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My 20 Years with a State Enterprise Fan Wen-dong

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Edited by Chen Jing
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Price: HK$60 / US$10
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Cover photo:
Workers at the Tonghua steel mill protest against privatisation, July 2009. Eventually they succeeded.

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Contents

Glossary

Baijiu: a distilled liquor with 40-60% alcohol volume.

Hukou: Literally means Household Registration System. This is chiefly divided into urban household registration and rural registration. Residents with the latter registration are denied permanent residential rights in urban areas and all the rights to public social services associated with urban household registration, from education to medical care. It should be noted that rural residents are entitled to the right to use a piece of collective land while urban residents are not. Still it is commonly believed that the rights associated with the urban *hukou* are significantly greater than the rural *hukou*. *Hukou* is hereditary. Usually the only way rural residents can be "upgraded" to urban *hukou* is when they graduate from university or when their land is taken over by the expanding cities. Since reform, rural residents can also buy an urban *hukou* for a considerable amount of money, or by buying a house in an urban area.

Terms related to the different stages involved in making workers redundant:

Daigang, literally meaning "waiting for assignment", is one of the many ways in China to put workers on leave with no or little pay when State Owned Enterprises are not running at a profit or

when the management wants to cut the labor cost. *Daigang* mode is supposed to be temporary. Workers may either be re-absorbed into the workforce to work or they may be told to leave the job permanently, while temporarily maintaining their legal employment relations with the company (*xiagang*) and then after a period of time being forced to severe their employment contract with the company altogether (*maiduan*).

Xiagang: "off the job". This literally means being taken off one's job position and off the pay roll. A worker in this situation is practically unemployed though he/she is still technically an employee of the firm.

Maiduan: "sell off". Workers are made to sell off their rights and entitlements associated with their seniority and length of service. After workers are *xiagang* for a period of time, they will be made to severe all employment relations with the company and receive a lump sum severance pay in return, although it has not been uncommon for this payment not to be fully honored.

Editor's Forward

At its 14th party congress in 1992, the Chinese Communist Party officially endorsed the proposition of building a 'socialist market economy', and also set out the task of "reforming the management mechanism" of State Owned Enterprises (SOEs). This implied that the latter had to be subjected to market discipline hence forth. At first look the pill was not that bitter, although ensuing events were increasingly troubling to workers. The official press began to publish articles attacking the 'iron bowl' and 'iron wages' of workers, although the press, for the moment, still put them on a par with the 'iron seat' of the cadres and called for 'demolishing the three irons' (*posantie*) simultaneously. In fact, what followed was not just the further introduction of the market mechanism into SOEs but large scale privatization. Furthermore, eventually only the two 'irons' of the workers were demolished, while the leading cadres, thanks to privatization, not only secured their positions in the newly privatized SOEs but also, in most cases, became the bosses or were promoted to become even higher ranking managers.

While the official press was filled with success stories concerning how new companies emerged from the reform of old SOEs, tens of millions of SOE workers were dismissed, most of them experiencing downward mobility. In addition to this was the fact that their voices were not heard at all. Only when news about occasional big protests

launched by desperate workers broke through the censorship and were reported to the outside world did people become aware of their plight.

Many writers have reported on the plight of SOEs workers and their struggles and they have each in their own way have contributed to our understanding of SOEs workers. What distinguishes this book from others, however, is that it is written entirely by a former SOE worker, Fan Wendong (a pseudonym). The first chapter is about his 20 year working life in the distillery factory since 1986. He recounts how he felt proud of being an SOE worker because it meant a secure job, while on the other hand he increasingly became irritated by the bureaucratic privileges and more and more open corruption. In the period 1994-7, when his enterprise underwent reform, he witnessed the whole process of un-declared privatization. He reports on how the leading cadres became the new bosses, the tricks used to cheat workers to buy shares, which were then practically stolen by the management, and how in the end most of the workers were dismissed.

The second chapter is a cross sectional analysis of the institutional arrangement of his plant and how they functioned before and after the privatization. It shows how the leading organs work, from the Party committee to the director, the workshop managers, the security bureau etc; it also reports on how the trade union, the women association and the Staff and Workers Representative Congress (SWRC) functioned to serve the Party. What seemed to be the rule was that while the leading cadres usually abused their legal powers, they rarely respected the legal rights of workers and their organizations, hence even when most workers were not supporting privatization, the trade union and the SWRC were still

supportive of the management's drive.

The third and fourth chapters consist of the author's in-depth interview with men and women fellow workers, so as to allow their voices to be heard as well. The women workers were particularly hard hit by dismissals because the new boss regarded their ability to bear children as more of a burden than a blessing.

Fan Wendong wrote his story in 2008. He admitted that this page of history was closed, although he also remarked that "us workers must not let this page be filled only with the cheering for the victors", and that he wanted to add his voice on this page of history as well. We fully endorse Fan's view and it is in this spirit that we publish this book.

July 25, 2011

Introduction: Chinese SOE Workers in Contemporary China[1]

Au Loong Yu

This is an abridged version of the original article From Master to Menial – Chinese SOEs Workers in Contemporary China, published in Working USA, volume 14, issue 4, December 2011.

In July 2009 workers at the stated owned Tonghua Steel Mill in Jilin province violently resisted repeated attempts at privatizing their plant, to the point of beating the manager to death upon hearing his threat that he would sack all of them if he remained alive. Their struggle helped stall the privatization and encouraged similar struggles in other state owned steel mills. This incident occurred against a background where the central government had previously issued instructions to local governments reminding them that local officials and SOE managers should respect the laws,

1 The first draft of this essay was translated by Eva Tao from the original Chinese draft and the author wishes to thank her here. The present version is a heavily re-written version and was proofread by Bai Ruixue, whom the author would like to thank as well.

including the one concerning the consulting of Staff and Workers Representative Congresses before any change of ownership. After the incident the All China Federation of Trade Union (ACFTU) released a statement reminding its officials that they should uphold the rights of the union and the SWRCs.

Indeed it was not in the distant past when more than 100 million state owned enterprise (SOE) workers enjoyed job security and basic welfare, and the laws on industrial democracy granted them many rights which were even more far ranging than the German Work Council model. In addition to this is the fact that their 'leading role' in the running of the country and their political rights were (and still are) all enshrined in the constitution. However, all these legal rights neither enable most workers to protect their enterprises from being unlawfully privatized nor save them from being unlawfully sacked, because the laws are simply bypassed by the cadres. How this could have happened should be of interest to labor activists. This essay tries to look into the institution of industrial democracy in Chinese SOEs[2] and the political context which has hindered its proper functioning. This is then followed by an evaluation of the status of the working class in Mao's China. We hope that our narratives may help to shed light on how and why the alleged 'leading class' of China met its eventual downfall, and what lesson can be drawn from that closed page of contemporary history.

We believe our study is also relevant for making a more balanced evaluation of the more recent efforts by the ACFTU to promote a

2 We have no space to discuss Collectively Owned Enterprise (COE) workers here, and due to the fact that their working conditions and mentality may be different from SOE workers, it is difficult to say to what degree the explanation here might act as a reference point for analysis of these workers.

series of labor law legislation. While these efforts are welcome, we must not overlook the fact that these laws are often not implemented at a grassroots level. In a country which does not respect the rule of law and freedom of speech, it also means that wherever workers' legal rights are infringed most of the workers concerned will find it hard simply to voice their grievances. This should not be surprising to us in the first place, if we are aware of the fate of the SOEs workers. No single labor law or single piece of social reform, or its effectiveness, can be correctly assessed without referring to broader societal factors and to lessons drawn from the recent past. It is with this in mind that we make the present investigation into SOEs workers and the China model of 'industrial democracy'.

Privatization: "Doing without saying"

Back in the late 1980s, there was already a popular saying about the course which the Chinese Communist Party (CCP) was actually taking: *Dazuodeng, xiangyouzhuan*. Using a driver driving a car as a metaphor, it depicted the CCP as turning to the right while making a light signal to turn to the left. The people's intuition about what CCP was going to do was right: after the 1989 crackdown on the democracy movement, the CCP, while still talking about building 'socialism', made a great leap forward towards capitalism instead, and the first step was un-declared privatization.

China kick-started its wave of privatization in 1996 when the CCP announced the "Seize the big and let go of the small" policy under which it would simply sell off the small state-owned enterprises (SOEs) – in fact in the process many medium-sized enterprises were also privatized. It is true that big SOEs generally

remained state owned, but their profitable subsidiaries were listed on the stock market so that they would be run on a commercial basis as private enterprises are. Therefore today, even if they remain state owned, their nature is entirely different from in the previous period; previously they were run for the sake of the public good. Now they are run to make money. As of 2001, 86% of state industrial enterprises had been restructured and 70% had either been partially or fully privatized.[3]

This overwhelming wave of privatization directly led to the redundancy of tens of millions of state or collective enterprise workers. However, this process has differed from privatization in the former Soviet Union, since the CCP has all along refused to admit that it is driving privatization in China. Instead, it claims that it is *gaizhi*, or that it is to "reform the system", i.e., renovating the old into a "modern corporate system". Even as late as March this year, the president of the Standing Committee of the National People's Congress (NPC), Wu Bangguo, still asserted in his report to the 4th Plenum of the 11th NPC the "solemn declaration that we do not do privatization". The Chinese public has a very accurate saying to describe the CCP's entrenched hypocrisy: capitalism can be practiced but not spoken, while socialism can be spoken but not practiced.

The tragic defeat of the 1989 democratic movement made most workers demoralized and confused, largely disabling them from launching effective resistance to the privatization offensive when it began. But since the late 1990s, sporadic protests against

3 Exit the Dragon? Privatization and State Control in China, Edited by Stephen Green and Guy S. Liu, Blackwell, 2005, p. 18.

privatization began to pop up all around the country. While there were numerous protests, they tended to arrive too late and in this rather limited struggle, the actions were mostly confined to single enterprises. The courageous 2002 initiative by the Liao Yang Alloy Enterprise workers to mobilize workers from other plants into the same struggle was an exception. Precisely because of this the local government quickly repressed their struggle and sentenced the leaders to prison. Given that the overall balance of forces has never been in the workers' favor, it is not all that surprising that most of the workers' anti-privatization struggles have ended in defeat, or at most have led to improved redundancy packages [i.e., relinquishing their entitlements as state workers in an arrangement officially called *maiduan*].

"Public Servants" Turned into Masters

The flipside of workers being hit by redundancy was the rapid rise of the former SOE directors or chief executives, who became the new owners or senior management of the enterprises' post-privatization, undoubtedly also benefiting officials in the local governing authority in the process as well. The "masters" were reduced to the unemployment scrap heap yet the public servants of the previous era turned into the masters virtually at the touch of a magic wand.

On the surface, workers were able to access shares of the privatized enterprises during the "system reform" of SOEs into equitized entities. But in reality, the local authorities always favored the enterprise directors, granting the biggest ownership slice to the operators to ensure that they held the controlling stakes. Workers'

share of the ownership cake often ended up as little more than bait with which the enterprise director conned them out of the last of their savings. Starting as a compulsory exercise to coerce workers into taking part in raising an enterprise's capital, more often than not, it would not be long before the enterprise would enter bankruptcy, perhaps by design, thus looting workers of their hard-earned savings in the process. Alternatively, the operators might make up all sorts of excuses in order to get workers to forego or sell off their shareholdings. Or they might use a combination of these methods. This was the first act of appropriation of workers by the communist cadres. The second round of appropriation would take place soon after, either during or after privatization, when workers were dismissed en mass and lost their right to jobs altogether.

Staff and Workers' Representative Congress as an Institution of 'Enterprise Democracy'

The SWRC model was first introduced into China following the CCP's 1949 victory, and survived until the 1957 anti-"Rightist" purges at the latest, after which for twenty years it was little more than an empty shell. It was only after Mao died in 1976 that the issue of democratic management at the workplace was back on the agenda. Many people at the time saw the autonomous workers' self-management regime in Yugoslavia as a model, and most were in favor of reviving the SWRCs as a means to keep the enterprise directors in check. While the State Council formally declared the reinstatement of SWRCs in 1980 and groomed them to be the means with which the working class was able to call the shots in their country under the CCP, the Solidarity strike movement in

Poland made the CCP think again as it obviously did not want a similar thing happening on its own turf.[4] This partly explains why the institution of SWRCs was designed in such a way as to weaken workers' control over the institution while empowering them in appearance (for more see below).

In 1991, SWRCs reportedly existed in 60.2% of state enterprises.[5] According to a *Workers' Daily* report in 1998, the directors of 660 state enterprises in Tianjin had to leave their jobs after they failed to win more than 50% support at their SWRCs.[6] Another *Workers' Daily* report in 2005 reported a successful case where a SWRC acted as an organ of workers' power at an enterprise called the Wuhan Iron and Steel (Group) Company:

> "For us here, the SWRC is real." Counting with his fingers, employee representative Nie Dehu from a coking division of the Jiao Hua Corporation, listed [the purported supremacy of workers] as he was attending the first meeting of Wuhan Iron and Steel (Group) Company's 11th plenum…In recent years, more than 40 director-grade cadres were either cautioned or

4 "In the June of this year the Vice Chairman of the CCP Li Xiannian said that if Beijing did not reform the economy, they too would face a Polish style crisis." Ming Pao, December 11, 1981, Hong Kong. Translation by author. For the link between the Polish event and the Party's position on SWRCs, see footnote 14 of Gonghui yu dang-guo de chongtu (The Conflict between Trade Unions and the Party State), Kevin Jiang, Hong Kong Journal of Social Sciences, No. 8, Autumn 1996.

5 Gonghui yu dang-guo de chongtu (The Conflict between Trade Unions and the Party State), Kevin Jiang, Hong Kong Journal of Social Sciences, No. 8, Autumn 1996.

6 *Whither China's Industrial System and with What Implications for Labor? Labor History*, October 2006.

> deposed after they failed to secure enough support from the democratic assessment process…[7]

An ACFTU study showed a different picture however. Kevin Jiang quoted an ACFTU 1987 survey indicating that only 29.26 percent of respondents thought that SWRCs were very useful (6.25 percent) or useful (23.01 percent). But he also quoted the results of separate interviews with 10,000 workers from the same ACFTU report, which suggested that the percentage of interviewees who thought that SWRCs were either very useful or useful was considerably lower than 29.26 percent. In the notes he further suggested the probability that the survey results were either a product of manipulation or the respondents were afraid of retaliation if they made undesirable responses.[8]

According to Zhu Xiaoyang and Anita Chan, the ACFTU conducted another survey concerning SWRCs in 1997 and found that in general "only a third of the responses are positive evaluations [of SWRCs], which is not enough to change the image of the SWRC system being largely window dressing and the workplace union being nothing more than an arm of management."[9]

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7 Qiye yingdui tiaozhan de liqi – wugang qianghua zhidaihui zhidu tuijin changwu gongkai jishi (The weapon with which enterprises face their challenges – Report on how Wuhan Iron and Steel strengthened its Workers' Representative Congress mechanism so as to promote transparency of the running of the enterprise), Worker Daily, June 10, 2005, http://www.sasac.gov.cn/n1180/n1271/n3420181/n3420283/3445501.html

8 Gonghui yu dang-guo de chongtu (The Conflict between Trade Unions and the Party State), Kevin Jiang, Hong Kong Journal of Social Sciences, No. 8, Autumn 1996.

9 Staff and Workers' *Representative* Congress, An *Institutionalized* Channel for Expression of Employees' Interests?, Zhu Xiaoyang and Anita Chan, Chinese Sociology and Anthropology, vol. 37 no. 4, Summer 2005, p. 6-33.

Now even the official press carries de facto admission of the paralysis of the SWRCs because it is too obvious a case. Following the vigorous anti-privatization struggle by the Tonghua Steel workers, a mainland China newspaper published an article in July 2009 that was entitled "Why are SWRCs useless?" which went into detail about how and why the SWRCs fell short of their responsibility to protect workers' rights and interests.[10] (For more see below)

Legally SWRCs command sweeping power, and the CCP has seized on this all along to brag about how much it respects democracy at the workplace. According to article 52 of the 1998 "Law of the People's Republic of China on Industrial Enterprises Owned by the Whole People", the SWRCs general assembly has jurisdiction in five areas, summarized as follow:

(1) to be consulted on major strategic policies of the enterprises;

(2) to enjoy the right to co-determination over redistribution of income, including the share of wages/bonuses, and the right to make important regulations [of the enterprises];

(3) to decide, along with the management, on how to use the workers' welfare fund, the distribution of welfare houses among employees and all important issues concerning workers' welfare;

(4) to monitor the performance of cadres at all levels and to make suggestion on rewarding or penalizing them;

10 Zhidaihui weishenme meiyong (Why are SWRCs useless?), Dong Fang Daily, August 17, 2009. http://news.ifeng.com/opinion/political/detail_2009_08/17/1346610_0.shtml.

(5) in accordance with the arrangement of the supervisory government department, it has the right to appoint or dismiss the enterprise director, or at least to propose a candidate list.

The work councils in Germany are similar to SWRCs in China, except that the Chinese variety has more power than its German cousin. For instance, the German work councils do not have the right to be consulted or to decide on who shall be the enterprise director or personnel in the management. Zhu Xiaoyang and Anita Chan considered that "if the SWRCs in China were indeed able to exercise their rights as defined by law, the rights enjoyed by Chinese workers of state and collective enterprises would far exceed those of workers under any capitalist system."[11]

But the devil is in the detail. While the CCP deploys the most impressive-sounding punch lines on big issues such as "enterprise democracy" and "the laboring people takes charge", in terms of the actual policies and legal fine print it is seeking to ensure that the party committee continues to monopolize all power, vaporizing workers' statutory and political rights into thin air. Firstly, with regards to the qualifying conditions for SWRC candidacy, while enterprise management is barred from standing in elections in the German work councils, their Chinese counterparts – management staff members and leadership cadres – are not only eligible to stand for SWRC elections, it is in fact guaranteed that "the leading management cadres of the enterprise generally, including those on the shop floor and various departments, shall comprise one-fifth of

11 *Staff and Workers' Representative Congress, An Institutionalized Channel for Expression of Employees' Interests?*, Zhu Xiaoyang and Anita Chan, Chinese Sociology and Anthropology, vol. 37 no. 4, Summer 2005, p. 6-33.

the SWRC delegates." This stipulation was enshrined in article 12 of "Staff and Workers' Representative Congress Bill for Industrial Enterprises Owned by the Whole People".

The *Dong Fang Daily* points out another institutional defect as follows:

> Under the existing legal framework, if the workers and their SWRC delegates were not happy with those decisions, there is no reasonable means of redress. What is more, article 54 of the "Law of the People's Republic of China on Industrial Enterprises Owned by the Whole People" carries the special stipulation that SWRCs has the responsibility "to support the enterprise directors in the lawful discharge of their official authority and to educate workers of their obligations to abide by the provisions of this law."[12]

SWRCs and the Trade Union

Another difference between China's SWRCs and the German practice is that in the latter's case, its work councils and trade unions constitute two independent systems. Neither is subordinated to the other, nor do they owe each other any rights or responsibilities. Work councils enjoy the right to be consulted over enterprise management matters, but it cannot initiate a strike as a trade union can. While work council representatives are often also union

12 Zhidaihui weishenme meiyong (Why are SWRCs useless?), Dong Fang Daily, August 17, 2009. http://news.ifeng.com/opinion/political/detail_2009_08/17/1346610_0.shtml.

members, they cannot put on their union hats while they exercise powers conferred to them by a work council. They have to keep the two identities strictly separate. It is quite the opposite in the case of China, where an enterprise union of the All China Federation of Trade Unions (ACFTU) is stipulated as the SWRCs' executive body and is also responsible for organizing the election of SWRC delegates.[13] On the surface, a union is accountable to the SWRC. Yet since the SWRC does not have a standing executive body of its own or its own paid staff, and it can only meet at most once every six months, its real authority naturally falls into the hands of the union.

This arrangement thus ensures that CCP cadres can castrate SWRCs of their nominal power and keep workers tightly in their grip more effectively. This is because of the fact that the ACFTU has always been under the direct control of the Party. Never has the ACFTU ever discharged its basic responsibility in defending the interests of workers independently of the Party. Union leaders who have been sympathetic to workers have more often than not been demoted. This was what had happened to the first two prominent ACFTU leaders – Li Lisan and Lai Ruoyu – who were both criticized and lost their power based on the trumped-up charge that they sought independence for the trade union and "opposed the party leadership". Lai, during the Great Leap Forward was condemned for his policy of trying to accommodate simultaneously the 'leading role of the Party' and the union's role of defending the material interests of workers as "economism" and "syndicalism". For the Party, the union's central task was (and is) always to promote

13 Zhonghua quanguo zonggonghui qishinian (The Seventy Years of ACFTU), edited by the ACFTU, Chinese Workers Press, Beijing, 1995, p. 404-5

production[14] rather than defending the material interests of workers. No wonder that soon after Lai was demoted, the Party, for a while at least, decided that in this climax of "building communism" the ACFTU should simply "wither away" and merge entirely into the newly built "communes." After the Party's retreat from this great adventure the union was allowed to recover some of its role. This was not to last for long though. During the Cultural Revolution, the ACFTU was completely closed for business for the same alleged mistakes of "economism".[15] Since Deng Xiaoping's return to power in the late 1970s, the Party instructed the ACFTU to resume its role. The purges against more liberal minded cadres within the union did not end with the close of Mao's period, however. Due to the fact that a large number of workers and ACFTU rank-and-file cadres took part in the democracy movement of 1989, after it was suppressed the ACFTU engineered a new drive to purge from its ranks independent thinking cadres, including the head of the ACFTU Zhu Houze. After having purged its ranks repeatedly for sixty years, the ACFTU had long weeded from its ranks the liberal minded cadres. Little wonder that in this wave of privatization at the dawn of the 21st century, all the ACFTU could do was to bob along with it or even give it a gentle helping hand, at most offering some counseling for the redundant workers, urging them to retreat from their previous mindset of feeling superior to others.

In Tang Wenfang's book *Who is in charge: the contemporary enterprise policy in China*, the author conducted a survey in 1991-92

14 This supposed central task of the ACFTU is still explicitly stipulated in the currently effective 1992 Trade Union Law, article four.

15 Zhonghua quanguo zonggonghui qishinian (The Seventy Years of ACFTU), edited by ACFTU, Chinese Workers Press, Beijing, 1995, chapter eight.

among SOEs workers, i.e., in a pre-privatization era. The survey reveals that whenever workers encountered problems with their job titles, housing, wages, dismissal and industrial injury issues, they all, with not even one single exception, would first approach the enterprise leadership or government authorities in looking for a solution.[16] The irrelevance of the union could not be clearer. With this in mind it should not surprise us that more often than not the workplace ACFTU, as the standing executive body of the SWRC, acted more as a brake on 'enterprise democracy' than a promoter of it.

While many commentators have praised the ACFTU's labor legislation drive, we will argue that the most important criteria for judging its success are looking at the results. Wages all round the country continued to slide: the labor share of China's gross national income fell from 52% in 1997 to 40% in 2007 (by contrast, the labor share of Thailand's gross national income stood at 65% in 2007), or a 12% drop in 10 years.[17] Meanwhile, the share of business profits surged. Given a mass ACFTU membership of more than 190 million members, that its chairperson is a Politburo member of the Communist Party and the fact that the Chinese economy has been growing at nearly 10 percent annually, giving the union a much more favorable situation for collective bargaining, that the ACFTU still allows the workers' share of the national income to fall markedly is the best indicator of its failure as a workers' institution.

16 Shui lai zuozhu – dangdai zhongguo de qiye juece (Who is in charge: the contemporary enterprise policy in China), Tang Wenfang, Oxford University Press, 1996, p. 88-89.

17 *The Crisis in Asia: Over-Dependence on International Trade or Reflection of "A Labor Repression-Led Growth Regime"?* Bruno Jetin, October 2009, paper presented to the International Seminar on the Economic Crisis, Amsterdam.

The Law vs. the Party

Even watered down 'enterprise democracy' has not been functioning at all in China since 1982. The law is often bypassed or ignored by leading cadres. For instance, the proportion of SWRC delegates with management background often exceeds the one-fifth limit, sometimes by more than half. The *Dong Fang Daily* report quoted earlier presents the following coverage:

> There just were not enough frontline workers involved in the actual running of the SWRCs. Those who stand a chance of being elected as SWRC delegates are mostly in middle management or even higher positions in the enterprise while the rank-and-file workers constitute only a tiny portion of the delegates. These middle management personnel did well from mergers and acquisition or other enterprise restructuring in an overwhelming majority of the cases. ..Therefore, it is not hard to understand the phenomenon where the interest of average workers was far from adequately protected in the course of the "system reform" of state enterprises.[18]

In addition to this is the fact that SWRC delegates rarely go through the proper procedure of a free election campaign where candidates contest for seats, hence more often than not the representatives are handpicked by the leading cadres, reducing the

18 Zhidaihui weishenme meiyong (Why are SWRCs useless?), Dong Fang Daily, August 17, 2009. http://news.ifeng.com/opinion/political/detail_2009_08/17/1346610_0.shtml.

SWRCs into a rubber stamp, just like the trade unions are. Or if the management lacks confidence in manipulating the SWRCs then they are simply being bypassed altogether. In both cases they just ignore the laws.

There have been reports about workers successfully taking control of SWRCs to defend themselves though. Zhu Xiaoyang and Anita Chan studied three SWRCs and found that two of them were "successful SWRCs", with the first one acting as "a consultation mechanism between workers and management", and the second one "came closest to a democratically elected and functioning SWRC".[19] The anti-privatization struggle of workers at the Zheng Zhou Paper Manufacturing Enterprise in 2000 was also organized through the SWRC.[20]

These, nevertheless, were but rare exceptions. In general most SWRCs have either long been paralyzed or have simply acted as rubber stamp of the party cadres before and during the privatization. In the aforementioned ACFTU's 1997 survey on SWRCs, only a third of interviewees gave a positive evaluation of SWRCs. Zhu Xiaoyang and Anita Chan admitted that even the minority opinion which gave a positive evaluation was "likely to be

19 Staff and Workers' *Representative* Congress, An *Institutionalized* Channel for Expression of Employees' Interests?, Zhu Xiaoyang and Anita Chan, Chinese Sociology and Anthropology, vol. 37 no. 4, Summer 2005, p. 6-33.

20 The workers at the Zheng Zhou Paper Manufacturing Enterprise had for a while succeeded in holding back the privatization of their plant by organizing through the SWRC. But overwhelmed by debt, the enterprise was propped up in the end by the injection of private capital. Stephen Philion has discussed this case in an article, in which he holds the view that the SWRC leadership's acceptance of private capital means it turned its back on the original aspiration in banking on workers' democracy, and believes this change of tack could have led to the struggle's demise. See "Democracy vs. Privatization in China", *Socialism and Democracy*, Vol. 21, No. 2, July 2007.

overrepresented".

In a country where basic civil liberties, especially freedom of speech, are absent and where by law even conducting a social survey requires permission from the authorities, some skepticism of all official surveys is required because we simply have no way to check their authenticity.[21] What is more is that when trying to make an evaluation of the effectiveness of SWRCs (or the trade union) it is always equally important, if not more so, to look at the end results. In just six years (1996-2001), as a result of privatization, 40.5 percent of the entire manufacturing industry workforce was cut, equal to the elimination of 26.12 million jobs.[22] The total number of dismissals from all sectors of the economy was somewhere between 30 and 40 million. If most workers had real control over the SWRCs then the struggle between those supporting and those against privatization would have been a more long drawn out fight, or the struggles against privatization would have been more open and more wide-spread. This is based on the assumption that most workers did not support privatization though, not on any independent and comprehensive survey which is quite improbable under the regime. This assumption of workers' attitude towards

21 Although China is now securely on the track of capitalist accumulation, the practise of fabricating news reports for propaganda sake has never ceased despite the media nowadays being a bit more open in reporting bad news. Even in Guangdong where the media is considered less obedient to the Party's propaganda department in Beijing, and therefore much hated by the nationalists like the *Utopia* Website, the media still fabricates news reports in order to provide propaganda for the Party. For instance the Hong Kong Ming Pao reported on how the Shen Zhen Commerce Daily created fake news concerning how a policeman remained on duty to guard the 26th Universiade games despite his son's death. See Ming Pao August 15, 2011.

22 *Woguo zhongchangqi shiye wenti yanjiu* (Study on China's Unemployment in the Long and Medium Term), Jiangxuan, China People's University Press, Beijing, 2004, p. 181.

privatization is not unreasonable, however, given that SOE workers in general possessed some kind of class identity and collective consciousness. While evidence points to the fact that SOEs workers were in general quite confused in their attitude towards the macro-economic decision of the Party to build a 'socialist market economy' – which in turn shows the limitation of their consciousness – they were sensitive to the looting of state property in their plants by the leading cadres because they knew only too well that it would be them who bore all the costs. In addition to this was that, under common ownership, they believed that it was their labor which had contributed to the industrialization of Communist China in general and to the development of their own plant in particular, hence they considered themselves having a rightful claim to defend their plants against theft. This is what Ching Kwan Lee described as "workers' claim of collective ownership of their work units", or a "social contract…between the paternalistic state and a politically acquiescent populace."[23] Most SOEs workers would oppose privatization if they were well informed beforehand and were given the chance to voice their opinion. The fact that despite repression, workers' anti-privatization struggles have still sprung up from time to time also acts as evidence for this.

If any SWRC, at some point in its existence, was to a certain extent a genuine representative of workers' interest but voted in the end to approve privatization, it is most likely because either they saw no way out (mostly because of lack of capital to run the plant as collectively owned enterprises), or because the enterprise director succeeded in dragging the enterprise into bankruptcy, or

23 *Against the Law – Labor Protests in China's Rustbelt and Sunbelt*, University of California Press, 2007, p. 26 and 22.

the national policy had cornered state enterprises into a dead end (as banks stopped extending them credit lines), or a combination of all or most of these factors.

