Memories and the Moral Economy of a State-Owned Enterprise

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A very large number of Chinese workers are caught today in circumstances similar to those faced by the workers in rust belt cities interviewed by Ching Kwan Lee for chapter 7 in this volume. Such workers have grievances about unemployment, job insecurity, and onerous working conditions. But not all of China’s workers face similar difficulties today. During the past quarter century, as the economic reforms have unfolded, different parts of China’s workforce have encountered very different fates.

Some state-owned enterprises have managed to prosper under the economic reforms. We have conducted in-depth interview research at one such profitable state-owned enterprise—a large liquor distillery located in one of China’s major cities—which acts in a generously paternalistic fashion toward the workers. In a later section of this chapter, it will be observed that the managers of this distillery have been responding to work-community norms and expectations that effectively pressure them to act in such a fashion. Unlike interviewees in the rust belt, the distillery workers, as members of a prosperous and paternalistic enterprise in a prosperous city, have no reason to employ their vision of the past as a foil by which to protest their situation in the present day. Instead, as will be seen, they turn effectively to their collectively held conception of the past to justify their current circumstances.

It is not known exactly what percentage of state-sector firms are similar

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to this distillery in maintaining benevolent paternalistic relations with their employees, because there are no known relevant surveys and very few studies of individual state-owned factories. But the workers we have interviewed from this enterprise insist that many of the other state-owned enterprises in their city's food-processing sector have workplace environments similar to the distillery. It is quite possible that such enterprises represent a significant part of Chinese industrial society—a type of enterprise that has not previously been examined by foreign observers.

The distillery is not a local "model" enterprise, and there was no effort by Chinese authorities to steer us to it. During the period 2002–4, we undertook full-time research there for a total of four months, and we were able to conduct unstructured interviews with dozens of employees and retirees. By recording their oral histories, we sought to examine life and attitudes at the enterprise starting in the mid-1930s, through its nationalization in the 1950s, the Great Leap Forward and its aftermath, the political divisions of the Cultural Revolution, and onward into the period of post-Mao industrial reforms up to the present day.

Put in a nutshell, the message that the older employees and the retirees derive from their conception of the past is that for decades, they had served loyally, had endured the hardships of poverty, and had engaged in bone-jarring labor to build up the enterprise; and that the enterprise today, having become profitable, owes them solicitous concern and a good livelihood in recompense for all that they had sacrificed in the past.

It will be observed later in the chapter that they hold to a type of "moral economy" perspective on their past and present. This term "moral economy" refers to a community demand that those who control resources should abide by a shared notion of economic justice, often grounded in a vision by subordinates of what is right and wrong.

Even though this moral discourse about the past is to their own benefit, we should not consider their actual individual memories, as recounted to interviewers, to be simply symbolic projections that somehow refract and distort the reality of the past. We instead came away from months of in-depth interviewing convinced that through their combined recollections it was possible to obtain an objective picture of their previous work lives and how they had felt at various periods in the past. Such oral histories, collected by researchers here and elsewhere in China, are as close as social historians are likely to get to an accurate history of the lives and attitudes of ordinary working-class people during the decades under Mao. Interestingly, some of what our interviewees recollected to us about the situations they faced at work and their feelings during the Maoist period is in line with what workers in rust belt cities told Ching Kwan Lee. What differs is how the two different sets of workers endeavor to relate the past to the present. We will observe this when later in the chapter we describe the enterprise's current situation. At that point, we will provide a more detailed discussion of the "moral economy" concept and how it relates to the workforce's present-day moral discourse. We will first describe their efforts to accurately present their pasts.

Work Lives and Attitudes before and during the Maoist Decades

Throughout the decades under Mao, work at the distillery involved dirty, hard, low-status physical labor. The technique for producing the sorghum-based liquor (qujiu) had been handed down through the centuries. It involved digging huge fermentation pits in the ground, cooking up large quantities of the grain in large cauldrons stoked by fire, filling up the huge pits with the cooked mash, and regularly turning over the stinking mash with a shovel. After microbes in the clay walls of the pits had fermented the mash over the space of a month, the workers removed the mash and laboriously extracted liquor from it through a steaming process. In the Marxist worldview, this type of work does not have the prestige of modern heavy industry, and thus during the period of Mao's rule the salaries and perquisites were noticeably poorer at the distillery than in high-status industries such as steel production.

