

For the Critical Policy Studies Project (areas 4 – development, 5 – ideology, and 6 – NGOs/voluntary sector)

Reorganizing work in China: participation and *xiaokang* socialism

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Abstract:

The changing social organization of work within and without the labor market is becoming a major policy challenge in China in the face of mounting structural unemployment. As a labor-surplus economy aided by industrializing and technological leaps, full employment can no longer be a viable goal in the PRC. Instead, the emergence of hitherto unfamiliar forms of individual participation in socially productive/useful activities other than wage earning must be encouraged, legitimized and developed. Such forms reconfigure both the formal workforce and the voluntary sector, both paid and unpaid jobs, and both regular and flexible work contracts. They affect labor division in public and domestic domains, the financing of universally provided welfare, and the hours, character and experiences of work. In the same process, also transformed will be the perceptions, attitudes, desires, career patterns and life styles of working men and women through a politics of time, of leisure, of nature, and of participation and recognition including civic-political engagements. The reorganization of work is thus inevitably also a cultural transformation not least because the entailed changes in our “code of morals” (Keynes) when the existing occupational foundation of personal and collective identities are shattered. It is here that both the post-industrial “future of work” debate in Europe and the “organic development” strategies in the global south find an echo in China. An unprecedented movement is gathering momentum in the direction of prizing direct producers/participants, unalienated labor and quality of life, and socially and environmentally sustainable development. As such it is vital to the making of “xiaokang socialism” yet to be defined by ordinary Chinese people, a societal self-identity indigenously resonant and potentially receptive to innovative policies.

1. The unemployment crisis

It is increasingly misleading to see structural unemployment and productive overcapacity as problems specific to the developed nations. Similar difficulties have been confronted elsewhere, e.g. by a labor-abundant economy in a global market prohibiting free movement of labor across national borders, a centrally planned system in which underemployment and unemployment can be made invisible, or a process of fast-growth that replaces traditional jobs through automation and advancement in technology and productivity. China has shared the conditions and trends of all these cases. The official unemployment curve has been steadily upward since the early 1990s and reached to 4.2% in 2002. Specialists inside and outside the country put the figure much higher. The huge population size makes even a seemingly small percentage alarming; not to mention the millions who are idled in ways uncouncted as unemployed. Worse still, out of a rural workforce of 450 million, half or more are considered redundant and actually or potentially constitutive of a massive, dislocated reserve army. As the crisis is deepening along with other social problems, public discontent and labor protests also mount.

As a labor-surplus (and land-short, resource-poor) economy, China simply cannot absorb its infinite labor supply at an annual rate of 12 million, despite a rapidly expanding service industry, numerous infrastructural projects of which some are gigantic, and a new knowledge-based sector. If growth is the ultimate hope, it is also double-edged – jobs generated by increase in GDP inevitably diminish. The pressures on keeping China's “comparative advantage” of cheap labor and on a degree of “technological conservatism” are real, still labor-intensive production is bound to shrink. Competition in the global market intensifies among the poor countries while diverting jobs from the rich ones. In an age of globalization, post-industrial and pre-industrial or industrializing developmental predicaments intertwine.

At the personal level, the misery of being unemployed is often material as well as psychological. What is deprived of a laid-off worker in the present norm of sources of

self/mutual respect and social belonging may be not only, or not at all, her means of living (which could and should be made up by security support and possible other earnings). She suffers from alienation at losing an occupational identity and being cut off from work-related connections, and likely also from injuries to her own confidence and aspiration. The unemployment crisis in China is thus caused by a combination of structural, developmental, and cultural factors.