Whereas Ching Kwan Lee describes the SOE struggles as "non-payment protests", "neighborhood protests" and "bankruptcy protests" [24], we prefer to term these struggles as "resistance to privatization" in general, despite the fact that only part of these struggles were explicitly opposing privatization. Lee's three categories may have the strength of referring to the direct nature of most of these struggles, but their weakness is also obvious: it leaves out struggles which *were* explicitly opposing privatization, from the 2002 Liao Yang Ferro-Alloy Factory struggle to the recent Tonggang Steel Mill workers' struggle. What is more is that it may lose sight of the fact that in most cases all three types of struggles targeted the one and same group of people – the leading cadres of SOEs and their supervising government departments. This applies to "neighborhood protests" too because in the old days SOEs also provided most of the social services in the neighborhood, therefore privatization of the plants often also implies termination of free or accessible services in the neighborhood. Hence what have appeared to be non-political and cellular struggles in fact carried the political potential of developing into struggles against privatization itself or even against local governments – after all, it does not require much hard thinking to figure out who the main enemy is. It is for the same reason, however, that the party state must act swiftly to repress these struggles lest nationwide protests of the same kind of 1989 be triggered off once again. Similarly, this is also why when party

24 Ibid, p. 71.

cadres implemented privatization it has been conducted in a totally non-transparent manner, filled to the brim with intrigue, trickery and con jobs, including the ploy not to call privatization by its real name, dressing it up as "system reform" instead and pushing this agenda a step at a time. All this was geared to undermine workers' readiness to resist. Therefore what appears to be fragmented or what Ching Kwan Lee describes as 'cellular activism' among SOEs workers is, after all, just an appearance; beyond this appearance lies the deep contradiction between the cadre class and the working class and all the political dynamics which might follow. Refusing to describe the SOE workers' struggles, or at least an important number of them, as resistance to privatization or anti-privatization struggles might not only downplay their political potential but also might lead to the temptation of taking "cellular activism" at face value, without probing into the inner contradictions of these struggles and their relation to the bureaucracy.

We also differ from Lee's optimism that 'we cannot underestimate the determination and effectiveness of the Chinese regime's self-reform to establish a law-based government, after its radical self-transformation from state socialism'[25]. Nor can we share the enthusiasm of Zhu and Chan's 2005 prediction that SWRCs "may have room for development" in the coming few years because "China is becoming more and more a legal society". When we are writing this essay in August 2011 this bright prospect of SWRCs is still nowhere to be seen. Precisely because of this self transformation from state socialism to capitalism it is less, not more, possible for the bureaucracy to self reform itself into a rule of law regime,

25 Ibid, p.242.

let alone implement democracy. The self interest of the Chinese bureaucracy simply goes against this. This bureaucracy simply refuses to be content with playing the role of compliant apparatus in the service of the bourgeoisie in return for a fixed amount of salary. On the contrary, it *is* the ruling class; it is simultaneously bureaucrats *and* capitalists, and therefore it wants a fixed salary and maximized profit at the same time. All levels of bureaucrats run or own companies directly or indirectly, and profit from these. This is a system of bureaucratic capitalism. Since its very survival rests on a fusion of political and economic power, it necessarily remains hostile to the rule of law and to a situation where the working class enjoys full political and labor rights. (It is likely that the Party will increasingly "rule by law", but this is different from the rule of law and Lee makes the distinction between the two.) However, whereas Lee suggests that there are two "possible forces of change", namely one coming from the party's own initiative for self reform and the second one a workers movement from below, we think that the party in itself hardly constitutes a "possible force of change" in favor of labor at all, and any serious reform has to come from the pressure from a movement from below.

Democracy from Below

Though the chapter of SOEs workers in Mao's China is over, many are still trying to draw lessons from it. In his *The Plight of China's Working Class: Annals of Anyuan,* Yu Jianrong warned workers candidly that they should not fantasize about waging any struggles to become any sort of master as rhetoric like this only serves the interest of the populist parties:

> Workers are simply not a "leading class" nor should they aspire to be one. What they should fight for is their rights as workers and shoulder their responsibility as workers. From my perspective, the real interests of the contemporary Chinese workers lie in the question of defending workers' rights. …if we steer away from this goal, it's possible that workers will be reduced to being a new breed of political tool.[26]

Although not explicitly, it is implicit in his argument that workers should accept the role as wage laborers and be content with undefined 'labor rights reform' within the system. The problem with this argument is that it forgets that wage labor is also a tool in itself, an economic tool in the hands of capitalists with the sole purpose to add value to their capital stock; hence workers can be dumped as broken tools if their labor can no longer serve that purpose. Surely Yu is concerned with "workers' rights", but we are not sure what this means. The fact that liberal advocacy like Charter 08 leaves out the right to free trade unions and collective bargaining altogether should justify our suspicions. In the final analysis, there is no reason to assume that capitalists necessarily behave better than communist party cadres in their treatment of workers; rather, they can be equally, if not more, stubborn in repressing any reform demand from the labor movement. This is especially so in China's case. Far from becoming the leader of a democratic movement, a once popular proposition in the late 1980s, this new entrepreneur class is as fearful of democracy and the labor movement as its patron,

26 *Zhongguo gongren jieji zhuangkuang -- Anyuan shilu* (The Plight of China's Working Class: Annals of Anyuan), Mirror Books, Hong Kong, 2006, p. 471.

the Party.

If there is anything to learn from Mao's period, it is not that workers should be more practical and should be content with capitalism as the only viable system; rather, a correct understanding of the reason for the historic defeat of the working class needs to be made. The working class was defeated not because it was too high minded. On the contrary, workers were defeated precisely because most of them were too practical; as long as they could enjoy job security and a stable income they rarely challenged the one party regime, even if this regime denied them basic civil liberties in general and the right to free association in particular, hence all their legal rights, as enshrined in the constitution and in the law, were reduced to pure formalities. Rousseau once remarked that no one could be truly free who did not govern him/herself. Yet most SOE workers did not fully understand the primacy of democracy over economic benefit; rather they allowed their perpetual dependence on the Party to do good for them. But no economic benefit is guaranteed as long as workers are denied the right to govern themselves. If workers rely on the bureaucracy to unilaterally hand down these benefits to them, this same bureaucracy could also take these benefits back when an unfavorable change in the class relationship of forces occurred. And when this happened, the 'masters of the house' simply had nothing in their hands to defend them from the attack.

With the full restoration of capitalism the Chinese working people will have to start all over again to build a labor democratic movement in the new century if they want to be free from exploitation and repression. This will not be accomplished unless they can keep the state under their democratic control.

Workers fighting for democracy is really the same thing as their striving to be the "leading class". Under rapid industrialization the worker population has been rising quickly at the expense of farmers to the extent that it will soon constitute half or even more than half of the population (if we define 'workers', as it should be, as wage earners and those whose wages will not allow them to accumulate capital), hence they constitute the chief class in the alliance for democracy. Apart from the "quantity" side one must also look at the "quality" of the labor force: the youth exodus from the rural determines that increasingly rural residents are dominated by children and elderly. Therefore the working class is a growing class while the peasants are a declining class. The working class is increasingly the main class in democratic struggles in the future because it has a stake in winning democracy *and* the potential to win it. Surely nothing is determined in this. Either it eventually achieves democracy by taking the lead in the struggles, or it will continue to suffer in a barbaric capitalism indefinitely. What is suffice to say now is that if the workers are, eventually, able to prove their ability to lead the democratic struggles and thus able to shape society according to their will, this is not something horrifying at all – at least not that horrifying for working people. Indeed, the original meaning of democracy is nothing but the rule by the plebeian or the poor. Aristotle was very clear over this, although he, from an elitist position, was far from being sympathetic with the idea.[27] In this sense democracy is also synonymous to socialism.

27 "Whenever men rule by virtue of their wealth, be they few or many, there you have oligarchy; and where the poor rule, there you have democracy," he said. Quoted in *Democracy*, by Anthony Arblaster, University of Minnesota Press, Minneapolis, 1994, p 14-5.

After all, one of the key features of socialism is precisely a complete democratization of society. Therefore, to strive to be the 'leading class' is really not a too high minded thing, it is just the same old goal of labor fighting for genuine democracy, or socialism if you like. Without this perspective, in the long run working people will not be able to keep their 'bread and butter' either. The imminent destruction of welfare state in the West should be another reason for making the link between a kind of democracy where working people play the dominant role and their economic betterment.

August 2011

Author's Preface

What do 20 years mean to a person? They could be a person's entire life or prime years. The reality of life in a factory is like one big mincer and over the course of 20 years many individuals passed through it in one way or another – some left and moved on, others drifted away, passed away or even dropped dead. Yet I'm still here. And the fact that I'm still here is testimony to the might of the forces that compelled us to be there. I'm not the only one who is still here. So are many other workers.

An industrial workplace is inevitably for some a nightmare that one fails to escape from despite a whole lifetime of trying. If we can see an industrial workplace clearly for what it is, with a clear mind or as a "worker" who hasn't been conned, it is of great significance. For this reason, I have decided to get my act together, and put pen to paper to recall a variety of events that occurred throughout these long years.

I have wanted to write my experiences down in this way for a long time. In the past, I have tried to relate my experiences by writing extensively in the form of poetry or stream of consciousness jottings. But due to the specific constraints of these forms of writing, many actual events and situations were just not accommodated or were deliberately "left out". For those with some literary skills, writing is often a means to dress up reality, to beautify it. I fell into

this trap as well and once took pride in those sorts of writing. Yet, I also bottled up just too many things that had their origins in the factory where I worked. It isn't fun having things suppressed deep inside oneself. But it wasn't easy knowing which way to go either. In such a situation I felt very lonely.

It goes without saying that there is also the issue of the contradictions among workers that need to be reconciled. Achieving this requires considerable skills. Inevitably, confrontations erupted every now and then, which left no one a winner. When people lose sight of a common goal or of their common interests, they can only wage a lonely struggle on their own. In the set up of an industrial workplace, the contradictions among workers are a resource that their superiors wouldn't mind taking advantage of. Sometimes I would say that a factory is an almighty being, so all-embracing that it would displace all sense of "self" from individuals, who would surrender themselves to it in order to serve its needs, even in sickness and death. I just wasn't happy to accept my lot and that explains my strong drive to put my experiences on paper.

What I did was little more than to make a record of a collection of random events, based on memory and instinct, which is short of rational analysis. Us workers spent so much time in our workplace, on our shop floor, that it was like being shut away in a cage, and we virtually didn't have a clue about what was happening out there and how it might impact on us. For this reason, even us workers had already hit a dead end before the state enterprises' ownership regime was 'reformed'. We hadn't necessarily worked out the ins and outs of it all, as to why things happened the way they did. Yet, when there was no way out, workers couldn't help but eke out a miserable existence by accepting whatever came their way meaning

that they were in no position to make a difference to anything. Having found myself in such a pathetic state, I couldn't help but soul search even harder. And the more I did, the more my desire to speak out became even stronger. In fact, this urge had never been stronger. I wanted to know what it would be like if I put together in an integral fashion my experiences of these 20 years.

Ever since the reform of the state enterprises' ownership regime began, the employment conditions of workers only got worse. We were totally like helpless lambs on a chopping block, waiting to be slaughtered. Not only was our labor not respected, our dignity and integrity also suffered an extreme insult. Furthermore, factory owners and their middle management alike went into overdrive to suppress and exploit workers without the slightest inhibition, and were able to control workers to an exhaustive and unprecedented extent.

Not only had the ownership reform failed to do any good for workers, it had, on the contrary, plunged them into a deep black hole. That is why workers have generally come to the conclusion that the so-called reform of the enterprise ownership regime is little more than an effort to turn the factories that belong to everybody into ones that are in the bosses' pocket, changing the factory's 'surname' from Mr Publicly Owned to Mr Privately Owned" and enabling the bosses to do so without even paying a cent. In addition, workers became the bosses' private property in this process, at their disposal through and through.

While the bosses were forever updating their tactics for dealing with workers, the latter tended to just endure the battering passively, resorting at most to an ostrich approach and chose to

merely resign as a way out, which to a certain extent only boosted the bosses' arrogance in walking all over the workers. Given their plentiful resources, the bosses could afford tactics that enabled them to nonchalantly toy with workers at the latter's expense. They honed their skills quickly in their tussles with workers. Once the novelty and surprise value of a particular tactic had worn off, they had plenty of "exciting" new tricks in store. After all, any tactics aimed at hitting the workers' pockets can make a big difference to them, even to the extent of putting their humble lives in the balance. With any taste of success, the bosses would indulge further in renewing their tactics to put workers in their place.

In view of this, my effort to set the record straight by writing everything down may not come to anything at all. When this writing project first started in 2009, it just happened to coincide with the end of the enterprise ownership reform when most workers were beginning to leave the factory, and this gave me a last chance to talk with my fellow workers before they left. After that it would become impossible.

At the very least, I hope I'm still qualified to play the role of a fair observer. Though one needs much more than just bricks to construct a building, the material is still not something that can be left out. The same can be said of my story here. Besides, due to various constraints in my circumstances, the records that I was able to keep were a bit patchy. Yet there is still a thread running all through these patchy things. If one has struggled in there for 20 years then these 20 years would be as close to you as bone and flesh are to each other. While my story is far from as enticing as fictional pieces, that's all I can produce at the moment. Not to mention that 20 years were an opportunity for me to observe and contemplate;

an opportunity that wouldn't arise again. This page of history has been turned.

When the page is turned, you can only let it be. But us workers mustn't let this page be filled only with the cheering for the victors. Isn't there an old expression which says that history is in fact written by the people? I, for one, want to air the voice of myself as a worker on this page of history so that the voices of "workers, the highly regarded elder brothers" are at least accessible to the generations to come. Not to mention that this page of history is the end of a process as well as the beginning of something else, because "workers" as a social grouping won't disappear as a result of our factories being given to private hands. We are still in the frontline at the industrial workplace. While our fellow workers of yesteryear have mostly fallen away, many younger recruits have filled the gap. The working class has not disappeared, though its composition has changed and has been charged with more youthful blood. That's why our role as observers and truth-seekers shouldn't stop. Indeed, whether the old guard and the newer recruits can see eye to eye and fight hand in hand on the same battle front is a question that is crying out for resolution.

May 8, 2011

Chapter One

My 20 years with a State Enterprise

I was only 18 in the fall of 1986 when I got in a delivery van from State-Owned Distillery B that was traveling past a village in County N. It dropped me off at a distillery at the centre of the county town and I became a casual worker there. I have rural *hukou* (household registration) but was still able to get a job in the distillery because my dad had worked there before. Moreover, my uncle was still working there.

Before Dad worked in this distillery, he also only had rural *hukou* (household registration). Once employed by a city distillery, he was entitled to apply for urban residency as per the associated policy. Later on, my dad became the victim of a frame-up charge and persecution. After his case had been dealt with, he had to return to his rural home. Then in September 1988, after a full decade of efforts on our part to see that justice was done in relation to my dad's "historical question", his case was finally sorted and he was able to restore his status as a distillery worker. This enabled him to convert his rural residency back to an urban one. Yet by then he was too old to work, so he opted to officially retire so that I could take his job. This was how I was also able to convert my rural *hukou* into an urban one.

1. From casual to permanent position

I started off as a casual, moving on to a permanent position only later, thus fulfilling a long-cherished dream of Dad's. Things looked promising all round for me as I officially took on the socially envied position of a worker. I was uneasy being a casual, however, as it means you are below everyone else.

As per the requirement, a new recruit had to pay 200 yuan as a bond after the employment contract was signed. Normally one could have the money reimbursed after two years, but not when the worker incurred any liability or inflicted losses on the employer for whatever reasons, or if he/she got the sack. It was hard to get out of paying the bond, whether you were former military personnel, a university student or an ordinary worker who got the job through special connections. The bond regime survived until 1997 when the amount charged had already risen to 5000 yuan and was repayable only after five years. This bond payment was not a statutory rule but only a norm that was enforced in almost all factories or enterprises. The employers clearly could see a job seeker's susceptibility in a difficult job market and knew that they wouldn't be in a position to say no to this demand. The money obviously also helped to shore up the employer's cash flow considering liquidity was tight among most enterprises.

Dad was on a very low income when he retired, as the firm was no longer a traditional state unit but had its operations contracted to its chief executive who took full responsibility for its profits and losses. This chief executive was also the party committee's secretary at the enterprise, placing him at the pinnacle of both power structures. He called the shots. To enable one's offspring to "inherit" one's job is

often a very costly undertaking. No wonder I was asked how much I had spent to obtain my position. I said I had spent nothing but nobody believed me because there were cases where an applicant had spent 5000 yuan and still wasn't guaranteed a job. Yet 5000 yuan was an astronomical sum for workers at the time. Moreover, this money didn't go to the firm's coffers, but was "mysteriously" turned into presents for the top dog. It could also be turned into presents with a cash component, which was of course an outright bribe. Enterprises very rarely recruited new workers during the 1980s. Even when they did, there wouldn't be many vacancies left because those who squeezed in via the unofficial channels would quickly mop most positions up. It wasn't uncommon for one to wait quite a few years for a job allocation and still get nowhere. Little wonder most people would scramble for whatever strings they could pull, or shower their path to a job with gifts to relevant contacts. Otherwise, job prospects were bleak, even for casual positions. That is why when I said I didn't pay anything to get my job, no one believed me. They just thought I was only tight-lipped about how much I'd paid. The central government's decree in 1986 that all "historical problems" should be solved [that all wrongful political persecutions of the earlier eras be righted] by 1988 also worked in my favor. I believed that the fact that my uncle, my dad's younger brother, was an assistant to the distillery's chief executive had also helped even though he didn't lobby on my behalf. On top of that, the person who had spearheaded the persecution of my dad had already retired.

I got the job at last, but it was marred by the stingy retirement entitlements that my dad was able to obtain when they finalized my recruitment. Dad was made a Grade 4 employee and retired

with this title, but the pension at that level was so low that it's almost unheard of among retired workers and it prompted the Labor Bureau check with the distillery for reconfirmation, thinking it might have be a mistake. Dad spoke to the chief of ideological/political matters at the firm and tried to bargain for a more favorable package but didn't get anywhere. Dad's old work mates, including some from the Labor Bureau, all hinted that giving gifts to the chief of ideological matters should help his case. But Dad didn't want to go down this path and had to make do with a mere Grade 4 pension of about 70 yuan a month. While he resigned himself to having to tighten his belt harder to make ends meet with this miserly sum, Dad was very pleased that two of his much-cherished aspirations had been achieved – that his "historical problems" were sorted out and that I had inherited his job as a worker. He said he would have no more regrets even on his deathbed.

Distillery B was the incarnation of a distillery in an historical town that is situated on the bank of a canal. Its origin dated back to an alcohol shop in 1662, the first year of the reign of Emperor Kangxi of the Qing Dynasty. During the Great Leap Forward period in the second half of 1958, the county's Industrial Bureau decided to move the distillery to a more convenient location because the canal transport that the old distillery relied upon no longer met modern needs, and its great distance from the county seat and difficult land transport had become a significant liability. It was renamed State-Owned Distillery B. In 1986, it had 500-600 employees, which later increased to 1000. Its main product was *baijiu* [a distilled liquor with 40-60% alcohol by volume]. It had had an alcohol production capacity of 10,000 tons a year since 1976. There were many alcoholic beverages on offer on the market at that time.

While every county generally has its own distillery, their production capacity is often rather limited. So Distillery B's annual *baijiu* production of 5000-6000 tons had made it a major producer in this region. The demand for *baijiu* was going strong, and the grains required to feed the distillery invariably came from the northeastern provinces where prices were cheap. Dried melons required for plain alcohol production were mostly sourced from local farming families that usually delivered them to the distillery on trolleys or with tractors. Very few dried melons were sourced from over a great distance. During the melon harvest seasons, long queues of melon delivery vehicles would make quite a scene. The plain alcohol being produced then was mostly used for industrial purposes rather than for *baijiu* production.

I was a casual worker. The guy who headed the distillery's service brigade was also a casual. The assignments that this brigade dealt with were usually light physical duties, and it was staffed mostly by the offspring or relatives of the distillery's middle-ranking cadres. He didn't have much to do, except for coordinating loading and unloading of parcels, and keeping a record of the list of workers. Given a junior permanent worker at the time earned 36 yuan a month before bonuses, whereas casuals like myself earned more than 60 yuan every half month, this put the earnings of the two groups very much on par. The casuals were paid twice a month. But the casuals might not be paid what they had actually earned because the team supervisor has the final say about how much of their work was officially registered. Later on when some casual workers questioned the supervisor about the actual amount of loading and unloading work that they had done, the supervisor would rebut them by suggesting that they should be happy with

their lot as their pay already compared favorably with that of the permanent workers. The subtext of the supervisor's mantra is: as a lowly casual staff, aren't you content that you already earn twice that of your permanent counterpart? But our earnings came from long hours of sweat and toil with awkward timetables. I would not be surprised if as much as half of it had been expropriated by the supervisor to line his own pocket.

We casuals were paid by the piece meaning that our income should rise as the amount of loading or unloading that we did increased. Permanent staffers, on the other hand, were paid bonuses on top of a fixed wage. Moreover, the calculation of piecework at our distillery wasn't a straightforward matter. It was based on a few factors: the team on duty, the number of employees involved and the team's collective earnings. An individual's share would only be worked out at the end of a payment period. There was considerable tedious accounting involved as well as double counting to be adjusted, making it hard for a worker to easily work out how much he/she has earned. This created an opening that the supervisor was seeking to exploit. Although a casual worker was unlikely to have got the job in the first place without considerable connections in the distillery, frequent retrenchments in the distillery meant that the casuals were in a weak bargaining position. I didn't have many strings to pull and was always on the verge of being retrenched, so I wouldn't dare utter a word even if my pay cheque seemed to be less than what I expected it to be. Aware of my susceptibility, the supervisor wouldn't be keen to give me the sack but nor would any easy jobs come my way. Casuals have very few rights in the distillery and they had to pay even to have a shower.

2. Old hands eventually contracted liver or gastric cancer

The casuals in the *baijiu* division enjoyed special treatment though. They were entitled to half of the welfare and bonus entitlements that a permanent worker enjoyed. They had mostly been in the distillery for well over 10 years and, according to the distillery's official policy, should have been offered a permanent position long before. Still, the casual workers didn't give up on their fantasizing that one day they would also be entitled to the labor insurance benefit. As the traditional methods of distillation involved considerable physical exertion, long years in the trade would take its toll on a worker's health. This wasn't helped by the workers poor income and tight financial position, which eroded their quality of life and health further. So whenever a shop floor was short staffed or others shied away from the poorly paid exhausting jobs, I was often called in to undertake those tasks. Many workers were able to maneuver at great speed wheelbarrows heaped with an overflowing load along the narrow 20cm crest in between the meters-deep mud pits. These were little different from high-wire acts as it was so easy to fall into the pits. Baring their feet to help their balance, these workers were totally at ease in moving about in such treacherous conditions, and would almost invariably seek to spice up the monotonous repetitive drudgery with a few dirty jokes. Unable to match their strength, I could only manage tasks such as digging at the bottom of the pit. But at the bottom of a pit, the vapors from the deep rot of advanced fermentation could be so strong that breathing could be difficult. The puree fluid collected from the early cycles of distillation had to be tasted and graded, a task that workers only undertook grudgingly.

The *baijiu* were graded in broad terms during the process of distillation, with the earlier product being stronger in alcohol content and tasting better. They are called the "Early Distillate", as opposed to the "Late Distillate" that were collected at the later stages and were thus weaker. Those that are too weak would be sent for further distillation. The different grades of distillates were stored separately. There was still another product that was of an exceptional quality but was distilled by the same standard technique. Alcohol distillation isn't an exact science that always produces uniform results. The exceptional distillates were named "*Tequ*", and it was very important to separate these prized extractions from the ordinary products. Frequent alcohol tasting gets one's sense of taste out of whack, so the tasters often nibbled some homemade salty preserved vegetables to nurse their taste buds. It would have been considered a feast to have a fistful of roasted peanuts to snack on. In time, these tasters mostly fell prey to stomach problems, and those who eventually passed away all died of either liver or lung cancers. Since the distillery never offered the workers medical checks for occupational hazards or as a precautionary step, it has never been investigated whether these ailments were caused by the job or not. Naturally, compensation was out of the question. The distillery's safety division only dealt with industrial accidents and related hazards and wouldn't concern itself with occupational health and safety issues.

The most experienced hands in distillation – the "masters" – came from all age groups. They were either casuals or part-worker part-peasant. A handful of permanent workers also had a rural background. They had a weird frame of mind, and the other permanent workers didn't mix with them much. Formally, they were

casual workers but they got regular work and the Labor Bureau even kept a proper personal file on them. No wonder they felt they were a notch above the other casuals like us. But their prospects of obtaining a permanent position were bleak. Even so, it didn't stop them from remaining hopeful, speculating that it should be about time the distillery recruited permanent staff because it hadn't done so for years. When the distillery recruited its first batch of workers in 1986, it had just embarked on its transition from a state firm. Those recruited that year all signed a contract under the "labor contract system". Then the market demand for *baijiu* started to tumble after 1990. To cut costs, the distillery scaled down its production that used puree distillates, increasing the use of plain alcohol instead. It was the last straw in killing the hopes of this batch of veteran workers of ever getting a permanent position. I don't know what eventually became of them, except for the sporadic news about the death of one or the other of them. Those who died were still in their 50s.

* * *

The permanent workers' lot wasn't as bright as they had imagined it to be. Take my uncle as an example. Though he was the distillery chief's assistant, he was helpless in making life easier for me at work. Unlike other managing cadres, he had no connection to the supervising municipal government department. While he was able to climb to a managerial position based on his own merits, he didn't have much clout in the melting pot that was the distillery. The official lists of those workers who had been promoted to the cadre grade had been updated a few times but Uncle still missed out and remained officially with the rank of a worker. So his remuneration

and entitlements weren't much better than that of a worker even though he was the distillery director's assistant. Meanwhile, quite a few junior managers were resentful of his high place in the management and made me pay for it by giving me a hard time on the shop floor. I'd been waiting in vain for the allocation of a flat, which was an entitlement of the married workers. I'll say more on that later though. Uncle was the last of the distillery's worker-managers and the only one who was still insisting on this role. In fact, Uncle was merely a piece on the chessboard that the distillery director placed between himself and the workers. Since the distillery was run under the "management contract responsibility system", in a bid to cultivate a power base the chief had brought to the distillery stooges and hangers-on as well as the relatives of officials to whom he was indebted. This mutual back-scratching exercise was common practice in state firms in those days.

3. A flat too far

As years went by, many workers reached an age when they felt they needed to start making marriage plans. Yet the accommodation issue loomed large and was tricky for most. People like me who were of rural origin and who didn't own a roof over their head had little chance of finding a spouse in a county seat. Other male workers in circumstances similar to mine mostly resorted to trying their luck among the less snobby women working in rural towns and village firms at the edges of urban areas. Those women wouldn't want to marry someone from the villages and their most realistic chance of finding a willing partner would be state firm workers with a rural background. If a male worker from a county seat marries a village

woman, their kids' *hukou* would follow their mum's. But for these kids to win a spot in a county seat school, their parents would be charged thousands of yuan of fees. Moreover, if a worker's spouse has rural *hukou*, he or she wouldn't qualify for the enterprise's staff quarters allocation. State allocation of staff "welfare" housing gave priority to couples who were both working for the same state firm and who were the family of military personnel. If only one spouse worked for the firm, only the male party is entitled to apply for housing quarters for the married. Again if a spouse has rural *hukou*, or if he/she is also a part farmer, those workers would also be disqualified for such an upgrade. They, though married, have to make do with the dormitory, as the single workers do.

Those dormitories are usually in the vicinity of the distillery, and I lived in one of them before I was married. Such housing perks, including electricity, were provided free to state firm workers. So the dormitories were usually packed with residents. To help workmates to have a date in the dormitory with a bit of privacy, every now and then those of us from the same room would hang about downtown or go to a movie. The practice of getting workers to pay for their dormitory accommodation started only in 1992, at the rate of 0.2 yuan per square meter [per month] initially. It gradually increased to 3 yuan per square meter in 2005, meaning that workers were paying a bit more than the market rate for the distillery's dorm housing. Even so, many workers still preferred the dormitory for it was close to work and they would rather not have to move home if they could help it.

Yet when the distillery processed workers' applications for staff quarters, it didn't always observe the priorities set by the state. My fiancée was working at a chemical plant. And as state firms

only allocate housing to female workers who have military family connection, she didn't qualify for any housing allocation from her employer. Our only hope of getting staff housing came from my end. Staff housing allocation is a huge deal for workers, a nerve-wracking experience when you have the need and are in the queue. Those of us whose wedding timetable hinged on the success of obtaining a staff quarter allocation would be on the lookout all the time for news in relation to our applications or trade them with others in similar situations. It was mostly bad news unfortunately. Having the right connections or those who could afford to gift the right parties lavishly would help, but I wasn't in a position to do either. The best I could do was to visit the union office often and pester the union chairperson. But that seriously compromised my pride. Among the current batch of housing applicants, there were only couples that both worked for the distillery but no one had military connections. In applying for housing, the proof of marriage and urban *hukou* had to be lodged. The distillery had built so many workers' housing quarters, and I don't see a reason why I should be left behind. But this was exactly what happened. Those who finally received housing allocations invariably met all the requirements. But so did I. Still, I was left out. Uncle felt guilty for my plight, saying he owed my dad for not being able to do more.

It was clear to us that the ones who call the shots in housing allocation deliberately blocked my case in order to compel Uncle to go and beg them. Uncle refused to do that. Being in charge of staff quarters allocation is a plum job, and whoever gets that position would prosper. So the distillery director personally picked the candidate for the job and he rotated the candidate in that job on a regular basis. It was the union chairperson's turn to take that

powerful post, but he just ignored me when I tried to approach him. Despite that, I still tried my luck by pestering him frequently. It still didn't get me anywhere. I had been in the queue for two years already, and all those higher in the pecking order than the middle-ranking permanent workers had all been allocated an independent [i.e., non-dorm] unit. During the first year, the distillery had built a number of high-rise independent units and each successful applicant has to contribute 5000 yuan to the building fund. No ordinary workers had luck with these units. They didn't have luck with the old, tile-roofed units either. The following year, the management created an administrative division to deal with housekeeping matters including staff quarters allocations. So I went to pester the administrative division chief instead. His attitude was no different from that of the union chief, but he had a revolting habit. He had asthma and spat often. He had the ghastly compulsion to step on the phlegm that he spat out and squash it. So every time when I emerged from his office, I felt absolutely dreadful, not sure whether I was sick or depressed. It was probably a bit of both, empty-handed of course.

Eventually, the distillery embarked on a plan to convert big warehouses to house its workers because just far too many workers had missed out on housing allocation. As soon as I got hold of this news, I started to make wedding plans. The minute when the flooring was done in one of those units but window and door installations were yet to happen, I went to visit Uncle and pleaded him to get help from a deputy head on building matters to bring the installations of windows and doors forward, and we moved in to claim a unit, unauthorized, with all our furniture that we'd bought for our new needs after the wedding. As soon as the administrative

division chief got wind of what happened, he ordered to have the electricity supply of my unit disconnected. It just happened that a workers' meeting took place on that day and that chief named and shamed me in front of the entire work force, accusing me of "house grabbing" and threatened to order me off work and fine me. Yet no such measures were announced. Nor was I fined. I believe he didn't go as far as putting his threat into practice because it would otherwise be quite a loss of "face" for my uncle. Furthermore, I was in fact long overdue for an independent unit and my wedding was just round the corner. He still had to make those public threats in order to warn off those who might want to copy what I had done. My desperate gamble paid off. The administrative chief then mumbled that I was given special consideration only because my wedding was all set to happen soon. It was an 18-metre unit, too small for any serious furniture anyway. But no matter what, even a temporary private accommodation made it possible for the wedding to go ahead.