The enterprise, as a small low-status city-owned foodstuffs factory that provided low pay and conditions, recruited only poorly educated people who largely came from impoverished family backgrounds.

Looking back from their present circumstances, the oldest generation of distillery workers recalls that throughout the decades of Mao's rule they had endured a subsistence living standard, very crowded rundown housing, and exhausting labor. In many cases, three generations of a family were packed into one or two small, dank rooms, without any kitchen space or nearby tap water. But the great majority of them had not at the time felt disgruntled or disillusioned. One major reason is that the elderly remember an even more impoverished standard of living and even harder working conditions before Communist rule.

Two very elderly men who became apprentices at two different distilleries in 1936 recall a world of constant work before the Communist victory.
They had labored every single day of the week for almost as long as they were awake, starting at the break of dawn. One of them recalls that it was not until the city watchman’s second song sounded at around 0.30 that he and his exhausted fellow workers finally could climb up into the distillery’s loft to sleep. It was a Spartan existence. Twice a month at one distillery and three times a month at the other, they had a dish containing meat, the only times they ever ate meat. In addition to a small wage, every year they each received one simple set of clothing and one pair of cloth shoes. But in recollecting to us their work lives of those years, there was no noticeable rancor. They had accepted their lot at the time as normal, and they only measured it in comparison with the conditions of their families in the countryside, whose lives were just as impoverished.

This older generation had known little about the Communist Party before the victorious arrival of the Communist troops at the end of the civil war in 1949. Another very elderly retired distillery worker—who was eighty-seven years old when we interviewed him—remembers, “There were rumors spread that when the Communist army came they would communalize not just property but also wives, which of course seemed terrible. But Liberation turned out, of course, to be good.” The new Communist Party regime’s promises of social justice and a better, more secure life for all, and concrete measures such as a literacy campaign, in which almost all our interviewees participated, rapidly secured their initial enthusiastic commitment.

At that time, many of these elderly interviewees also made a shift in their capacity to interpret and reframe their past. A striking example was provided by one of the two former apprentices, who soon began participating actively in the nascent labor union that the new Communist government was organizing. He recalls that one evening in early 1950, the distillery owner cursed at him when he left work to attend a union meeting, and the owner’s wife did not save his dinner for him that night. He complained to the union, which sent someone to speak with the owner, and thereafter dinners always awaited his return. It had been a trivial incident, but he insisted on recounting this small victory to us several times. It held great significance to him as a defining moment, signaling a change in power and in his own circumstances. In recounting to us his life as an apprentice, he had expressed respect for the owner as a knowledgeable distiller who had passed on valuable skills to him. He had referred to the man as Master (shifu), a respectful term for a skilled mentor. But from his new perspective in the early 1950s, he could begin to perceive of the man as an exploiter. He “lucubrates in his recollections between an appreciation of the Master’s abilities and, at other times, from the vantage point of the new regime, in simple rigid pejorative terms as a ‘capitalist.’” More than half a century of Communist Party teachings long ago habituated him to speak in such terms. He proudly played for us a videotape of a television documentary that was filmed a few years ago, in which he appears on screen as an honored working-class elder recounting how cruel it was to labor under a capitalist before the revolution. He feels no sense of hypocrisy in speaking this way. From his life experience, he is of two minds today about his relationship with his former employer. And in his conversations, he keeps his two minds separate and intact.