2. Is there a solution?

There is a consensus among experts on the hard limit to job creation in China. Apart from the constraints mentioned above, even if the legal 40-hour week (which is an enormous and far-reaching achievement) is strictly carried out as it should be, implying minimal overtime and closing down or a surgical reform of sweatshops, the limit will remain. It is true that oversupply of labor is more acute among low-skilled workers, hence the need of retraining, but university graduates nowadays also find themselves stuck in the job market. (Wage rigidity which some believe contributes to job shortage in the Eurozone is not an issue in China.) Then, might work at least be redistributed, so “all shall work less” (M. de Condorcet, premised on “all shall work” by the utopian socialist principle)? The taken-for-granted assumption is that formal employment is a public good to be fairly shared, because the material and non-material needs of the individual and family depend on the position and pay it brings about. Yet such dependence is not predetermined and may not exist or disappear in a different arrangement and culture. Keeping more people on a one-person post just so everyone can have a job and be paid is not only inefficient and encumbering productivity, it is also to substitute one deprivation for another. Moreover, effective midway schemes of, say, 30-hour workweek or fixed-term shifts may not be beyond reach, but they would generate an extra bureaucratic burden detrimental to a liberated life of personal autonomy and democratic management. The scarcer a resource is, the fiercer competition over it becomes, and the more extensive and stronger an administrative control would be in demand.

The better and ultimate solution thus seems to lie outside the conventions. Work must not be equated with gainful employment (as it never was) or the performance of a statistically countable workforce. A classical example is housework for which the women's movements everywhere have fought a hard battle to win recognition – yet for it to be appropriately appreciated, whoever performs the task must not be confined to the home or other private settings without equal access to public participation. Work should instead encompass all that is involved in variously organized processes of production and service, and all the socially useful, beneficial or honorable (as opposed to profitable) activities, with or without market evaluation of the labor input. Thus included are also domestic (shared between genders and combined with non-domestic roles), informal, “flextime”, free-lance, self-employing, voluntary, and any other types of contribution commonly deemed valuable in the state or non-state, market or non-market, waged or non-waged sectors. In particular, given our gradual technological liberation from drudgery and routine, people can now devote more time to caring for one another through a “caring economy” supported by local networks and perhaps mandatory assignments as well (Roberto Unger).

The key word here is “participation”, which compels the meaning of “work” to be open to its widest possible range of references. This will be an inevitable and fruitful societal movement from full employment to “full activity”, of the latter the landmark is the income being no longer the price for which labor is sold (Andre Gorz). A quick qualification would be that as a concept with positive connotations, participation presumes a normative context in which the legitimate public spaces, however contentious may be, excludes socially unacceptable activities. Participation would thereby be simultaneously an obligation and a right on the principle of equality and along the line of rejecting exploitation that nobody should reap without sowing.

The fundamental linkage between participation and recognition is the vantage point from which a new realm of work and rewards transcending economic necessity comes in sight. Today in China as in Europe and other rich countries, unemployment is more a political, institutional and cultural problem than an economic one. The very fact of excessive hands

is itself an evidence of the availability of the material preconditions for gaining freedom from toiling. Yet, a great opportunity for freedom is being mistaken for a widespread victimization in the current norms of expectation (Adam Przeworski). However, breaking away from privileged wage labor and expanding other channels of participating, socializing and sharing would require unconditional income security (see below). Only based on such security can the decent values a society of full employment could cherish – dignity, equality and solidarity – retain and flourish. Ultimately, there is no chance to win the battle against joblessness until we can transform formal employment as the primary means of both household income and social participation en route to recognition. If this sounds utopian, it is only because “history” or the social world has been slipped into “nature” in our “habitus” (Pierre Bourdieu or in Chinese, “*xiguan cheng ziran*”).

3. Participation and social security

The truth is that achieving full participation is really no more unrealistic than returning to employment subsidies. Already underway, the transition of the entire Chinese economy irreversibly reduces the weight of its old-fashioned patterns of employment. In their place there have (re)emerged a very large number of flexibly contracted workers from casual laborers to “soho” professionals, young volunteers, neighborhood and self-help groups, and civil society activists. To establish the new norm of participation beyond the payroll-centered systems, every positively recognizable contribution from all walks of life should be accredited. Participation is therefore antithetical to exclusion, through which people as individuals and in collectives enter the spheres of cooperation and exchange. By virtue of participating, a person is qualified as participant to earn herself the “ticket” for recognition. As such participation is the vehicle to the attainment of a basic and inherently worthy human desire. Consequently “participatory parity” (Nancy Fraser) would be a major policy objective.