I lost all hope of having any luck in subsequent staff housing allocations. Things looked so bleak that I wouldn't know where the gifts should go to even if I tried. Then in 1995, the distillery constructed more workers' housing. But workers had to contribute 40,000 yuan each in order to secure an allocation. I'd lost hope this time round about the possibility of receiving an allocation, and felt that even if I took desperate measures like selling my blood; such an allocation would still be beyond me. This was the last allocation of "welfare housing". Housing policy underwent major reforms from 1997. On that occasion, those cadres above the middle ranks in the distillery only needed to spend less than 10,000 yuan in exchange for the ownership of their housing unit. Come 1998, the remaining

housing stock was also thrown in as part of the housing reform. In 1999, the tile-roofed workers' living quarters also formed part of the housing reform stock. But workers had to pay a price close to what cadres paid for their much better units. All up, the workers' twin tiny tile-roofed units measured less than 50 meters. I paid 3500 yuan for the 18-metre tile-roofed unit that I was living in.

Since my unit was old, its floor, like that of most old and dilapidated tile-roofed houses, started to crumble into a pit ever since the housing reform program began. On one occasion after it had rained, the storm water system just couldn't handle the flow at all and the storm water rushed into the houses, prompting residents to scramble to improvise with homemade sandbags to try to stop the flood rushing in through the front door. I had long built a cement threshold tens of centimeters high over my front door but the deluge still burst its way through the cracks at the base of this threshold. My wife and I spent a whole day baling water out. By night, we were dead tired and were prepared to give up. Then the rain stopped. Braving floodwater knee-deep, neighboring workers went round the neighborhood trying to get a better picture of what was happening in our patch. Rubbish floated in the filthy deluge everywhere. Later on, when the storm water system in the neighborhood was being fixed, the local families demanded that the residents from the distillery quarters pay double what they had paid to connect us into the neighborhood's storm water system. In the end, they had the storm water outlets around the distillery quarters all blocked up. It went on for years, and still wasn't resolved in 2000 when I moved away to another house that we bought elsewhere.

The next episode didn't last that long. It was in relation to the dismantling of a roadside public lavatory when the gravel main

road just outside the distillery quarters was upgraded to a sealed road. The problem was that the lavatory wasn't replaced and our demand to have one was rejected. As a result, families from the distillery quarters had to walk a mile to access the nearest public lavatory that was built by the Food Bureau. There was no garbage collection system either. Neighbors pulled together a fund to pay an elderly local to manage the household garbage of our patch. We had absolutely no idea where this rubbish eventually went.

4. Distillery in the early to mid-1990s

I married in 1992. By the time our child was born in 1993, the chemical plant where my wife worked was already bankrupt and its workers had no means of eking out a living. It was only after many workers petitioned the municipal government that they got a living subsidy of 30 yuan each per month. On the other hand, my take-home pay after utility bills didn't quite make 100 yuan, making it hard for us to make ends meet. Prices started to climb in 1993, but salaries were going nowhere, stagnating around the 100-plus to sub-200 yuan mark.

In 1994, when my child was over one year old, his health deteriorated after he moved to solid food from a milk diet. He often contracted the flu and didn't respond well to medical treatment. He often had night fever and whenever the flu returned, the doctor would put him on a drip for a week, which would cost about 15 yuan for each course. Even after bonuses, I earned just over 100 yuan a month and hospital fees would soak up the bulk of it. What was left didn't necessarily keep us afloat till the next pay cheque. Whenever we couldn't put food on the table, my wife would quietly

take our kid back to her folks. My dad later put his entire pension at our disposal to help us out. Whenever we managed to have something to spare, we tried to send some money back to him. After all, as he was able to do some farming back in our hometown, he was able to feed himself.

When we got married in 1992, our housing cost us a token 2 yuan a month. We had to pay regular rent since 1993, at a cost of more than 10 yuan initially, increasing to more than 20 yuan by the time of the housing reform. The distillery supplied the residents with water. The electricity costs of running the water pump as well as the maintenance fee would be split among the residents at the end of each month. The electricity cost for lighting was 0.25 yuan per unit and these matters were the jurisdiction of the administration division that would have meter readers keeping tap on things regularly. I only had a small television set at home but then the power consumption still ran up to a jaw-dropping 200 units a month. Aside from power, there was also the water bill and rent. I tried to negotiate with the relevant parties, but they didn't give a damn about the reading on the meters and we still had to pay whatever we were billed.

Prices went through the roof in 1994. But luckily, the chemical plant that my wife worked at that had gone belly up earlier arranged to have its former workforce to take up positions in another chemical outfit. With runaway prices at the time, we couldn't afford not to penny-pinch. We got by. My wife's new employer wasn't in good shape either and their workers were required to contribute 2000 yuan each to help prop it up. Those who didn't cough up would be put on *xiagang*. We had no option but to scrape around from relatives a bit of money here and there to pay up that contribution.

Well, we would pay them back bit by bit over time.

State firms at that time were still basking in their dying glow. Even though cadres earned way more than workers, workers didn't yet have problems putting food on the table. Things were already going downhill though, and workers' entitlements were shrinking year by year. I was in a casual position when I joined the distillery in 1986, and in 1988 the distillery still dished out freebies to its workforce reasonably often. Since I hadn't been working there for long at the time, I wasn't entitled to the freebies yet. Things changed drastically the subsequent year, when nearly no freebies were on offer any more. As a distillery, it had been the firm's tradition to gift its workers some bottles of *baijiu* for Mid-Autumn Festival or the Lunar New Year. They were old stocks, of course. (The distillery was still issuing such freebie *baijiu* until 2007 when it was under a new ownership/management regime. It didn't produce *baijiu* anymore after that year but there were still tens of tons of puree distillates stocked up. It stopped gifting freebies away after the Lunar New Year of 2007.)

My mind was still very much focused on work at the time. Though my income was just enough to feed myself, I was still single-minded in trying to do a good job. Besides, the distillery was paying more than most employers were in the region. A worker's prospects would be bleak if he/she lost the distillery's patronage. I once had the illusion that I might make my way slowly up in the distillery, but this hope was dashed as personnel changes unfolded over time. Gradually, even the middle-tier technical staff could not move beyond the deputy positions. Bit by bit, even the shop floor supervisors became part of the distillery's patronage complex. It crushed my hope that I might get further in this job. But I had to

soldier on.

When I was chatting with old work mates recently about those years, I couldn't help but be swamped by a torrent of mixed feelings. A shrinking pay packet was bad enough, and things were made worse when prices kept heading north. By the 1990s, the generation of workers who were born during China's baby boom of the late 1960s and early 1970s reached a phase when most would start contemplating marriage issues and having babies. A lot of outgoings would be involved in any such moves, which wouldn't be easy to pay for, and most of this generation had to run into debt to one extent or another to cope with it all.

It was around this time that our distillery ran into difficulties. First of all, industrial production was already at the whim of the market in 1992, so our distillery had to take the full weight of its own profit and loss. Then in that year, the distillery put out an ad that not only went against the market logic but also actually shot itself in the foot. The ad's punch line went: "Have a whiff of its fragrance, take pleasure in its great taste, all just for a few yuan". Our distillery was trying to use affordable prices as a selling point to target the bottom end of a market that generally pitches at the higher-spending categories and entices them with fancy packaging. The result was not hard to predict. Since the ad was aired on the TV, the general reaction was that this brand is too cheap to make a decent gift, not up to scratch for one's appreciation and too embarrassing to put on a banquet table for entertaining. This was how our distillery brought on its own demise and killed its own *baijiu* market. So 1992 became a watershed for our distillery when it moved away from *baijiu* production and shifted to plain alcohol manufacturing instead.

Under the new circumstances, our distillery started to expand its production of plain alcohol and built a production line capable of churning out 20,000 tons of products a year. It was keen to carve out a new space in the market. The down side, however, was the polluting aspect of this trade. A sticky waste liquid produced by this process was usually discharged after simple precipitation. But to many families in the neighborhood of our distillery, there were useful elements that can be salvaged from this waste. They did so by pumping the discharge out from the wastewater pipe works and filtering out the grain residues in it, which they then sold to farmers as cattle feed. After dried melons have gone through deep fermentation, the ethanol in them would be extracted through distillation, leaving behind grain sludge. These dregs would then be mixed with other fodder to make pig's feed. Over time, some loiterers and lingerers seized control of such harvesting operations. Their sales as well as other related shady deals meant they were known among the locals as the "grain sludge gang".

5. "The temple is poverty-stricken but the monks are getting rich": a corrupt patronage network

The local government relied heavily on the taxes that the distillery paid. As a local saying goes, "If the distillery is in trouble, the county government's rice bowl would turn into rubble." Many small firms in the county were on edge at the time. Yet our distillery, though only a small firm, was generating tax revenues more commensurate with the contribution of a medium-sized firm. In fact, it became the biggest taxpayer in town. The local government would make sure nothing was in the way of this "goose that laid the golden

eggs". Job positions in the distillery were fervently sought after and the distillery director became a celebrity with great sway.

The union processed pension payments for retired workers. I remembered on various occasions when I went to pick up Dad's pension from the union office, I came across a number of pensioners whom we had never met before. Strangely, not even the long-term workers there knew these people. The distillery was built in the county seat in 1958, so not many would qualify to retire in 1988. The veteran workers said these new faces didn't work in the distillery but were from elsewhere, adding that their original employers got into trouble and jobs evaporated, and the authorities higher up grafted their pension accounts onto the distillery's payroll.

Apart from the technical jobs and the technician-cum-manager positions in the administrative offices, the remaining positions on the payroll gradually went mainly to those who are well connected to the movers and shakers. This bunch was either the families or friends of the distillery director, the families of senior government officials, or those who secured a job here via lavish gifting. No wonder job security was more a fantasy than a reality for the average worker. This powerful tier was snobbish, and nothing much got done once things fell into their hands. The average workers were absolutely nothing to them. I was quite traumatized by all this after my long years in the distillery.

In 1993, under a national blitz for an environmental audit around the country, all polluting industries were put on notice, and a court went as far as issuing an order to instruct the distillery to wind up. Due to these environmental pressures, our distillery had to purchase a "dried distillers grains with solubles" (DDGS) production line from Norway. But it only worked with corn, and

so began a sleazy scheme of the distillery director. He would go on overseas business tours, take out loans for the distillery, and pay top prices for second hand facilities. These facilities had intermittently been used for only a year before material sourcing difficulties and exorbitant operating cost issues forced them to close down. Then the old production line (using dried melons as feeding stock) was dug out, dusted off and cranked up again for production, based on the traditional distilling crafts. Before the new facilities were put into production, the management built a guest house for the Norwegian engineer. Since the engineer left, that place was turned into the distillery chief's tool to curry political favor. A senior leader of the municipal government would use it as his love nest with his mistress, who would be chauffeured to the place with a government vehicle and the distillery's security guards would fortify the lovebirds by guarding the ground floor to fend off intruders. The scandal had a good run in the rumor mill among workers but no-one dared utter a word openly. The distillery controlled its workforce with an iron fist, with the layoff big stick waved over the head of any rebel workers.

Our distillery chief, Mr L, was transferred over from a glass factory that went belly up. Before his time, under our old director, our distillery had no external debt or bank loans. The workers' life was not bad. Things were rather stable and production ran smoothly. Little wonder that some veteran workers were nostalgic for the old days. Yet the previous chief was transferred out after a breach of industrial safety. Director L was transferred here in 1986, when the new regime with the chief executive taking full charge of the firm's profit and loss was put into place. He began to grab power and got into all sorts of shady and fraudulent deals.

The distillery chief and the municipal leadership were very close, and the latter would make sure the distillery's interests were looked after. Whenever a senior government delegation from out of town came to visit, the distillery would be a must see. It was also on the must-visit list in the annual environmental audit. The management was always well informed, well in advance, about whether it was an open audit or a surprise one. It would know in advance who would be on the delegation, how big the group would be, when it would come and where would it go. This allowed the distillery management plenty of time to "get its house in order" beforehand, making sure it always came out on top in its cat-and-mouse tussle with the environmental authorities. This was how the municipal authorities acted as guardian angels over the distillery's waste discharge quandary. After all, the environmental authorities were merely a functional arm of the government, a mere link in the chain of a game that the skilled players mastered well.

The *baijiu* market began to go downhill in 1994 and this unsettled the distillery, dragging it down in a critical debt spiral. The distillery director should have taken full responsibility for the distillery's shoddy financial state of affairs. He pressed too hard and was too sloppy in his quest for impressive sale figures. In chasing the chief's sales fantasy, the sales team would sell heavily on credit. But when it came to honoring the debts, the debtors would often take flight and good money went bad. At the time, state firms were hit badly and directly in a widespread phenomenon known as the "triangular debt" plague[1], plunging many state firms into a debt

1 Translator's note: whereby many firms, banks and other business entities were either the immediate culprit or victim of the bad debt of their business or trading counterparts, hitting one another along the credit/debt chain.

crisis for quite a few years. Another cause of the distillery's problem arose from the collusion of the distillery director and the sales crew under which business income went to line their pockets rather than to the enterprise's coffers. All these were shady deals, of course. Sales personnel could only go so far with their rampage if they didn't have the backing of the enterprise chief because without his authorization, no stocks could be delivered to buyers who hadn't paid up. The chief conspired with the retailers, consenting to take in a mountain of low-value merchandise as security in lieu of cash payment. Failing to realize value from these goods, the distillery often flogged them off to its workers – laundry powder, clothing materials, perfume, soap, even electrical appliances, gas stoves, bed linen and associated accessories. Some were even counterfeits and they made a fake goods bazaar. It was worse when the indebted retailers couldn't be traced because the receivables would turn sour or become bad debt.

Strangely though, while the distillery was mired in a debt crisis, it could at the same time afford to embark on major infrastructural projects to build or buy housing for its cadres. This was an escalation of the distillery director's ongoing scheme to gut the enterprise of its assets. Nearly all of the distillery's old buildings had been demolished for redevelopment. It went as far as constructing an eight-storey office building at a budget of 4.5 million yuan, but which eventually cost nearly 10 million yuan to complete, on a main street.

The distillery's business continued to slide from bad to worse, heading towards a dead end.

It didn't dare to settle business payments via the bank anymore and operated entirely on cash instead. In pressing for receivables

that were falling behind, suppliers often whipped up a scene at the distillery, forcing the plant's security to gear itself up every day to deal with them. Things got particularly nasty on one occasion, so much so that the workers reporting for their night shifts that day were barred from passing the front gate, and were unable to take production over from the preceding team. Ever since the State Council decreed the Temporary Regulations on the Further Expansion of Autonomy of Industrial Enterprises in 1984, Beijing gradually loosened its grip over industrial enterprises. But this policy of enterprise reform started on the wrong foot when it blamed workers for the enterprises' difficulties, alleging that there were just too many of them. Workers had a totally different assessment as to what went wrong. We, the toilers, generally believed that the enterprises' problems came partly from a gross disregard of our contribution as creators of the enterprises' wealth and the incredible travesty of treating us as a menace to be expelled as soon as possible. Most of us were also convinced that it was entirely possible that the factory could be run well if it wasn't for the bureaucratic institutions ruining the operations. We workers never had the right to run our factories. All leadership positions in the enterprise were assigned top down, with the enterprise director post often filled by an inexperienced hand or even a crook. This, we believed, was a sure recipe for poor management, or was synonymous with offering the enterprises up to be milked dry. This was exactly what happened on a grand scale to a huge number of enterprises over the 1980s and 1990s. Faced with an empty kitty, state enterprises had been over-drafting for some time, and this worried workers at the time as they could clearly see the coming demise of their enterprises. They could see that they were going to be dragged down with it but

were powerless to do anything about it. They resigned to leaving it to fate.

The restructuring of state enterprises reached tornado scale following the party's 15th congress in 1997. Triggered by an economic downturn, the weakening consumption power across the country didn't help. This turn of events proved to be the last nail in the coffin of many *baijiu* distilleries, which have vanished from the market ever since. Our distillery's *baijiu* production also ground to a halt, while its production of plain alcohol also started to run at a loss, dragging the distillery into the red. With wages funded straight out of borrowing, production staggered on. Except for the plain alcohol production line that still had a reasonable prospect, the divisions for all other products started to put workers on indefinite unpaid leave. The golden era of state enterprises was over. The small manufacturers and minor chemical plants in town had all either wound up, been taken over, gone bankrupt or been sold, forcing large numbers of workers into *xiagang* or *daigang*. In April, our distillery director was transferred out to be the deputy director of the municipal economic committee and his pay was suspended that month. By this time, the distillery was weighed down by its various liabilities that added up to more than 100 million yuan. A new director arrived in that same month, and he immediately ordered a review of the books. Yet a review of the predecessor's books was sure to strike some raw nerves, including those of some powerful figures in the municipal government that the distillery reported to. This explains why even before this new director completed his business trip to Guangzhou only two short months into his stint at the helm, yet another new director replaced him. Then the distillery's production halted altogether, with all workers being forced onto

unpaid leave and the enterprise being put into receivership and restructuring.

Since Beijing overhauled the ownership and operating regime of state enterprises in 1986, none of the distillery's enterprise directors or general managers were elected from among its ranks. Formally speaking, when an enterprise fell into bankruptcy, the reasons for its demise must be investigated and its legal representatives must be held accountable. But does anyone really believe that these provisions would be followed through? Realistically, bankruptcy is a mere tactic an enterprise uses to shed its bank debt [predominately from state-owned banks].

The distillery was really struggling that year; with many workers forced onto unpaid leave. There were distinct signs that an undercurrent was welling up. The plant director often broke into a verbal salvo during the workers' assembly, leaving the workers wondering what might be going on. But reading between the lines of his bombardment, there were grounds to speculate that someone had dobbed him in for his shady deals and possibly even launched criminal investigations about them, although he might just have got off the hook for now. No doubt, the spoils hadn't been divided up in a way that pleased everyone involved, prompting a disgruntled party to dob in the distillery director. As it happened, the local municipality embarked on a residential housing project that year. In a move that apparently aimed at buying peace, some units from that project were bought and discreetly given to cadres in the management who had already been provided staff quarters. But this was a gross violation of the rules, so none of those cadres dared to move into those new units. Several years later, these units were all sold.

At around this time, the municipal government also granted 4 million yuan to support the distillery's production. In 1999, it further handed down new stipulations that aimed to promote the sales of the distillery's *baijiu*. For example, it banned the *baijiu* from neighboring areas from being sold locally, making an exception only for some famous brands. It also brought to bear its administrative clout to get some departments to buy the distillery's *baijiu* as perks for their employees. The fact that the municipal authorities needed to exercise their administrative clout to look after the interest of local enterprises was indicative of their failure to keep the local economy on track or keep the municipality budget in the black. Retired workers whose pensions failed to keep them afloat and workers who were condemned to perpetual *daigang* [waiting for work] had increasingly resorted to protesting at the municipal authority's office. Though none of the distillery's workers had taken part in these protests, the authorities felt the pinch and could see that its interests could be better served if the local enterprises were shielded and better looked after.

Another reason why the authorities took special interest in the distillery's wellbeing was because of its major tax contribution. It was a bedrock taxpayer throughout the 1990s, whether business was good or not. That was the reason why the distillery's annual year-end review and employees' assembly were always a big deal, always graced with the presence of the municipality's leaders and their addresses to workers. These speeches invariably were short of substance and were nothing more than a regurgitation of national policies rhetoric and the official line on the domestic and international terrains, plus, perhaps, a sprinkling of flattering assertions about the contribution of the distillery's cadres and

employees to the construction of the local economy. This obviously was a move to affirm the distillery director's track record and spur him on, which increased his resolve to continue sucking up to his superiors as his *modus operandi*. His ability to hang on to the director's position would be a lot more secure because, after all, the appointment of that position was those cadres' call. While the distillery might be in a position of importance, its workers hadn't benefited from it.

6. Capital raising and system reform

Our distillery was pulled back from the brink in September 1997 thanks to the capital injection from the municipality, which it spent on raw material acquisition. Another important lifeline came from the capital contribution that was forced on its workers. Workers had to contribute 2000 yuan each, while middle-ranking cadres, their assistants and the deputy enterprise director were levied 5000, 4000 and 10,000 yuan each respectively. At around the end of 1998 and 1999, the distillery was formally restructured into a shareholding company, with its name changed from "State-Owned Distillery B" to "B Alcoholic Beverages Company Limited", and its "enterprise director" was renamed "general manager". Not only had it not repaid the workers their 1997 capital contribution, it was asking them for another 1000 yuan each, increasing the total levy on them to 3000 yuan per person, which was converted into shares in the company. The levy rose to 5000 yuan for university graduates and team leaders; 10,000 yuan for shop floor supervisors and middle-ranking cadres; between 20,000-50,000 yuan for enterprise-level cadres; and 100,000 yuan for the general manager.

Whether it was the initial contribution when the distillery changed its ownership regime, the shareholding contribution this time round, or the liquidation of this shareholding later on, all these decisions were shoved down the workers' throats. For the sake of their jobs, workers had no choice but to cough up. Those who didn't would be put on *xiagang* mode. Contrary to rhetoric, the workers' congress wasn't an occasion where arguments were put forward in a bid to win workers' support, but an announcement session where they would be told how much they were expected to cough up. What's more, workers had to pay in hard cash whereas all but one of the enterprise-level cadres, including the general manager, could opt for other forms of settlement such as pledging their homes as security. Whatever options were available, they were designed to give the cadres, especially the general manager, a better deal, such that they could extract the maximum level of shareholding at the least cost. The current general manager, a Mr P, had replaced general manager L since adoption of the shareholding reform in 1998. The fact that general manager P could grab this position had a lot to do with his powerful patron – the county chief, who was also his dad. He steered the distillery through the shareholding restructuring till its completion and his shareholding in the distillery grew in the process, turning him into the big boss. It was a mystery exactly how he came to this privileged position. The process was not transparent at all and the cadres were all tight-lipped about any goings on, making it impossible for an average worker to work out what went on.

Although the workers were technically shareholders, after the new ownership regime was in place they had to call the former enterprise director the "boss". No one dared to call him "enterprise

director" anymore. We had never received any shareholding certificates to prove our ownership either. What's more, we were stripped of our shareholding a year later, when the workers' shareholding was converted into a "deposit". The shares held by university graduates and team leaders were left untouched initially, but not for much longer. Then, in time, middle-ranking cadres' assistants were stripped of their shares as well. It just happened that the distillery was making a profit that year, but there were no dividends for the workers. This turn into profitability also spelt the end of the workers' congress, which the management didn't bother to call anymore [not even for rubber-stamping]. They merely notified workers of swapping their shareholding receipts into deposit slips. This was how our 3000 yuan worth of shares turned into the distillery's "internal deposit", which was kept with the enterprise's finance department. The deposits had tenure of one year, with interest payable in line with bank deposits. But this wasn't a deposit that one could withdraw. At the end of the one-year term, all you could do was to go to the finance department and swap the old deposit slips for new ones. Only in cases of emergency, such as when an elderly family member was taken very ill or one needed to pay for the university fees of one's kids, then a worker could approach the general manager, seeking to convince him to release his/her own deposits. It was only with his approval that the money could be released. Yet not many workers met the prescribed profile for withdrawals on compassionate grounds.

By this time, the distillery was operating entirely based on market demand. Yet no matter how things got changed around, not much could be done about the old and outdated facilities that production still relied upon. It was tricky to use these facilities to

churn out products that still met the required standard. The workers had enough of the mandatory leave with no wages and they were inundated by the ever-rising prices. So they very much banked hope on the change of the enterprise's ownership regime giving its operations a new spur of life. They considered they were in the same boat as the management, being on the same side of the fence. Then came another overhaul of the ownership regime in 2001, with workers' shareholding being totally weeded out, and workers forced to *maiduan* or "sell off" their rights and entitlements associated with their seniority and length of service on the job – i.e., to accept redundancy. Workers were not allowed to get back or cash in their shares following redundancy, however. It's worth noting that it was only the workers who had to endure this forfeiting of their shareholding but not the cadres. In fact, the cadres had the right to snap up the shares that the workers were forced to give up. Nor was a workers' congress held to approve the change.

All this came at a time when the distillery had just managed to recover from hell. Dead worried that the distillery might go under again, the workers didn't dare to raise objections. Meanwhile, some middle-ranking and enterprise-level cadres were discreetly seeking to acquire workers' "deposits" and convert them into shares in their name. With little prospect of ever going to cash out their deposits again, many workers were willing to take up this discreet offer to sell their "deposits" at a discount (cadres didn't have to pay cash for their shares). Initially, those with a sizeable "deposit" holding were willing to accept a discount of as much as 50%. The discount later shrank gradually to 10%. Though all such deals were conducted discreetly, there was no way any deposits could be withdrawn without the general manager's stamp of approval and signature. The

finance division head offered to buy my "deposit" of 3000 yuan at a 20% discount but I wasn't prepared to accept a discount of more than 10%. Then a middleman helped to strike a deal at a discount of 12%. Some 70-80% of the shares held by this finance division chief were acquired from individuals like me. This was how the cadres' shareholding rose on the back of the slide in the workers' shareholding. Once wholly owned by the state, state ownership in Distillery B had dropped to 51%, with the remaining 49% being privately held, turning it into a "mixed ownership" enterprise. Although the state owned more than half the stake, the government didn't send any one to head the distillery's operation as managing director or general manager. This was because of the municipal government's good relationship with the distillery's existing boss. They let boss P continue to be the general manager and let him actually call the shots as well. Workers continued to have no voice; they just waited to be "slaughtered".

Following the latest round of ownership changes, only the middle-ranking cadres or their superiors were able to retain their shareholding. Yet generally speaking, what most of them had was the right to receive dividend payments, rather than exercising the real command of a shareholder. The head of the quality inspection division made this point to me: "I own three shares and when it came to dividend time every year (when the distillery made a profit), all that landed in our hands was the distillery's internal bank book. Whether dividends will be distributed in any particular year is all at the discretion of the general manager. If he said there's a profit, there will be a dividend but not if he said otherwise. Only he was in the position to tell whether the enterprise actually made a profit. Others had nothing other than the general manager's word

to base their judgment on. They didn't have a clue what was actually going on."

The sum total of the proceeds collected from workers in the last few years, including those that entitled them to share ownership, came to a great amount. If one added to it the enterprise's debt arising from raw material purchases based on credit and other sources, the whole thing looked every bit like a gigantic scam. (The distillery also took "deposits" from its workers as well as from sources outside the distillery for which interest much higher than the going bank deposit rates was payable).

In 2006, the son of B Alcoholic Beverages Co. Ltd's general manager became the manager of one of the company's subsidiaries, the K Alcoholic Beverages Co. Ltd. At the end of 2007, the mother enterprise, i.e., B Alcoholic Beverages sold its entire ownership in K Alcoholic Beverages to that son for 2 million yuan, thus severing the ownership link between the two entities. In the opinion of some middle-ranking cadres, K Alcoholic Beverages had been sold for a song.

The shareholding regime enabled the distillery to be transformed legally from a state firm into one where a private boss actually called the shots. Every year the middle-tier cadre positions were reshuffled under some sort of competitive mechanism, the main result of which was to bring even more managerial positions into the hands of the ruling clans or to allow more of their stooges to run the key departments. University graduates could only bid for the technical positions. If the distillery still has managerial vacancies to fill, it tended to hire directly from outside its ranks, and the employment terms were a matter for negotiation.

While chitchatting with the head of the quality inspection

division one day, he said:

"All positions of any influence in the distillery now go to those who are somebody in the patronage network. There is no other way to maintain a cordial relationship with this network without being subservient to it. A few of those who work under me are the wives of deputy directors. These women have no idea about how little they know and don't have a clue about anything. You won't believe how lazy and greedy they are and what crap they are made of. They throw their weight around, well aware of the sway of their backers, making it exceedingly hard for me to run my patch. Even the sight of them sends me fuming. I can do nothing but ignore them."

I had once contested for the position of a team leader. To be part of the process, an applicant had to file an application and then present his/her case and track record as to why he/she was a suitable candidate (but this part was cancelled at the last minute). Then a deputy general manager who was also a shop floor supervisor would formally introduce the candidates. Voting would then proceed by way of secret ballot. There were two components to the vote, with workers' votes carrying a weight of 60% and that of the judges 40%. After voting, the ballot boxes would be taken away and the results would be announced the next day. The result produced by this sort of voting lacks credibility and was just for show, with the "audience" turned into a prop. Workers were taken for a ride in this sort of "race", or more appropriately, a charade.

The distillery also put its front line workers through a new system of academic examinations. Middle-ranking cadres, university graduates, high school graduates and those over 40 years of age were exempted. (In fact, by this time, most of those over 40 had already been put into "internal retirement", leaving only a handful

of them, and those who were still on the shop floor were basically those who were born in the late 1960s or 1970s.) The first round of exams swiftly swept many workers off their jobs. It also moved the surplus staff at the administrative offices to the shop floor and those from the shop floor to the service sector (more details below). These exams went on till 2006 but new rules came hard on their heels, stipulating that those who failed in the exam or who didn't sit through one would have their pay deducted by 50 yuan, out of that component of their pay packet linked to their job title.

For the purpose of the People's Congress election in 2008, our enterprise, the economic commission and the municipal court all came under the same electorate. The rules required that the candidates should comprise an economic commission director, our distillery general manager and a distillery employee. The latter was merely a staff member from one of the offices, one whom very few people know much about. It was clear to everyone that this candidate was just a dud to make the general manager's candidateship sparkle brighter. Before the election, I took part in a briefing organized by the distillery's deputy general manager in charge of party affairs and the mass work. The trade union chairperson also took part (the union was basically a department of the company). As it turned out, only two of the three candidates were elected – the economic commission director and our general manager. Preceding any elections, it was the job of the shop floor supervisors and team leaders to get the implicit and unspoken message across to the workers under their command that no matter what, there mustn't be surprises in the electoral results and the senior management's wishes must be taken seriously. Things were never clearly spelled out, nor was it necessary, as it was like a match between a boxing

champion and a boxing fan.

