

## Research Report

# Why We Cannot Count the “Unemployed”\*

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As of mid-2001, after six or seven years of massive bloodletting from the rolls of state-owned firms, one stark outcome is apparent. No one, and certainly not the central government, knows how many once-state workers have been removed from their posts. This article aims to characterize the chaos rampant in discussions of this programme, the human side of the dismantling of the state enterprise system, from a number of angles. My material leads me to argue that it is impossible to come to any kind of statistical judgment about China's current unemployment, particularly one drawing upon official statistics, which, because they are based upon extremely restrictive definitions, are fundamentally flawed. Government-generated data also throw into question any inferences about the plight of those moving in and out of the state of joblessness.

I use several approaches. I begin by reviewing what other outside scholars have concluded, and the discrepancies between their findings and estimates, and point to some crucial caveats about what can be known; then demonstrate the disarray that characterizes official data; and next display the set of perplexing terminology that Chinese authorities (both national and local) have devised, which in practice acts to disaggregate those discharged (whether officially or *de facto*). Finally, I contend that – much as there once existed a hierarchy of the urban employed, as Andrew G. Walder uncovered in an article published nearly two decades ago<sup>1</sup> – so today, at least in Wuhan, but probably also in other inland cities where state firms are numerous and their debts high, there obtains a very similar implicit scale, rank-ordering workless labourers in terms of the benefits and treatment they might hope to receive.<sup>2</sup>

\*Thanks to Kam Wing Chan and Thomas G. Rawski for helping me with sources. This report draws on two long papers, one presented at the conference on “Wealth and Labour in China: Cross-Cutting Approaches of Present Developments,” sponsored by the Centre d'Etudes et de Recherches Internationales, Paris, 6–7 December 1999, the other presented at the conference entitled, “On the Roots of Growth and Crisis: Capitalism, State and Society in East Asia,” sponsored by the Feltrinelli Foundation, Cortona, Italy, 2–3 March 2001, but also includes new data and insights.

1. Andrew G. Walder, “The remaking of the Chinese working class, 1949–1981,” *Modern China*, Vol. 10, No. 1 (1984), pp. 3–48.

2. Andrew Watson, “Enterprise reform and employment change in Shaanxi province,” presented at 1998 Annual Meeting of the Association for Asian Studies, March 1998, pp. 7, 8, 23. Watson speaks of a “hierarchy of urban employment” and a “continuum of employment conditions,” and on p. 16 lists the terms in use in Xi'an in 1997. But he does not spell out how the categories of what are really *former* workers were actually each treated in that city. Tang Jun, Sarah Cook, Ren Zhenxin and Wang Lu, however, do find in “Chengshi pinkun wenti yu zuidi shenghuo baozhang zhidu yanjiu baogao” (“Research report on urban poverty problems and the minimum livelihood security system”) (Beijing: Chinese Academy of Social Sciences, April 2000) that Wuhan is much less generous with its disbursement of funds for the poor than is Tianjin, Shanghai or Lanzhou.

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Together, definitional narrowness, the use of a broad array of differentiating labels for laid-off people and much disparity in official handling of those who lost their jobs combine to make both the numbers of redundancies and the numbers unemployed at any given time virtually unknowable. Thus, I aim to illustrate the complexity of fathoming what it has actually meant to be furloughed in China over the past decade and in the present. My information comes from the work of scholars outside China, from the Chinese press and journals published in China, and from about six dozen interviews that I conducted in the late summers of 1998, 1999 and 2000 with local administrators and laid-off people in Wuhan.

### *Scholarship Outside China*

Outside analysts, grappling for clarity, only converge on a few dismal facts: first and most critically, they uniformly agree that official statistics – both for the numbers of what is labelled “unemployed” (*shiye*) and the figure of the furloughed or “laid-off” (*xiagang*) – are far from the mark and are decidedly too low. A second point of convergence in their accounts is that national averages for those whose jobs have disappeared and for those supposedly “re-employed” (*zaijiuye*) obscure vast regional differences. And third, a number of them demonstrate that the army of the “jobless” (*meiyou gongzuo*, with *gongzuo* understood in the traditional sense of job security, regulation and welfare provision) has been officially broken up into numerous, variously defined, subdivisions, each with its own distinctive name. Besides these problems, most recognize that confusion arises for the analyst because data for those dismissed are generally not delivered with information on whether the numbers announced refer to people let go in the one year cited or those released cumulatively; neither do they specify whether the totals made public pertain to the people whose jobs are gone, or just to the smaller numbers of persons who remain without work as of the time when the news is disclosed.

Given these obstacles, there is no foreign scholar writing on the phenomenon of furloughs who believes there is any way to calculate accurately the true numbers either of the people pushed off their posts, or of the rate of “unemployment” in China today or, indeed, that at any time since the mid-1990s. This has not stopped an array of scholars from making estimates, some using official statistics, as available in labour and general national yearbooks; others drawing on books or journals, whether open or internal, published in China or in Hong Kong; still others relying on their own interviews and the surveys of Chinese researchers; and some using more than one type of source. The very range of resources informing their studies only reinforces the anarchy of information.

Thus, Antoine Kernén and Jean-Louis Rocca reckon that the count could be as high as 23 to 31 million sacked in 1998 and 1999. But in two single-authored pieces Rocca repeats the same figure, after adding together “all categories of ‘jobless’ ” (including workers considered normal workers but who are not being paid or who are paid just a small part of

their proper wage since, he explains, such people are de facto laid off and are often later reclassified as such), and claims it was current in 1997. He adds that this would amount to an unemployment rate of around 14 per cent.<sup>3</sup>

In a similar vein, a small box in the sometimes questionable Hong Kong journal, *Zhengming* reports that participants at a February 1998 research and discussion meeting held by the State Planning Commission admitted that those unemployed and laid off together reached a shocking 35 per cent of all staff and workers, presumably meaning all of those in state firms,<sup>4</sup> and that, without taking forceful measures, the state would find itself confronted with 31 million of these people as early as the year 1998.<sup>5</sup> According to Rocca, though, surveys undertaken by the State Council and labour departments found that 20 million had been laid off “until 1997.”<sup>6</sup>

Thomas G. Rawski cites Chinese economist Hu Angang as having worked out that the unemployment rate, including those laid off, was in the region of 5.7 to 7 per cent in 1997 (when the official figure was just 3 per cent), which Rawski notes is too low, since Hu omitted workers idled by plant closures, as well as peasant migrants.<sup>7</sup> By the next year, Hu’s “conservative estimate” was that real unemployment, taken as the sum total of the officially registered unemployed, the laid-off unemployed (that is, those known to the authorities who had not yet found new work), and the unemployed peasant labourers in cities and towns came to about 15.4–16 million people, at a “real unemployment rate of about 8 per cent.”<sup>8</sup>

Similarly, the United Nations’ “Human Development Report” on China for 1999, adding together the same three groups, offers a total of 15.4 to 16.4 million and a rate of 7.9 to 8.5 per cent.<sup>9</sup> And Hong Yung

3. Antoine Kernén and Jean-Louis Rocca, “The reform of state-owned enterprises and its social consequences in Shenyang and Liaoning” (ms., 1999), pp. 1–2. Also, Jean-Louis Rocca, “Three at once: the multidimensional scope of labour crisis in China,” paper prepared for the Conference “Wealth and Labour in China: Cross-cutting Approaches of Present Development,” Paris, 6–7 December 1999, p. 13; and “Old working class, new working class: reforms, labour crisis and the two faces of conflicts in Chinese urban areas” (first draft), paper presented at the Second Annual Conference of the European Union–China Academic Network, 21–22 January 1999, Centro de Estudios de Asia Oriental, Universidad Autónoma de Madrid, Spain, 1999, p. 10.