Work has so far not been a typical concern in the academic discourse of participation (and democracy) or recognition (and identities and rights). But the imminence of the theme for understanding the changing reality and developing critical social theories is

pressing. After all, humans are creative working beings and this “species essence” fundamentally measures life’s fulfillment not in idleness or isolation. The ongoing destruction of the modern way of getting by with stable and salaried employment, the family wage, the separation between making a living and pursuing personal interests and so on is a formidable challenge. It has to and can be met by novel strategies and institutions.

Participation beyond paid work would be a sheer impossibility without a “social wage” unconditionally entitled and guaranteed for the entire population of individual citizens (and their children). Perhaps most controversial is about its feasibility. To clear the ground, it should be stressed that the notion of universal provision for basic welfare is distinct from the concern for mere poverty relief, from the utopia of a “living wage” dependent on full employment, and from the remote abstraction of replacing work with play. It instead aims at enabling participation. Without engaging the moral justification or financial viability of various basic income proposals rather widely discussed in the west, suffice it to note here that China is not only economically behind, but probably also socially more resourceful than, the affluent capitalist world. Consider the Chinese tradition of household management, local autonomy or self-reliance in relation to the Asian concept of “welfare society” in contrast with the welfare state model, China is certainly not left only with comparative disadvantages (section 5). Needless to add that it has been abundantly demonstrated, in the PRC as elsewhere, that security and solidarity could nurture a committed workforce by stimulating rather than impeding work incentives and creativity (Carl Riskin).

The current government project in China is to complete the shift from enterprise-based or “work-unit security” to “social security” in terms of responsibility and coverage. The latter commitment involves all members of society on a “low-stratum sustaining basis”, through legally-binding insurance schemes applied to the formally employed on the one hand and a subsistence maintenance system with local variations on the other. It will have to cover essential education (compulsory nine-year) and health care as well, which must be treated as basic necessities. The established “three-line security” in the cities and

county towns is intended to ensure pension, a living allowance for the redundant workers, and a security fund for maintaining the minimal living standards. The Ministry of Civil Affairs is prepared to expand the existing rural minimum living subsidy program (which was initiated in Shanghai in 1994 and currently has a coverage of 4.1 million people) nationwide to aid about 23 million in extreme poverty. Most fundamental in the countryside however is the (contractual but effectively permanent) use right of land by farmers, which is in principle also reserved for those temporarily working or seeking work away from home. As far as this two-tiered arrangement does not revive rigid residence control or polarize provision, it is unlikely that a new round of striving for “*nongzhuanfei*” over entitlements would appear. The collective ownership of land has been the root cause of China’s rural industry and market transition (Pei Xiaolin). The land’s security function makes it all the more compelling that privatization must be opposed (Wen Tiejun, et al).

4. Obstacles and feasibility

If steps as big and decisive as the ones outlined above have already been taken in China, then why should universal security provision sound so inconceivable? The objection may derive from our limited historical experiences: within that limit it is asked if a welfare state is financially unsustainable even in the wealthiest countries, how seriously can any discussion of policy options toward a social wage be in China? The confusion is caused partly by a failure to distinguish the institutional requirement for meeting basic needs from the expensively and bureaucratically administered state provision. The former does not in fact presuppose abundance and the latter is not the only possible instrument of public welfare. Any doubt here should be directed to the Chinese local knowledge that needs had been better met than today in some areas (e.g. public health) before the reform when China was times poorer; and it was done without comprehensive state financing but with community and cooperative resources.

An obvious lesson is that the pivotal variable in the well being of a population is not the volume of outputs and wealth calculated in the national GDP (per capita), but their

appropriate use and allocation after an economy crossed certain threshold of development (E.A. Wrigley). As long as the committed public authorities in such an economy have at their disposal power, resources and rational means, they could achieve adequate universal subsistence through governmental and non-governmental channels and within or outside state budget. Having amply reached to a stage in which it makes both economic and moral sense to overcome unemployment through security and participation, China's seeming shortage of welfare funds therefore has little to do with underdevelopment but much with lack of determination and experience along with mismanagement and corruption. There is a black hole of waste – buying the US treasury bonds and holding a huge foreign reserve in dollars, for example, cost a fraction of annual national income.

