "competition" from any other enterprises.
- Workers' employment in a factory was permanent; the factory management had no right to fire any of them, and at the same time the workers also lost the freedom to exit the factory and choose a job on their own.
- The recurrent political campaigns and the regularly repeated study sessions, together with other means of identity-building, generated a constant pressure for all individuals in a factory to comply with its work disciplines.
- Workers received a wage that was low by the standard of the post-Mao era but higher than the contemporary wage level for cohorts of comparable age outside state-owned factories.
- Workers had an all-inclusive welfare program that guaranteed their livelihood; this was also better than the benefits for workers outside state-owned enterprises.
- Employment opportunities at state-owned enterprises were limited, and getting into these firms was competitive.
- Workers in state-owned enterprises enjoyed a superior social standing compared to laborers in other economic sectors.
- The bonuses that the workers received in certain Maoist years served primarily as supplements to their wage income and were not linked with their performance in production.
- Workers had no opportunities to earn extra income outside their work unit.
- Honorary titles were the major or even the only incentives for workers who performed extraordinarily well in production.
- Upgrading workers' wage levels was based on government regulations. The factory management had no autonomy in making its own policy in this regard.

- The allocation of the essential "commodities" for livelihood, especially housing, clothing, and staple foods, were primarily based on workers' family size and the state's ration policies; factory cadres had little or no room to exercise their discretion.

These factors worked together to form a sealed and isolated "ecosystem" in which the equilibrium prevailed. Entitled to a full range of rights and privileges unavailable to the working population outside the system, hailed as the leading class in the socialist society, and shielded by various means, formal or informal, against possible cadre abuse, the workers had good reason to assume themselves the masters of the place where they labored every day. Few felt the need to seek particular favor from the cadres above them; when they encountered unfair treatment, they did not hesitate to speak out and fight back. On the other hand, unable to change their job, the workers had to count on the work unit for nearly all subsistence needs. Their perceived and imagined masterhood within a work unit was thus inextricably linked to a complete dependence on it. This paradox of being the master yet in bondage explains in large measure worker performance in factory production and attitudes toward workplace politics. While they saw no reason to show personal loyalty to a particular cadre, the workers' dependence on the work unit nevertheless led them to strongly identify with it, which in turn generated group solidarity among the workers within the unit. Given the tenuous link between labor and reward in production, they saw no reason to work exceptionally hard, but they did care about personal standing within their unit or group and therefore avoided conspicuous shirking and the resultant group sanctioning. For both cadres and workers, the best strategy for being a "normal person" (*zhengchang ren*) or to "live a normal life" (*guo zhengchang rizi*) was to do what they were supposed to do and avoid mistakes. How the workers performed in production and dealt with cadres depended on the extent to which the work unit was insulated and the equilibrium remained in place. They would choose to do a decent job as long as the ecosystem remained tightly sealed, and they would prefer shirking or exiting the ecosystem when the latter began to crack and collapse in the end, which eventually did happen in the post-Mao years.

THE FATE OF CHINESE WORKERS IN THE POST-MAO ERA

To show how the dual equilibrium yielded to a new dynamic in labor relations and factory politics in post-Mao China, Chapter 6 explores Chinese

industrial workers' experiences in enterprise reforms under the leadership of Deng Xiaoping and his successors in the 1980s through the 2000s. This chapter shows that each of the links that sustained the equilibrium suffered severe damages or collapsed one after another over the course of the reforms that led to the privatization of most state-owned enterprises. Faced with competition from the emerging rural township and village enterprises and foreign or joint investments, most state-owned enterprises witnessed loss of profitability in the 1980s, which, together with the state's worsening fiscal situation, triggered a series of reforms that destroyed those links and the equilibrium they bolstered: the introduction of the contracted responsibility system that greatly increased factory leaders' power in labor management; the wide use of bonuses to incentivize workers when many of them were attracted to money-making opportunities outside the factory; the conversion of all workers from permanent to contract employees with fixed terms of employment; and finally bankruptcy and privatization of most state firms or their transformation into shareholding corporations in the late 1990s. Workers' self-perception underwent huge changes during this course, from the proud "masters" of factories with a secured livelihood, superior social standing, and strong identity with their work unit, to contract workers vulnerable to management's abuses, or laid-off individuals living on subsidies and suffering the mental impact of marginalization. Gone was their identity with the workplace, together with the loss of group solidarity, peer pressure, and political pressure to conform. As a result, shirking and declining productivity became severe problems in many state firms before they were privatized. After privatization, the workers became nothing more than wage laborers who earned more than before but at the cost of their job security and commitment to the workplace.