4. The term “staff and workers” (*zhigong*) is always used in this limited sense.

5. *Zhengming* (*Contend*), No. 245 (March 1998), p. 24.

6. Rocca, “Old working class,” p. 6. Since Rocca, a French national, wrote in somewhat awkward English, it is not clear if he means up to 1 January 1997 or by the end of the year 1997.

7. Thomas G. Rawski, “China by the numbers: how reform affected Chinese economic statistics,” *China Perspectives*, No. 33 (January–February 2001), pp. 25–34. Hu is cited in *Ping kuo jih pao* [*Pingguo ribao*], 19 March 1997, p. A15, in Summary of World Broadcasts (hereafter SWB) FE/2873, G/5, 21 March 1997; and *Sing tao jih pao* [*Xingdao ribao*], 7 October, 1996, p. A4, in SWB FE/2738, G/9, respectively, and also in *Ming pao* [*Ming bao*], 18 February 1998, in SWB FE/3155, G/13, 19 February 1998.

8. SWB FE/3750, 29 January 2000, G/11, from Hu Angang, “Policy suggestions to meet the challenges posed by unemployment,” in the State Economic and Trade Commission journal *Jingmao daokan* (*Economic and Trade Guide*), 30 December 1999.

9. United Nations Development Program, *China Human Development Report–1999: Transition and the State* (New York, 1999), p. 99.

Lee also comes up with a rate of 8 to 9 per cent representing those he terms the “total actual unemployed” in 1999. He arrives at this rate by using the government’s figures for the “registered unemployed,” plus the number of those “laid off” that he deems remained out of work that year. He also opines that 19.5 million were laid off in 1999, not including those whose wages were not being issued or those not in possession of a *xiagang zheng* (laid-off certificate; more on this below).<sup>10</sup> But I would maintain that all these numbers are woefully incomplete, precisely because they are based upon government statistics which fail to tabulate what must be millions, merely because their situations do not accord with the very narrow official definitions for “laid off” and “unemployed.”<sup>11</sup>

One more statistical analysis done by a scholar outside China is a piece by Wang Shaoguang, who counted “about 10 million” laid off by June 1999, of whom 7.42 million had come from state firms and 2.4 million from urban collectives. Wang relies on an article in the 2000 Chinese economic bluebook written by the Chinese scholar Yang Yiyong. But again, it is uncertain to the reader if Wang and Yang mean this to be a cumulative figure, or one current at the moment they mention. Wang’s paper works with the number of those who are officially tabulated as having been laid off; combining the official number of laid-off with the number of “registered unemployed,” he comes up with 14 to 16 million for 1998 and 18 to 19 million for 1999.<sup>12</sup> There is, once again, no way to determine whether he means that those numbers of people were let go in each of those two years, respectively, or whether, because of some people becoming re-employed, the total pool has increased only slightly from 1998 to 1999.

Fascinating field reports from Shaanxi and Sichuan by Andrew Watson, and by Robert Weller and Jiansheng Li, respectively, provide accounts of conditions and categories among the workforces and the furloughed in firms in these locales,<sup>13</sup> but are not concerned with conjecturing about larger patterns or numbers. Marc Blecher and Ching Kwan Lee have both written penetrating and creative interpretative pieces about the state of labour and the laid-off in Tianjin (Blecher) and Guangdong and Shenyang (Lee), also without offering any numerical computations<sup>14</sup>;

10. Hong Yung Lee, “Xiangang, the Chinese style of laying off workers,” *Asian Survey*, Vol. 40, No. 6 (2000), p. 924.

11. I give the official definitions for these terms below.

12. Wang Shaoguang, “Openness, distributive conflict, and social insurance: the social and political implications of China’s WTO membership,” ms. (Hong Kong, 2000), p. 11. A later version appeared in *Journal of Contemporary China*, No. 9, p. 25.

13. Watson, “Enterprise reform,” and Robert P. Weller and Jiansheng Li, “From state-owned enterprise to joint venture: a case study of the crisis in urban social services,” *The China Journal*, Issue 43 (January 2000), pp. 83–100.

14. Ching Kwan Lee, “The politics of working-class transitions in China,” paper prepared for the Conference on “Wealth and Labor in China: Cross-Cutting Approaches of Present Developments,” Centre d’Etudes et de Recherches Internationales, 6–7 December 1999, Paris (draft); and “From organized dependence to disorganized despotism: changing labour regimes in Chinese factories,” *The China Quarterly*, No. 155 (1999), pp. 44–71; and Marc Blecher, “Strategies of Chinese state legitimation among the working class,” paper presented to the Workshop on Strategies of State Legitimation in Contemporary China, Center for Chinese Studies, University of California at Berkeley, 7–9 May 1999.

and William Hurst has done a pioneering statistical study showing a positive inverse correlation between rates of lay-offs and rates of entering “re-employment service centres”<sup>15</sup> at the provincial level, based solely on official data from 1997.<sup>16</sup> So, in part because their authors employed different methodologies and in part because they had varying concerns, it is difficult to rely on secondary work in order to reach any general or solid conclusions about statistics on the unemployed in China today. Nor do Chinese sources provide any enlightenment.

### *Chinese Sources and their Flaws*

Whether intentionally to obfuscate or because its own data are inadequate, official figures on the numbers without work are enormously elusive and contradictory. In general, as do some of the accounts referenced above, they fail to indicate whether their figures are per annum or cumulative, and whether they pertain to people who once were severed from their work situations or to once-workers now dismissed and still awaiting new placement. A chronological sampling of official announcements can supply a sense of the problems.

To begin with, in mid-1997, even before the mass separations that the September 1997 15th Party Congress spurred later in the year, Vice-Premier Wu Bangguo declared in a national meeting on employment issues that there were then already nine million workers out of work and nearly 11 million unpaid or being only partially paid.<sup>17</sup> Then a news release from the official Xinhua News Agency of 9 December 1997 reported that state-run firms had already laid off a full 25 million workers by that time<sup>18</sup>; though another notice, dated 5 February 1998, gave the figure as 12 million.<sup>19</sup>

15. Each firm that has laid off some or all of its workers is supposed to create a “re-employment service centre,” to which its *xiangang* workers are to be entrusted for a period up to three years. The centre is to provide a basic living allowance (*jiben shenghuofei*), again, for up to three years, using funds donated by the enterprise, and, where this is not possible, from the city’s financial departments and/or banks, or if an enterprise has contributed to the city’s unemployment insurance fund, from the fund. Secondly, the centre is also to train the workers for a new occupation and to help them locate new work posts. Thirdly, the centre should contribute to the pension, medical and social security funds on behalf of each laid-off worker entrusted to it. See Yang Shucheng, “Zaijiuye yao zou xiang shichanghua” (“In re-employment we must go toward marketization”) *Zhongguo jiuye (Chinese Employment)*, No. 3 (1999), p. 19, for one description.