The real obstacle is then political and institutional, especially in an open market under multiple global impositions including those from the WTO. Such obstacles, however, are likely to be weaker in a society where because of the socialist legacies private profits do not (yet) dominate decision-making, the national currency and finance are guarded against foreign control, and human worth is deemed not measurable by market values. It is here the conditions found in China become most interesting, noting also the historical factors about salaried employment being continuously marginal in the agricultural sector and the persistence of some traditional forms of organizing work (e.g the Yunlong practice of having 20,000 home-based workshops in three provinces for its aesthetically sophisticated handicraft products). The reforms have eroded an ideology of equality and a redistributive “public good regime”, but they also opened a whole new horizon for China in all its diversities to pursue renovation and a renewed self-identity. In fact, concerning the practical feasibility of complete social security, the commitment in China would not invoke the kind of technical complications as it would in the capitalist democracies. If 20% of GDP is necessary to finance universal subsistence grants in the OECD countries, it would imply an unacceptable tax burden for voters (Adam Przeworski). In other words, the Chinese, having not gone too far into a “capitalist” path, could be more supportive of a welfare proposal that might be perceived revolutionary elsewhere, entailing unbearable sacrifice for tax payers. In other words, given the logic of path dependence, the cost of

institutional change needed for the move in its specific local style would only be minimal in China.

5. *What may a xiaokang socialist vision offer?*

The new leadership's mission statement on comprehensively building a moderately prosperous society by 2020 is potentially a turning point in China's modern trajectory. The guideline promotes social development and "harmony between man and nature" as much as growth, and promises to proceed "from the need to improve the quality of life" and to seek "breakthroughs via scientific and institutional innovations". The objectives include enhancing national capabilities as well as poverty alleviation and human development ("The program of action for sustainable development in China in the early 21st century" and Hu's speeches). This shift away from single-minded "go-for-growth" policies is urgently needed to halt the destruction of China's human capital accumulated in the past decades.

Omitting a discussion of the lost ingredients of a socialist reform worthy of its name in the official version, such as political democracy or rejecting capitalist global integration, the concern here is limited to the reorganization of work. Granted that nobody should be deprived of her dignity either by losing security or by denied ability, a "rubber rice bowl" for everybody would in the end be indispensable in the new norm of participation. The crucial difference between this vision and welfare capitalism lies in their contrasting outlooks on human flourishing and social justice. Many market liberals believed in full employment to be brought back through lower wages and deregulation coupled with a "safety net", e.g. a negative income tax to create an annual income for the poor (Milton Friedman). The social democrats do not have much more to offer and often concentrate their attention on redistribution rather than production. Both groups are not interested in legitimizing work beyond employment morally and materially sustained in a socially all-inclusive process, which permits no separation of "passive" and "dependent" citizens from others.

Then what is or can be instituted there in the *xiaokang* direction to enable full activity without full employment? First of all, the current pattern of industrialization that relies on FDI, expert and Fordist assembly lines will have to be transformed for longer-term sustainability. One implication would be the absurdity of the notion of “cheap labor”; another needs- and public good-oriented decisions taking the precedence over the (labor) market logic. Empirically, the “institutionally indeterminate” market economy has been operated differently in different national or regional conditions with different social consequences (Roberto Unger; David Coates). Instead political will and institutional infrastructure appear to be the determinants. Looking at the productive process, it has been argued that the post-Fordist mode of productive coordination (soft hierarchy, multiple roles and teamwork) and cooperative competition (pooling resources among medium-sized and small companies/divisions) can stimulate rather than impede technological learning, diffusion and innovation (Unger and Zhiyuan Cui). Even though large firms as “second movers” must continue to play a key part in industrial upgrading (as in Taiwan – Alice Amsden and Wan Wen Chu), they also tend to be less rigid in operation. Together these observations point to an open-ended terrain of experiments for more humane (as opposed to mechanical), creative, flexible, ability-enhancing and less alienated style of work and life.