The initial enthusiasm that the change in regime in 1949–50 inspired among the distillery’s workers held an extra gendered meaning for our elderly female interviewees, in ways parallel to the working women described in chapter 4 of this volume by Gail Hershatter. We interviewed eight women who began working at the distillery during the 1950s, and all have similar recollections about the early years of that decade. Whatever complaints they variously expressed to us about the later days of Mao’s rule, they all look back with very positive feelings to the changes in their lives for the better in the early 1950s. One of them recalls:

At the time of Liberation, I had just married and stayed at home doing housework. In the early 1950s, there was a government organ that reached out to people like me right in our neighborhood—the street office and its residents committees—and from early on the street office organized us to do voluntary work for the masses. So I participated in helping to clean the neighborhood. At that time, the medical situation was poor, and so a local medical clinic was established, and I was asked to go there to study how to prevent illnesses. So I ran over there enthusiastically to learn this. And I went to primary school every evening, as there was a mass effort to sweep away illiteracy. When I gave birth, a neighbor came to me and said she would take care of my baby in the evenings so that I could keep on with my schooling. And then the street office said to us that we women had been liberated, and that as part of our liberation we ought to go to work. Women like me were delighted to hear this.

Another now-elderly woman recalls her feelings about entering the distillery. Having been born into a very poor family, at the age of twelve years in 1948, a year before the Communist victory, she had been sold into bonded labor to a better-off family to work as an unpaid maid. She remained in that situation until 1954, five years after the Communist victory, when at the
age of eighteen her employer arranged for her to marry a worker at a shoe factory. Within a year, she gave birth to her first son. She, too, became a volunteer in the neighborhood and began learning to read and write. When recruited by the local street committee in 1957 to go work at the distillery, she responded with enthusiasm:

We had been told by the street committee that men and women are equal, that our status should be the same, and that I could live on my own income, with no need to rely on others. I lived quite far from the factory. There was no bus. I had to walk for an hour to get to work, while my mother-in-law took care of my small children. A whole group of us women walked there together for our first day of work. I felt very moved and excited. After I received my first pay, I took it home to my husband. I had made 12 yuan. He said, "You worked hard for it, you should do whatever you wish with it."

Memories of initial enthusiasm and commitment were held by almost all our elderly interviewees, women and men alike. One consequence is that even when times turned bad in the following years, they did not become cynical. Throughout, they largely accepted the new Communist Party-led system.

Nevertheless, the workers quickly became disenchanted by never-ending rounds of "political study" and by a succession of campaigns that often puzzled them, sometimes worried them, and only occasionally aroused any enthusiasm. This was true even of the first of the campaigns that affected the distillery, the Three-Anti (San Fei) Campaign of 1952. The Three Anti referred to anticorruption, antivisite, and antibureaucratism, and the campaign was used by the new government to enforce its control early during its rule. No one at the then-tiny distillery was targeted, but daytime production stopped for several weeks, during which all the staff had to attend massive public rallies with thousands of other spectators. They shouted out slogans criticizing corrupt capitalists and officials, day after naming day. "Sitting there was awful," one of them recalls. "It was better to be working." To make up for the lost time, they had to labor at night. Even when the campaign ebbed and they returned to daytime production, political meetings after work hours relating to the campaign continued on for some months.

During the next quarter century, one campaign was to follow another, "sometimes one every year, sometimes two a year." The tedious of the meetings sapped the distillery workers' enthusiasm and patience.

The Great Leap Forward of 1958-59 involved extended labor and extended political study to an extreme degree and aroused conflicted feelings among almost all the interviewees. They believed in the government and wanted to remain committed, yet the campaign demanded far too much of them. They recollect exhaustion, concerns among the women about not having the time to care for their children, and a period so tense that no one dared complain. One woman recalls:

During the Great Leap Forward, I came to work at noon and we were read the newspaper, and then we labored nonstop till 8 p.m. Every evening after 8 they wanted us to engage in political study sessions and to do voluntary labor. There was no way to go home to take care of my kids. The workshop head would criticize you, so I didn't dare. At midnight, another shift arrived and worked till noon. But after we got off our shift at midnight there was still the voluntary labor, moving grain by hand, as our workshop didn't have enough carts. It was like this for about a year.

Question: Were there complaints?

Answer: At that time we didn't feel that way. Who'd dare complain?

She proceeded to relate incidents about people who got into trouble for complaining or for telling politically incorrect jokes (she herself was publicly subjected to criticism for the latter), and she indicated that people were held in line by this tension, concluding that "it was severe in the time of Grandpa Man." Yet later in the same interview, when asked about why she worked so hard in the 1950s and 1960s, she replied, "It was the teachings. If the party called on you to work at something you worked at that, as though you were a party member. Because we were of impoverished birth, it didn't matter whether you were or weren't a party member, we still should work like this, and do so independently."