16. William Hurst, “In search of *xiangang*: theoretical inadequacies, regional patterns, remedies, and possible future trends,” paper presented to the 2001 Annual Meeting of the Association for Asian Studies, Chicago, 24 March 2001.

17. SWB FE/2950, S1/1, 20 June 1997, from Xinhua (New Chinese News Agency), 28 May 1997.

18. Translated in SWB FE/3098, G5, 10 December 1997.

19. From *Sing tao jih pao*, 4 February 1998, in SWB FE/3143, G/3, citing the State Statistical Bureau. This figure is about the same as one in an official journal, which states that, “A study of all state-owned single-venture enterprises’ diverted and laid-off [personnel] found that they totalled 12.74 million workers, representing 17.2% of the number of workers in such firms as of the beginning of the year.” This is “Guoyou qiye zhigong fenliu ji *xiangang qingkuang di tongji diaocha*” (“Statistical investigation of the situation of state-owned enterprises staff and workers’ diversion and lay-offs”), *Zhongguo laodong (Chinese Labour)*, No. 6 (1998), p. 45.

But two years later, in early 2000, one account asserted that 5.64 million state workers had been laid off or diverted in 1995, 8.9 million in 1996, 9.4 million in 1997 (which would amount to 23.9 million as of early 1998), plus an additional 6.1 million in 1998.<sup>20</sup> Another article in an official journal noted that in 1998 and 1999 combined, there was a figure of 24.28 million *xiagang* workers, a figure reached by adding the 12.54 million it said were laid off in 1998 (a number more than twice as large as the one just cited for that same year) to the 11.74 million in 1999. Yet, most puzzling, it then goes on to explain that in 1998, 5.62 million joined this pool, plus another 5.64 million in 1999.<sup>21</sup> And, oddly enough, and without an explanation for the discrepancy, on 7 March 2000, Xinhua News Agency reported that “China’s laid-off workers totalled 6.5 million at the end of last year.”<sup>22</sup>

At the end of 1999, however, apparently citing an economist at the Chinese Academy of Social Sciences, the *China News Digest* disclosed that a full 30 million had been laid off over the three years 1997 to 1999.<sup>23</sup> But then Minister of Labour and Social Security Zhang Zuojin said at a press conference at the 2000 annual session of the National People’s Congress in March that there was a total of 11.74 million laid-off people in 1999, while the official New China News Agency proclaimed on the same day that 6.5 million workers had been laid off that year.<sup>24</sup> But two Chinese researchers at the Chinese Academy of Social Sciences, whose article was published in early 2000, state that there were “some people” roughly estimating that by the end of December 2000, 27 million people in China will have been laid off, amounting to about a quarter of the whole body of state-owned enterprise staff and workers. In reaching this conclusion, they present a time series that is consistent with some of the earlier official numbers: three million laid off in 1993, 3.6 million in 1994, 5.64 million in 1995, 8.91 million in 1996, 11.51 million in 1997, 8.9 million in 1998 and nine million in 1999.<sup>25</sup>

But the most important fact is this: the officially counted *xiagang* staff and workers relate only to those the government knows about and so amount to just a portion of this group, excluding what are probably millions of other individuals who have lost their jobs since the late 1980s. The core of the problem is the official definition, under which a *xiagang* worker is only one who is known to the authorities and who belongs to a

20. Luo Zhuanyin, “Jiaru WTO zhongguo jiuye mianlinde jiyu yu tiaozhan” (“Chinese employment is facing opportunity and challenge in entering the WTO”), *Zhongguo laodong*, No. 3 (2000), p. 9.

21. “1998–1999 laodong baozhang tongji baogao” (“Report on 1998–1999 labour insurance statistics”), *Laodong baozhang tongxun* (*Labour Insurance Bulletin*), No. 3 (2000), p. 35.

22. In SWB FE/3784, S1/4, 9 March 2000.

23. *China News Digest*, Global News GL99–172, 27 December 1999.

24. SWB FE/3784, S1/5, 9 March 2000, from Xinhua, 7 March; and SWB FE/3784, S1/4, 9 March 2000, from Xinhua, 7 March 2000, respectively.

25. Cheng Liansheng and Liu Xuemin, “Zhongguo chengzhen di liuci shiye gaofeng ji qi tezheng” (“China’s sixth urban high peak in unemployment and its special characteristics”), *Jingji yanjiu ziliao* (*Economic Research Materials*), No. 1 (2000), p. 5. Thanks to Thomas Rawski for sending me this article.

very special and privileged category among those who have been thrown out of work. Thus, authentic *xiagang* people must meet all three of the following officially designated conditions: they began working before the contract system was instituted in 1986 and had a formal, permanent job in the state sector (plus those contract labourers whose contract term is not yet concluded); because of their firm’s problems in business and operations, have been let go, but have not yet cut off relations with the original firm; and have not yet found other work in society.<sup>26</sup> And only some of these workers are entitled to receive a “laid-off certificate” (*xiagang zheng*). This credential provides them with a set of preferential policies and permits them to enter a re-employment service centre, which is supposed to distribute livelihood allowances to them, contribute pension, unemployment and medical insurance money for them, and help them obtain retraining and a new job, while paying for their welfare benefits.

But, as at least one Chinese scholar has acknowledged, the official figures do not include fully qualified “laid-off” workers who are unwilling to enter an official re-employment centre, nor, and more critically, those from firms unable to raise funds for these centres, and which therefore did not arrange for their staff and workers to enter a centre; nor the workers once in centres who earlier signed agreements to retain social insurance relations with their original firms but then left the centre. The figure also omits workers furloughed from urban collectives, since by definition the *xiagang* category is meant to apply only to ex-workers who were once state-employed.<sup>27</sup>

“Unemployed” (*shiye*) workers, on the other hand – according to the official designation – are only those whose firm has gone bankrupt,<sup>28</sup> so

26. This is in Guo Jun, “Guoyou qiye xiagang yu fenliu you he butong?” (“What’s the difference between laid-off and diverted workers in the state firms?”) *Zhongguo gongyun* (*Chinese Workers’ Movement*), No. 3 (1999), p. 32, among many other places.

27. Quanguo zonggonghui diaoyanzu (All China Federation of Trade Unions (hereafter ACFTU) research group), “Guanyu guoyou qiye xiagang zhigong jiben shenghuo baozhang he zaijiuye gongzuo de diaocha” (“An investigation of state enterprise laid-off staff and workers’ basic livelihood insurance and re-employment work”), *Zhongguo gongyun*, No. 2 (2000), p. 14 reported that according to statistics from the ACFTU, as of the end of June 1999, nation-wide there were then 6.41 million staff and workers laid off. See also Weller and Li, “From state-owned enterprise to joint venture,” p. 92.