7. A new *xiagang* wave across the century

The enterprise's move to make workers shareholders was just another trick to enslave them. After getting the workers to acquire a shareholding stake, the company started making those who were still in active employment (i.e., excluding those in *xiagang*) to *maiduan*. After the *maiduan* papers were signed, they were immediately taken off the workers, and no workers were allowed a copy, leaving them unsure what exactly they had actually committed themselves to. Those papers did specify that for foregoing their entitlements, workers would be compensated with more than 500 yuan a year. But the fact was these payments were never delivered. Those workers on compulsory leave didn't take part in the share acquisitions that was part of the overhaul when the enterprise changed its ownership regime. Initially, the enterprise encouraged workers to *maiduan* for a reparation of 890 yuan a year. It soon realized that those who took up the offer were the technical staff whom the management wanted to keep; so they changed tack, bringing down the compensation rate for key technical positions to 500 yuan a year, and later down to just over 300 yuan a year. Although those on forced leave were not paid at all, they wouldn't want to accept *maiduan*. In response, the management put them back on duty, assigning the male workers to the lifting and shifting of tapioca and the female workers to running errands. Eventually, as designed, some did find this treatment too much to bear; others saw the hopelessness of the roles that they had to endure, so they finally accepted *maiduan*. They would rather try to eke out a living

by other means.

Other workers were herded into the service sector, often also called the "tertiary sector". In the old days, aside from production, which was the bread and butter of state enterprises, many of them also organized services for the benefits of their employees. These service units later became the enterprises' side business. The same happened to our distillery. We had shopping arcades, retail outlets for our *baijiu* products, guesthouses and bathhouses. During the ownership overhaul of state enterprises, many of these side businesses were spun off and sold or were sub-contracted out as independent profit-and-loss units. Since these side businesses were located in a busy end of town, the B Alcohol Beverages, the publicly owned distillery's incarnation, subcontracted them out but, now as the mother firm, retained the right to decide who would be the manager to run these offshoots. In other words, these managers wouldn't be recruited from the company's own ranks via the normal practice of internal bidding but were decided by the mother firm's general manager. So while the side businesses had been contracted out, the mother firm still somehow retained a firm grip. For the workers in these services offshoots, the mother firm would pay for their pension contributions regularly on top of paying them a basic wage of 300 yuan a month. The offshoots would be responsible for the remaining part of a worker's pay packet but it was never specified how much this would be.

Once these arrangements were set up, the mother firm started moving workers into these service units that would be responsible for their own profit or loss. It didn't take long before the service offshoots were bulging with surplus hands. Some of these workers would soon have to take turns to *xiagang* while others were put

on compulsory leave. As soon as the management got wind of any workers on leave having found other ways to earn a living, it would call them back on duty, in a bid to push them to leave the firm and to *maiduan*. Services units, such as guesthouses and bathhouses, generally have sales targets, and any shortfalls in meeting them would result in workers' wages being docked. Formally, workers earned 500 yuan a month, but a full payment wasn't guaranteed. The docking of this uncertain sum on the pretext of sales shortfalls made things worse for struggling families. If at the end of a month the general manager declared a loss, workers' pay packets could be shrunk to a ridiculous amount. The take-home pay was sometimes as little as just the basic wage of 300 yuan a month. The firm's service units were hanging on a perpetual state of *daigang* and there was no guarantee that workers' wages would be paid. In desperation, some workers took initiatives to solicit sales outside the firm's front gate, but this turned out to be an embarrassment for the distillery and wasn't well received by broader society. It was only then that the management stopped those sales drives.

Ever since the firm was moved to the new development park, the bathhouses were the only services project that was left. It was operating from three outlets: one downtown, one near the distillery itself and one in a nearby town. They were all subcontracted to the middle-ranking cadres of the firm. Plain alcohol production consumes a huge amount of water, in the order of 30-70 tons of water for every ton of plain alcohol produced. This ex-production water could be recycled and a good amount of it was sold to the bathhouses for bathing purposes. It's not an exaggeration to say that the water consumed by most of the municipality's bathhouses came from our distillery.

Between 1997 and 2002, less than half of our firm's employees were on active duty. Women workers over 40 years old and male workers over 45 were basically all sent into "internal retirement". "Internal retirement" has its legislative origin in a 1997 notice, "How to strengthen the use of the labor contract management in rationalizing labor relations", issued by the provincial labor bureau. Article 15, applicable to those who are "off work for recuperation" (or formally "internal retirement"), specifies that "for employees who are less than five years away from retirement age, if they so wish and if their work unit so agrees, they can retreat into a recuperative phase (or internal retirement)." Though the workers in internal retirement are entitled to certain rights, there was little certainty that those rights would be honored, given the firm's poor track record of taking the laws and rules seriously and that the protection of workers' rights had been regressing since the overhaul of the firm's ownership regime. Those in internal retirement were in the embarrassing position of being neither in active employment (formally "on the job") nor in formal retirement. They didn't have any bargaining power and were caught between a rock and a hard place. The distillery simply didn't pay much attention to the provision that internal retirement applies only to those who are less than five years away from retirement age. It couldn't care less and shoveled internal retirement down the throat of a much broader age group. Those in internal retirement were entitled to only a 200 yuan subsistence allowance. Initially, the firm paid for these workers' pension contributions on top of the 200 yuan subsistence allowance. Later on, the 200 yuan became the all-in grand total, which the pension contribution also had yet to come out of. In other words, up until 2008, these displaced workers had to make

do for the whole month with a grand sum of little over 100 yuan. I was put on compulsory leave between 2007 and 2008 and had my pension contributions deducted from the 200 yuan monthly subsistence allowance. As in the case of other workers on indefinite compulsory leave, these subsistence allowance sums have never grown.

In 2007 when the last of the female workers in their 40s were sent into internal retirement, the management simply did away with this category altogether and decreed that workers have to either *maiduan* or retire altogether.

Of the re-employment possibilities of these discarded workers, only those who were *xiagang*/"off the job" and had subsequently got into petty businesses would be exempted from paying tax. Other workers couldn't access these exemptions. This tax exemption status could only be obtained when a worker was applying for his/her *xiagang* papers with the Labor Bureau. From the enterprise's end, to sort out *xiagang* papers for its workers, it had to pay the Labor Bureau a sum equivalent to two years' worth of dole contributions and extra for some miscellaneous fees, such that the Labor Bureau could dole them out to the *xiagang* workers. The enterprises obviously wouldn't want to give the workers a cent, and naturally they shied away from sorting out the *xiagang* registration for these workers. Meanwhile, the local government authority had its own concerns – in a bid to shore up its performance, it needed to suppress both the *xiagang* as well as unemployment figures. It pulled a new trick and pushed the loss-making enterprises to merge. Enterprises are not charitable businesses which keep on surplus staff, and the job openings available following a merger were bound to reduce considerably. The workers sent to be on *daigang*/"waiting

for assignments" mode were mostly dirt poor and were not entitled to obtain *xiagang* papers. Without these papers, they are not in a position to run a petty business for self-employment or be exempted from tax. The Labor Bureau also organized free retraining program for workers to learn new skills but that door was only open to those with *xiagang* status. This meant that the *daigang* workers had to fork out precious resources to get retrained for new job openings. The subtext of it all is that the Labor Bureau was also at the mercy of "economic efficiency".

All in all, enterprises didn't want to pay for the dole of unemployed workers and the government didn't want workers to be put on *xiagang* mode. But whatever policies they put forward, they only served to fiddle with the unemployment numbers and didn't bring any benefits to the workers whatsoever.

At that time, my enterprise wasn't the only one that was in trouble. It was a common scene in the locality, resulting in various workers' protests. In the mid- to late 1990s, enterprises still issued pensions directly to their retired workers. But with enterprises' operations going nowhere, workers on active duty and their retired counterparts all lost their source of livelihood. The prospect of finding a job elsewhere was bleak, so the workers' only hope lay in the government. That was why they gathered around the front gate of the municipal government offices, pleading with officials for a minimum social support such that they could put food on the table for their family. In July 1993, workers from a chemical enterprise adopted this method to press their case. They encircled the front yard of their municipal government offices, putting forward the humble demand of being issued a basic subsistence allowance and having their wages in arrears paid up. In August, the workers began

to receive a basic subsistence allowance of 43 yuan a month. But their wages in arrears remained outstanding.

8. "Elder Brother" (i.e., workers) sidelined

My distillery openly recruited workers on three occasions since 1986 and had taken in less than 200 candidates in total. These recruits formed the backbone of the distillery's workforce up until 2008. Plain alcohol production requires refined skills and intricate operations and its success or failure was all down to this bunch. It is not an exaggeration to say that they helped lay the foundation for the distillery's future development. By 1997, its workforce increased to over 1000 and the firm grew into the medium-sized league.

The current enterprise director was assigned to this distillery in 1986 from a glass factory that went bankrupt. Before he came, the distillery had incurred neither bank nor other external debts. Workers' lives were reasonably secure and production ran like clockwork. This is a period that the veteran workers now feel quite nostalgic about. The previous enterprise director was re-assigned elsewhere following a safety breach in the distillery. In line with the overhaul of the wage system at the time, from his very early days, the new enterprise director reshuffled wage distribution within the plant in favor of the management. The bonuses for those in the offices have always been higher than for those on the shop floor. On top of that, shop floor supervisors were entitled to a second dip in the plant's earnings while team leaders could have a second dip in the earnings of the team. The distribution logic goes like this: a shop floor worker is entitled to an equal share of the total production completed on the shop floor; then the extent to which

individual teams have been able to meet the production targets were also worked out, entitling team members to a second round of claims, or the so-called second dip, of the distillery's profit honey pot. These additional tiers for entitlements sucked away round after round more from the profit honey pot, nearly halving workers' average bonus. On pay day, workers picked up their pay packets in a location away from where the shop floor supervisors or the team leaders picked up theirs, such that they wouldn't have an idea how much the supervisory staff were getting. These inducements and the loyalty they have bought have gone a long way in giving the enterprise director a firm grip of the enterprise's whole management machine. Tempted by the spoils, some workers sought to have a toehold on the gravy train by gifting the shop floor supervisors sumptuously. On one occasion, a shop floor supervisor had just moved home and he/she received for housewarming a total of three rangehoods that came to a total market value of 500 yuan.

After the distillery was back in production again in 1997, it was of critical importance that it was able to meet a consistent operational excellence standard. Given the dubious market conditions, failure to do so could easily send the enterprise back into the red. But whether this excellence could be achieved depended critically on the quality of workers' work. This also determined whether the limited capital injection from the municipal authorities was really able to turn the distillery around. In this period, the hearts of the workers were very much at one with that of the management. We worked damn hard. I have always been on frontline positions, holding a spot at the end of the production line where the cream of the crop was assigned. Our minds were always at work, seeking to work out with the shop floor supervisor on how to improve the production procedure, so

much so that we were always foregoing our tea breaks.

These times didn't last. The market began to get out of its doldrums, and in 2000, before the distillery was completely out of the pit, the honeymoon between the management and the workers was no more! From then on, the supervisors started to rule with an iron fist.

Since the enterprise's ownership regime was overhauled, wage distribution was worked out based on two elements – the basic wage and the "indicative wage". The former was set at 50% of the fixed wage in practice during the state ownership days while the latter was based on the extent to which the production targets were met. Workers' wages were based on these two components alone, but team leaders were entitled to another 200 yuan a month for the "extra worries and angst" that they took on. The deputy shop floor supervisor earned 1.8 times that of an average worker whereas the shop floor supervisor's earnings was double that of an average worker. Later on, the overall number of staff and positions required on the shop floor was put under ongoing scrutiny. A sliding pay scale was installed, with different job positions attracting different earnings. Each worker was entitled to 50% of the set earnings linked to his/her job position plus a floating portion that was linked to the extent that the production targets were met. This position-linked "set" earnings was not actually set in stone; if production fared well, the target-linked earnings went up but it almost certainly dragged down the share from the position-linked earnings. On the surface, there were rules for everything. But their application was highly "flexible" - at the say so of the management and always at the expense of guaranteed earnings for the workers. As a matter of course, we always had to work on public holidays,

and overtime payments wouldn't be paid. It was only after workers grumbled vigorously about this that the overtime loading that should have been paid was honored. Yet when this happened, the prime wage component would come down, meaning there wasn't much difference in workers' take-home pay.

Apart from night shift workers who finished work at night, those on all other shifts had to put in extra time for errands. Some departments regularly required workers to give up a day off to run these errands without pay. (The basic shift structure is: 2 day shifts, 2 evening shifts, 2 night/graveyard shifts, and 2 days off). When the supervisors whistle, we had to jump and our precious day off would just vanishes like soap bubbles. If the products weren't up to scratch, another day off would be soaked up for remedial classes. Furthermore, for the workers whose skills levels were not up to the mark, they had to take turns to be "rotated" out of their positions. Given that there were always surplus hands on the shop floor, the management seized on this "rotation" mechanism to blackmail workers, such that those targeted would be candidates for the next round of job rotations. Those on job rotation would only be paid 600 yuan a month.

It was only when workers had run out of options that they would think of defending their own rights. Whenever there were labor disputes, few would dare to risk their means of livelihood unless they had worked out where they could turn. Those who were not subservient would be dealt with and got rid of right away. They could be taken off their original job position, or put on an indefinite compulsory leave. Deliberately targeted by the management, some were not only sent home to "wait for assignments"/*daigang*, but also had to pay for their entire pension contribution [Translator's note:

i.e., the enterprise wouldn't be making a contribution anymore]. These vendettas were clearly aimed at coercing workers to *maiduan/* "made redundant by selling off their rights". Following each round of such "campaign"/persecution, some would inevitably *maiduan*, as management had intended.

Since the enterprise's ownership overhaul, the enterprise director often personally led unannounced night inspections. Those who got caught falling short on anything would be openly named and shamed in daytime meetings and be heftily fined between 50-100 yuan. This was almost the income of a low wage worker for the whole month. Workers certainly didn't have a voice, but even the ability to utter a few words looked increasingly like a privilege of a bygone era. In the old days, workers could joke directly with the enterprise director but there was no avenue for them to raise even a few ideas anymore. I remember there was an occasion when a worker jokingly bet with the enterprise director with a roast chicken being at stake. The enterprise director lost but he didn't seriously think the worker would go after him for that chook. To everyone's amusement, the worker light-heartedly persisted and playfully tailed the director for his prize. But now? It was inconceivable that a worker could meet the enterprise chief face to face or that the chief would joke or bet at ease with a worker as equal.

Management stipulations increasingly became penalty provisions, whereby violations of many of them were punishable with a fine. These stipulations were mixed in with skills specifications, pushing the punishable items to over 100. These penalty provisions and the penalty rates were also revised frequently. There was a notice board in the roll call room where the penalty slips had to be displayed. The board always became chock-a-block with penalty slips. It was a

long-standing practice that the fines must be paid on the spot in cash and any delay over 24 hours would result in the fine being doubled. Previously, two workers would staff a particular work section in a production line. But now, two workers had to cover that section in *two* production lines, making it hard to avoid mistakes. While the facilities in the old distillery had been in service for many years and kept being modified, they produced very few rejects, sometimes as few as one reject in a few months. It was in this context that the fine for substandard products was set at 100 yuan a piece. Substandard production was now an everyday event, yet the penalty rate was only halved. That reduction in the penalty scale appeared generous at a glance but how can a worker afford to be fined 50 yuan every day! There was a month when all eight workers in a particular work section had their entire pay packets all blown away by fines. In fact, one of them was further set back by 50 yuan that month. The workers just couldn't take it anymore and one by one they requested to be transferred to do a different job. They nagged and hassled the shop floor supervisor with their transfer requests day after day, to the director's great annoyance. In the end, the workers' take-home pay regularly evaporated to nothing and they just couldn't afford to pay their fines anymore and so they collectively refused to pay up. This was where that saga ended.

Against the backdrop of widespread unemployment, workers treasured hugely any job opportunities. The management could see this as well and thus had much less restraint in verbally abusing and denigrating workers, which deeply hurt them emotionally. Over time, that aggression escalated and was getting out of control: they fined workers whenever they felt like it, scolded workers as they pleased and took workers off the rosters – for a *daigang* ride – at

their whim. The firm's earnings' distribution tipped more and more in the management's favor. This was also often done on the spur of the moment and in a grossly unjust manner, leaving it hard for workers to fathom how they could get off the firing line. There was this Mr Huang, who was a deputy general manager as well as a shop floor supervisor. At the first signs of a worker's performance being slightly off the mark, Huang would let loose highly offensive abuses like: "F*** off, you stupid idiots!" If any worker dared to talk back, he/she would be stung with not only a fine but also the need to write a "letter of self-criticism". If the product quality was falling short, the worker would have to submit a "quality analysis report". No matter whose fault it actually was, the worker would have to take the blame. Otherwise, the report would not be accepted and the worker would be suspended. Generally, a fine would follow the submission of a "quality analysis report" and "letter of self-criticism". So very often, such offensives would be so distressing for a worker that he/she would break down and cry. But all the worker could then do was to wipe off the tears and press on. Workers often found that their resistance got them nowhere and they still had to grit their teeth and continue to bear their being screwed over by the management.

There could be considerable strife among workers and the management was keen to take advantage of this. To me, all this revealed the dark side of people. The fact that people were on their guard with each other and distrusted one another made the workplace rather tormenting. When it becomes one's default setting to be constantly on the lookout and to distrust others, it is only a matter of time before people start to scheme and plot to undermine one another. Work stress was bound to rise and one would be kept

in a constant state of high anxiety. There would be a deep sense of angst when one walked in through the enterprise front gate and a strong sense of relief when one finished a shift.

In the distillation section of the plain alcohol department, the liquid left from the fermentation process would be heated and distilled and the products that met requirements would be extracted. The flow of the liquid was regulated at many control points via valves of various sizes. The valves were adjusted depending on the volume of the flow, but in fact adjustments were not needed most of the time. In other words, adjustment was required only at a few control points while the rest was left untouched for a long time. However, if the control points that don't require adjustments were knocked about or tampered with unknowingly, there was a high chance that substandard products would be churned out. The shop floor rule was that workers would be fined 100 yuan for the first substandard item produced. If workers of a particular shift failed the quality test, workers in the immediately preceding shift would be fined 50 yuan. If workers in the immediately preceding shift failed the test, those in the following shift that passed the test would win a 50 yuan reward. But this prize would only be awarded after a chain of failures in the quality assurance tests and was not even awarded once a year. Those who failed the tests continuously would be sent to the so-called "in-house *daigang*" mode. Those who failed to report in person to the management office as was required would also be taken off duty. Only the non-subservient types needed to report to the management office, and of course, no work would be arranged for them. They would be left indefinitely on a *daigang* mode and wouldn't be granted any subsistence allowance.

The shop floor management stipulations cover almost everything,

leaving very few things untouched. The fine amounts were not set in stone but varied, often depending on who was being fined and who the persecuting officer was. From that time on, the management also set up five scrutiny and investigation teams (on safety issues, job discipline, equipment and facilities, quality, and frugality and hygiene) staffed with middle-ranking cadres whose job was to conduct weekly factory-wide inspections. They were to report their findings in regular meetings, and draw up remedial action plans, and formulate them in *The Distillery's Bulletin* for distribution to various work units for corresponding actions. Performances were scrutinized, with financial consequences. All work was assessed against the production targets, with any shortcomings penalized with a fine. All five inspection teams had penalty payment collection targets and if there were any shortfalls in collections, the teams would have to plug the hole from their own pockets. Any collections exceeding the target would go to the teams on a pro rata basis.

With these threats hanging over their heads, the workers would go through all the valves to make sure they were in good order immediately before the start of a shift. They would then report for work and take over at the control room. After workers from the last shift departed and they took over, they had to go through all the valves once again to make sure they had not been tampered with. When a shift was over, the rules required the workers to stay for the results of the laboratory testing of the products produced under their charge before they could head home. The wait was at least half an hour. If there were substandard samples, they would have to plead with the laboratory personnel to do a retest (involving more waiting) with a new sample from the general stocks produced in this

shift. Even the night team was not exempted from this requirement. Any substandard product ruling would not only result in a financial penalty, the team in question also had to file an "analysis report" with the shop floor supervisor for his review. At around this period, I was shocked to discover one day that I'd gone bald. I went to the doctor and he said my baldness was stress-related and advised me to take it easy.

9. External contracting

After much negotiation, in 2000 the distillery took up a five-year contract to revive a production line of Distillery M in a neighboring city, Q, that had been deserted for years and which had the capacity to produce 12,000 tons of plain alcohol. The project required a good number of technical staff to get it kick started. Against the strong objection of my family, I took up the offer to transfer to city Q. The stressful environment at my existing workplace was certainly a key push factor. The fact that a pay rise was offered for those willing to transfer sealed my resolve to make the move. The management had feared that there might not be enough volunteers.

Keen to revive that production line, city Q's local government exempted the operator of the local distillery from all taxes or charges except land taxes. Apart from taxes, a contracting fee of only 200,000 yuan was payable, which was a bargain. The distillery brought 60 of its workers over, paying them 600 yuan a month in addition to paying for their pension contributions. Distillery B's management style was replicated there. But the regime of heavy fines coming on top of a poor wage was too much for the workers to bear. They resisted. Such confrontation invariably ended up either

in workers resigning or being dismissed, making space for the more subservient new recruits. In the end, the shop floor was packed with unskilled older women and male recruits who were retirees from the neighboring regions. This was a vulnerable bunch whose only chance in the job market was manual work at around 500 yuan a month. So they were rather grateful that the distillery would pay for their pension contributions on top of a headline salary of 600 yuan a month.

As in the main distillery, I continued to work as a distiller, at the back end of the production line. One day, a substandard item was found produced by another team and the shop floor supervisor planned to punish the two operators concerned with *xiagang*. But there would be no spare hands available to take their place if that happened. So the deputy director went for a compromise – to keep them but to fine them heftily. In the end, all team members, including the team leader, were all fined 500 yuan each. But 500 yuan was more or less a worker's earning monthly earnings. The management then sent an informal envoy to calm them down. Their spin was that the penalty was actually an attempt to avoid having to send them to *xiagang* and that the management would find ways to make up for the fine money bit by bit over time. It was all a con. While the shop floor supervisor did issue them an extra token 50 yuan each the following month, this wasn't repeated. In fact, the workers were well aware that the shop floor supervisor was seeking to mollify the workers involved to minimize disruption to production. After all, skilled workers aren't formed overnight.

In 1997, an old worker, a Mr Tang, jumped off from what is now the distillery's building. The local workers were keen to remind us workers from outside that someone had died there in order to scare

us. Back then, Tang's employer, the distillery, was going through a rough patch, in the same way that our distillery was at the same time. The economic recession was raging, and wages in arrears were commonplace. Close to retirement, Tang was devastated when his distillery folded. Already on his own and with very few savings, he had the bad luck of falling seriously ill and required hospitalization. He sought help from his enterprise, but the management couldn't care less. Then a rumor went round that the existing retirement entitlements would be withdrawn. This proved to be too much for Tang who on a night of heavy snow jumped off from the top of the distillery's five-storey building and died. It was said that the snow in the patch from where Tang jumped was flattened, indicative that he must have been agonizing over his options for a long time.

In our fourth year in city Q, Distillery B subcontracted Distillery M to a private capital owner. Some workers at city Q were transferred to Distillery B's new operation in a new location (see below) while the rest of us stayed on at Distillery M for another year. In January 2006, when the contract period ended, we left city Q and headed back to Distillery B. We were condemned to *xiagang* until the end of May when we were called back for duty. During the intervening waiting months, we were entitled to nothing, not even subsistence allowance.

10. The old distillery is relocated and a new subsidiary is formed

During 2003-05, Distillery B had to abide by a city planning decision to move from its city location to an economic development park on the outskirts. At this new site, it opened three plain alcohol

production lines that carried a total capacity of 115,000 tons. As if by magic, the distillery's old site at the heart of town somehow turned into private land on which posh housing was built. How this came about was a mystery to most because the process wasn't transparent at all. What everyone did know was that it was the handiwork of the distillery boss, government cadres and the property developer. The cadres were very defensive about any worker's enquiries into the question.

The three production lines represented an expansion that required more skilled hands than those on the existing payroll could handle. Some workers were, therefore, called back to duty. The new distillery site covered several hundred mu of land (1 mu equals 1/15 of a hectare) and there was an enormous amount of work to be done in landscaping and "greening" up the site. All of this would fall on the shoulders of the workers who were expected to carry out the tasks in their own time on an unpaid basis. But formally speaking, workers contributed this labor "voluntarily". They were expected to take care of the subsequent regular pruning and maintenance as well, with the overall tasks being shared among different work units. Say in tree planting, the saplings were simply too big and heavy for the workers but the job still needed to be done. Having run out of alternatives, the workers hired a crane out of their own pockets to do the heavy lifting. Furthermore, the distillery's rules stipulated that workers needed to pay for the cost in replacing any saplings that might have died. But some saplings were already dried out when they were unwrapped. Moreover, as workers could only begin to get on with this task after work, the extra waiting time required meant an increase in the casualty rate of the saplings. In the following year, the management tallied up the

number of dead saplings and the cost to replace them, and deducted the amount straight out of workers' wages. Some were docked by nearly 200 yuan. My shop floor was one of the luckier ones, and had our pay docked by more than 50 yuan "only". But this sting was really childsplay compared to the penalty imposed on workers for machine breakdowns, maintenance and parts replacement.

If a motor broke down, the team operating it at the time would be in trouble. Every single member of that team, including the team leader, would be fined to pay for the motor's replacement. Believe it or not, the fine total was actually bigger than the maintenance/replacement bill, by a big margin! On one occasion when a forklift broke down and a part needed to be replaced, the piece cost 800 yuan but the workers were collectively fined more than 2000 yuan. On another occasion, a 7.5 kilowatt motor broke down and everyone on that shop floor was stung to pay for its replacement. Workers were held responsible even for the wear and tear of machines and equipment or the acquisition of new ones. [Partly as a pretext to rip workers off, the distillery set up an internal institution called the "efficiency index"]. Any underperformance in relation to the efficiency index would be translated into a docking of the workers' pay packets. Any machine/implement-related expenditure would trigger the index to go backwards. But did the workers own the machines or equipment? Why did they have to pay for them? But who would reason with a worker? A middle cadre in the distillery's office once made a poignant remark that was highly indicative of the boss's attitude: "Those who are able to would have left already. Those who are still here are not up to scratch and no matter how little you pay them, they still wouldn't go anywhere."

Meanwhile, in 2006, 20,000 tons worth of machines and

equipment from the old distillery were moved to the nearby county S where a subsidiary, Distillery K, was set up. As mentioned previously, Distillery K Company Limited was a subsidiary of Distillery B Company Limited, and whose general manager was the son of the mother company's general manager. A division chief once shed light on the secret of how the subsidiary was able to stand on its own feet:

"They moved machines and equipment of the mother distillery away on credit. They were installed at Distillery K, deployed for production and it was only when they turned in a profit that they had to start repaying their credit accounts. After a while, the accounts were all settled and the machines and equipment would be formally sold. This arrangement was a bit like if one tries to produce eggs with a borrowed chicken. The chicken is on loan, but the eggs it lays belong to you. A business that doesn't require an upfront investment – what a good deal!"

The local workers that Distillery K recruited had problems mastering the art of distillation. To address the problem, the mother firm sent all of its workers to Distillery K on a temporary basis to help train up the local crew. The term was for one year. As there was no direct bus from Distillery B to Distillery K, workers generally travelled in groups in hired vans, or they might travel a certain distance by train, then get the remaining main connection with a car, plus a bit more travelling locally. All in all, it took a good half day to complete the journey at a cost of 50 yuan. At this cost, most workers could only afford to go home once a month. A female worker, Little Zhang, was sent to Distillery K even though her baby was still too young to be on solid food. On one occasion, it just happened that the deputy general manager was about to head back

to Distillery B, Zhang requested in advance to get a lift such that she could head home to see her child. She packed a few things and by the time she arrived at the agreed spot, the car was already on its way. Panicked, Zhang chased after the car along the muddy road, crying all her way. At last, she fell into a muddy puddle and burst into screams and tears. But the car never stopped.

Despite the considerable expense and time that it took workers to travel between the two places, the distillery provided them with no travel allowance. Nor did it provide shuttle buses of any sort. And the management wasn't willing to give workers a lift either. At 1000 yuan a month, their wages were similar to what they were earning at the mother distillery. Being a new plant in a remote spot, the distillery still found itself having to deal with a staggering amount of earth movement. To cut spending, the management required workers to perform those tasks after work – i.e., overtime without pay, which had become a *modus operandi* at this enterprise. In order to hang on to their jobs, workers had no choice but to take part in this forced labor. It rained one day when they were toiling on such earth work, and their feet quickly became stuck in the mud that they had just dug out. They wavered and scrambled but still couldn't lift their feet out of the mud. At the end, they were just too exhausted and went on strike. Nevertheless, once the weather got better, they had to go back on deck.

Written by a Distillery K worker, the following doggerel spread like wild fire among workers via SMS:

> The limo at the front gate is numbered triple nine,
> (this is part of the general manager's number plate)
> "Big Doggie Huang" was inside, snuggled up fine; (his surname is Huang)

A huge slab of meat hung from the steering wheel,
Yet Big Doggie zoomed off, looking very regal.

If you ask how Distillery B team was all cracking up,
You'll find that green tea pancakes were all that kept them going; (this is a local staple)
If you inquire when the workers can start packing up,
When the moon and the stars start roaming the gloaming;
If you ask when workers might go home to their digs,
It's when you pay the bus fare for all official trips.

Word came abruptly, our job requests were all right,
That made me absolutely over the moon;
If you wonder when we can return to our old site,
When autumn leaves fall, and that's not very soon;
The couple's tears of sorrow rained down on their hands,
We'd never want to be apart, damned to be tramps.

When the one-year training that the mother distillery provided the local workers was over, the trainers returned to their home county. But by then the distillery had already moved to the economic development park and there were no positions for them. They had no option but to stay home in *daigang* mode, waiting for a job assignment. The workers sent to county S and those of us who were contracted to work in city Q all arrived home eventually. We were all put on *daigang,* receiving absolutely no subsistence allowance. Some of us waited for more than a year before we were called back on deck.

11. "Iron rice bowl" in Thailand: The distillery under globalization

From 2002 onwards, the distillery started using tapioca imported from Thailand as the raw ingredient for producing grain alcohol. Tapioca is cheap but starch-rich. It's efficient for alcohol production, yielding 34% of alcohol for 100 kilograms of tapioca. Quality tapioca can lift the efficiency rate by yet another three percentage points. Moreover, the traditional raw materials were getting very pricey. Obviously, enterprises chased after profit maximization and this explained why the entire plain alcohol industry shifted to using tapioca as its main input. Many "bosses" soon saw the big potential of this industry. Since the raw materials came in via the ports, they started building distilleries in the counties near those ports, triggering a rush to do the same. In one particular small town, for example there were as many as eight distilleries, with capacities ranging from 15,000 tons to 100,000 tons. In terms of both the underground water they consumed and the wastewater they produced, the volumes involved were both astounding.