Most of our other interviewees similarly expressed confusion, contrary feelings about the Great Leap Forward, and about other later periods. Our sense from our interviewing is that they had held such complex self-contradictory feelings at the time. This appears similar to the recollections recorded by Ching Kwan Lee in chapter 7 below, who notes conflicting responses by workers who found it hard to distinguish whether their work efforts during the Maoist decades had been made out of willing consent or coercion.
Throughout China, the Great Leap Forward collapsed into three years of hunger and, in many parts of China, starvation. The distillery workers were fortunate in that their work unit belonged to the provincial Foodstuffs Industrial Bureau. Though the distillery was in a low-status sector that normally offered lower wages and fewer perquisites than other industries, workers under the Foodstuffs Bureau had access to food in the distillery's canteen and even could take some of it home. Thus, even though the enterprise had piles of fruit and sugar for producing fruit wines as well as liquor, most of our interviewees insist that, as a matter of personal integrity and commitment, they desisted from eating or stealing any of it. They also note that several workmates who were caught stealing foodstuffs were severely punished. Again, positive commitment and fear-instilled caution were intertwined.

Surprisingly, the recollections by employees who were favored by the political system and became Communist Party members and those who were disfavored politically were somewhat similar. A woman whose husband had been sent in 1957 to labor in the countryside for two decades as punishment for being a rightist recalls bouts of crying and misery over her family's personal fate, but she also remembers a mood of commitment at the distillery:

Before the Cultural Revolution, our production went well. And our comrades who were educated were paired with those who weren't to help them learn to read and write. Enthusiasm was high. The city trade union arranged for us—including me—to go to study at an after-school work. Before the Cultural Revolution there was also voluntary labor, constructing public works, digging trenches, and building new buildings during our lunchtime and also after-work hours. We went to plant trees all the way on the east side of the city. If you didn't want to do it, you didn't feel right about yourself. At that time people's thinking was very naive, really naive.

Question: Who were the activists?

Answer: Everyone wanted to be an activist, wanted to be close to the Party, wanted to be progressive. It was genuine. You see, if I was asked to go to do voluntary labor, it means the Party organization trusts me. If I wasn't asked, I was scared I had done something wrong. Particularly me [given her husband's rightsist label].

Q: Did they decline to ask you?

A: No, the factory was good to me. Treated me well. I tried to work my hardest.

Regardless of personal background or occupational status or political standing, again and again, as with this woman, interviewees recall a sense of personal commitment intermixed with one degree or another of an anxious desire to politically conform.

During the Cultural Revolution of 1966–68, the manager and two of the foremen who were known for strictness had aroused enough grumbliness that they were locked up briefly in one of the storerooms, on a concocted accusation that before the revolution they had belonged to a working-class secret society, the Elder Brothers Society. But there was no violence or turmoil at the distillery. Practically all the factory's employees supported the Rebel faction, en masse, but no interviewee could explain what each of the Cultural Revolution factions stood for, or why they wore Rebel faction armbands to work. However, the fact that the distillery was solidly Rebel was not a random choice. Throughout much of China, workers at the core high-status enterprises largely supported the so-called Conservative faction, while workers at the enterprises that received unfavorable treatment and relatively low wages largely supported the Rebel faction. The impoverished, overworked distillery workers presumably understood this at some semiconscious level—that people like themselves fit into this Cultural Revolution Rebel faction. But the great majority of the interviewees, and all the women interviewees, recall simply a time of chaotic violence in the streets, worries about their children, and personal bafflement.