28. After the mid-1990s, there was a surge in enterprise bankruptcies. Into the 1990s only a few bankruptcies were permitted to occur (see Leonard J. Hausman and Barry J. Friedman, “Employment creation: new and old methods,” unpublished ms. (1996 or 1997), p. 36); as of the end of 1995, 18 experimental cities had laid off hundreds of thousands of workers, but this had only made a small dent in the more than 100,000 state-owned firms. But a sharp increase in the numbers took place in 1996 and 1997, with over 9,000 firms (probably an exaggerated figure) reportedly applying for bankruptcy in the one month of September 1997, when the Communist Party’s 15th Congress announced an acceleration of reforms in state firms. See Hang-Sheng Cheng, “A mid-course assessment of China’s economic reform,” in Congress of the United States (ed.), *China’s Economic Future: Challenges to U.S. Policy* (Armonk, NY: M.E. Sharpe, 1997), pp. 29–30; Loraine A. West, “The changing effects of economic reform on rural and urban employment,” paper presented at conference, “Unintended Social Consequences of Chinese Economic Reform,” Harvard School of Public Health and the The Fairbank Center for East Asian Studies, Harvard University, 23–24 May 1997 (draft), p. 6; and Lo Ping, “Document reveals enterprises in a bottleneck,” *Zhengming*, No 242 (1997), p. 17. An official source claims that a total of 675 state enterprises were

that the post they held has disappeared altogether, and thus there is no question of holding on to ties with the plant.<sup>29</sup> And then of all such people, what must be just a fraction – those who are known as the “registered unemployed” – are actually counted in official statistics. These are people over 18 years of age, who hold an urban household registration, are registered at their local labour departments, and have not yet found new work. Many whose firms have collapsed, but which did not formally go through bankruptcy procedures, are ineligible; there must be others who fail to register for unknown personal reasons.

Moreover, according to the head of the department of insurance in the Wuhan city trade union branch, furloughed workers who would seemingly qualify as unemployed according to this definition, but whose firms have not contributed to the city’s unemployment insurance fund, are not counted as unemployed.<sup>30</sup> Other unemployed people who are not counted (in addition to workless people living in the city but whose household is registered as rural) are those from firms that had to cease production or have been merged with another enterprise, but which have not officially gone bankrupt. Given policies to minister to the needs of workers from bankrupt firms – after the costs of the proceedings are paid off, the workers and retirees of a firm legally have the first claim on any remnant assets of the firm<sup>31</sup> – truly desperate firms are often not even permitted to go bankrupt. For if they were, they would be unable to pay the unemployment insurance funds that would have to be disbursed to sustain their work forces.<sup>32</sup> In words that appeared in the *Renmin ribao* (*People’s Daily*) in 1997, but which remain apt today:

As most cities and regions in China have yet to perfect a social security system, China still faces difficulties in resettling staff and workers of bankrupt enterprises, having a direct and adverse impact on social stability. If they spent a large amount of enterprise auction income on resettling staff and workers, bankrupt enterprises would have to write off more debts owed to the banks. Given this situation, for a long time to come, China’s state-owned enterprises will not be allowed to declare bankruptcy in light of the balance of assets and operational conditions alone, as enterprises under a Western market economy structure do, in accord with the law ... China should only let state-owned industrial enterprises go bankrupt in accord with the Bankruptcy Law [of 1986, which went into effect in 1988] in some cities with a sound social security system.<sup>33</sup>

In yet another way the national statistics on the numbers laid off are

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*footnote continued*

declared bankrupt and closed in China in 1997 (SWB FE/3168 6 March 1998, S2/1, from Xinhua, 4 March 1998).

29. See Guo Qingsong, “Shichang jingji tiaojianxia zhongguo chengzhen shiye renkou wenti” (“The problem of China’s urban unemployed population under the market-directed economy”), *Renkou yu jingji* (*Population and Economy*), May 1996, p. 48.

30. Interview, 13 September 2000.

31. West, “The changing effects of economic reform,” p. 8.

32. Matt Forney and Pamela Yatsko, “No more free lunch,” *Far Eastern Economic Review*, 16 October 1997, p. 63.

33. Mu Ren, “Go bankrupt or dodge creditors,” translated from *Renmin ribao* (*People’s Daily*), 9 December 1996, p. 2, in SWB FE/2813, G/7, 10 January 1997.



seriously deficient; this is that they are derived from a procedure filled with incentives for misreporting. For one, some localities or units deliberately report high numbers of lay-offs to increase their eligibility for subsidies for those in need.<sup>34</sup> There also appears to be an incentive for over-reporting the numbers who receive training and become re-employed, as an official document prescribes “link[ing] the amount of capital investment to the scale of training and the rate of re-employment.”<sup>35</sup> Besides, it must redound to the credit of local authorities if they claim to have high rates of re-employment.

Official numbers on lay-offs come from the enterprises which relate to their local labour bureaus their numbers of laid-off workers.<sup>36</sup> By doing so, the firm is allowed to obtain the state’s portion of the funds for the basic livelihood allowance (recently renamed basic livelihood insurance) (*jiben shenghuofei* and *jiben shenghuo baozhang*, respectively) for that number of laid-off workers. But since the state’s funds are limited, its officials support only workers in state-owned firms, and of those, primarily those in enterprises they believe to be worth saving for strategic purposes, whether political or economic.<sup>37</sup> Firms not getting such support, or firms bankrupted or so indebted that they cannot go on operating, will not register their jobless with the government, for they have no funds with which to contribute their requisite share to these allowances.

Thus, all in all, the notions of “lay-off” and “unemployment” are twisted and tortured, and much too restrictive to describe reality, perhaps at times on purpose and in other ways inadvertently. The result is that the numbers of people populating these two categories in the eyes of the government are very much minimized, and so the ranks of those with regime-recognized legitimate claims on the state are vastly diminished.

### *Authoritative Euphemisms*

In addition to the more exclusive categories of “laid off” and “unemployed,” there is a battery of other terms clouding an understanding of the actual labour market situation. These include *fenliu* (diverted), applying to those who are still attached to their firms but have received a new work assignment, sometimes within the firm, sometimes by being “exported” elsewhere<sup>38</sup>; *neitui* (retired at an early age and taking a pay

34. Yang Yiyong, “Ruhe kandai dangqian di shiye wenti?” (“How to consider the present issue of unemployment”) *Neibu canyue* (*Internal Consultations*), No. 447 (22 January 1999), p. 18.

35. “Guowuyuan bangongting guanyu jixu zuohao quebao guoyou qiye xiangang zhigong jiben shenghuo he qiye lituixiu renyuan yanglaojin fafang gongzuo de tongzhi” (“State Council Office circular on continuing to do well the work of guaranteeing the issuance of enterprise laid-off staff and workers’ basic livelihood and enterprise retired personnel’s pensions”), Document No. 9, dated 3 February 2000, *Zhongguo laodong*, No. 5 (2000), p. 56.

36. Much of the following material comes from interviews with an official in the Wuhan branch of the ACFTU, 13 September 2000 and with an urban district labour employment centre in Wuhan, 7 September 1999.