The distilleries' shift to using tapioca as a raw material reduced local farmers' enthusiasm for growing sweet potato. Over a huge area of cropland, they planted something else instead. The distillery industry in this region had thus become highly dependent on the tapioca from South East Asia. But right from the beginning, they were on the wrong path because the price of tapioca was on the rise (the fact that both Europe and Japan also joined in to compete for tapioca as a raw material was another reason for the price hike). Yet by this time, the local distilleries just weren't in the position to shift their raw material input to something else and when tapioca

prices started to spike they became rather helpless. Meanwhile, from July 1, 2007, the export rebates for most chemical products were scrapped. In anticipation of this, the chemical industry already started making adjustments from May onwards, radically slashing their demand for plain alcohol. The stocks of the distilleries grew while the price of their products plummeted. The fact that the distilleries in this region all pitched at the lower end of the market didn't help. Their products were therefore not competitive and the continuing rising raw materials prices forced many of them to stop production altogether. This led to widespread job losses. We started being sent home for compulsory leave from May 2007 and the 135,000-tonne production line just ground to a halt. When would the industry climb out of this pit? Would the plain alcohol industry experience a new shakeup as happened in 1997? Once we were on compulsory leave, and after deducting the monthly contribution from our pension accounts, there was only 100 yuan left each month. What worried workers most wasn't so much the pathetic sum of 100 yuan or work stress, but whether the distillery had the ability to meet the monthly pension contributions for workers and for how long.

Under the weight of this job stress, some skilled distillery hands started to shift west towards Vietnam where tapioca was sourced. New distilleries sprang up in provinces near Vietnam so as to bring production much closer to a key raw material source. Some owners even set up production lines in Thailand. At the end of the year, a work mate even urged me to help him poach workers to be brought over to Thailand. The ones who took up such a challenge to work overseas were mostly in their 40s. They were to be happy nomads willing to live out of their suitcases and to go wherever their jobs

took them so long as the pay was good enough. But they wouldn't have job security. It was my dear wish that they could earn their bucket of gold and stay healthy such that they could return home to join their families for a happy retirement when they got old.

The distillery offered a new round of labor contracts for workers in 2008, but none of them were long-term contracts. Those in key workshops and technical positions were offered contracts for two years while the rest were offered one year or even no contract at all. In the wake of the Olympic Games at the end of 2008, the workers on compulsory leave were even called round to the distillery to submit themselves to *maiduan*. They were compensated with 370 yuan a year.

Nine workers couldn't bring themselves to accept the package and demanded that the Labor Bureau arbitrate their case. Yet the bureau did nothing but drag their case out. In the end, they couldn't afford to wait much longer and went their own ways just to keep their heads above water. They didn't even get round to picking up the arbitration awards. But really, who could afford the wait! After all, you had to bring food to the table. Then the management took on a divide-and-rule tactic, getting 10 workers at a time to *maiduan* to minimize the chance of them coming together to act collectively.

The management made this point at the year-end edition of *The Distillery's Bulletin*: "Under the premise that we will not make any employees on active duty at the moment redundant, we will liquidate in groups and over a period of time the labor contracts of surplus staff who have not been on duty for a long time. This shall be done in accordance with the law and this company will say good-bye to an era when we had staff members not on active

duty for an extended period. As for employees who do not treat the company's problem as their own and become a part of the solution to help the company through the difficult patches, our labor contracts with them shall be allowed to lapse when they fall due and no new ones will be offered. In view of the worsening context in which the company operates, we shall streamline further the surplus administrative personnel in our ranks in order to reduce the company's load. Staff members are assets, but they are also the company's burden. It's only a matter of time before this burden shall be shed."

The new Labor Contract Law didn't bring many benefits for workers. Furthermore, in 2008 the local government de-prioritized the implementation of the law and scaled down the rate at which the minimum wage would be increased. This was why the wages of the distillery's workers were shrinking. But none of this affected the management, who emerged unscathed from the financial crisis and this thorny operating environment for the enterprise – their pay cheques only got fatter. The management went to great lengths to try to inculcate in workers' minds that they and the enterprise were "in the same boat" and that they should "get over these hard times together", "giving whatever they've got". Yet for a long time, when the enterprise was earning a profit, workers' salaries wouldn't rise an iota. Yet as soon as the profits slowed down, workers' pay would definitely be under attack. The workers knew exactly what was going on; they simply had nowhere to take their case.

Chapter Two

Behind the Distillery's Front Gate

The distillery's basic structure

- Political Division: Manage and coordinate personnel issues of the entire workforce, logistics and the tertiary/service sector
- Production Division (responsible for production and its coordination): under its charge were four departments – *baijiu*, plain alcohol, packaging and maintenance
- Trade Union: women's work and workers' livelihood

1. Appointment of the enterprise director

Formally speaking, the director of State-Owned Distillery B, Mr Z, was transferred away to take a new post as the deputy director of the Economic Commission. In reality, it was a move to dump him from the distillery by way of administrative means. The transfer was triggered by an industrial mishap that occurred under his charge. It all started when a delivery truck that didn't belong to the distillery damaged and deformed an alcohol shelving unit in

the packaging division. Director Z dealt with the situation, hitting the offending party with a fine. He should then have repaired and strengthened the shelving unit in question, but he didn't. Instead, he continued to allow the shelving unit to be used as if the truck incident hadn't happened. The shelving gave way one day, leading to a death, one person being paralyzed, one person being seriously injured and debilitated for life, and to another person receiving minor injuries. This obnoxious industrial accident was the reason why Director Z was ditched. This sort of transfer was the normal way in which enterprise directors were removed – a promotion in appearance, but a demotion in substance. Yet this transfer was also a way to let Director Z get off the hook over the incident and was in fact an act to shield him. His departure also marked the end of an era, which led to appointment of Director L as his successor. The employees could do nothing but wait and see.

In accordance with the Law on the Duties of the Director of Enterprises Owned by the Whole People that was decreed in 1986, there are three ways in which the director of an enterprise "owned by the whole people" can be appointed. Two of those options require that the director be elected by, or whose appointment has obtained the consent of, the SWRC (Staff and Workers' Representative Congress). Even in these two scenarios, the appointment will only be cemented after the senior government authority to which the enterprise reports has approved the choice and made the formal appointment. The Law on the SWRCs in Enterprises Owned by the Whole People, decreed in the same year, also gave sweeping power to the SWRCs in appearance. But the SWRCs had no say in the transfers of the last few directors of our distillery at all. The item wasn't even on the SWRCs agenda and the congress was only

informed of the transfer decisions made by the management. The relationship between workers and the enterprise director was of that between the manager and the managed. It wasn't the exception but the rule that the director called the shots even if it was at the employees' expense.

The SWRCs had been disfranchised and, as the "legal person" of an enterprise, an enterprise director objectively wielded greater sway than the representative congress. Not to mention an enterprise director who was also the powerful secretary of the party committee.[1] The senior governmental authority to which enterprise management reported had the formal power to supervise an enterprise's management, but its main concern usually wouldn't stray beyond the enterprise's contribution of profit tax. This was how the director called the shots in an enterprise. In other words, the contract system effectively reduced a state firm to a paternalistic entity, one in which the rights of the employees were gradually dispensed with. Ever since Director L took charge, he started to weed dissenters out of the management and he rarely followed the rules. While Director L didn't take the enterprise down any new corporate path, he went into overdrive in cleansing the management out, so much so that it didn't take long before the middle ranking cadres had undergone a near complete "blood transfusion". One of Director L's usual tactics was to overhaul or restructure the administrative office, giving the middle cadre ranks "a face lift" within a fairly short time. Another tactic was to subdivide existing jobs one by

1 Editor's note: in the first phase of enterprise reform the tension between the party secretary and the manager remained a problem for raising efficiency. This was solved in the late 1990s when the new measure of appointing the same person to hold the two most powerful positions in the enterprises was enforced.

one in order to dilute the power base of the existing stakeholders. A sure consequence of this exercise was that administrative units would multiply, as would the cadre positions required to oversee them. On the other hand, departments might also be dismembered and each new spun-off unit called for more new cadres to oversee it. However, notwithstanding these multiplications at the higher rungs, the rank-and-file positions didn't increase.

As the reform of the economic institutional setup intensified and the enterprise director contract system was put into place, the distillery was able to pull off a very impressive corporate result. In contrast many other SOEs went bust when they were made to become fully responsible for their own profit and loss. For us, however, business was so good that our production kept chasing after demand.

2. The enterprise director's academic qualification and his title

Article 8 of Chapter 2 of the 1986 Law on the Duties of the Director of Enterprises Owned by the Whole People stipulates that the director of major and medium-size enterprises should have at least tertiary education and those of the small enterprises should have completed at least secondary schooling. In the latter case, those who pass the central government's examinations for enterprise directors are also acceptable. Yet what can one do with our distillery-director-cum-party-committee-secretary who has only finished junior high school, and is falling short of the mark? Well, as the saying goes, "the ones higher up can have their policies, yet the ones down below can always circumvent them with creative strategies". There were such institutions as the junior and

senior high schools as well as the evening universities organized by the party school or trade unions, as was common in the 1980s. They also organized day classes for workers to get time off work to attend. But these classes were very casually organized. Once a worker was enrolled and the fees were paid, whether one attended the classes wasn't a big deal and one could even get away with just copying someone else's answers as your own during examinations. There was always the other option of having someone else sit in the examination for you. Cheating was common practice, so much so that it was virtually a social phenomenon and didn't surprise anyone. For sure, only the professional leadership cadres or those who had promising promotional prospects would seek such qualifications. Thanks to this avenue, Director L achieved not only a senior high certificate, but also a university degree and even a qualification as an economist. He benefited from the dedicated help of a university-educated technician who performed the task as a job assignment.

While the party school always tailored classes to the needs of leadership cadres, the trade union's primary constituency was workers. Workers usually responded well to these classes and keep up with enrolment, and these classes were generally properly organized. According to central government stipulations, should state firm workers enroll in classes offered by non-regular schools, they should be entitled to a rebate to offset the cost of that education and they would continue to be paid for those hours taken off work in order to attend such classes. Yet in reality, even when workers were furnished with proof of their graduation, their application for the reimbursement could still be rejected and their qualification generated from these courses not recognized. This is clearly a case of double standards – one for the senior staff members and one for

the ranks – but there wasn't much the workers could do about it. Some raised the issue with the Labor Bureau but they just put the case on the back burner. At that time, there was a deputy director who used to be a worker. He didn't have any formal schooling but managed to obtain a senior high school certificate from a party school. I made the point of calling up a friend who is a teacher at a party school to get a better idea of how the process works. The picture I gathered is that party schools have organized many tutoring classes at the tertiary, secondary and specialist levels, and that they could be as short as six months after which graduation would be granted automatically. Those invigilating examinations at the county party school would even be teachers of their own schools. There were occasions when the regional authorities would send their own invigilators, but there were so few of them that they basically just flew in and out. Even though many of the candidates never attended classes, very few of them failed the examinations. Why this was the case should be obvious. No matter what, these "legal person representatives" and enterprise directors were now considered as having met the "national standard". This is why whenever workers read about the secondary academic qualifications and job titles of the party and governmental cadres in newspapers, they did not believe that their qualifications were genuine.

3. The enterprise director's terms of office

An enterprise director's term was for three to five years, but by 1997, Director L had been holding that post for 11 years. The most obvious differences he had made during his term were:

(1) nearly all buildings in the distillery had been renovated; enterprise grade [the most senior rank] cadres had each been allocated a housing unit, the type that could be resold in the open market; the middle-ranking cadres were all allocated staff quarters with en suite; leaving the workers to linger in the tile-roofed [ageing] workers' quarters;

(2) the *baijiu* market basically collapsed;

(3) staff numbers doubled;

(4) during his reign that ended in 1997, the distillery deteriorated from being debt free (none with any external party or the banks) to being laden with over 100 million yuan of debt, which was even greater than the distillery's assets.

Director L's departure followed the same path as Director Z – both moved on to be a deputy director of the economic commission. In the same month as Director L left his job, the distillery stopped its production all together and workers were forced to take leave without even a subsistence allowance. So long as the enterprise director had cultivated a good relationship with his superior, he didn't have to be accountable for his failings on the job. The claim that the SWRCs supervised the enterprise director's performance was just an illusion. No institutions existed to enable such supervision to take place and whether the distillery's operation ticked over all right all depended on the enterprise director and his self-discipline. Against this context, to expand the enterprise director's discretion was a bit like getting the wolves to mind the sheep. He could afford to totally ignore in spirit the rules with respect to the SWRCs while observing to the letter, or even down to the last word, the rights that the Law on the Directors

empowered him with in sanctioning workers. He had gone into overdrive to hit workers with fines and had totally deprived the workers of their right to have a voice. The workers dreaded fines, as if they were a plague. Having to cope with a long period on survival wages, workers just didn't have the reserves stashed away so that any hefty penalty would hit them badly. Alternatively, they might be ditched from their post. Moreover, there was no such thing as a fines schedule. Even if it existed previously, it wouldn't be relevant to the workers of today because the safeguard for their rights was so flimsy that they were as good as non-existent.

The director's absolute power in the enterprise also contributed to the chaos in corporate finance management. In the absence of institutionalized checks and balances, finance management basically degenerated into a charade where things would only get done if given the director's green light. Any formal rules on financial management went out the window in the face of the director's dictates. So long as the director agreed, any stocks could be removed without any proper security pledged against them, often reducing receivables into doubtful or even bad debt. Receivables might also turn out to be a pile of cheap goods or virtual junk, or a loan without a creditor. All of this had disastrous implications for the distillery's future prospects.

Behind the enterprise director's decisions, often in the form of an approval slip, was a complex web of human relationships and a network of interests. A Mr Chen, a salesman, and the director were both around 50, but it didn't stop Chen from pledging to be the director's "god child", calling him "godfather". Few had thought highly of Chen, but he enjoyed the privilege of being able to take delivery of stocks based merely on the director's approval

slip. When the prices of alcohol products were on the rise, Chen was able to get the paper work for a sales order processed without actually taking delivery. He would wait till prices reached a target level before taking delivery and he did so in bulk.

On January 25, 1992, a document that paved the way for the enterprise director to grab more power was issued. It was called "The Comments of the Ministry of Labor, Production Office of the State Council, National Economic Institution Reform Commission, Ministry of Personnel, All China Federation of Trade Unions on the intensification of the reforms on labor personnel in enterprises, wage distribution and social insurance system". While it shattered workers' "iron bowl" (job security) and "iron wages" (secured income), it left intact the enterprise directors' "iron chair" (secured position of power). Furthermore, the fact was that all new directors of the distillery since 1986 were parachuted in from outside. The prospects of a director being promoted from among the distillery's managerial ranks were slim. The latter most probably wouldn't move beyond a deputy directorship. Given that the director was also the enterprise's party secretary, he could do whatever he liked with the enterprise. As the reform of the country's economic institutional set-up took further root, the director proved to have no regards whatsoever for workers' livelihood issues such as wages, housing, medical care and jobs. Jobs were hard to come by and for this reason, rank-and-file workers had to keep their heads down and bear with whatever they got. Especially in 1994 when prices skyrocketed, it was exceedingly hard for workers to put food on the table and meet other basic needs with the pittance they earned.

Weighed down by the pressing need to stay afloat, they had to resort to gifting and other soft bribing in order that their kids

could get a job somewhere or get their housing sorted. Meanwhile, the wage distribution within the enterprise started to tip more and more in favor of the management, benefiting especially the middle cadres. The earnings of the rank-and-file level, comprising the administrative office and production departments, were structured differently, opening room for a second round of distribution from the wage pot. The rank-and-file units were treated as one entity for the purpose of profit allocations and received one lump sum from which wage payments were drawn. The management wouldn't trouble itself with how the lump sum was being subdivided, thus opening room for those in charge to skim a further slice from the workers' plate. The outcome was totally predictable: in order to fatten the junior cadres' share, they sought to hound workers even harder with more frequent inspections and slap them with hefty fines whether it was justified or not.

Apart from the fines, workers might also have their wages cut, thus dealing them a double whammy and a further cut in their take-home pay. But individual workers didn't have full control over the quality of the products issuing from the production line, and this was particularly the case in the distilling industry. That is to say, it was just not possible for workers not to make a mistake. Inundated by inspections and fines, workers were weighed down and stressed out but there was little they could do to change their plight. While the cadres kept tightening the screws on the workers, there were no signs that the enterprise was benefiting from it. The enterprise director steered the distillery in such a way that not only was it gutted, it was also deprived of environmental control infrastructure and a watertight financial management regime. So when the market was thrown into the doldrums in 1997, the distillery immediately

ground to a halt. There was no way that the enterprise director should not be held responsible for the mess that the distillery was in. Yet Director L was still able to get away with it.

When an enterprise failed, the central government would sustain a property loss and the workers' livelihoods would take a hit. As for the "legal person representative", that is the enterprise director, he managed to flee unscathed, with not even a scratch. What a brilliant outcome for Director L who was able to rid himself of the mess and start afresh elsewhere to have another go. With his well-honed skills in buttering up the government bureaucrats, Director L was able to set up new production outfits on the city outskirts. Thanks to the government's investor-friendly incentive program, bosses such as Director L were able to access a tax holiday for a few years. It took more than 10 million yuan to get a production line up and running, and where did the director get the money to get it going? Only Director L had the answer.

After Director L was transferred out, a Director C from a local paper-making outfit took his place. But the latter's stint lasted only two months and he was terminated during a business trip. How did this come about? To start with, Director C launched an investigation into the state of the distillery's operations as soon as he got into the job. The picture wasn't pretty. The distillery was heavily in debt to the banks and other external parties and it was laden with a mountain of sales credit that had gone dud. The first to be implicated was no doubt his predecessor. Next would be the distillery's governing authority and the local governmental body. Obviously, the investigation couldn't go on. Besides, the preceding director must also be fire-walled. But why was this the case? The reason obviously wasn't merely because Director L had

built a guesthouse for the convenience of a government official at the time to meet his mistress. It was also related to the repeated overseas "study" delegations that the director led and in which his supervising officials had taken part, which were organized in the name of new projects being launched. Frankly speaking, it boiled down to a lot of undisguised interest deals.

There was one occasion when the distillery was electing its representative for the People's Congress. The director didn't win in the first round. So a pretext was given – that the ballots issued didn't match the number of ballots returned – and the result was declared null and void, which necessitated a second round of voting. The result sent the director fuming and he made clear to the workers that if he didn't win, the voting would go on and on. Eventually, the workers compromised. All directors took for granted that the esteemed position of a People's Congress deputy would be in their pockets and for them not to win it in their own turf was a most unbearable loss of face. So all enterprise directors would do what they could to ensure that they secured the position. This was how the pathetic token rights that workers still possessed fell easily into the director's pocket. His loss in the first round was a result of his gross underestimation of the workers' ability to scrutinize. On the other hand, workers for a long time treated their voting rights with contempt and were let down by the bureaucratized system, so much so that they didn't feel there would be any difference whoever won. Their pessimism prevailed in the end, leading to their compromise with the director.

4. Party committee at the enterprise

In the old days, a state enterprise worker's quest to join the Communist Party was seen as a progressive act. That was a time when a considerable number of the distillery's rank and file were party members. At that time, virtually all young workers made an effort to join the party. Even among those who hadn't actually filed an application officially, they would still have the fantasy of being a member. The female workers were generally more down to earth and few of them harbored any aspirations to join the party.

Since the distillery became Distillery B Co. Ltd as part of the overhaul of the ownership regime, the general manager also took over the secretaryship of the party committee. There were five other members on the party committee and three on the disciplinary committee, under which there would be various party branches. The main purpose of a branch meeting usually was to study the documents issued by the central and local governments, or to exchange ideas as to what rank-and-file party members could do to influence their workmates ideologically in order to facilitate the implementation of the distillery's management rules of the day. In fact, the recruitment of new party members was little more than a means to charm the backbone workforce in the distillery. Apart from veterans of the armed forces, there was little chance that an average front line worker, or an average Joe, would be admitted to the party. However, party membership wouldn't be a problem for, say, a rank-and-file technician who had made his/her way into the middle management, or a professional technician whose skills were in need at the distillery. Rank-and-file party members commanded no authority among workers and this explained why

very few average workers tried to secure party membership. Even if one did try, he/she would keep that attempt to himself/herself. After all, rank-and-file party members would be the ones having to juggle with various demands on their precious spare time in order to attend "study classes". Many of them couldn't help moaning about it. A party member in my team always described those study classes as brainwashing sessions.

The branches were expected to hold at least one study class a month, with the primary aim of familiarizing party members with the spirit underpinning the policy documents issued by the enterprise or the documents decreed by the party committees higher up in the hierarchy. On one occasion, the distillery organized a month-long class series to study the "Three Represents" theory[2]. Everyone in a class had to write up their observations and assessment of the class series for inspection by the party committees, and some were often weighed down and worn out by this demand. Such classes might not be held sometimes but the study reports must still be prepared, for possible inspection.

Ah Qiang, the head of the quality inspection division and secretary of a party branch, had this to say:

> "The party committee is nothing but an empty shell in the enterprise. Everything revolves around money these days, and party members have to pay party dues, yet when it comes to dismissal party members might

2 Translator's note: This "theory" postulates that the party embodies China's quest to develop advanced productive forces, that it embodies the direction that China takes in pressing forward towards an advanced culture, and that it embodies the fundamental interest of the masses of the Chinese peoples.

be given the sack as well. So no one wants to join the party any more. A party branch only organizes events to please its superiors. The party pulled off some publicity initiatives lately with the view that it could gel a greater collective spirit among its constituency, but I doubt if it worked. I think it made the party even less acceptable and it undermined the party's authority. The workers aren't interested in the party either because survival issues come first, or there is little point for anything unless essential livelihood issues are addressed. If things go on like this, there is little room left for any collective spirit. It is only when another major catastrophe befalls, at which time the main issue would be to stay alive and money would lose its magic among the rich and the poor alike, then everyone would be of one heart. Otherwise, I can't really see how the rich and the poor can come together on a common project. Some party members are now amazingly rich, forming in fact a new class and are exploiting the workers. They continue to pay lip service to the claim that cadres and workers are one but workers are not stupid and can see what is really going on. So when they want workers to do one thing, workers will just play dumb and do something else or they will resist or drag their feet. With such dynamics where everybody has their own agenda and can't see the point of being united, nothing can be done properly. In fact, there were times when workers did want to unite around the party. But the

> long record of party committees is one of treating the workers as donkeys and pulling up the drawbridge on them. Many 'donkeys' within the enterprise have been 'slaughtered', some on more than one occasion. The party committee is in fact a party committee for a minority. It is there to serve the senior ranks and doesn't have anything to do with workers."

A veteran team leader in the plain alcohol division applied to join the communist party as early as 1995 but didn't succeeded. This year, in 2008, the distillery's party branch approached him on many occasions, making clear that he would be admitted to the party if he was able to present his wife's "birth planning" card (one has to meet the nation's one-child policy). In response to this, the team leader let loose this salvo: "F***ing hell! What's the f***ing point of joining the f***ing party. There isn't one. One has to 'study' everyday apart from paying more than 100 yuan a year as party dues." (In fact, there was no way he could have obtained that birth planning card because the work unit that his wife was with has already been disbanded.)

5. Trade union, Women's Federation and SWRCs

In appearance, a trade union represents workers' interests and it expresses and realizes the will of the workers. But for a long time, the unions hadn't won a place in the workers' hearts. In fact, some of them even considered the union a tool and an accomplice of the enterprise in exploiting them. The union in our distillery had never done anything that mattered for the workers. In the eyes of

us workers, a union was little more than an organizer of cultural events and entertainment such as skipping, tug-O-war, riddles and a worker's library.

The bureaucratization of the trade unions had already reached a dead end way back when the overhaul of the ownership regime first started. Within that empty shell, workers kept alive nothing but a can of worms. The union chairpersonship and other office bearers were the exclusive province for the well-connected in the distillery and was held as a peaceful "retirement" shelter. The son of the secretary of the former county committee and his ex-wife, for example, was the union chairperson. The wife of the economic commission director of the local government which supervised the distillery was the distillery's ACWF (All China Women's Federation) director. And the dad of an ACWF executive member was the chair of the China Federation of Literary and Art Circles, and was also a member of the national committee of the Chinese People's Political Consultative Conference. Before the distillery's ownership regime changed in 2001, although the union also took in the party's publicity work at the distillery as a side job, it still at least had to deliver basic services for members such as organizing weekend parties, entertainment during major festival periods, running a library to ensure members could access it during the day and the provision of free television at night at the union office for workers who were living in the dormitory. Moreover, the union's table tennis room was always open, enabling workers to have a game or two there after work or even during their shift if there wasn't much to do in, which case they could only go there discreetly. In all these cases, workers had to provide their own bats. The distillery's table tennis champions were key contestants in sporting events

organized by the municipality's trade union federation.

All workers at a state enterprise had to be a member of the trade union. Before the ownership regime overhaul, union dues were deducted straight from a worker's pay packet. Since the overhaul, there was no longer the need to pay dues but the union had also become a mere shadow of its former self, leaving little else but a hollow name and a hollow union chairperson position. Like the Women's Federation, the union was affiliated to the enterprise's Office for Party Affairs and Work, which was responsible for tasks like the reception of visitors, the education on industrial safety concerns, women's work and "birth planning". It didn't cover the defense of workers' rights and entitlements at all, and it was in fact responsible only to the general manager. So there you go, a union chairperson was there not to defend workers' rights but to take assignments from the general manager to deal with workers' *maiduan*. The Labor Contract Law that was implemented on January 1, 2008, stipulates:

"If any of the following circumstances makes it necessary to reduce the workforce by 20 positions… the Employer may reduce the workforce after it has explained the circumstances to its trade union or to all of its employees 30 days in advance, has considered the opinions of the trade union or the employees and has subsequently reported the workforce reduction plan to the labor administration department."

Yet in the March of this year, in the absence of any due process, the union chairperson went ahead and notified 28 workers who were on compulsory leave that they had to report to the distillery to sign their *maiduan* contracts. In trying to convince workers that

it wasn't a bad deal for them, he tried the following spin:

"The enterprise is in good shape at the moment, it can still afford to compensate you a bit. But if you hold off committing to *maiduan* now, there may not be any money left for such payments in the future and you would be left with nothing. Why don't you do it now? Not to mention the fact that the boss is now compensating you with an extra 3000 yuan. Isn't it pretty good already?"

So what was this 3000 yuan – was it a gesture of the boss's good will and benevolence? I've already mentioned earlier that workers were entitled to a 500 yuan-a-year payment [Translator's note: corresponding to their years of service at the enterprise] to compensate them for the changes under the ownership regime's overhaul. Well, that payment was never made. It was now dressed up and discounted, and the boss wanted the workers to believe it was actually extras forked out on compassionate grounds. Wasn't it a big joke! In selling his spin, the union chairperson hadn't even shown workers the actual contract. He only pulled it out when it came to the signing stage, only to point them to where they should put their signature. This was the trick that a trade union chairperson pulled to con workers into a *maiduan* commitment that they only realized later on was to be supposedly a "voluntary" initiative on the workers' part. Without a shadow of a doubt, the union chairperson was on the side of the boss and sought to trick workers into the trap. Some workers refused to be walked all over and had recently launched a demand for arbitration of their case. Their cases hadn't been concluded yet. It was our understanding that the list for the second batch of workers targeted for *maiduan* had already been drawn up. Management only called those on the list by phone rather than informing everyone by way of a public notice. This made it hard

for workers to get a complete picture as to who was targeted. This was a conscious move on their part to atomize the employees. Even now, the first batch of workers forced to *maiduan* are still trying to ascertain who else was on the list. Some disgruntled employees tried to put their case to the general manager, only to be treated with this implicit threat, "If you think the compensation is not enough, I can top it up a bit. But you mustn't stir up any trouble because if you do, you wouldn't even get a cent." Many employees weighed down by this and other concerns, resigned themselves to the fact that they, as small potatoes, weren't going to beat those in power and just had to put up with it without even a peep. Others were concerned that if they aired their grievances in any way, then their family members in the same workplace would be victimized. Some years ago, an employee was poached by another distillery while his wife stayed. The general manager then made sure that the shop floor supervisor wouldn't give her any peace. She later resigned.

There was a period when the union chairperson was in charge of the allocation of staff quarters. Yet the way he went about this job was such that the employees were even more convinced that this workers' organization was already part of a privileged stratum and that it had no hesitation whatsoever pouring scorn on workers.

In the old days, the union also took charge of workers' healthcare issues. Since free health care for workers ended in 1990, the medical levy that workers had to pay was only a few yuan a month, to be docked from their wages. When it came to minor health complaints, whether the consultation was with the in-house doctor at the distillery or at a public hospital, workers would in most cases settle the bill out of their own pockets, making a claim from their health cover only when it came to more serious situations. Even

then, they would get a rebate for only part of the bill rather than the full amount. Generally, they wouldn't make a claim if the bill were less than 500 yuan. For any claim over that amount, the rebate was generally 50% but that ratio wasn't fixed. The rebate ratio could vary depending on who was making the claim. The relevant medical personnel had to confirm any cases of hospitalization, otherwise the chances of getting a reimbursement was very slim.

For workers who were living in their rural hometown in retirement, they could only get a rebate for their medical bills with the trade union, subject to a limit. My dad was already making very few such claims over a few years but it didn't stop the union from eventually rejecting his claim for the medication he needed. The union officer in charge even added in an offensive manner: "Where did you get this receipt from? So you think the distillery has now turned into a retirement home!" My dad went fuming and got into a noisy row with them. He then took his case to one senior cadre after another, yet they did nothing but push him around and still no rebate was paid. In all these visits to try to sort out his case, my dad was never told who might be the responsible authority or what might be the proper procedure to take his case forward. His case was finally sorted when he presented all the official policy decrees relevant to his case. After this humiliating episode, my dad hasn't gone to the distillery's in-house hospital for consultation any more. He has been seeking consultation in our hometown hospital and he would rather pass those receipts on to me for making a claim with the union. On a number of occasions though, my dad failed to make it to the list of successful claimants who would be granted a reimbursement. By 1996, the distillery was in poor shape, and when I tried to make a medical claim for my dad, the union personnel

just wouldn't even register my request. Needless to say, there was no chance of any rebate. But the fact was, what was claimed was only a pathetic occasional collection of small bills. All in all, when it came to workers' entitlements and welfare, the union would make sure the workers had plenty of hoops to jump through. And those hoops created opportunities for union officials to line their own pockets.