After the turmoil was suppressed by the national leadership in the latter part of 1968, recriminations and factionalism continued for some years at many of China's factories, especially the larger ones—but not at the small and politically peripheral distillery. For the most part, the level of anxiety was subdued. Employees no longer competed to seem politically active when discussion sessions were held to determine each others' wages, and they no longer criticized each other when asked to do so. They preferred to get along with others while at work, and they were exhausted by anything that smacked of "politics." A worker who joined the enterprise in 1970 recalls:

No, it wasn't a period of "struggle" when I entered, there wasn't any "criticize this, criticize that." It was only "political study." A lot. Every day we had political study. In the daytime we worked, and after our shift was over, we had one to one and a half hours of political study. Only then could we go home to eat. Basically at those study sessions nobody opened their mouths, no one had anything to say. It was just having stuff read to you from the newspaper. Every day, every day, this type of "studying,"
One year after another after another, it was all the same. Everyone felt irritated.

Even so, they did not become noticeably cynical or disaffected. The unanimous opinion among interviewees is that most of the employees had remained conscientious in their work. A man who was in his twenties during the 1970s is typical in his recollections:

There was a lot of heavy labor back then, and people felt their work performance was pretty good. But there was more than ten hours of work a day, and we felt very tired, and so I can’t speak of people feeling activist. Even so, their attitude toward their work was still okay. At that time there were still a lot of old workers from before Liberation, and I and the other workers of my generation came under their influence.

At times, in fact, employees still could exhibit enthusiasm and even idealism. In response to the Maoist call for factories to be “self-reliant,” several interviewees participated in efforts in the 1970s to modernize production by designing and building machinery for the distillery from scratch. Much of the material was found at rubbish tips, since the workers did not have access through the state plan to newly manufactured equipment or parts, and the equipment they built was of questionable quality. But they recalled their teamwork fondly. When the distillery decided to venture into beer production in 1970, a new recruit in his early twenties was assigned to the mission. He recalls that under the command economy, there was no competition between enterprises for market share,

so when we went to the other beer factories they gave us blueprints, samples, training, whatever was useful to us. I felt that all of the different factories were of one heart, and I felt especially attentive. I have warm memories of this period. I had an earnest wish to exert myself to change our enterprise’s production environment. A lot of the equipment for beer production had to be made by ourselves out of scrap metal and castoffs—installing the production line, the sugar vats, and the steaming vats, all of which we made ourselves. I felt entirely idealistic about what we were doing.

But only a dozen out of the several hundred distillery workers held an opportunity to participate in such work, and they are among the only interviewees who expressed warm feelings about any aspect of the 1970s.

For one thing, outside the workplace, all the distillery employees confronted the daily grind of poverty. To a large extent, it was a poverty shared by most urban Chinese, which at least made it more palatable. Few goods were available in stores, and even basic necessities were rationed, including cloth. As a consequence, most urban people needed to keep mending their old clothes until these were full of patches. As an elderly woman recalls, “People would look down at you if you were dirty and didn’t regularly wash your clothes, but not if your clothes were full of patches. If the patches were sewn on nicely, people even complimented you on your sewing skill.” But in many other respects, including their abysmal housing, the distillery workers were worse off than most other workers in state-owned enterprises, as was their status, and it sometimes grated. As one of our interviewees observed, “In our industry, there was a saying: ‘A distillery guy has to guard an empty bedroom.’ It was hard for distillery workers like us to find a wife. We were looked down upon by others.” Looking back in time, the distillery employees today consider that their earlier poverty, back-wrenching work, and even difficulties in getting married were sacrifices that they had patiently endured, at a time when workers were told, decade after decade, that they needed to make sacrifices for the good of the revolution. In short, most of our interviewees’ memories of the Maoist period are not nostalgic.

Enterprise Profits and New Expectations

Under the command economy of Mao’s time, enterprise leaders did not have the leeway to decide on the salaries and living conditions of their employees, which were largely determined by the state plan. The concerns of the management had to focus more on meeting the targets of the Communist Party state and of the food-processing-industry bureau that stood directly above the enterprise rather than the needs and pressures of the work community. They had little scope to be the benefactors of their workforce. But after Mao’s death, under the economic reforms of Deng Xiaoping, this began to change.