37. Interview, Wuhan, 7 September 1999 with a district labour market official.

38. Guo Jun, “What’s the difference,” p. 32.

cut, but still retaining a bond to the firm)<sup>39</sup>; and *tingxin liuzhi* (ceasing to receive wages but holding onto one's post) and *liangbuzhao* (literally, neither party looks for the other), both of which apply to those who have left the firm but retain an indefinite and ongoing tie to it while obtaining income from a new placement elsewhere.<sup>40</sup>

There are also those on so-called "long holidays" (*fang changjia*) or who have "retired early" (*tiqian tuixiu*). All these categories afford the authorities means of coping with excess labourers at lowered cost, without in name, though often in fact, sending them out on the streets.<sup>41</sup> Thus, they are not counted as either *xiagang* or unemployed. Added together, the existence of so many uncounted categories clearly implies that the true figures of the actually laid-off must be far, far higher than those the state announces.<sup>42</sup>

Then there are the categories of the "hidden unemployed" or "excess workers" (*fuyu renyuan*), referring to those who are left with little or nothing to do in the firm, and who generally receive reduced or even no wages, but who have not been formally let go.<sup>43</sup> Most estimates have consistently put this figure at about one-third of the total workers in state enterprises, or around 30 million. Since these people are not fully "unemployed," according to the official definition, and so are ineligible

39. According to Song Xiaowu, "Dangqian jiuye he shiye baoxian cunzai de wenti yu duice" ("Existing problems in present employment and unemployment insurance and measures to deal with them"), *Neibu canyue*, No. 461 (12 May 1999), pp. 13–14, "In recent years some areas and sectors are using early retirement to lighten pressure on the firms from excess workers, allowing (or pressuring) people to quit work as much as ten years early." Wen Wufeng, "Tiqian tuixiu toushi" ("A perspective on early retirement"), *Laodong baozhang tongxun*, No. 1 (1999), pp. 14–15, in an analysis of statistics on 2,827 "retirees" from "various places," found that 51% had retired between the ages of 39 to 48, 21% between 29 and 38, and 1.3% younger than 28.

40. "Liangbuzhao" is discussed in Jiang Shunxiang, "Shuoshuo 'liangbuzhao'" ("Talking about liangbuzhao"), *Laodong neican (Labour Internal Reference)*, No. 11 (1998), pp. 46–47. One interviewee in this condition reported that he had to pay his firm 150 yuan a month to hold his place. He would prefer to become "laid off," but his enterprise would not permit him to be, for then the firm would have to allocate a basic living allowance to him (interview with cab driver, 28 August 1999).

41. Many of these terms appear in Beijing daxue zhongguo jingji yanjiu zhongxin chengshi laodongli shichang ketizu (Beijing University Chinese Economy Research Centre Urban Labour Market Task Group), "Shanghai: chengshi zhigong yu nongcun mingong di fengceng yu ronghe" ("Shanghai: urban staff and workers and rural labour's strata and fusion") *Gaige (Reform)*, No. 4 (1998), pp. 99–110. See also Watson, "Enterprise reform."

42. Shen Kangrong, "'Yinxing jiuye' qianxi" ("A superficial analysis of hidden employment"), *Shehuixue (Sociology)*, No. 2 (1999), pp. 24–25. Rocca, "Old working class," Watson, "Enterprise reform," and Weller and Li, "From state-owned enterprise to joint venture" supply a few other terms, ones that might be used only in the locales they studied.

43. Liu Yongzhu, *Disanci shiye gaofeng (The Third High Tide of Unemployment)* (Beijing: Zhongguo shiji chubanshe, 1998), p. 75 for one example of many. There are disparities here though, with, for instance, Cheng Xi, "Dangqian wo guo de jiuye yali burong hushi" ("My country's present employment pressure is hard to ignore"), *Renkou yu jingji*, No. 1 (1999), p. 60 putting the total figure of urban unemployed and hidden unemployed at about 28 million. For other information on the hidden unemployed, see Deng Baoshan, "Zhengfu, qiye, he xiagang zhigong zai zaijiuye gongzuozhong de zuoyong" ("Government, enterprise, and laid-off staff and workers' role in re-employment work"), *Zhongguo laodong*, No. 3 (1999), p. 13 (defined here as those whose marginal costs exceed their marginal productivity in a firm).

for unemployment insurance, they are actually often poorer than the registered unemployed.<sup>44</sup>

Official statistics on “re-employment” are similarly slippery. One might be suspicious when even those who compile these figures have to admit, in the words of an official at the Wuhan General Trade Union’s Professional Introduction Service Centre, that, “One can’t be clear about these statistics; they’re relative, not absolute. The situation is dynamic and there’s no way to count them (... *shuobuqing* ... *xiangduide* ... *meibanfa tongji*).”<sup>45</sup> According to this official, who cited about 30 per cent re-employed in Wuhan, it is actually the “times” of new employment (*renci*), that is, the numbers of positions known to be newly filled, and not the number of people with new jobs, that is counted once each month. Then, each year these figures are added up, eliminating from the total the jobs that are known to labour administrators to have ended. Assembling these data certainly involves counting the same person – who may have held several short-term posts that year – more than once.

As evidence that there is no certainty as to the quantity of re-employed people, within the same scholarly article, there are the data that by May 1998, 10 per cent of the *xiagang* had “rather stable work,” and that as of September of that same year the re-employment rate was 30 per cent.<sup>46</sup> And yet another Chinese researcher, working with figures to mid-1998, states that, “now the re-employment rate, which in the past was 70 per cent, has fallen to less than 50 per cent”; still one more cites a figure of 40.1 per cent who had realized re-employment in 1997.<sup>47</sup>

More recently, an article in an internal publication cited a miserable rate of just 27 per cent nation-wide who had found new placements as of the end of June 1999.<sup>48</sup> Almost simultaneously, an open official pronouncement asserted that 42 per cent of state enterprise *xiagang* – still not a very impressive proportion – had been re-employed in 1999.<sup>49</sup> And yet, the same bureaucracy that made that announcement also proclaimed that a study of 10,000 laid-off workers in ten cities showed that a full 82 per cent of them had performed some income-earning work. The weight of this statistic is sharply qualified, however, by the accompanying infor-

44. Liu Yongzhu, *The Third High Tide*, p. 18. See also Li Bao and Xie Yongjun, “‘Yinxing shiye’ yu ‘yinxing jiuye’” (“Hidden unemployment and hidden employment work”), *Zhongguo laodong*, No. 4 (1999), pp. 45–47. They estimate the hidden unemployed as 20 to 30% of the workforce, totalling 20 to 30 million workers, or five to six times the number of registered unemployed.

45. Admission by an official at the Wuhan General Trade Union’s Professional Introduction Service Centre, 13 September 2000.

46. Mo Rong, “1999 nian wo guo jiuye xingshi fenxi he zhengce jianyi” (“Policy suggestions and analysis of my country’s 1999 employment situation”) *Zhongguo laodong*, No. 2 (1999), pp. 11, 12 and *Laodong he baozhang xinxi zhongxin*, “Dangqian xiagang zhigong zhuangkuang ji ying yinqi zhuyi de jige wenti” (“The situation of the present laid-off staff and workers and several issues that ought to receive attention”), *Zhongguo laodong*, No. 4 (1999), p. 17, from a sample survey.