Since the overhaul in the enterprise ownership arrangement, the union didn't have any full time office bearers anymore. Nor were there many roles for them. Its only residual functions were the issuance of marriage certificates and enforcement of the "birth planning" policy. When female workers planned to have a child, they had to register their intentions with the trade union in advance. This would minimize complications when the parents sought *hukou* registration for the newborn later on. Three months after giving birth to a child, the female worker concerned had to visit a hospital for a birth control procedure (for putting in an intrauterine device). For those who already had more children than the officially sanctioned limit of one, the female worker concerned had to be sterilized. But it was very common that families have more than one child, in which case the parents concerned have to spend a fortune in the right places to escape trouble with the authorities. Even the distillery director had more children than the official limit. One year when the director sought to obtain *hukou* registration for his newborn who was born outside the official quota, some workers who also had children born outside the quota got wind of his move and rushed to hitch hike on his claim for a *hukou* registration for their children as well. Many of these children weren't young anymore but still failed to qualify for *hukou* registration. Since the director was in the same boat now, and he obviously wouldn't get into trouble for having an

extra child, other workers who also breached the official one-child limit saw this as a god sent opportunity to press their cases as well. For once, the director found himself subjected to the same measure as the workers; that they had on a rare occasion become "equals". When the average workers had a child over the official limit, they generally had to be sterilized. To prevent births over the official limit, female workers were given a type-B ultrasonic inspection on a regular basis. In addition, the male workers were to be issued a "birth planning pass". If the spouses of these male workers did not work in the same enterprise, a male worker had to hand this pass on to his spouse for a stamp from her enterprise to prove that she had performed her ultrasound test. This pass system added an extra layer of certainty for the authorities to ensure that no one had fallen out of the net. If a male worker's spouse was not in the workforce at all, she had to report to a residence committee at her spouse's work unit to undertake these required checks.

In 1995, a female workmate of mine, Wang, failed to register in advance with the union about her pregnancy. When the union's women's officer got wind of it, she ordered Little Wang to have an abortion and she even arranged some female workers in the distillery to watch over Wang to prevent her from fleeing. But Wang was less than a month to term, and an abortion at this time would be an extremely risky affair. As a nursing graduate, Wang was fully aware of the serious implications of the move and so she, when confronted, countered the women's officer with two challenges: whether that officer could guarantee her personal safety for such a late-term abortion and would that officer take responsibility if she wasn't able to bear a child anymore as a result of this risky procedure. The officer just ignored Wang's questions and Wang was

dragged to a hospital for an abortion. The doctors there preparing for the procedure also sounded warnings about the considerable risks involved in having a termination so late. Wang faked a call of nature and during a visit to the lavatory, a few kind-hearted female workers came to her rescue and she was able to climb over the fence and abscond. She went into hiding for a few days, and after the child was born, there was little the distillery could do except to let Wang catch up the birth registration paperwork with them.

In fact, the union should have been held responsible for Wang's failure to register her pregnancy with it. Similar to the Women's Federation officers, the union officials spent most of their time playing mahjong [a pastime that is often played for gambling] in their office and never spent time educating the young people of "marriageable age" about the relevant stipulations and rules, or to provide them with assistance. This contributed to the situation where Wang only found out about the birth planning registration requirement so late. Their haste to force Wang to have an abortion so late was a clear indication of their poor regard for other people's lives!

In 1993, when I was getting ready to obtain *hukou* registration for my newborn kid, I went to the local police station. It was only then that I realized I needed to obtain a birth pass [proof that the birth was officially approved] from the trade union at my workplace. When I got hold of the women's officer at the distillery, she didn't tell me what steps I had to take either, except to reprimand me with the remarks: "You haven't registered with us. We don't have a clue what actually happened, so how are we supposed to know where your child came from." I was utterly embarrassed by such treatment. It was only later on that I gathered from some workmates, who

were parents, that kids with only one working parent can only get the birth pass from the work place of the female parent. Yet the union's women officer chose not to inform me what to do.

While "birth planning" comes under the trade union's area of responsibility, "birth planning" cadres were generally stationed at other work places. All they usually did was to notify female workers when they were due to do their "birth planning" checks as was required by the birth planning authority. In fact, these checks were done mainly to keep their superiors happy. The distillery didn't have the in-house capability to perform these checkups, unlike the municipality's birth planning committee that was equipped with the necessary machines and personnel. With regards to its responsibility of reminding female workers for checkups, it was hard to deliver the message to those who were on compulsory leave. In many situations, even if the reminder reached the targeted parties, no one would take it seriously. As a result, many women were able to get away without the checks and there were many births outside the official birth quotas. As long as no one dobbed on you, a second checkup would not usually happen. Even if a follow-up check became necessary, it would be the direct responsibility of the birth planning departments. If the parents of any children born outside the official quota wanted to obtain *hukou* registration for them, they would have to pay a fine. Officially, the fine should be three to four times the annual income of the parents concerned. But it didn't appear to me that anyone would actually pay such a hefty sum. Pulling the right strings such as by properly gifting the birth planning cadres concerned could always moderate the actual fine payable. That is why birth-planning posts were plum jobs. Parents who gave birth to kids beyond the official quota just had to cough

up the fine if their kids were to go to school at all. Average families have never been comfortable with the official one-child policy and they always wanted a second child. Once they had a second kid, whether it was a boy or a girl, very few would choose to have a third one because, after all, it cost just too much to raise a kid.

After the ownership overhaul at the distillery, the old trade union chairperson retired and a deputy secretary of the party committee assumed that post as a side job. This arrangement lasted until 2007 when a new union chairperson was elected by the SWRC. It was very hard for the true will of the employees to come through in this sort of election. First of all, the name of whoever got elected had to be reported to the distillery's governing authority whose approval had to be obtained. This was a way to filter out any undesirable employee representatives. I, for example, had been elected as an employee representative in a secret ballot. But as soon as my name was submitted, it went down like a lead balloon with those in power. Eventually, someone else took my place in that "elected" post, without the new name even being put to the employees at all. The reason why I had to be replaced had a lot to do with my role in organizing my team to petition against the enterprise's plan to slash wages, which came in the wake of a year-end review of the management. We wanted our voices as front line rank-and-file workers to be heard.

Secondly, in the election for the union chairperson position, three candidates were put forward, all by the management. So whichever got elected wouldn't go against the general manager's wishes. On top of this, the distillery had a tradition of counting the ballot papers behind closed doors, and this provided a further safety valve for the general manager to ensure that his will would prevail.

The whole election itself had to be submitted for endorsement by the union authority further up in the hierarchy as well as for the record. In any case, from the workers' perspective, the union chairperson didn't speak on their behalf. They can see that like other office bearers, big or small, the union chairpersonship was a symbol of power.

The enterprise's dire state reinforced the union's decline and vice versa. Before the distillery's ownership overhaul, the municipality's union federation played a key role in pulling off skills training for rank-and-file workers. They even organized entertainment activities for them. This all changed after the ownership overhaul was well underway, with the union federation degenerating into an empty shell. The union moved out of the city centre, freeing up both the union office as well as related real estate for rental purposes, with its eyes set firmly on the rental income from such real estate. In fact, the union federation was little more than just a name now, and it was not doing anything. With everything revolving around money in broader society, the local governmental authorities frankly don't give a damn about the union because it wouldn't do the local government's finances any good. It couldn't give the union any power either. But the union still has the residual function of providing jobs for a bunch of cadres.

During the state ownership days, the SWRCs and the union members' representative congress were run effectively as one institution. The employees never had a clear idea of what the SWRCs should be all about. The enterprise never helped to clarify it with any publicity either. To the employees, all the enterprise cared about was production and that was the whole purpose of why it existed. Our SWRCs were only called for two reasons: the

election of the union chairperson and for the enterprises' component in the election of the National People's Congress. Apart from the employees' representatives, only the team supervisors and other middle cadres could attend these congresses. I had tried to find out from some employees' representatives how often congress sessions were held. They were at a bit of a loss and couldn't be sure. All they knew was they were there to elect representatives. In reality, the representatives had become spectators, with the cadres being the main cast. That's why the representatives paid little attention to the actual proceedings of the congress sessions. They treated the congress session as a task to be completed passively. They knew that they couldn't be late or leave early because there was a roll call to check on them. All late arrivals or early departures would attract a fine of 100 yuan.

Due to the importance of the role a woman worker called Hai Tao played in the production process, as well as the nature of her tasks, she was elected every year as an employee representative (for the election of the union chairperson) and as a representative of women workers (for the election of deputy for the National People's Congress). According to her, the SWRC and the election for the National People's Congress deputies was all a show. She said the results had all been stitched up beforehand and the delegates did not have a real say. The stitching up process took the shape of a briefing by the department's senior staff members for the delegates before an election. All the delegates needed to do then was complete the formalities.

6. The Security Division and Logistical Arm

Some in the Security Division tended to be older or were middle-aged workers with chronic illnesses and so weren't fit enough to be on the shop floor. A few of them used to be in middle management but had been made redundant as a result of management reorganization. But this ex-management mob somehow retained their old rank and continued to hold weird titles such as "staff member of the principal administrative office" and "staff member of the subsidiary administrative office". They were paid a few hundred yuan a month more than average security personnel and that was about it in terms of their differences. One of them was a battalion officer who had been reassigned to a civilian post. The fact that this officer had found himself in an enterprise indicates that he wasn't well connected. He knew practically nothing about production and there was no place for him in administration because there were already more mouths to feed than the office could comfortably take on. He was once in administration and then, for some reason, he was transferred to his present post. In view of existing policies, an enterprise did not have the option to send those with his sort of background to *daigang* or *xiagang* modes. The Bureau of Civil Affairs demanded that they be paid according to their ranks, and their entitlements were invariably higher than the enterprise hierarchy. This was one way in which government authorities offloaded their financial burden onto the enterprises. The problem was that those with this background weren't of much use to the enterprise and they were not motivated by their job. There was one occasion when a worker's family member came to wait for him/her at the front gate and started chatting with a security guard. That

family member asked: "I gathered that you have an ex-battalion officer guarding your front gate now. How come a senior officer came to this?" It just happened that the ex-officer was also there and it was all a big embarrassment. This incident much laughed about in the distillery.

As front gate security guards, they had to keep a log of the personnel and vehicles that went through the front gate as well as inspect the paperwork required of delivery vans picking up goods. The other guards were mostly young and strong workers who could fill the post without any training. Most of them were in fact demobilized military personnel. Their main task was to conduct general inspections and prevent burglary at night, to maintain orderly traffic in and out of the distillery's front gate and to inspect the departing workers or other parties for any smuggling activities. The guards also needed to accompany and protect the finance department personnel in their cash withdrawal visits. In tough times, the distillery didn't keep all its cash in the bank, and the security division guarded the cash on premises day and night.

There were 13 personnel in the security division, including a chief, two deputies, three main premise guards, three pedestrian passageway guards (front gate included) and three guards at the vehicle checkout points (where goods came in and out). Even at its height, the division's staff number never exceeded 20. After the distillery moved to the present premises in the development park, the number of security personnel was slashed to 13. Yet this staff level was never fixed. It went go up and down according to needs.

Apart from the division head, all gate guards were on 12-hour shifts. Guards at the main premises didn't work during the day.

Three of them shared two night shifts over every three days, based on a three-day cycle such that there were two of them on duty in any one night shift.

Commensurate with their rank, the top dogs at the security division were entitled to an income equivalent to that of the middle-ranking cadres: the chief got 2000 yuan a month and the deputies 1400 yuan. The pay for the other ranks was 650 yuan for the gate guards and 700 yuan for the main premises guards. The latter could sometimes earn 650 yuan but their exact pay was very much at the mercy of the general manager's mood at the time.

The main premises guards' duty was to inspect the distillery grounds at night, mainly to foil any burglary attempts. Employees did help themselves to the distillery's property but usually on a very petty scale. Anyone caught in the act would be dealt with internally. Usually the pilfering party would be put on the *xiagang* mode and then be pressured to go for *maiduan*. Yet so long as the pilferers weren't too blatant, the guards tended to turn a blind eye. With closed circuit television throughout the distillery, the general manager could monitor the shop floor from his office, so the guards have no choice but to deal with the indiscreet attempts. Only an extremely small number of employees were caught because the guards didn't want to offend too many people. Therefore, the division head usually spearheaded any attempt to catch pilferers, organizing unannounced inspections and raids.

Theft once happened in my team, which involved operators nicking some stainless steel pipe off cuts and valves during a maintenance run. But the shop floor's maintenance budget was always been under close scrutiny, so there was no way that such

unaccounted for losses could have been repeated. The management just wouldn't let it happen. Any spending on maintenance over and above what was budgeted for would have to come out of workers' wages. The fact that the two budgets were linked meant that it was just not viable for the shop floor not to investigate any missing property. In fact, the shop floor supervisors had a fair idea about who the pilferers might be but it was inconvenient to spell it out. They could only drop hints during shop floor meetings to warn them off. But those who one can't afford to offend are better left alone the supervisors were fully aware of this. Their soft warning just wasn't heeded. Some of those pipes and valves weighed nearly 100 jin/catty (about 50 kilograms) and it was impossible to smuggle them out by hiding them under one's clothing. Smuggling with a vehicle seemed to be the only viable option. Meanwhile, the distillery produced a considerable amount of water at about 60°C in temperature on a regular basis from its production, which it sold to the local bathhouses as bath water. The only vehicles that entered or left the distillery premises at night or in the small hours of the morning were these bathhouse delivery trucks. The security therefore set up CCTV cameras where these trucks got loaded up, and the culprit was caught. That employee was condemned to xiagang punishment.

When the distillery was still a state enterprise, the security guards regularly beat the pilfering workers up. The beatings weren't just a slap on the wrist but the guards knew how not to leave obvious signs of injury. Those who took a beating were those who didn't have powerful patrons. Otherwise, they wouldn't be bashed up in the first place. The theft by employees was only peanuts – it didn't involve much, causing nothing but a minor nuisance. But

the consequences would have been very different if they had been reported to the management. One could easily be fined 500-1000 yuan (a few times one's monthly income) and in more serious cases a worker would be sent to *xiagang*. For this reason, the employees involved weren't too concerned about copping a beating and were even more than willing to offer the security division hush money to keep their cases under wraps. The guards would usually interrogate the pilferers rather than handing them over to the cops, unless major economic crime was involved. They were usually grilled about how many times they had been pilfering, how much they had nicked, and whether there were accomplices. One of the main purposes of such interrogation was to find out whether other workmates were also stealing from the plant. Any offenders who were dobbed on would be given the same treatment. Whether the cases were dealt with within the security division's own jurisdiction or were handed over to the management, the security division would be rewarded with 50% of the fines collected. This arrangement is still in practice today and it was clearly designed to keep the division's motivation up so it would do its job properly. This was a major reason why employees finishing their shifts at night often experienced unannounced searches of their bags.

The logistical arm of the distillery had always been managed under the administrative division before the distillery's ownership regime was overhauled. Subsequent restructuring brought medical services, the staff canteen and the janitors also under the security division's ambit. There were only four nurses and one doctor at the on-site medical clinic. An employee would only seek consultation or treatment there if he/she didn't have other alternatives. All employees had automatic medical cover, which entitled them to

about 10 yuan's worth of medication expenses a month. In cases when hospitalization was not involved, employees generally shouldered the bill out of their own pockets. Medication at the clinic cost a lot more than at an average chemist. A worker who was burned by hot liquid splashes, for example, had to pay 12 yuan for a *Jingwanhong* medical cream at the clinic that cost only eight yuan at a normal chemist.

Generally, it cost 2.5-3 yuan for a filling meal at the workers' canteen but meal tickets had to be purchased in advance. The management would issue a canteen review request to all departments every month to solicit workers' responses concerning the standard of the dishes, the services in general and its hygiene. They were asked to grade them or put forward ideas for improvement. Notwithstanding these exercises, the canteen's character didn't changed much and its service staff continued to be indifferent. Canteen staff members had rows with workers who were eating there. Even though workers from the canteen and the shop floor belonged to the same rank, somehow the canteen staff felt a sense of superiority over other workers in the plant. This could be related to the fact that the canteen was under the security division. One day when some lunching workers criticized the standard of the dishes and their portion sizes, the canteen staff kicked up a scene. The canteen staff would have held their tongues a bit more if they were dealing with regular employees. But when one day a temporary worker from the supplies-feeding section was in dispute with a canteen staffer, the latter shouted abuse, at which the temporary worker took offence and it quickly degenerated into a vigorous tussle. Some employees couldn't help but report this incident when the management was conducting its periodical inspection of the

canteen. They also dobbed in the offensive canteen personnel, naming names, in the canteen standards review for the month, emphasizing that person's atrocious manners. The manners of canteen staff moderated somewhat for a while but confrontations such as the one just outlined still continued to pop up every now and then. While the report for the canteen standards review needed to be made public, few were interested to read it because it hardly reflected what was happening on the ground.

Janitors didn't exist as a job category in this enterprise previously because workers always did the cleaning. Yet since the distillery was relocated to the new place, occupying a 300 *mu* (about 2000 square meters) site, cleaning had become a big issue. The management then recalled those workers previously sent home on *daigang* mode and offered them cleaning assignments for 600 yuan a month. Lavatory cleaning was part of their job. Though this job put one at the very bottom of the food chain, those workers who had been rotting at home for quite some time still had to grab the opportunity because they knew that the employer would be paying their pension contributions and it made a difference to them. Other workers at the bottom of the pay scale had a similar mind set. The average worker continued to perform the cleaning required for logistics areas, on the shop floor and for the facilities and equipment outside their regular work hours. To ensure this cleaning was up to scratch, a weekly inspection would take place and any substandard jobs would attract a fine of 100 yuan per head each time.

7. Shop floor supervisors and rank-and-file workers

The appointment of the plain alcohol shop floor supervisor was

always a big deal in this distillery because this department was its lifeline. Its performance made a difference directly to the overall wellbeing of the distillery, so who headed this department was of great importance. Traditionally, the management handpicked its favorite candidate to fill the post. This person not only needed to be competent technically on the nuts and bolts issues, he/she should also be a capable manager. If this department did well, its supervisor would almost certainly have a deputy general managership in his/her pocket while he/she continued to hold on to the role as the department chief. Based on ranking, a department supervisor was entitled to 2000 yuan a month. A bonus linked to the department's performance in relation to the production target was also payable. So the supervisor's income was in fact closer to 3000 yuan a month. On top of this, the management awarded the middle managers a special cash gift every year. The amount was not made public but it wouldn't be far fetched to expect their average monthly income to amount to at least 5000 yuan. Since Distillery B Co. Ltd had an excellent reputation for its product quality and management acumen, its competitors had always been keen to poach its staff. This is why the distillery's pay scale had to stay competitive to retain them. Even so, many of its ranks still defected, from the rank-and-file to the deputy general managers. Of all the positions, only the deputy directorships were filled by a competitive mechanism but even this was only to a point. When the management wanted to groom someone, the party committee at the enterprise would have a private session with him/her to prepare the person for the post before enlisting the person as a candidate. By putting its favorites' through the election, the management wanted to pre-empt criticism from other workers who might also want to move

into management via election. The qualifying requirements of the candidates were not set in stone. For the election of the supervisor of the Plain Alcohol Number 1 Department, the general manager lowered the long-standing minimum requirement for candidates to technical secondary education only, making it the first time ever that someone with junior secondary schooling could qualify as a candidate. This adjustment was custom-made to accommodate the general manager's brother-in-law in order to allow him to scrape through. Since that person secured the post, the top management started gracing the Number 1 Department with prized projects such as those related to technology innovation, making the department a prime candidate for future showcasing and performance bonus awards. In this way, other departments would always have to play second fiddle in relation to the Number 1 team. This was clearly part of the general manager's plot to shore up his family's power base.

There was considerable brain drain from the management since the overhaul in the enterprise ownership regime started. As the middle management layers were thinning down, new opportunities were opened up for squad and team leaders, who, in 2005, for the first time ever, were able to run as candidates in the elections for deputy division supervisors. The academic requirement for this job had been moderated to only junior secondary schooling, so more of them could now have a go.

As more and more distilleries popped up in the region, the supply was strained of not only managers but also skilled workers. Workers who had been around since the 1960s and 1970s were the backbone of the distillery. They were trained, formed and had their skills honed when the distillery was still a state enterprise and they

had continued to hold the fort since the ownership change took place. Workers were put through a major filtering process during the five years since 2003, when they had to sit through a range of academic examinations. Their number was halved, leaving behind only the cream of the crop.

But the number of those who managed to retain their jobs was not quite enough to fill all the posts comfortably. There was more juggling to do and work stress escalated, so much so that workers had to walk briskly for their toilet trips. They had access to only two toilets that were also quite far away from the shop floor, such that women workers wouldn't dare to go there at night on their own. This contrasted starkly with the crisp clean restrooms available on every floor in the offices for the exclusive use of the cadres. Staff allocation was tight on the production line and everybody had clearly designated areas of responsibilities, such that it was a bit of an exercise to fill the gap created when a worker had to go for a toilet break. Someone had to be arranged to take his/her place. In one of the year-end reviews that workers had to submit to the management, a worker included in his/her wish list that a loo be built within the shop floor premises. This idea soon did the rounds among the workers as a practical joke. This obviously was a reasonable request but workers had little doubt that the management wouldn't consider it seriously. The one who submitted this idea didn't have the illusion either but that worker still wanted to put the issue forward as an act of defiance, however small, of the otherwise pointless gesture of the year-end review. Yet these voices of protest were so faint that even the workers themselves had trouble hearing them.

The distillery tended to recruit peasants from the neighboring

region to undertake the heavy manual tasks, only on a casual basis. As jobs on the shop floor were scaled back, there were fewer casual staff around, leaving some of the tasks that the casuals would normally do to the permanent workers. Casual workers were paid according to the going market rates. Based on workers' productivity in a day, the management worked out the equivalent monthly wage that should be able to retain a worker. If that failed to attract enough recruits or too many of them left, then the offer would be sweetened a little. That was why the casual work force was highly unstable. Even for the workers who had been around since the state-enterprise era, welfare entitlements were a thing of the past. The most one got now was a mask once a month for those workers involved in dusty duties. The only extra entitlement a permanent staff member got compared to a casual was that the employer would pay for their monthly pension contributions. The casual workers had basically no entitlements. Little wonder they came and went. Yet a couple of them had been working here for well over 10 years. How long they would hang around depended on whether they had backers. The boiler's coal feeders were casual workers. After a production rearrangement in April this year, their work was taken over by our own employees. But because these coal feeders were the general manager's relatives from the country, they were being transferred to a plain alcohol department as supplies feeders at the expense of the original team of casual workers who were then sent away. One didn't need any reason to send casual staff away except, perhaps, saying that: "It's due to production needs". Then off they went.

An SMS that reflected the workers' frame of mind started to do its rounds in the distillery around the Lunar New Year of 2007. It

went like this:

Everyone would like to end up in paradise
Mistaking the distillery for Hong Kong – oh so nice!

But up pops the nightmare, straight after the first act,
With slogans yelled so loud, like a thunderstorm's crack;

Act busy to fool your boss, screwing your underlings,
All day in the plants the machines busy buzzing;

Our incomes never rise, there's not much to aspire to,
But the canteen meal standards leave lots to desire, too;

Mealtimes so short, gobbling food down in a rush,
And dorm conditions so bad, it should all be kept hush hush;

Service all dysfunctional, even in the mess hall,
The cast-iron seven-day workweek makes slaves of us all;

It's pure fantasy the idea of half-a-day break,
With wages so low that we can never eat cake;

All bureaucrats are just hungry wolves in a pack,
To those who dare to think and resist and fight back;

Hefty fines await us, that makes you just wonder
What's the point slaving day'n night so they can just plunder?

Certain demise awaits us if these conditions go on,
But early liberation for those who let go and move on,
And the whole world is waiting there for you to take it on.

------- Dedicated to the brothers and sisters in the distillery who were mired in dire straits

Appendix 1: Production Structure of the Distillery

There were three production lines: plain alcohol department number 1, plain alcohol department number 2 and plain alcohol department number 3. They all had different annual production capabilities.

Power room department: one 20-tonne boiler, three 35-tonne boilers, a turbine generator team and maintenance squad.

Pollution control room: for processing the liquid waste produced by the plain alcohol department, anaerobic fermentation, producing biogas to feed the power room boilers, electricity generation.

Other logistical sections: warehouse division, production division, safety division, project office.

Warehouse division – for the storage and distribution of raw materials, and the storage and sales distribution of the finished products.

Production division – responsible for the coordination of production related matters and providing support for production

technology.

Safety division – for conducting safety inspections throughout the plant

Project office – responsible for the introduction, deployment and development of new technology.

Administration and management: the administrative office, trade union, party committee and the women's birth planning office had been merged into the Office for Party Affairs and Mass Work. It was responsible for external coordination and receptions, management and deployment of staff resources, capital-labor issues, study classes for party members and recruitment of new members, organizing and preparing for meetings, entertainment events including special celebrations on major festivals, and miscellaneous non-production matters.

Finance division: Financial accounting and auditing.

Appendix 2: Production Procedure

Raw materials arrive at the plant, process through the plain alcohol department → are weighed and accounted for → get crushed at the crush workshop → are mixed in with water to turn it to a paste → get steamed and cooked into glue in the steaming and cooking workshop → are fermented in the fermentation workshop → are distilled for product extraction at the distillation workshop → waste liquid is discharged (pollution control department) → filtered for tapioca residue (amination of tapioca residue → organic

fertilizer) → anaerobic fermentation occurs → produces biogas → burned in boiler (power room) → steam is produced for electricity generation → for deployment by the plain alcohol division, based on the basic principle of recycling; this not only helps solve pollution issues generated by the waste liquid, it also minimizes production costs.

Chapter Three

Work Mates – Our Brothers: Case Interviews

There were roughly three generations among state enterprise workers. The first group included the veterans who were recruited from the 1950s up until the Cultural Revolution [that began in 1965]. They generally had a higher socialist conviction and placed a lot of trust in the party and the central government. Through any conversation with them, their pride in their part in contributing to the building of socialism in the earlier period would come through readily. They were also rather pleased with the life at the time that offered them greater stability and a higher social status. The second generation was those recruited during and up till the end of the Cultural Revolution. This entire generation was imbued with a sense of resentment and residual anger because they were the urban teenagers who were sent to the countryside and got stuck there for a long time during their critical years, which caused them to miss out on education. When they returned to the urban centers, they always had to go to enormous lengths in order to secure a job at a state enterprise. But in less than a decade, they were to lose that security gradually as the ownership regime of enterprises were overhauled in the 1980s, and many of them were chucked onto the *xiagang* scrap heap by their enterprises in the 1990s. Those from our generation – the third group – joined the enterprise as

the ownership overhaul was underway. While our plight wasn't as bad as those brutalized by the Cultural Revolution, symbolized by those among "The Three Classes" (those who graduated from junior or senior high with the class of 1966, 1967 or 1968), yet our experience was the same at the latter part of that period. We were also resentful of the fact that we had never enjoyed the social provisions and benefits from the state enterprise era.

I paid special visits to five workers for a chat. Apart from Master Tian, who was the oldest and already retired, the other four were between 36-46 years of age. The latter were of my generation and started work in the 1980s. There were some among them who had abilities, like Old Xu and Old Liu. One of them, for example, had impressive handwriting and the other was admitted to the technical university after much conscientious diligent study. But neither of them became a cadre. They didn't even manage to hold down an administrative post for long. They always felt indignant that the doors to higher achievements were always closed on them. After the distillery's ownership regime was overhauled, they couldn't even keep their jobs. They ended up having to opt for *maiduan* and had to eke out a living somewhere else. There were also honest blokes like Old Zhou, who was of more average talent. At the bottom of the food chain, Zhou was slapped with hefty fines at every turn. While it wouldn't be easy for Zhou to make a living elsewhere as Xu and Liu did, he also found it hard to hold his tongue in not talking back to the supervisors who fined him, with responses like: "So you think I'm still the Old Zhou that I used to be, OK to be pushed around?" Feeble as it was, at least this was an act of resistance by a rank-and-file toiler. Ah Jun hadn't had much education and became a worker after leaving the army. He found it hard to come to terms with the

fact that his old mates were doing quite comfortably while he was still in a hole. Yet there was nothing much he could do about it. Like Old Xu, Master Tian had a rural *hukou* originally. They finally obtained an urban *hukou* through different means. While Tian squandered a fortune for it, Xu and others could secure it without spending a cent. Maybe this was a tragic comedy that always tended to hit the state firm workers of rural origin.

Case 1. Old Xu

46, A worker on *xiagang* status
Senior high education

I had been a "zone worker" since 1993. As rural land on the city outskirts was taken up as the city expanded, the peasants who lost their land were entitled to help from the government with respect to getting a job, although they were still stuck with their rural *hukou*. "Zone workers" were those young peasants who had been given a job via this arrangement. The job was usually with a state enterprise locally and their wage was no different from that of the regular workers, but their rural *hukou* deprived them of an entitlement to "welfare housing" [that an enterprise would normally assign to its workers]. It was only in the mid- to late 1990s that the government started to tackle the issue of the residency status of these workers, i.e., allowing them to convert their rural registration to an urban one, a move that also assigned the term "zone workers" into the history books from then on.

I joined the distillery when I was 31 and within a year or so, I was able to change my rural *hukou* to an urban one. Among the

workers who joined the distillery at the same time as I did, I was the only one who had finished senior high school. I also had some skills in calligraphy, which helped land me a job as a draftsman at the production division under the supervision of a technician. But I wasn't the sociable type and didn't mix much with others in the office. Before long, I sat for an internal examination and won a position as a maintenance worker on the shop floor. It could be rather peaceful on maintenance duty. I picked up some welding skills and made use of them to do some odd jobs after work for a few bucks. I also tapped into my calligraphy knack in drawing up signage or billboards for shops. I didn't work with plaques much at the time, which involved writing a shop's name in style on a painted wall. But gradually I picked up more skills in plaque calligraphy as well and was able to do some simple jobs in this area.

My two kids were going to school at the time, so my income from my regular job just wasn't enough to pay all the bills. These odd jobs might be patchy but they did bring in a bit of extra income. But for this, others on my shop floor always liked to tag me as not putting my heart and mind into my day job. I always got picked on during staff meetings and I always got the smallest bonus. I've always been the unhurried type, and for this I was called a loafer. If they insisted on tagging me that way, then they could go ahead. During work breaks, I liked to write on the concrete floor with graphite to hone my calligraphy skills (we use graphite, a mineral, to draw lines on steel plates), and didn't talk much to my workmates. After work, I would be on my bike to try my luck everywhere to solicit signage jobs with shops.