Thus, secondly, within the decentralized Chinese tradition (which has survived side by side with the centralized one) a *xiaokang* society after state socialism will prize direct producers/participants without readmitting autarchy and isolation. The direct producers or participants develop their designs and skills in certain areas of production or service and may also partly consume their own products. They also control the surplus of their labor apart from the tax necessary for public spending, hence eliminating exploitation. As the ancient rural household remains not only the reproductive but also a productive unit, it can be networked in a modern collective sector for mutual benefits and social support. An egalitarian institutional culture of participation would curb the patriarchal elements of the male-headed family and indeed undermine the power of the traditional family income earner. Meanwhile, voluntary and reciprocal contributions coordinated in the neighborhood and communal settings become ever more widespread and substantial for

nurture, care and much else. The ecological gain is also obvious: as industrialism everywhere is polluting or exhausting the earth's resources, the cure might be found only in "organic", local-centered, and nature-friendly ways of production and consumption (Huang Ping). As a result, direct democracy becomes not only possible but also necessary, involving grassroots self-governing and the officially endorsed "service model" (*fuwuxing*) of governments at upper levels.

Furthermore, a third potential in *xiaokang* socialism is societal resources of goods and services to be generated by self-help and mutual aid groups as well as non-profit and intermediary organizations. Not only cannot the state be the sole provider, it is also economically more rational and individually/socially more beneficial to utilize traditional and new methods of improving welfare alongside governmental obligations. The NGOs in China raised about a fifth of the total funds spent on poverty reduction in the second half of the 1990s and their projects have been more efficient than government schemes (Tony Saich). As such China is likely to resemble, only on a larger scale with stronger state backing, the East Asian model of "state-led community welfare".

Finally, the political linkage can be made in a *xiaokang* vision between participation and recognition, human capital and social capital, and the time gained from reduced workday or flexible schedules and the time needed for voluntary civic and associational engagements in public affairs and politics. Democracy is inevitably also a matter of time, or of liberation from imposed occupation. Time, without the fear of daily needs in the rear, enables autonomy and devotion of a participatory citizenry, and can improve the quantity and quality of political activism.

6. The politics of time and cultural transformation

The human desire to gradually removing dirty, dreary and dull tasks and so to reconcile work and play is closer to realization in an age of information and automation technologies than ever before in history. As all work less, all shall play more. Both sweatshops and unnecessary, inactive jobs in today's China as elsewhere are therefore

not only morally crooked but also practically anachronistic. The time won from raising productivity is precious for civic and political participation as much as for boosting life in self-development and leisure. Dispensing passivity, isolation and idleness, time is another word for freedom. The meaning of leisure, however, can be sought and defined only by more people finding more free time yet to be spent worthily and happily. A fundamental constraint here to human flourishing is our consuming culture and infrastructure, which make leisure dependent on money and commercial facilities.

The oversupply of labor (in market terms), especially from the rural sector, and the rising productive capacity are forcing a (partial) separation between income and employment in China. Nothing less than building a fully participatory society can surmount the anguish and predicament of unemployment. Profoundly transforming the social contract rooted in the modern convention of wage labor, this movement is also a revolutionary cultural challenge to our minds, values and customs. Beyond the familiar Keynesian solution, John Keynes himself anticipated a collective “nervous breakdown” over such a change, though he would not have imagined to include China, a vast and then also vastly poor country in the periphery of the great depression:

“When the accumulation of wealth is no longer of high social importance, there will be great changes in the code of morals... All kinds of social customs and economic practices, affecting the distribution of wealth and of economic rewards and penalties, which we now maintain at all costs, however distasteful and unjust they may be in themselves, because they are tremendously useful in promoting the accumulation of capital, we shall then be free, at last, to discard. ... We shall once more value ends above means and prefer the good to the useful. We shall honor those who can teach us how to pluck the hour and the day virtuously and well... I look forward, therefore, in days not so very remote, to the greatest change which has ever occurred in the material environment of life for human beings in the aggregate... Indeed, it has already begun” (1930).

I wrote on the topic several years ago and remain tempted to return to it as part of my project on China’s search for a post-socialist identity.

The references of this paper will be supplied on request. My questions for the group are many, but mainly about the compatibility between large- and small-scale production/management and the relationship between market and non-market sectors. I also wonder how might policy research be conducted in a manner that permits imaginative contemplation without compromising empirical vigor or practical relevance of the work at hand.

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