47. Liu Yongzhu, *The Third High Tide*, p. 18; Cheng Xi, “Present employment pressure,” p. 60.

48. Yang Yiyong, “2000 nian wo guo jiuye xingshi fenxi” (“An analysis of the employment situation in our country in the year 2000”), *Neibu canyue*, No. 4 (28 January 2000), p. 11.

49. *Laodong he shehui baozhangbu* (2000), p. 52.

mation that as many as 68 per cent had held their new jobs for just six months or less, a proportion that includes 40 per cent of the total who did so for under three months. A mere 17.26 per cent managed to hold onto the post for longer than a year.<sup>50</sup>

After surveying 160 firms in 16 cities in August 1999, a research group from the All China Federation of Trade Unions found that the re-employment rate in most provinces fell somewhere between a perilous 20 and 40 per cent.<sup>51</sup> Another cause for concern about the numbers is the amount of time people are spending out of work. In Hubei province, a September 1997 random sampling of 3,000 laid-off workers in 580 firms in ten cities and counties revealed that, although 47 per cent were said to be re-employed, over a quarter of the rest (26 per cent) had already been without employment for three years or more, and just 29 per cent had been looking for under a year.<sup>52</sup> Another trade union study found that 48.7 per cent of the “re-employed” it counted were self-employed; of the other 51.3 per cent who had been hired, well over half (59 per cent) were engaged in work that was purely temporary.<sup>53</sup>

As for what they were doing, the activities they took up were most unpromising. According to this same study, 18.6 per cent were odd-job manual workers, 10 per cent did various sorts of hourly work (which usually refers to activities such as picking up others’ children from school); 5.2 per cent had seasonal jobs; 60 per cent were retailers operating stalls; and a mere 6.8 per cent had obtained formal, contracted employment. A worrying 45 per cent among the stallkeepers were discovered to be highly vulnerable, mobile peddlers selling in shifting sites without a licence.<sup>54</sup>

Other research in 1997 among 360 re-employed staff and workers in Wuhan found that over a third of them (34.54 per cent) had either set up a stall, were operating a pedicab or driving a taxi,<sup>55</sup> all jobs subject to arbitrary petty bureaucratic harassment. As one cab driver told me, “the cops are everywhere” (*dao chu dou you jing cha*), and “they’ll grab me” (*yao zhua wo*). His hair had even turned white, he claimed, simply from fear of the police.<sup>56</sup> By autumn 2000, a pedicab jockey claimed in private conversation that he had a startling 26,000 competitors in his trade in the

50. “Report on 1998–1999 labour insurance statistics,” p. 35.

51. ACFTU, “Investigation,” p. 14.

52. Hubei sheng zonggonghui shenghuo baozhangbu (Hubei province general trade union livelihood guarantee department), “Yunyong zhengce he falu shouduan, quanli tuijin zaijiuye gongcheng xiang zongshen fazhan – hubei sheng xiagang zhigong de diaocha” (“Utilize policy and legal methods, fully promote the re-employment project to develop in depth – an investigation of Hubei’s laid-off staff and workers”), *Lilun yuekan (Theory Monthly)*, No. 2 (1998), p. 18.

53. “1998–1999 laodong baozhang tongji baogao” (“Report on 1998–1999 labour insurance statistics”), *Laodong baozhang tongxun (Labour Insurance Bulletin)*, No. 3 (2000), p. 35.

54. *Ibid.* pp. 8–9.

55. Jiangnan daxue ketizu (Jiangnan University Project Group), “Wuhan shi shishi zaijiuye gongcheng duice yanjiu” (“Policy research on Wuhan city’s implementation of the re-employment project”) (Wuhan, 1998), p. 61.

56. Interview in a Wuhan cab, 2 September 1999.

city.<sup>57</sup> Such a sum seems likely to be exaggerated; nevertheless the streets of the city are crammed with empty carts, and their daily take is tiny.

A wonderful illustration of the complexity entailed in coming to an understanding of the concept of “re-employment” occurred in one of my interviews. The still securely employed friend of a woman who had been laid off three times found the definition of the term “re-employed” quite simple: “It means that you work and get an income again, even if it’s temporary or short term, unstable.” But neither I nor her presently jobless companion could figure out whether or not we should count the latter among those with that label.<sup>58</sup>

Further cause for suspicion attends the state’s claims about its programmes of relief. One document alleges that, as of the end of 1998 all of the *xiagang* staff and workers had “basically entered re-employment centres, of whom 93.2 per cent had their basic living costs guaranteed.”<sup>59</sup> Similarly, in the report on 1999, 95 per cent were said to have entered re-employment centres, of whom 94 per cent had signed basic livelihood guarantee fund and re-employment agreements, and 90 per cent had, allegedly, received their funds.<sup>60</sup> And yet dozens and dozens of random encounters on the streets, in the markets, and in the cabs of Wuhan in 1999 and 2000 belied such reckonings.

This is not even to mention that, as one furloughed female worker informed me, in Wuhan some centres merely provide a form to fill in but have nothing more to offer<sup>61</sup>; or, as another who had, indeed, some 18 months earlier “entered” his firm’s centre and signed a contract there lamented, he had henceforth received no money, no training, no placement, and heard nothing. “Even if it’s true that 99 per cent of the laid-off entered centres, entering the centre is useless,” he mused derisively (*jin zhongxin meiyong*).<sup>62</sup>

So, overall, there appear to be serious inconsistencies and, one might even say, fantasies, in figures on furloughs, and great gaps between these fantasies and the realities out on the roads and in the lanes, at least in Wuhan. The following section presents what my interviews over the past few years in the streets and stalls of Wuhan have exposed as a sort of hierarchy of those whose original jobs have been terminated, describing the graded nature of the treatment, benefits and services they are receiving.

57. Interview, Wuhan, 16 September 2000.

58. Interview, 6 September 1999.

59. Song Xiaowu, “Existing problems,” p. 17; “Guanyu wuhanshi zaijiuye wenti de diaocha bao” (“An investigation report on Wuhan city’s re-employment question”) (Wuhan: n.d. [probably written around mid-1997]), p. 11.

60. Laodong he shehui baozhangbu (Ministry of Labour and Social Security), Guojia tongjiju (State Statistical Bureau), “1999 nian laodong he shehui baozhang shiye fazhan tongji gongbao” (“Public statistical announcement of the development of the work in 1999 in labour and social security”), *Zhongguo laodong*, No. 7 (2000), p. 52.

61. Interview, 1 September 1999.

62. Interview with pedicab driver, Wuhan, 16 September 2000.

*A Layering of Statuses*

Despite – or perhaps because of – all the unclarity just recounted, the term *xiagang* is popularly used, quite loosely, to refer to people no longer at work in their original *danwei*. But the regime and local governments appear implicitly to stratify those whose jobs have been terminated into at least seven tiers, the occupants of which receive differential treatment. In part, this variation reflects different handling of workers from different ownership systems; in part it is a product of the level of prosperity or poverty of particular plants, and, of course, regions.