Because of this skill, I got called by the publicity and education division quite often to do some odd jobs for them. Yet they weren't

interested in transferring me there. Because of this, I wasn't interested in working for them anymore. They treated me as an odd jobber, waved me over when they needed me, sweet-talked me with the prospect of having me transferred there. Yet in fact, there was no way one can get a post in the offices until one is well connected. The relationships within the offices were complex and there were frequent calls to chip in to a money collection whenever there was a special occasion for someone in the office. I couldn't really afford it with my pathetic earnings. In fact, many office personnel had been downgraded to the shop floor. An easy life was not really for someone like me. They would call you when they needed you, and you should just nick off when you weren't needed. I didn't feel respected at all.

I was never comfortable with all the restrictions in the distillery. When it suspended its production in 1997, forcing all workers to go on leave, it basically didn't affect me all that much. I went home, bought a welder and started looking for welding odd jobs. The income generated this way wasn't bad either, but you just didn't have job security. It was a lot safer at the distillery. The distillery was restructured in 1998 following a bankruptcy proceeding. Then they called the entire maintenance workforce back. We weren't called back to the shop floor but would get jobs from outside under the command of a shop floor supervisor. Part of the outreach team's earnings had to be surrendered to the distillery. So apart from keeping an essential skeletal maintenance crew, all other maintenance hands would be sent away for such revenue generation squads. So the shop floor supervisor had virtually become our manager and we'd become odd jobbers through and through, taking up contract work all over the place, working round the clock. We were very poorly paid and

the manager lost his temper with us every day. For the sake of our jobs, we just had to put up with all this because if we didn't do as we were told, we'd be turfed out. Some workmates found it all too hard and put on a tantrum and the manager sent them back to the distillery. The distillery sent them straight home to *daigang*. While waiting, they didn't get a cent of subsistence allowance. When the manager paid us wages at the end of the month, we had no idea how much everyone else was getting. But we were pretty sure that his offsiders and the backbone of the team would have been paid much more. This was how the manager held a firm grip of the core workers. Poor us, the average Joe, could never even enjoy regular work hours.

Later on, when the alcohol industry was recovering bit by bit and our distillery became converted into a shareholding company, the manager came back into the distillery again to resume his post as the maintenance shop floor supervisor. But only a handful of workers were able to return. This was how we were disbanded and no other work was arranged for us. In 2002, when the distillery's ownership set up was revamped, as some of its maintenance crew had been lost there weren't enough hands on deck. We were then called back. Following the overhaul of the distillery's ownership system, staff resources on the shop floor had been slashed to a minimum, requiring us to perform overtime work every day without being paid for it. At the beginning, they said the distillery was going through a rough patch and really appreciated if workers could put in extra effort to help the distillery through this. Later on when the distillery was in better shape, the management started introducing piece wages, and later position-based wages. No matter what new gimmick they tried to flog off, we workers got much the

same pay.

Later on when the publicity and education division merged with the trade union to become the Office for Party Affairs and Mass Work, only the cadres were left, with no staff resources available to take care of general duties. So they transferred me there as an office worker. I was already more than 40 years old and was ordered around by them, which I found really uncomfortable. I had to perform vigorous physical tasks such as rubbing off the slogans and putting banners up a certain height on my own, without help from others in that office. In that position, although I was technically an office worker, I was actually worse off than a shop floor hand. The office was the nerve centre of the distillery, where all the enterprise's documents were generated. They also brought in a retired principal of the party school to take charge of the ideological work in the distillery, draft documents and promote cultural and education activities in the enterprise. The union president was a mere puppet and the union's main tasks were to organize meetings, coordinate shop floor workers' "voluntary"/unpaid labor and to pull off the reproductive planning checkups for women once a quarter. I felt that the union was just another of the many offices. While all documents/announcements from high up had to be distributed through the union, I basically had never seen them during my two years with the Office for Party Affairs and Mass Work. In fact, one shouldn't expect to come across things that would benefit the workers.

In the end, the management transferred me back to the shop floor to be with the maintenance crew. But the maintenance team that I belonged to had been downsized to only two members – the team leader and myself. Because the shop floor operated round the

clock, the two of us had to fill all the rosters by alternating with a 12-hour shift each. We weren't paid night duties penalty loading or overtime. I stumbled on at this place for about half a year and then for reasons unknown to me (perhaps I was too old for their liking); they shifted me to the construction team at the production affairs division that was recently set up. There were many construction projects going on here at the new site, which the management contracted to outside parties to undertake. It cost a lot. Yet if in-house teams undertook these projects, there would be enormous savings because the workforce deployed there were already on the distillery's payroll. In other words, it didn't cost the distillery an extra cent in wage outgoings. This team was modeled on the external subcontractors and paid piece rates. This meant that we wouldn't be getting wages according to our particular job positions anymore and would be paid for the amount of work we had done. As those projects got underway, the management realized that each of us would be able to rake in a few thousand yuan a month. So after those projects were over, we were back on the old wage regime, with no explanation provided.

At the end of these projects, I had to take a few days off for personal reasons. [In those few days] my crew was disbanded. I approached the production division to find out what was going on, only to be greeted with the accusation that I had violated labor discipline. He sent me home, putting me on *daigang* mode. In March 2008, the management called the 28 of us to the office, and it was only there and then that we realized they wanted to sack us by forcing us to accept *maiduan*. A deputy general manager, Mr Shi, persuaded us by saying: "The distillery's finances aren't that bad at the moment, if you sell off your rights now, we are giving

you 3000 yuan extra in compensation. If you don't sell off now and when the distillery's kitty is empty, then you wouldn't even get a cent. There're no job positions for you at the moment anyway. You'll be better off grabbing the money now." Back home, my family was highly concerned that I might not receive any compensation later on and pressured me to take up the *maiduan* offer. When I put my signature on the *maiduan* agreement, I didn't read it, thinking that it would be all the same. With the union chairperson hurrying me along, I signed and got it over with. It was only later on that I realized what I've signed was a "voluntary *maiduan*" agreement. (The interviewer asked, with a helpless grin: "Why didn't you take a look?"). It may be because I was too used to being pushed around – a standing feature of the underprivileged.

Case 2. Old Zhou

35, A distillery operator
A senior high graduate

In November 2006, Old Zhou was caught nodding off during work and was sent home to "study while waiting for work" for six months, during which he received 300 yuan a month of "study wage".

Old Zhou was an honest and dutiful type. You wouldn't believe the mountain of rules and regulations and trades-related requirements that were imposed on the shop floor. The control for each work section on the production line was so meticulous that there was little room for error. Closed circuit cameras were installed on the shop floor and nearby. The basic features of the distillery industry

were fundamentally different from that of machine manufacturing. The former operated on the basis of a production line such that it wouldn't be easy to control the entire process. Teams and groups were set up to exercise checks and balances on one another. Each worker had a very specific place in the whole scheme of things from which one couldn't stray. For the slightest of errors, a worker would be stung with a fine. All operational rules and management regulations were enforced in tandem with the fines system. This injected a dynamic of vicious/unhealthy competition between teams and groups. Old Zhou was among those workers who found it hard to get used to this sort of stressful competition and he found himself in heated rows with other operators very often.

In situations where trade demands were most vigorous, Zhou found it hardest to be in tune with the other teams and this was the biggest headache for Zhou. He had no problem working to his workshop's requirements and trades standards but he found it tough to synchronize his pace with the other teams. These lapses had a bearing on the progress of the other teams and left no room for them to maneuver. In addition, there were always simple tricks that one could pull to enhance one's own achievements. But it was of paramount importance that teams operated on the basis of common interests and were well coordinated. If one made trade discipline the overriding priority at all times, a team's goal could be compromised. This was a point that Zhou still failed to get. These issues often appeared at the enterprises. For survival, workers had to work out, from their experience over time, how to deal with management inspections as well as the trade standards.

Old Zhou once fell into a heated argument with a woman worker from the crush work section that was triggered by Zhou's lethargic

pace holding back the material feeding speed of the preceding work section. Soon Zhou was demoted from his principal operator position into being a deputy. In this new post, Zhou was responsible for applying glucoamylase (an additive) into the saccharification pot once every five minutes and also added water for diluting its content. This duty was highly mechanical and didn't involve any skills. It was boring, easily driving someone to doze off. If one had been on this job for an extended period, one could even perform the task with their eyes closed – as a subconscious act without checking one's time and would still get the once-every-five-minutes rhythm right. One day, Zhou remarked reproachfully: "I can have a nap once every five minutes." It really could have been possible, as anyone with night shift experience could testify that it was rather normal that one could doze off every few minutes. Dozing off on one's feet wasn't unheard of at all. One could even perform the feeding task once every five minutes, with one's eyes shut. The water used for the dilution of glucoamylase was discharged on a running setting. One day, a certain setting that was arranged when the water pressure was low was left on even when the water pressure had been raised and Zhou hadn't noticed, not even when the water was overflowing. Alarmed, the principal operator banged a steel plate with a rod from below to alert him and it was only then that Zhou woke up and rushed to slow down the water discharge. The quality control inspectors on that shift picked up the incident but Zhou was adamant that he hadn't dozed off. They just ignored his protest.

Zhou paid too high a price for this nap. It wasn't only monetary loss, he was transferred out of his post and had to "enjoy" a reduced wage of 300 yuan a month. Down from a monthly wage of 1000

yuan, Zhou's take home pay would be set back by 4800 yuan in the second half of the year alone. He wanted to resign but his mum wouldn't let him. Besides, he really had no idea what else he could do if he did leave. So at the end, as was the case with the majority of workers, Zhou compromised for the sake of the employer's contribution to his pension. He stayed on. When the going was too tough, he swore here and there for a bit of relief. In a reshuffling of job duties later on, Zhou got a new post but he still wasn't too popular with his teammates. When the team leader gave him assignments, he couldn't help talking back. Sometimes he would say: "So you think I'm still the Old Zhou that I used to be, OK to be pushed around?"

Case 3. Ah Jun

34, Plain alcohol department worker
Junior high graduate

I was demobilized from the fire brigade in 1993. As my *hukou* was from an urban area, my military rank was also an urban one[1]; therefore the government had a duty to arrange a job for me after I was demobilized. Those demobilized brigade mates who were well connected were mostly assigned to various government departments. Anyone without connections could generally only be a worker. Except in cases such as was the case for another brigade buddy, who was awarded recognition for his performance in putting out a fire and secured a post as a criminal policeman. I hadn't won

1 Editor's note: In China the fire brigade is under the jurisdiction of the Chinese Armed Police Force, along with the People's Liberation Army. Both are defined as the military force of China.

any special recognition and nor had I any connections. I naturally wouldn't get assigned to decent jobs. Moreover, during the final stage of my application for party membership (most urban and county soldiers joined the party while they were in the service); I had a confrontation with the fire brigade chief, which meant even this last bit of "political capital" also evaporated. So in the end, I was assigned to a distillery, but even then the job wasn't secured until one paid a 5000 yuan "capital contribution". I was assigned to the Da Qu team [that works with a distiller's yeast] where only vigorous unskilled physical labor was on demand. We shoveled here, pulled the carts there, until the use of glycosylated *qu* (a starch-based saccharification agent widely used in the fermentation industry) fell into disuse and the Da Qu team was disbanded.

I was transferred to the plain alcohol department in 1996 but I wasn't given a proper position and this forced me to stumble here and there without a distinct line of responsibility. I got paid all right but I wasn't motivated. It felt worse when I measured myself against my old brigade buddies who were all better off. In our reunion gatherings, my former mates didn't respond well to my request for personal loans and this hurt my pride. By 1997, I was finding it hard to stay on in the distillery vegetating, so I asked for six-month's leave so that I could take up a job on Hainan Island as a security guard. State enterprise workers could request to be on no-pay leave at the time. I was on that job for half a year, during which I paid for my own pension contributions. It was after all in just another unglamorous foot soldier position and wasn't going to get anywhere. Finally, I left the job and went back to the distillery. Yet returning to the plain alcohol department was just out of the question – the distillery's business wasn't going well in 1998; the

sale of plain alcohol products was sluggish and the *baijiu* market was devastated. In these circumstances, the management rounded up some surplus workers and organized them into teams to help bolster the sale of *baijiu* in various rural towns. Not only would it help unclog some of the slothful sales, it could be instrumental in cultivating the *baijiu* market in the rural regions. After all, it was a tactic of expediency and would be highly unlikely to pave the way for a solid inroad into the market. I was soon assigned one of these sales positions to sell *baijiu* and received [an absolute pittance of] only 60 yuan a month as subsistence allowance.

But there was no way I could subsist on that amount, so I asked to be put on the *xiagang* mode. By that time, a large number of workers were already in the same position and the distillery hadn't arranged any alternative jobs for them. Everyone had to find other ways to survive. It was not until 2001, when the plain alcohol division was revived, that we were called back. But within a year or so, in 2002, the *baijiu* market just couldn't survive so the *baijiu* team was disbanded once again. I subsequently drifted to the "service team" of the outfit that was called the Labor Service Company. What a service company! It was actually a slave camp for jobbing laborers who broke their backs all day by loading, unloading or sweating in doing all the sorts of hard labor that one can think of. The management was in fact damn smart. This assignment was a trick they used to drive people away. The regular permanent workers now performed the work that used to be the province of the casual workers. It involved handling and moving about raw materials all day in the standard 200 jin/catty (about 100 kilograms) bags. It was as though they were saying, "we'll see how much you can bear of this!" By this time, workers' entitlements had all dwindled

away so that there was hardly anything left. A worker's income came from the load he had been able to move around on his back, measured in tons. So workers in the service team felt very much abandoned and as though we had become "second class citizens" in the distillery. I soldiered on until 2003 when the distillery moved to the new site and there were some security positions to fill. Because of my service background, I was assigned to be an in-house guard under the security division at the new plant. The income of in-house guards was pathetic though, at 600-700 yuan a month and it never changed no matter how much prices had spiked. Naturally, we weren't too motivated, but just got by.

At this new place, the basic task of the in-house guards was to deal with in-house theft by employees. Those caught would be hit with a heavy fine. In reality though, so long as the pilfering wasn't over the top, we tended to let these employees go despite getting a bonus for picking on them. We tended to let the division chief carry out most of the arrests, or we'd conduct raids at the general manager's request when workers were knocking off. Once someone was caught, we would go and check his/her toolbox at the place where he/she worked to see if there were pilfered goods. We generally caught a few of the pilferers in each raid. Then the bonus for the guards dwindled further and further, so very few of us bothered to launch those raids anymore.

In 2007, a crook from outside broke into the finance department by forcefully opening its security door, alerting two guards who were on duty at the time. A scuffle ensued and Little Shao, one of the guards, broke his ribs. Fellow guard, Old Chen, was therefore called back to duty late at night to replace Shao. But Chen had a road accident on his way and was hospitalized. The two injured

guards ended up in the same ward of the hospital. When the general manager came to visit, he didn't give Chen even a glance, and was fuming as he left, barking: "We called you back for work and you got yourself into this, so what's the use of having you?" Yet, the general manager didn't have a choice but to pay for Chen's treatment. All workers in the distillery have medical cover and the injured worker would settle any medical bill first out of their own pockets and would then be reimbursed by the employer later. Shao lost his last bill that ran up to 2000 yuan and wasn't able to make a claim. While recuperating at home, Shao was entitled to his full wage as per the industrial accident regulations. But in fact, Shao was only paid 60% of his normal wage. A guard earned just over 600 yuan a month normally and Shao was now getting even less than that.

Meanwhile, the distillery had been subcontracting some of its work to outside parties and thus had the need for even fewer workers. It didn't look like jobs were safe anywhere anymore.

Case 4. Old Liu

40, Team leader of the plain alcohol department
A vocational university graduate

After graduating from senior high school in 1986, I sat for a public examination that qualified me for a position at the distillery. That batch of recruits was all very proud of our achievements. Buoyed by a sound financial position at the time, the distillery paid well and it was a big name in the locality. Job opportunities then were few and far between. We were so appreciative of our luck that

when the orientation training was over, we marked the occasion by eating out at a restaurant. The youngest one among us then was Little Yan, who was only 16. Given that all jobs were allocated by the central government before 1986, it was the first time that job recruitments were conducted by way of a public examination. Many people were deeply appreciative of the opportunity that this examination system was offering. Little Yan hadn't graduated from junior high school yet at the time of enrolling in the examination. Ours was the first batch. There was another round of recruitment next year, and then it stopped. Also recruited at the same time as us was a group who were the offspring of the distillery's employees. They scored below the pass mark but managed to squeeze in because of their superior connections. This was something we didn't notice initially but which became more evident at the time of the assignment of duties. Those who were recruited because of superior connections all got plum jobs whereas those who were recruited in an open and transparent manner were all working in front line positions on the shop floor. I got the worst work section – noisy and dusty and our clothing would be soiled big time every day. My eyesight wasn't good and a layer of dust always coated my glasses, which was highly inconvenient. I could get by with my job but I was so much looking forward to getting out of that position. This dream never came true.

My pay wasn't bad and given that I had no one to support except myself, I always earned quite a bit more than I spent. Some of my old school friends who had gone to university were always rather envious of me for being able to start bringing money home early. They envied even more the generous pay that we were getting from state firms. Our early illusions were worn down by the grind of toil

as time went by. The same old drudgery day after day in addition to the mountain of management rules made me wonder whether I was going to slog my life away just like this.

The overhaul of the ownership regime had already started in 1986 and we were the first batch of workers employed under the new contract system. This split the workforce in the distillery into two: those with permanent positions as opposed to those on contracts. But everybody was then of the view that the two groups were all the same. Somehow, our terms of employment started to go downhill since 1988, leaving us with very few welfare entitlements. Those of us in the normal "marriageable" age group also started mapping our wedding plans and related logistics. But the supply of the distillery's staff quarters was very tight, and the dormitory was filled to capacity. The prospect of a worker in the "marriageable bracket" obtaining welfare housing allocations looked bleak. From day one, the job I was in presented few challenges and I really felt that I was wasting my time there. So in 1989, I enrolled in the entrance examination for adult colleges and was admitted to a study course by correspondence.

But only half of the course was conducted by correspondence and I still needed to attend a weeklong regular lecture series every month at a college in the district. According to national stipulations, if workers currently on active employment wanted to further their study, their employer should pay for their course fees in full and they should receive their normal earnings in full during their study leave. While I could make a claim for my course fee, taking time off would be difficult. I ran into trouble every time I applied for time off in order to attend lectures. My shop floor chief never received my requests well, and in the end, he refused to entertain any such

applications altogether. To press for my case, I often got into heated arguments with that shop floor chief. Later on, I was forced to bring my case to the Political Affairs Division. But the division head wanted to pass the buck back to the shop floor. They shoveled my case backwards and forwards, arguing that while the national stipulations were one thing, it still didn't solve the problem of who would do my job when I was away. In the end, after exhausting the official channels, I resorted to doing a swap with workmates in order to be away for lectures. It worked at the beginning, but the swaps over an extended period made it hard for everyone to have a normal rest schedule. When I was back from my study break, I had to make up for my workmates' shifts as well as study and the onerous shop floor inspections. It was all getting too hard. At around this time, the shop floor chief challenged me dismissively: "Let's face it, you're just a small potato, so what's the point of all this study?" He then intervened to stop workmates swapping shifts with me, which I challenged him about and we often degenerated into noisy rows. In the end, workmates started turning down my swap requests, saying the shop floor chief had warned that if they did, their shifts would be inspected and any violations penalized. I took my case to the general manager but he didn't want to have anything to do with it either. He did appeal, however, that the collective interest and harmony within the shop floor should come first, forcing me into a bind. I refused to give up and to circumvent their refusal to grant me time off I took the plunge to try to get full-time study leave.

In exasperation, I sat for the adult college entrance examination again and was admitted to a full-time study course at a vocational university. They still wouldn't give me a break and continued to make

things hard for me. They refused to have my course fee reimbursed, saying I had already had a go with a correspondence course that I didn't complete. They refused to consider my rebate applications at the time but dangled the possibility of considering my application if I did graduate eventually from this course. Later on, I realized that others who passed the examination at the same time as me also couldn't access the rebate. I gave up arguing my case, consoling myself that my study should come first and the important thing was that I could get away to pursue it. I graduated in 1993 and I moved straight back to the distillery, performing a different task on the same shop floor. I was already married by this time but the distillery still refused to assign me housing quarters for the married. They refused to recognize my enhanced academic qualification and refused to grant me a pay rise as the regulation stipulates. They refused to grant me the rebate for my study. I took my case to the Labor Bureau but the officials there said there was nothing they could do.

Given everything, I had no option but to make do with vegetating obediently in my job. As I hadn't been granted housing, I had to rent a place, which cost 30 yuan a month. To pursue her study, my younger sister had arrived from our rural hometown and was staying with me. Making ends meet was a big challenge and I didn't dare to muck around anymore.

Since I was back on deck after my study break, my income hadn't changed much. It continued to be made up of a basic wage plus bonuses. When I first joined the distillery, my total take-home pay of over 100 yuan a month was a very impressive amount at the time. By 1993, it had increased to more than 200 yuan per month but consumer prices were drastically different. Survival issues had to

come first. I had lost hope that I would ever be able to reclaim my course fees of nearly 4000 yuan. Having said this, I was still issued my basic wage during my study break. Unfortunately, the distillery had from then on stopped supporting workers' further studies. A worker who wanted to study would have no option but to quit. So I happened to be among the last batch of workers who enjoyed the luxury of being able to access full-time study leave.

Even though I'd acquired a tertiary qualification, there wasn't much room for advancement for me in the distillery, until 2000 when I became a team leader. But the tasks of a "team leader" were like that of an odd jobber because one needed to do whatever was needed. A team covered five work sections and I could be involved in any of them. Yet my earnings were little different from that of an average worker. It was only after the revamp of the distillery's ownership system in 2001 that the pay for team leaders improved a bit. The premium associated with that post was increased from tens of yuan to 100 yuan, and later to 200 yuan but the extra work involved was shocking. The shop floor chief would pile everything onto the shoulders of team leaders. Whenever something went wrong, everyone would be allocated a slice of the fine, from the operator concerned to the team leader, while the shop floor chief would not share any responsibility.

There were frequent storms in the summer of 2005 and storms were stressful times for us because they often triggered a power surge. It was terribly gusty during a night shift and one felt the impact more at the remote location where the distillery was. In stormy circumstances like this, most women workers wouldn't dare to undertake outdoor tasks even if the need arose. But there was a power cut one day and we just had to do whatever it took to deal

with the situation. A team leader was usually overwhelmed with tasks in stormy weather because there were just too many things that required his/her attention. Things only get worse if there was a power cut. The more one worried about a power cut, the more likely it was going to happen. On that night, the squall was raging and the thunder was blasting, virtually exploding over the top of one's head. It was absolutely nerve wracking, worse than a horror movie. In that situation, the women workers of a particular work section had to go out of the building to close the doors that needed to be shut because the problem of vent flow might occur. But due to the bad weather, the air in the steam conduit cooled down in no time, forming a vacuum inside and deflating the conduit by suction. In this circumstance, the management didn't even bother to launch an investigation before handing down a fines notice, hitting the chief operator with 300 yuan, the deputy operator 200 yuan and the team leader 200 yuan.

In my long years as a team leader, I knew that the management made decisions about fines based on the outcome of an event and never bothered to look into the circumstances from which the event arose. Nevertheless, I still approached the top management and the shop floor supervisors, seeking to outline the horrendous weather of the day when the damage took place and the sheer lack of time to deal with all the things that needed to be looked at. After all, team leaders were still human, weren't they? There was so much to do following a power cut, so how can one drag the team leaders in to help pay a fine whenever something goes wrong? The distillery's long-standing practice was to put the fines notice on the wall, and once the notice was up there was nothing that would make the management retract it. The decision was even more cast iron than

law. It was a joke! But wasn't the end of it. The shop floor supervisor also wanted to put his own stamp on the whole saga and decided to sack me from the team leader job. He put me on a *daigang* status but wouldn't tell me how long the wait was likely to be. Given the detailed division of labor on a production line, once my original position was removed and if no new position was created in its place, there was no place for me there anymore. I couldn't help getting anxious. Was it an attempt to turf me out? I approached the shop floor supervisor, but he was non-committal. Now that things had come to this, on the spur of the moment, I resigned and offered to *maiduan* for a lump sum. Then the general manager asked me for a chat, and he said: "You're a tertiary graduate and we do want to retain you for our service. Not to mention that we've paid for your education." I rebuked him, saying: "The distillery hadn't paid for my course fee as the rules required and I had paid for it out of my own pocket." The general manager was outraged, barking: "Retaining you doesn't mean we will necessarily make use of you." I countered by questioning: "What's the point of retaining me if you're not going to make use of me?" After I was put on the *daigang* mode for a month, I demanded to be on *maiduan*. But the management refused to process the necessary paper work for me. They still haven't done it. I have always followed the proper procedure and so if they don't process my case, we will see each other in court.

Case 5. Master Tian

53, Worker in "internal retirement" from the plain alcohol division
Junior high graduate

When the distillery recruited workers in 1978, our commune was allocated a few vacancies. Since my family had some influence in the commune, it was able to win me a spot under the "part-peasant part-worker" category, with an income no different from a permanent worker, at 33 yuan a month. Under this arrangement, I continued to have rural *hukou* officially and therefore needed to pay the production brigade that I belonged to 3 yuan a month. I didn't really know what the 3 yuan was for, except that I fulfilled the obligation for two to three years. When the "contract responsibility system" was put into operation in the rural areas, I didn't need to pay the fee any more.

Baijiu was in short supply at the time, so any purchase even by employees needed to be vetted and approved by a higher authority. It would be so much harder for an outsider to buy a bottle of it. In those days, *baijiu* was a most prized gift, and a distillery worker's job prospects were as secure as an "iron bowl". How great those times were! Whether it was wages or welfare, our entitlements were even better than that of government employees. This was why so many people from other work units aspired to win a transfer to our distillery. During my years in the distillery, I was assigned to many different posts. Work was rather worry free. Even though I knew I didn't have great prospects of personal advancement in the distillery, the fact that I, as a person of rural origin, was able to hold down a job as a worker was already an achievement that I felt great about. After all, most workers' aspiration was to be assigned to an easier and less stressful post. I obviously was envious of the married couples at the distillery because they were at the top of the queue in terms of welfare housing allocation. Basically, those residents didn't have to pay any utility bills. I always dreamed of being able to win

urban *hukou* and being able to live in the staff housing quarters. Rural *hukou* holders didn't qualify for such housing allotment, so I could only live in the dormitory for singles.

The leading cadres in the distillery in the 1970s came mostly from the worker's ranks. Some of them even dated back from the 1960s. There seemed to be some conflicting undercurrents and cliquish dynamics among them. Most of them had somehow crossed swords before during the Cultural Revolution, but none of them would talk about it. So I have no idea what the details might have been. In everyday chit-chat, we stuck to the harmless issues such as comparing others' pay scale. There were eight grades among workers at the time, with the eighth grade being the highest. By the time one reached that grade, if one ever did, they should be close to retirement.

In the 1980s, it was very hard to get an easier assignment without special connections or profusely gifting the right parties. Even if one won such an assignment, one might not be able to keep it for long. I was the weak and skinny type, so everybody in the distillery called me "Skinny". Just as well, I really couldn't handle heavy lifting. After all these years in the distillery, I mellowed and became mild tempered, and was counting my days to retirement. My income at the time wasn't that bad, factoring in the supplement I was able to generate from a bit of farming at home. I didn't have serious complaints. As time went on, presumably my mild temper and attention to detail was an attraction, prompting the hardware division head to want me to join him. Everybody knew that this was a good division to be in. But I was too inept in this gifting business. Even if I was determined to gift, I wouldn't know where it should go. So the enterprise office director rejected the transfer

request. It was a pity but I wasn't going to worry too much about it because wherever I went, I was always going to be a small potato.

Then sometime in the 1990s (but I can't remember exactly which year), there was a growing market for urban *hukou*. One might wonder where the urban *hukou* for sale came from. This was all related to the growing trend of land on the outskirts of the county capital being increasingly snapped up for factory projects. As per the official policy, the peasants who became landless in that process should be entitled to an urban *hukou* status and the fit and younger members of this group should be assigned factory/enterprise jobs. Before long, this opening became an important income generator for the village heads on city or town outskirts. It usually involved selling the urban *hukou* quota to those from other villages. Still one required some social connection to tap into this market, through which a rural person could acquire an urban *hukou* and become entitled to a job at a state enterprise. Having a job at a state enterprise was still something that most aspired to in those days, so at the price of 6000 yuan and with the help of a contact, I was able to acquire an urban *hukou*, thus fulfilling a long-cherished dream. But good times don't last and that residency upgrade wasn't going to bring me any tangible benefits after all. Not long after I got my new urban *hukou*, Beijing's policy changed so that all part-peasants part-workers would be able to obtain urban *hukou* without paying a cent. Hadn't my 6000 yuan gone down the gurgler? My workmates ridiculed me behind my back for this, but what could I do? Didn't I know that the princely sum of 6000 yuan would be quite enough for me to renovate or rebuild my home back in my hometown? I was left feeling like a hopeless fool.

In 2000, after my distillery revamped its ownership regime, I

could see that my career in the distillery was quite stuck. And given my advancing age, the arduous pressure coming down from the management and the frequent fines, it would have been hard for me to survive much longer there. A few other things made matters worse, dented my pride and made every work day an ordeal: the fact that I still had to work with work mates who were much younger than me and that the shop floor supervisor didn't like an old fart like me. I always played by the rules but I am also the cautious and timid type, so all of this was getting a bit too much for me. In time, the general manager could see this as well and so he transferred me to the distillery's bathhouse. But the pay was pathetic and work hours were exceedingly long there, prompting me to contemplate quitting for another job. There were quite a few distilleries around and they often tried to poach workers from among our ranks. Given that I had been working in a distillery for so long, I thought it shouldn't be too hard for me to find a job in the industry. The rule in the distillery at the time was that a worker qualified for "internal retirement" once he/she turned 50. Under this arrangement, a "retiree" was entitled to a pittance of only 200 yuan a month, which would be reduced to more than 100 yuan once the regular pension contributions were deducted. My calculation was: if I applied for "internal retirement" and then found a job somewhere else, I should be able to have take-home pay of nearly 2000 yuan a month. So I went for it. But my application was rejected even though others of my age were able to tread this path. The management preferred to frustrate me on this. I could see that they didn't like skilled hands to work for their competitors. The excuse was that I wasn't quite old enough to qualify for that option. They delayed me for another year before granting me this wish, but by that time, the distillery

industry had already gone pear shaped. I was able to hold down a job out there for a year or so before collapses started to hit the industry. All the moves I've made have never quite turned out the way I anticipated. What rotten luck!