Equally noticeable was the disappearance of the equilibrium in power relations between factory cadres and workers. Gone was the workers' political superiority as the leading class of society and as the masters of the factory, together with the cadres' dependence on workers' collaboration for timely fulfillment of production tasks. In the 1980s and 1990s, favoritism and clientelist ties became rampant among the cadres in state firms undergoing enterprise reforms that greatly increased their power in employment and labor remuneration. After the privatization of most state firms, the relationship between enterprise managers and workers was simplified into that

between bosses and employees. The institutional tools that the workers had used to express their grievances and address injustice in the workplace lost much of their functionality or did not exist at all; in their stead was the establishment of the new governing bodies in privatized firms, in which the ordinary employees were marginalized.

Needless to say, workers responded to enterprise reforms with resistance, as many studies have documented.[7] Of particular interest here is how the legacies of worker participation in the Maoist era influenced the employees of the post-Mao era in articulating themselves and choosing their actions. Chapter 6 underscores two features of worker activism in the restructuring of state firms in the 1990s and early 2000s. One is the workers' use of the Maoist discourse equating workers with the masters of their factories to justify their actions against the corporatization, merging, or outright selling of their factories when these changes failed to meet their expectations for compensation and reemployment. Nostalgic for the old days before the reform, workers felt disgruntled over the dire situation they encountered after the waves of massive layoffs. Their protests ranged from petitions to the government and traffic obstruction to occupying factory buildings and beating up the managers of the companies that now owned their factories. Behind their resistance was the workers' shared belief in their right to subsistence that was inextricably linked to the factory where they had worked for years or decades. No matter how morally justified, however, worker protests invariably ended in their yielding to the logic of the market economy and acceptance of their new fate as the master of their own labor only. The other feature of worker resistance in connection with Maoist heritage is the workers' use of the SWC to build consensus and legalize their actions. It was typically through the SWC that the workers vetoed the management's plan to sell all or part of the factory or demanded full compensation or reemployment opportunities. For the first and last time, the SWC did indeed function as a critical organ in making decisions with and for the workers themselves. Unfortunately, the SWC soon yielded to the shareholders' meeting as the decision-making organ for restructured enterprises, in which ordinary employees had no say at all.

As striking as the passing of the Maoist generation of industrial workers was the rise of a new type of labor force in China's industries, namely rural migrant workers, which has quickly come to dominate the manufacturing sectors since the late 1990s. After decades of massive flow into the cities,

migrant workers have seen drastic changes in their own rank and abilities. Unlike the first generation of the 1980s and early 1990s, who worked only temporarily in the cities and therefore tended to tolerate the harsh working conditions and minimal wages as long as they earned more in the factory than in the countryside, the second generation of migrant workers, mostly born after 1980 and with a better education, has shown a stronger willingness to integrate into the cities where they work and live. And unlike the workers of state-owned enterprises, whose resistance to enterprise reforms centered on better treatment by the existing or new employers, the migrant workers since the late 1990s have struggled for equal treatment with their urban counterparts, particularly in wages, working conditions, healthcare, social security, retirement, residential status, and their children's education. Most of such grievances targeted foreign or private firms, where migrant workers were largely concentrated and abuses at the workplace were severe.

Gone was the Maoist legacy of substantive governance in these firms; workers could no longer use the trade union or the SWC as effective tools to address problems concerning their working or living conditions, for the trade union did not exist in most private and foreign firms. Where it did exist, the trade union was subject to the firm owner's control, thus tending to side with the management rather than representing the workers when a dispute arose between the two sides. Interestingly, the higher the level of the trade union above the firms, the more likely it was to act autonomously in relation to the enterprise involved. This meant that in many cases the union intervened in favor of workers, even helping them establish their own trade union or reelect union leaders. The conflicting roles of the multilayered trade union system reflect the party-state's dilemma in managing labor relations throughout the reform era: While encouraging and protecting foreign or private investments for the sake of economic prosperity and tax revenue, the post-Mao state was also committed to rebuilding its legitimacy by reinventing the Maoist heritage of worker participation in factory governance.

All in all, Chinese workers underwent a profound transformation in their relations with the workplace during the enterprise reform of the 1990s and 2000s. Before the reform, they were exalted as the masters of the factory and privileged with a full range of rights and benefits. The institutions intended for their participation in factory governance were functional and substantive to the extent that they were indeed able to address their concerns with

working and living conditions through these channels. But their status as the most privileged group of the entire labor force in Maoist China came with the loss of freedom to choose their employment and negotiate for higher wages. Working for a state-run firm in Maoist China meant at once empowerment and deprivation. After the reform, workers became free in many ways: They could migrate anywhere for a new job and could quit a job they disliked, and indeed they changed their employers frequently. But their freedom came with a loss of job security and protection at the workplace. As the master of their own labor only, the new generation of the working class in private or restructured state firms continued to live in a state of bondage, entrapped in dire distress of low pay, long hours, and harsh working environments, and denied access to formal, independent organizations to effectively represent them. A new equilibrium in labor relations will not come into place until the migrant workers, as the major labor force in China's industry today, are entitled to a full range of legal protections, which would enable them not only to sell their labor freely but also to sell it for a good price and on their own terms.