My perception from street interviews that this is the case in Wuhan with respect to ownership systems was confirmed by the head of the Wuhan city trade union insurance work department. He explained that the capital of the state firms belongs to the state, so the state subsidizes these firms; collective firms, he elaborated, however, are owned by the “labouring masses,” so the state will not provide for them.<sup>63</sup>

The dependence of furloughed workers’ fates upon the financial state of their firm was also illustrated in some of my Wuhan interviews. There were some whose firms simply stopped producing or whose business was very poor, but had not declared themselves bankrupt. Such enterprises let their workers go “without a cent, showing no concern,” in the words of one of them.<sup>64</sup> As one scholar pointed out, “some enterprises in difficulty would like to cut off relations with their workers, but because they find it hard to pay off severance wages and medical insurance, and have not paid in social security fees for them, they can only let them go.”<sup>65</sup> Or, in the words of another, “between enterprises with different economic results there are very big differences in the livelihood treatment of the laid-off.”<sup>66</sup>

In line with these disparities, the actually laid-off appear to be sorted into a range of layers, rankings that eerily parallel the divisions within the prior socialist-era working class, as described by Andrew Walder in a 1984 article.<sup>67</sup> Those properly, officially labelled *xiagang* stand in the top two tiers of the hierarchy. At the very peak are those furloughed workers who were formerly employed in firms that remained relatively healthy, and whose leaders have reported their existence to the authorities.<sup>68</sup> These

63. Interview, 13 September 2000.

64. Interviews, 1 September 1999 and 11 September 1999. According to Hu Angang, *Zhongguo jingji shibao* (*China Economic News*), 31 March 1998, in *Gongyun cankao ziliao* (*Workers’ Movement Reference Materials*), No. 3 (1998), p. 12, sample nation-wide statistics show that about 15 million city people in need are not guaranteed their basic livelihood, with the main reason being that their enterprise has stopped work and either ceased to issue any wages or issues them only in part.

65. Gu Yu, “Xiangang zhigong yinxing jiuye wenti chuyi,” (“Preliminary opinions on hidden employment among the laid-off staff and workers”), *Zhongguo gongyun*, No. 6 (1998), p. 27.

66. Li Peilin, “Shiye zhidu yu xiangang zhidu ying zhubu binggui” (“The systems for unemployment and lay-offs should gradually be merged”), *Neibu canyue*, No. 452 (10 March, 1999), p. 2.

67. Walder, “The reworking of the Chinese working class.”

68. According to my trade union informant (13 September 2000), only laid-off workers known to the authorities are eligible for state benefits.

firms have been favoured by decision makers with imported equipment, graced with the right to retain foreign exchange and conduct their own foreign trade in recent years, and, lately, have been permitted to form joint ventures with foreign firms. Additionally, this tier includes firms whose output is perceived as crucial to the national economy.<sup>69</sup> Once-permanent (*guding*) workers let go from these places<sup>70</sup> either received very high one-time severance grants when they departed<sup>71</sup> or continue over time to collect steady and reasonably sufficient monthly “basic living allowances.”<sup>72</sup> Other benefits accruing to them are the right to enter a re-employment centre, accompanied by the allocation of a *xiagang zheng*. This document is supposed to entitle them to a monthly allowance<sup>73</sup>; a range of preferential policies, such as reduction or elimination of fees and taxes; free licences; a spot on the sidewalk or in a market; and help from the trade unions and local branches of the Women’s Federation in finding jobs and sometimes in occupational training. In addition, they will be provided with preferential treatment in taxation and fees should they set up businesses of their own. These workers are eligible for social security and are likely to receive some pension money when they retire, at least for a while (a function of the health of their former firm).

In the second tier are those released by weaker state firms, that is, enterprises in debt and/or losing money. The state may have decided to let these enterprises wither away. But, since their workers are from the state sector, they are still properly labelled *xiagang* workers, and so they too are eligible for a certificate; some living allowance, but generally at a lower rate (if in fact the firm has any funds for this)<sup>74</sup>; and perhaps entry into a re-employment centre (again, if the firm has set one up, which is less likely than in firms whose laid-off workers are in the first tier). Being state-connected, they might be assisted by the mass organizations and enjoy preferential treatment for their own businesses. Once their basic

69. Interview with official, 7 September 1999.

70. Tian Bingnan and Yuan Jianmin, “Shanghai xiagang ren yuan de diaocha yanjiu” (“Investigation research on Shanghai laid-off personnel”), *Shehuixue*, No. 2 (1997), p. 11.

71. In my interviews, one cab driver had received 8,000 *yuan* while another got 20,000 (4 and 10 September 1999, respectively). And these are not the limits of the extremes. For instance, according to Jiangnan daxue ketizu, “Policy research,” a 1997 study of over 700 laid-off workers found that some got 1,000 to 2,000 *yuan* when they were laid off and the majority got nothing.

72. In mid-2000 Wuhan, the norm was around 260 *yuan* per month for such people.

73. One informant, laid off in 1995, only received her certificate in September 1998. Her explanation: “There’s so many laid-off people; the country can only afford to pay some people.” Interview, 2 September, 1999.

74. Among my informants, there was much variation in this regard: some received none, some got a minimal amount when the former unit was doing good business, others got what was in Wuhan in summer 1999 the standard 220 *yuan* per month (interviews on 1, 7, 11 September 1999). In a September 1997 study based on 2, 447 returned questionnaires (of 3,000) undertaken in 580 firms in ten Hubei cities, only 36.1% of the laid-off were receiving their allowances (Hubei sheng zonggonghui shenghuo baozhangbu, “Utilize policy and legal methods, fully promote the re-employment project to develop in depth,” p. 18.

allowance has expired, they might be able to get unemployment insurance, but only if their firm has contributed to the fund.

As one author lamented,

Enterprises with a lot of laid-off workers are mostly those that have either half stopped or completely stopped production. So they cannot submit money into the social insurance fund, raise their payments for their re-employment centre, or supply living allowances for their laid-off workers. Usually their ability cannot match up to their ambitions.<sup>75</sup>

Similarly, if a firm has not paid into a pension insurance fund for its employees, the pooling area in which it is stationed will not provide for these persons once they retire.<sup>76</sup>

Third is a set of ex-employees whose situations do not fit the definition of *xiagang*. This category includes those “diverted” (*fenliu*) within their firms, or who are in states of *neitui* or *tiqian tuixiu*.<sup>77</sup> Though they are technically ineligible for *xiagang* privileges (not having left the firm), if the firm can afford it, they may get some living allowance at a rate of about half their previous salary. Since these workers are not qualified for any of the usual benefits that accrue to the *xiagang*, if the firm is too feeble financially to distribute these funds, the workers are left wholly on their own. Also part of this set are those from better-off collective firms.<sup>78</sup> They too cannot be called “laid-off” (since they are not from a state firm) and so receive no privileged treatment, even though what has happened to them is just the same as what befell those in the higher levels of the hierarchy. Some of them, at least, might receive social security.<sup>79</sup>

Fourth are the registered “unemployed,” people whose firms were allowed to go bankrupt. Since their firms have dissolved, their posts have disappeared, so there is no possibility of holding on to ties with the plant (thus, they too, but for a different reason from the last group, cannot be counted or treated as *xiagang*). If their firms have contributed to the

75. Yang Yiyong and Li Jianli, “1999 nian wo guo jiuye xingshi yiran shifen yansu” (“In 1999 China’s employment situation is still extremely serious”), *Neibu canyue*, No. 449 (10 February 1999), p. 7. There is a similar statement in Liu Yongzhu, *The Third High Tide*, p. 19.