Chapter Four

Our Sisters

A few years ago, after the ownership regime of our distillery was revamped, all but a few of our women workers who were over 40 years old had completed the paperwork for their "internal retirement", leaving less than 10 of them still around. These remaining few were either the general manager's favorites due to nepotic links or they were in key technical positions. There were also other women who had taken "internal retirement" of their own initiative after becoming disheartened by the management's frequent and casual imposition of "leave", *daigang* treatment and hefty fines. They would rather find their way elsewhere.

The basic picture was one in which older workers were being turfed out one by one, while new recruits were being brought in to take their place. At this rate, it didn't take long for a shop floor of dozens of workers to become nearly empty. Women were particularly devastated. The women on "internal retirement" would only be entitled to an allowance of 200 yuan a month. But after deduction of the employee's labor insurance contribution of 97 yuan, there was only 103 yuan to take home. Since September 2008, the insurance premium had risen to 115.28 yuan a month, squeezing workers' take-home pay even further to a pitiful amount,

which wasn't even always paid on time. Madam Liu, a worker on "internal retirement", said: "Nobody chased them up even when they didn't pay [the residual amount] because after all, it was just 100 yuan and you couldn't do much with it anyway. So long as they paid up the pension contributions, most of us would just let it be. After all, we poor have our own way of staying alive. We'll manage somehow."

As the global financial crisis unfolded in 2008, many factories/enterprises were hit and collapses were everywhere. No matter where one turned, there were workers being forced to take "leave" and, once again, women copped the heaviest blow. At the end of the year, the distillery management called the workers who were on leave back to the office, compelling them to pack up, accept a *maiduan* arrangement and complete the associated formalities. Most of those affected were women. Given that it was hard to find a new job, very few women workers would want to go for the *maiduan* option voluntarily. But most still had to do it whether they liked it or not, and the reparation was a pittance of 370 yuan for every year of service.

While there are still jobs for the younger women workers for the time being, things haven't panned out well for them at the moment at all. In one of the interviews below where Ah Mei told her story, she related that she has been on seven assignments in more than 10 years and every time she had to move on because the workshop she was with closed down due to operational difficulties.

How proud workers once were to have a job at a state enterprise! During those days, all in all the rights of women workers were pretty well looked after. So long as a pregnant woman worker had

the necessary proof from the hospital, she would be exempted from night shifts and heavy duties. During their nursing period, these women could go home during their shift to breast feed their baby. All these practices are beyond imagination today. Madam Qi, with whom I had contact and who is now in retirement, was relating to me some of the situations from those days. Following a divorce in the 1980s, she lived in the enterprise dormitory with her two kids as a single mum. When she found it too hard to juggle with everything, Qi could always approach the trade union or the management for compassionate considerations. At that time, she could leave her shift a bit earlier in order to cook for her kids who were still in school. There were no formal rules governing this sort of situation, but one's work units more often than not would juggle things around a bit to accommodate for circumstances like Qi's. The senior management at the time wouldn't have big problems with it either. Furthermore, the raw material division where Qi worked needed to send some staff members to the countryside during the harvest seasons to purchase raw materials. But the supervisors would generally avoid sending Qi on these assignments. Male and female workers toiled together those days without much cause for tension because whenever it came to the heavy lifting, the male workers would always grab those tasks. The supervisors would also take women workers' physical limitations into proper consideration in assigning them tasks. There were always a comfortable number of hands on deck.

The division of labor in a workplace now is a lot more meticulous and it is hard for a worker to help out one's fellow workers. Apart from tasks that are beyond a woman's physical ability, women workers are now assigned tasks much the same as their male counterparts.

During the Olympics period in 2008, the distillery decided to revive a long-abandoned division that turned distillate waste liquid into fertilizer. Those called back to work were mostly women – officially the "surplus workforce" – who had been sent to *daigang* mode for a long time. Women in that division had to package and handle fertilizer in 50-kilogram units, which demanded a physical strength that was beyond most women workers. Moreover, once the machines were running, there would be considerable pressure to process those loads at a regular pace, leaving little room to catch one's breath. One could imagine how exhausting it must have been for the women workers involved. In fact, the management deliberately arranged things this way with a view to wear those women out. Eventually, it became all too hard, which prompted some of these women to press their case with the management, which the latter rebuffed by saying: "If it's all too hard, why don't you *maiduan*?" Some women did resort to this path eventually because the physical demand was truly beyond them. Some others dealt with it with passive resistance – they did what they could, wouldn't underplay their limit but wouldn't over exert themselves either, and if things did get too arduous, they just stopped work! In any case, this production line was suspended again a few months after it was revived, forcing its crew to go on leave. Two months later, they were made redundant by having to *maiduan*.

No wonder Madam Qi was saying: "If you can start a petty business for a living, go for it. Don't idle at the distillery. One has to put up with too much. It looks like they should have retrenched enough workers by now. The older ones were either retired or forced into 'internal retirement'. I don't think there are many faces that I know if I come for a visit. I have been retired for so many years

now, and since the distillery's ownership regime changed, I haven't received my welfare entitlements anymore. Still, I consider myself as lucky because I'm old and retired. A young worker today should count herself or himself as exceedingly lucky if she/he could hold a job down till retirement. And the whole business about 'internal retirement' just means a worker still has to look for work elsewhere. They wouldn't care less if you die. One must try to pick up whatever skills one can in the distillery. Don't let yourself be left without proficiency in a thing or two to fend for yourself when they decide to dump you when you get older."

Yan Ping and Xiao Ping, interviewed below, are relatively better educated. It just happened that they both are nostalgic about the much better protection that women workers enjoyed during the state enterprise days. At that time, they were also more aware of their own rights. It is a contrast to the post-state enterprise period when neither the government nor the enterprises bothered to conduct publicity in this area, such that women employees generally didn't have a clue about the actual content of important laws such as the Regulations Concerning the Labor Protection of Female Employees, Regulations Concerning the Health Care of Female Employees and the Ministry of Labor Regulations on the Work Prohibited for Female Employees. Such ignorance was extended even to issues related to women's special entitlements during four unique situations of their lives – menstruation, pregnancy, maternity leave and the nursing period. In fact, it was now a norm rather than an accident that the management ignored the rights of women workers. The workers' poor consciousness about the need to defend their own rights didn't help. In the seminar for women workers' representatives on International Women's Day (IWD) on March

8, the officials just zoomed in and out, giving the same old boring speeches, making it hard for the audience to draw a connection as to how things were going to affect them. Hai Tao, a woman worker, would relate in an interview below how one of these IWD seminars degenerated into a lolly-grabbing debacle. March 8, which had always been a special day for women, was turned into an occasion where officials lectured women workers. Incredibly, all some women workers could do in the end was to scramble over lollies.

In early 2008, after getting hold of documents to prove that the management had treated her unfairly, a woman worker took the management to court and lost. The general manager suspected that a clerk in the photocopy room was the source of the leak and that person almost lost his/her job. Even though that woman worker had already *maiduan* and left the distillery, she refused to comment on the incident when we interviewed her. Rumors had it that in an act of retribution, that woman worker had dobbed the distillery in for evading taxes with the tax authority, thus inflicting on it a big fine. Rumors also suggested that the tax authorities gave her a reward, which was a cut from the fine takings. One could take this episode as a small act of defiance by the browbeaten.

While the majority of workers hadn't resisted, documented below is the story of some who did – the court battle that Yan Ping and eight other women workers initiated against their employer – as narrated by Yan Ping. On the other hand, Xiao Feng recalled the comical incident of how a male worker was eventually able to keep his job by doggedly nagging his supervisor.

Case 1. Yan Ping

42, Warehouse caretaker at the distillery
Vocational high school graduate

I was allocated to the distillery after graduating from a vocational high school in 1986. The distillery was well known for its generous bonus payments, prompting many people to aspire to work there. There were usually only a few university graduates in any enterprises in those days, meaning that the vocational high school graduates looked very respectable in terms of their academic prowess. Perhaps because of this, I was never assigned any arduous tasks. Though I had worked in the logistics section for a while, I was still transferred to the shop floor in the end. Like myself, a few others who had also graduated at the same time as I did were given rather painless tasks. Some veteran workers at the time would say every now and then: "Look at the educated. I'm sure they won't stay long on the shop floor." It seemed to me that younger workers, like myself, were seen to be of greater importance than the average worker and the general manager also treated us more favorably. He would often take us to other distilleries in the neighboring regions on study tours and would tack on it some sightseeing there for us. In 1988 an all expenses-paid weeklong sightseeing trip was organized for all shop floor workers, to the envy of our colleagues in the logistics office. Most of the younger workers put their hearts and minds into the academic classes and in picking up technical skills. They were motivated to learn and aspired to be "progressive" and be active politically. Nearly everyone applied for Communist Party membership even though very few of them succeeded. Party membership was synonymous with a ticket to cadreship and,

therefore, party membership applications were put under severe scrutiny.

There wasn't much significant difference in income among workers on the shop floor. While the basic wage of the veteran workers was a bit higher than ours, frequent bonuses, which could be a few times that of the (basic) wage, evened things out for us. When prices were low in the 1980s and housing was provided free by the enterprise, a monthly income of a few hundred yuan was already a big deal. Staff housing was allocated based on factors such as an employee's years of service and job seniority. Whether it was in terms of formal income or the quality of staff housing, there wasn't a big difference in entitlements between an employee and a cadre. Because I had family connections to military personnel, after I was married I was put at the front of the housing queue and received an allocation of two tile-roofed units. Living expenses didn't cost all that much in a month back then and we felt comfortable enough to be able to afford things like visiting the nearby city of Xuzhou for sightseeing with a few friends or buying some new clothing. We didn't have many worries in our lives at the time. People then tended to be off-guard and uncalculating and there were very few conflicts of interest.

The trade union often organized entertainment events for workers. It ran a library, a reading room and a television room that was staffed every night for the convenience of the single workers who lived in the dormitory. There were weekend parties, and the local union officials would even call on instructors from the trade union federation to come and teach us social dancing. But they kept a tight rein over the birth-planning scheme in enforcing the one-child policy that required any unauthorized pregnancy be

forcibly terminated. If the unauthorized pregnancy was carried to term, the couple involved would be given the sack. This was why a worker would usually not dare to breach the quota. There were exceptions, of course. A few workers were able to pull the strings to fake a checkup at a hospital and obtain a formal report to "prove" that their child suffered from mental problems. They would then present that "proof" to the municipal birth planning committee for a permit to have a second child. People generally wouldn't dob on others on issues like this, only to envy them. In 1990 when I had my child, I was able to have my maternity leave and reclaim the entire cost involved in giving birth. My department also gave me special consideration when I was pregnant and during the nursing period – I was exempted from night shifts during pregnancy and was also able to go home twice a day to breast feed my child. But later on, things were very different, with pregnant women still having to be on night shifts like everyone else. After giving birth, a woman had to stay home for a year before she could resume work. During maternity leave, a woman was entitled to only her basic wage. But with prices rocketing, 100 yuan wouldn't do much in paying bills.

The 1980s were golden days for workers. Things slid gradually in the 1990s. My feeling is that the more we revamped the ownership regime, the worse things got. I had been shifted from duty to duty rather frequently: from the distillery's childcare centre to being a packaging worker at the packaging division, then on to the distillery's bathhouse, as an odd jobber at the office and then finally to the distillery's guesthouse where I worked for three years, the longest stint I ever had. The service arms of the distillery were being contracted out gradually. While these external offshoots were supposed to be independent profit or loss centers, when they

did generate a profit, we workers wouldn't benefit. We received a pittance in wages and that was it. On the other hand, in setting up the guesthouse, the distillery only paid 70% of the cost of things like mattresses and a range of other essentials as capital investment. It paid for the remaining 30% as well, but only as an "advance" which would be docked gradually from the workers' pay. And these deductions weren't even properly documented. The management sought to pacify us by claiming that the deductions would be reimbursed back to us further down the road. But in 2006, when the distillery was moved out of the city centre, the guesthouse didn't exist anymore and the money deducted from us was never accounted for. No workers raised the issue, and the management just wanted the whole thing forgotten by leaving the subject off the agenda.

Over at the distillery's new site, I became a caretaker at the warehouse division. My daily task was to take delivery of the alcohol products manufactured on the shop floor. Staff resources were tight there. During the day, we had to take stock of the sales that would pass through the plant's front gate. The handful of us at the division would take turns to be on night duty, which was 12 hours per shift. This arrangement helped lead to an accident in 2007 when alcohol leaked out of the barrels and it was I who copped the flak. Four thousand yuan were taken from my pay to compensate for the loss and I was sent home for *daigang* punishment. At the end of March 2008, when the new Labor Contract Law had taken effect, the management called upon the 28 of us who had been put on *daigang* back to the distillery to terminate our contracts. But they hadn't put these offensives through the SWRC (Staff and Workers Representative Congress) for scrutiny. In the end, nine of

us banded together to ask for arbitration from the Labor Bureau's labor arbitration office. However, for months, we didn't hear anything from that office about our case and gradually it became harder to keep all nine of us focused on this effort. The reason was rather simple: after people lost their jobs, they did have to make a few bucks somewhere. Where on earth could you find them! We weren't confident that things would turn out our way, nor did we have any idea how the Labor Bureau would arbitrate the case. Pure and simple, we had no more tricks up our sleeves.

Case 2. Xiao Feng

30, A distillery operator
Junior high school graduate

My dad had always worked in the distillery. When my mum passed away in 1995, I was 17. To do my dad a favor, the distillery gave me a job, even though I had only finished junior high school. A few others there were also under 18 and we were all kids of the existing workforce. I was assigned to cleaning bottles in the bottling workshop. I had to clean 9000-13,000 bottles a day, or 6000-8000 at least. I was a country girl and all I wanted was to work and have an income and wouldn't even dream of slacking off. During a busy period, I could be cleaning bottles for well over 10 hours a day, with my hands in the water all day fishing for bottles and putting them onto the fixed brushes on the bottle cleaning machine. The machine did its job by rotation, and an operator needed to hold the bottle down such that the bottles wouldn't rotate with the rotating brushes. One also needed to maneuver the bottle right up against the rotating movements such that every bit inside the bottle

could be cleaned properly. The bottles got very slippery when wet and every now and then one lost one's grip. Once a bottle slipped through an operator's hand onto the rotating machine, bottles broke easily and operators often had their hands cut. So in the bottling workshop, everybody had their hands covered with band-aids or similar medical dressings.

Bottling was a really exhausting task. I was transferred out of that section in 1996 into the distillation section as an assistant operator. Maybe it was because I was too young or too dumb; I had never got the hang of the job there and was never comfortable being there. Others didn't make a big deal of it. As I was still young, I tended to be playful and unfocused and this didn't help me in mastering the skills required to do the job independently in that workshop. The shop floor supervisor often commented with a heart of gold that I should learn the skills properly from a veteran worker, who was dubbed the "master".

But before long – in 1999 – many workers were compelled to take indefinite leave without the benefit of a subsistence allowance. It wasn't easy at all. I was able to return to work eventually but it wasn't long after I did that my child was born. The distillery's rule was that a worker had to take a full year off as maternity leave, during which she would be paid in full for only three months, after which her income would be cut to 70%. I'd been "on leave" for so long that I dreaded getting stuck there any longer. Having a child meant a woman worker was going to lose her position – being sent on a *xiagang* status. So women workers at the time didn't want to have any children but couldn't help it sometimes. The distillery refused to give me a position for a very long time. But I really wanted to be back, so I tried what I could to get people with sway

to put in some good words for me. Then I was back, in July 2000. I overheard at work that a worker could claim to be reimbursed from management for the surgery fee associated with giving birth, so I filed my claim with the trade union. But after my case, they refused to process any more claim applications. I was made to feel that I had taken something that I wasn't entitled to.

After I was back on deck, I was transferred to the steaming and boiling section. The distillery in 2000 was very different from what it was before, and the management was a lot more onerous. While the same workmates were on the team, none of them were helpful to me. The new reality was that another extra person in the team meant someone was more likely to be put on *xiagang* mode. The shop floor wasn't a shelter for any spare hands. My co-workers all felt that I put their jobs at risk, so no one wanted to show me the ropes. There was not much the shop floor supervisor could do to bail me out, except to shift me from one team to another. At long last, one co-worker was a bit more helpful and gave me hints to help me pick up some skills. Meanwhile on the shop floor, even the smallest mistake would not only sting a worker with a fine but also risked having him/her sent to "in-house *daigang*" mode. In fact, I was sent here in the first place to fill the gap created when someone else was dumped onto the "in-house *daigang*" scrap heap. They fined workers aggressively here. With the smallest of lapses, 100 yuan could evaporate. The supervisor in charge in my workshop was a Mr Huang whom we called "the blind fellow" behind his back because he had lost an eye in an industrial accident. He was a merciless maniac and often conducted inspections at night. One day, he parachuted in unannounced during a major storm and ordered us to stop the machine for inspection. When the machine was turned

off, Huang scrutinized every bit of the production line inside out. Thank God there weren't mistakes – say in material feeding – to be found, otherwise it would have been tough. When the inspection was over, Huang would sneak forward from behind my back to declare contentedly: "I bet you didn't expect this, did you?"

On another occasion, a motor broke down in the crush section when it was under the watch of a worker called Ah Qiang. An investigation by the electrical team proved that he shouldn't take the blame for the breakdown and even provided a document to back up its case. Huang didn't like the finding and insisted that Ah Qiang should be put on *xiagang* as a punishment. Ah Qiang took his case to the general manager but the latter didn't want to worry about it, claiming it was a shop floor matter that should be resolved there. Ah Qiang was at a bit of a loss as to what to do. He ended up taking his wife and kid to scrounge for food from Huang's home. After a few days, they stopped, passing on the baton to Ah Qiang's mum, an elderly lady. For days, Ah Qiang would drop his mum outside Huang's home in the morning and pick her up in the evening. It just happened that Huang's mum wasn't tied up with anything at the time and the two old ladies ended up chatting their way through the days. The staff quarters where Huang was in was one family housing quarter, so the story of the two old ladies chatting their days away circulated widely in the distillery. Huang has always been particularly callous with workers, so workers drew a great deal of pleasure from Ah Qiang's mischievous pestering of Huang. Later on, Huang had enough of the harassment and wanted the general manager to help mediate to resolve it. The cadres tended to treat the stubborn pestering types with extra caution because once they were obsessed with you it could be hard to get rid of them. The general

manager didn't want to have much to do with such pesterers either and in the end he called both of them over and instructed Huang to give Ah Qiang his job back. But Ah Qiang replied, declaring, "I'm not going back because Supervisor Huang will retaliate." The general manager made Huang promise that there would be no retribution and warned Ah Qiang not to harass Huang's family any more. It was on this basis that Ah Qiang got his job back.

Case 3. Ah Mei

30, A chief operator at the distillery
Technical secondary school graduate

Since I joined the distillery in 1993, I had been reassigned to different tasks many times over. In my first post, the products my workshop was producing fell out of market favor and the production line closed down. My second post was in bottling, where I stayed for only a few months. My third assignment was in DDGS [dried distillers' grains with solubles, which involves handling grain residues produced by distillation for livestock feed], which was disbanded after a very stop-start existence. My fourth post was in bathhouse caretaking, something that any idiot from the distillery can manage. My fifth role was in the distillery's guesthouse, which was later disbanded. In my sixth post in laboratory testing, I was continuously learning during my eight months there but that workshop also fell apart. The seventh place where I worked was the 1-hydroxyethane section of the alcohol department. I was an operator there and that was where I stayed. Against the experience of repeated production suspensions and compulsory leave, I was grateful to have a job, any job, and get paid regularly. By my

standards, things weren't so bad until 2002. The guesthouse was operated on a contract basis, separated from the distillery, so it paid better than the distillery department. My stint with the guesthouse started in 2003 but only lasted for 11 months. Despite having done this so many times and even though I had adjusted to new job environments well, I was really tired of being shifted around again. But I didn't have luck – wherever I went, the workplace would either break up or stop production. I was used to it after all and there was nothing really I could do. If you were put on "leave", you'd be better off moving on. I hadn't been able to find my feet in any enterprise, state owned or otherwise. They always seemed to be in a big mess. Since I moved to the alcohol department in 2006 to be the chief operator in 1-hydroxyethane, things have sort of settled down. The size of the pay cheque hasn't been my top consideration, stability has been more important. After all, my family hasn't been waiting for my pay packet to put food on the table. If they had been, they would have been starving already. The distillery hasn't been in good shape and so my biggest worry has been that they would put me "on leave".

My relationship with my workmates hasn't been great but we have got by. There are no problems on the operational front. The supervisors aren't too bad and they haven't found fault with me. I feel reasonably good about my job. It would be great if they put me on night duties because I don't sleep well. We were offered new employment contracts in March this year but the timing was such a nuisance. The two days when the signing was to take place happened to be my days off. I had wanted to try my old trick of getting hold of someone by phone such that they could sign the contract on my behalf rather than having me traveling all the way

back to do it. Unfortunately, the management had banned the practice and I dreaded traveling back – it was a long way, more than 10 Li (5 kilometers) away. Just one trip would use up the battery on my electric bike. Like other workers, I put my name down on the contract without scrutinizing its content. I just searched for where my signature should be and got it over and done with. I was not sure of the content even after the event. It was only after waiting in vain for my pay cheque at the end of the month that I gathered from others that the pay date had been shifted to the 15th of the month or earlier. The pay cheque rarely arrives on time.

I am 30, how long would the wait be before I reached retirement! It will take more than 20 years and I don't really know whether I can grind my way till the end. I motivate myself to stay positive and to continue working while I can. Even when there are really no job possibilities, I don't think I am going to starve – as unlikely as a blind eagle dying from hunger. In the past, whether it rained or shone, the distillery used to grant its workers some welfare entitlements. Even in its hardest days, we were issued a pair of gloves once a month, some detergent powder and some sanitary tissue paper for the woman workers. And now, we are issued with absolutely nothing. We don't even get paid for work sometimes. There are so many overtime work calls that one doesn't have breathing space to fantasize about welfare entitlements. Previously on International Women's Day, we were issued a hamper of shampoo, towels and such like that had a market value of tens of yuan. And for IWD this year, they got us to plant trees. They issued us each with a bottle of shampoo worth only 10 yuan after the event. We were a bit short-handed last month and weren't able to have any time off on a few public holidays. But we are paid the same as ever at the end of

the month. In fact, we should be grateful that they haven't docked any of it. The supervisor had the gall to make this point during a meeting: "Of course when the work sections are short-handed then the existing team fills the gaps. Do you really think the management would send someone to fill in? If the next shift hasn't arrived, none from the earlier shift can go. Who is going to do the work if you're gone?" But it seems to be quite pointless no matter how hard we work. Who is going to pay us overtime? The maintenance team a while ago had to foregone their time off for an entire month but they still haven't received a cent of overtime compensation.

Case 4. Xiao Ping

38, A distillery worker
Senior high school graduate

I was admitted to the distillery in 1986 through a public examination in which my score was among the top 10 candidates. After a short period of training, I was assigned to the bottling workshop on bottling duties. Of the tasks in the distillery, bottling is the hardest and most new recruits would be put through this assignment in their early days. The workload and work hours in the bottling workshop were very much at the mercy of sales demand. There was overtime work very often and the longest shift lasted a whole day and a whole night. Anyone who didn't take part in overtime work would have their bonuses reduced or forfeited altogether. There were mostly women in this workshop and we all worked at great speed. Bottles broke often and our hands got cut all the time. We had to watch our step on the shop floor because the broken glass could easily cut through our footwear and cut our

feet. No matter how meticulously one cleaned the shop floor of broken glass, the job never seemed good enough. We had to bottle at great speed so as to match the speed of the filling machine. Once the machine was on, we couldn't stop it. So it was pretty full on and every shift would take quite a lot out of us. So it was quite common that a worker wanted to angle for an easier spot on the production line and this was a common source of conflict among the workers. The shop floor chief tried to profit from this contradiction and was prepared to grant the easier assignments to those who would treat him with a nice meal.

The sense of pride and novelty excitement that I once held when I first joined had long gone. All I cared about was not to let go of any opportunities to improve my lot. Such an opportunity came along I thought in 1990 when the distillery started up a new alcohol production line. I called on the management office and put forward my request for a transfer into the alcohol department. The office director replied by saying: "The management regime there is onerous, so do you still want to go?" I said yes. There is nothing to learn in bottling, not even if you spend your lifetime there. I reminded the office director of my exceptional score of being among the top 10 in the entrance examination, and expressed confidence that I should be able to handle the challenge at the alcohol department. Not long after that, the transfer happened, to the envy of my bottling work mates. They all thought that I had been gifting my ways to secure this transfer, when in fact I had only visited the office once to present my case. None of them believed me. I was out of bottling in any case.

There was basically no competitive pressure on the shop floor at the time and all workers were keen to pick up some skills.

The atmosphere was easy going such that we felt comfortable cracking jokes here or there with the shop floor supervisor. Some workmates enrolled in the evening school and others had a go at the secondary school public examination for adults. All course fees could be reclaimed from the distillery. The ones who returned after completing their courses on the basis of a full-time study break could generally win a job with the management, or get an easier assignment at least. It was perfectly acceptable then for workers to make frequent suggestions on how the operation on the shop floor could be improved. We could always put forward ideas as to how problems on the shop floor could be dealt with. The shop floor supervisor sometimes went as far as rewarding the workers with good ideas with tens of yuan of cash incentive. For work sections that didn't require a worker's attention all the time, workers there could even have a short nap every now and then. This practice was very much acceptable then, so much so that the shop floor supervisor sometimes might say: "Make sure both of you don't have a nap at the same time."

When it came to public holidays and festival times, there were often celebratory events organized. During summer, the trade union would pull off a party every weekend where social dance was a key feature. My husband and I first had the chance to socialize with each other through those events. Then we took our relationship further. We both love dancing and for a few years in a row, we were among the top two teams in dancing competitions within the distillery. There were many young workers about at the time and a lot of social events were held, injecting a great deal of energy and sparkle to life at the distillery. Who would imagine that after the distillery's ownership regime was changed everything would disappear? On the limited occasions where social events were organized, they were

more for show to impress senior officials higher up in the pecking order when they conducted their regular inspections. They were propaganda gestures to help cultivate a positive corporate image. Nobody cared about the workers' life after work anymore and at a time when work was highly stressful all the time due to staff cuts and the ever-increasing workload. The more our [nominal] pay increased, the less we were able to make ends meet.

We don't even dare to chat at work more recently because if you're caught as having made the slightest of mistakes, you'll be pounded with fines that really hurt. We have to tiptoe gingerly and fearfully every day, as life is getting harder by the day. My husband (who used to be a worker at the distillery as well) fortunately left quite some time ago and his income is decent enough to pay all the bills. Though work is tiring, I'm still in good spirits. However, as far as I can see, it won't be easy to keep this job safely till retirement. All that is needed is a decree that they don't want the older workers anymore and we'll be out of here. Previously, we could still fantasize about the possibility of plodding our way to 45 and retire then. But the general manager has already made it clear in staff meetings that the existing institution of "internal retirement" (at 45) will be scrapped, meaning workers will get the boot – in the name of *maiduan* – as soon as their positions aren't wanted anymore.

Case 5. Hai Tao

37, Principal operator

Vocational senior high school graduate

I joined this distillery in 1993 as one among the last batch of vocational senior high school graduates who applied for this enterprise and who finally received a job allocation by the Labor

Bureau. It was part of an open recruitment program, which I believe was the last one of this kind. As time passed, it was getting harder and harder for the vocational school to find jobs for their students and the school gradually became a collection of various formation courses. Even so, a few graduates from the vocational school were still able to join the distillery in the following year. It was said that they were chosen because of good connections. After all, that round of recruitment wasn't an open exercise.

I was assigned to learn the ropes in a preeminent work section in a most prestigious department. Before long, I was able to operate on my own and became a top dog (a principal operator) there. Two workers, a man and a woman, always staffed a work section at the time. "A male and female coupling makes work much less tiring", so they said. It was nothing like the aggressive and continuous staff cutbacks now that left very few hands on deck. The merging of work sections or the splitting up of a team into various places is the norm of the day. "Some fell away here, others faltered over there." You do your own head count. How many more are still left in a work shop. Three teams today have as many workers as one team in the old days!

Couldn't it be that this work section is of greater importance and is especially highly valued by the shop floor and the management as a whole? I have always been a delegate for two separate constituencies: female workers and employees in general. But if you ask me what was discussed in those meetings, I have to admit I wouldn't be able to remember. Say, in all the International Women's Day seminars, packed with speeches of the top guns. In the old days, special consideration was given for women workers on the shop floor, freeing them from heavy lifting duties. The tasks are

precisely divided up these days and given women aren't earning less than others, who is there to give you a break? Besides, everybody is weighed down by their own workload, making it hard for anyone to give others a hand. In the old days, the *modus operandi* in the distillery and on the shop floor was mutual collaboration and co-ordination. The norm now is a crystal clean division of labor. With any mention of mutual collaboration or co-ordination, the tasks will then land right on your lap. There is an endless list of cleaning tasks to do every day, even for those on night shifts who have to perform "tack on" cleaning tasks immediately following their shifts. The same goes with workers on day shifts. There is dust everywhere (some raw materials are in a dust form). The management checks you out frequently and if you are found to have fallen short on cleaning tasks, you'll be fined.

Things were so much better before the enterprise's ownership system was revamped. Compassionate considerations were given to women workers. Pregnant women, for example, could be exempted from night shifts. And now, anyone who gets pregnant is running a huge risk of losing her job. Xiao Dan, who works at the warehouse, resumed work only a month after giving birth because she was worried that her job wouldn't be there anymore for her if she took her full maternity leave.

What protection do women workers enjoy now? None – because both genders are treated "equally". Earlier this year, I attended seminars organized for women workers' representatives where the deputy general manager spoke. His speech covered the same old grounds of "domestic scenario", "international landscape", the distillery's operational picture and the mantra that women workers need to do their bit to contribute to the success of the

distillery. After his speech, it was time for the delegates to make contributions but no one spoke. Then the deputy general manager wondered out loud, asking: "Are you a bit uncomfortable with my presence here, how about we let Manager Zhang (the women officer) chair the session?" After the deputy general manager left, the women delegates from the logistics office who were sitting in the front rows all sprang to their feet in no time to start snatching and grabbing the lollies, fruits and other snacks on the table. The delegates from the shop floor were all quite flabbergasted and it took them a while to come to grips with what was going on. They then jumped in for their share of snacks and refreshments but there was not much left. When the snack trays were emptied, nobody was interested in discussions any more. The seminar adjourned. How uncool the women from the logistics division and the offices had really been. Their counterparts from the shop floor, in comparison, were a bit more dignified after all.

- The End -