76. Wuhanshi fangzhi zaijiuye fuwu zhongxin (Wuhan City Textile Re-employment Service Centre), “Wuhanshi fangzhi zaijiuye fuwu zhongxin yuncuo qingkuang huibao” (“A summary report on the operations situation of the Wuhan City Textile Re-employment Service Centre”) (ms., Wuhan: 18 March 1998), p. 8.

77. See Song Xiaowu, “Existing problems,” pp. 13–14.

78. If a collective is attached to a major state firm, such as the Wuhan Iron and Steel Company, it may be treated the same way as the state firm (interview, 1 September 1999). According to Song Xiaowu, “Existing problems,” p. 14, unemployment insurance only covers the urban state workers and *some* collective-sector workers (emphasis added). Both Laodong he baozhang xinxi zhongxin, “The situation,” pp. 18–19 and Zeng Linghua, “Zaijiuye gongzuo ying yu juzheng de jige buliang qingxiang” (“Several bad situations that re-employment work should rectify”), *Laodong neican*, No. 7 (1998), p. 30 write of the serious difficulties of those in collective enterprises.

79. Social security is generally limited to those from state firms and collectives. According to Li and Xie, “Hidden unemployment,” p. 46, only 10% of social security goes to those working in private firms, in town and village enterprises and as individual entrepreneurs. Another source notes that individual operators, those who did not have a stable job the year before and the long-term unemployed cannot receive unemployment insurance; in 1994, only 14% of the registered unemployed and those pushed out because their firms were uncompetitive combined (a total of about 13 million people) got relief, in an amount averaging just 333 *yuan* per year. See Guo Qingsong, “The problem,” p. 50.



unemployment insurance fund in their locality, they may be given some insurance.<sup>80</sup> But all the “unemployed,” even those properly registered, are always slighted in favour of the “laid-off,” an outcome that reflects the state’s continuing superior treatment of the more successful firms, and its abandonment of the less valuable ones. Apparently fewer than one-third of those called “unemployed” collect unemployment insurance, for whatever reason.<sup>81</sup>

Fifth are the personnel from the poorer collectives, the “hidden unemployed,” and the laid-off from “double-stop” firms (those that have stopped production and stopped issuing wages). These are the people who belong to factories not permitted to go bankrupt<sup>82</sup>; as noted above, many firms which in actuality have gone bankrupt are not officially recognized as having done so. For that would be too costly, as it would imply that their workers were eligible for unemployment insurance. Thus, though the former workers of such plants have no work to do, the firms still stand, at least in name, and so the employees cannot apply for unemployment insurance. Those without work who have not registered as unemployed are also in this category. But at least all these people have urban registration; most also still were residing in low-cost housing once granted by their firms, as of September 2000.

Urban citizens whose plight is miserable enough to qualify for “especially difficult” status (*tekun*)<sup>83</sup> are on the sixth layer. These people are part of households where both spouses have been let go, or where illness or infirmity prevents one or more adults from engaging in labour and where, consequently, the family’s total income fails to meet the city’s minimum living standard. Such households in Wuhan were entitled to 150 *yuan* per month as of late 1999, distributed by the city civil affairs bureau, though in Wuhan allegedly only 10 to 20 per cent actually went to collect it.<sup>84</sup> This could be because they are ashamed to admit their need for the hand-out, because they are unaware of the policy, or because there was no unit remaining that could report their status to the local civil affairs office.<sup>85</sup> But in any event, despite the proclaimed intentions of the regime, of those who do get some funds from the state under this programme, many do not find their most critical needs served.<sup>86</sup>

80. Even here there are questions. According to Song Xiaowu, “Existing problems,” p. 14, only 22% of the registered unemployed, at most, get unemployment relief. This is presumably because their former firms have not contributed to the till.

81. Li Peilin, “Zouchu,” p. 12.

82. One of my informants was from a collective firm and confirmed that, as a collective, her firm could not declare bankruptcy (interview, 28 August 1999). The implication is that the government cannot afford to offer unemployment insurance all around so this procedure relieves it of that responsibility for the workers of collectives.

83. For a definition of this term, see Lei Peng, “Zhigong peixun yu jiuye cujin – chengshi fupin de zongyao” (“Staff and workers’ training and the promotion of re-employment – the important path in subsidizing urban poverty”), *Laodong neican*, No. 11 (1998), p. 30.

84. Interview with official, 12 September 1999.

85. Interviews, 9 September 1999, 28 August 1999.

86. One *tekun* (especially difficult) laid-off worker from a state-owned asbestos plant was too ill to do any labour and was supposed to receive *bingtui* (retirement money for illness).

And seventh and last of all are temporary workers and the peasantry from outside the city bent on eking out a livelihood against the odds in a time of enhanced hostility to outsiders. As one informant remarked, laughing at my question about whether his wife were *xiagang*, “She’s a peasant. Nobody manages them. They just come and go.”<sup>87</sup> Whatever they achieve is the result entirely of their own efforts in the face of prejudice and discrimination. If they wish to avail themselves of a city-managed labour market they must pay a fee, in distinction to the city laid-off and unemployed.<sup>88</sup> They are effectively ineligible for pensions, social security, unemployment insurance, and usually any medical or housing benefits at all.

Though presumably devised to cushion the impact of the loss of work, these numerous and imprecise categories seriously compromise the analyst’s ability to compute correctly the scale of people without work, or to apprehend the appropriate treatment a given individual ought officially to be receiving. For the government, these categories serve a definite function: by significantly complicating any effort to achieve a true measure of the numbers affected by the mass discharge campaign, the government absolves itself of the responsibility of caring for them all. For the recipients, the hodgepodge of terminology seems to justify somewhat that their respective treatment has a rationale. And, perhaps intentionally or perhaps inadvertently, by splitting up the workers severed from their posts into a myriad of situations, each with its own label, the regime may be able to rely on this range of terms to repress any unified mobilization.<sup>89</sup>

But for all the reasons I have adduced above – inconsistent state statistics, flexible, disaggregating definitions, and multi-layering of the laid-off and jobless – I prefer to remain an agnostic. Unlike other careful researchers who have bravely ventured to calculate or estimate figures for the furloughed, I close by insisting that one must look askance at all statistics about the unemployed or the redundant in post-socialist China, for these numbers are truly unfathomable.

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*footnote continued*

But, inexplicably, the social security office suddenly eliminated this benefit without notice. Interview, 28 August 1999.

87. Cab driver, 12 September 1999.

88. Official interview, 7 September 1999.

89. Thanks to Thomas Bernstein for this idea.