To be sure, the distillery and other state-owned enterprises retained many of the attributes of a Mao-era work-unit (danwei). But starting in the 1980s, there was no longer regular Maoist-style political study or strong political controls over the workforce, and the distillery managers were no longer under strong command-economy pressures to serve the interests of the state. Reforms to industry in the 1980s allowed enterprises to retain much of their
profits and gave far greater discretion to management on how to spend the funds. The distillery benefited greatly from this. Up through the 1980s, good liquor was in short supply, especially because officials throughout China were increasingly lavish when banqueting at public expense, and the distillery was permitted to sell its production at high market prices. In such circumstances, there was a feeling among the blue-collar employees, including the workshop heads and foremen, that a debt was owed to them—that because the workers had put in many years of loyal service, poverty, the distillery leadership was in turn duty bound to be paternalistic and to share the enterprise’s newfound profits with them.

The distillery was not unique in this. A great many state-owned enterprises in the mid-1980s began to bestow on their workers cash bonuses, extra in-kind compensation, and new housing. Andrew Walder interviewed managers and officials about this phenomenon during 1984–86, and as he explained,

The factory director is more than a manager of an economic enterprise. He is also the leader of a socio-political community. . . . He is acutely concerned with “public opinion.” The citizens under his jurisdiction evaluate him according to the success of his tenure by their standards—how they incomes fare, how much housing is built, how well the factory’s services are run, perceived fairness in administering fines and other punishments. . . . The director is acutely concerned that he be viewed as a good provider and fair manager—and that there exists a feeling of rengqi [human feelings] with his subordinates collectively—because their cooperation is premised on precisely this.

Most China specialists today are under the impression that almost all China’s state-owned enterprises turned sharply away from such managerial behavior during the following decade. Certainly, many enterprises did, and for a couple of years in the latter half of the 1980s, a new distillery director also began shifting in that direction. He declined to give priority to the employees’ interests, and he looked instead toward the material interests of top management. He built new apartments for several of the higher-ups in the company, and he bought a new fancy foreign-made car for himself. The night the car was delivered, a group of employees secretly retaliated by jumping on the car to damage the hood and roof. The director’s driver was a former army officer and old Communist Party member who held an impregnable political status, and he too was disturbed by the purchase of the expensive car. He recollects,

It wasn’t long before I refused to drive the car, partly because he made a rule that it could only be used by the factory manager. I told everyone, “If a worker is sick, shouldn’t I drive the worker to hospital?” The final straw was when I drove him to a conference, and he didn’t want to carry his own bag. I told him, “Boss, in the old society chauffeurs were low-level people. But a driver today serves the people. I need to park the car. How can I carry your bag for you?” When I returned to the distillery I asked the deputy director to reassign me. He understood my view, and agreed.

There was an almost universal sense of relief when, after making some poor investments that lost money, the director was removed by the food-processing bureau in the late 1980s, and a new director who understood the employees’ values was appointed from within the bureau. As a worker recalls, “He quickly noticed that we workers didn’t have a toilet and shower at our workshops, and he immediately installed them. And he never used a car to go to work, but always rode a bicycle back and forth, like us. He came to the workers no matter what your rank to ask your opinion.” Above all, the new director was admired because he carried out a series of enterprise policies that were based upon the employees’ moral economy perspective.

The Moral Economy

The term “moral economy,” as employed in the writings of E. P. Thompson, James C. Scott, and others, encapsulates several important features of the work-community ethos that prevails in such a Chinese enterprise. Thompson used the term in a famous paper analyzing food riots in eighteenth-century urban England. He noted that the riots cannot be explained simply as an effort by hungry people to grab food; rather, their actions were in protest against the violation of a “moral economy” in which they held a right to subsistence:

The men and women in the crowd were informed by the belief that they were defending traditional rights or customs; and in general, that they were
supported by the consensus of the community... as to what were legitimate and what were illegitimate practices... An outrage to these moral assumptions, just as much as actual deprivation, was the usual occasion for direct action... [These “moral-economy” notions] found some support in the paternalist tradition of the authorities; notions which the people re-echoed so loudly in their turn that the authorities were, in some measure, the prisoners of the people.9

James Scott extended the moral economy concept to precapitalist Southeast Asian villages, which were tightly bound social communities unlike the urban environments in which Thompson’s food riots occurred. In Scott’s portrait, the moral economy perceptions held by poor farmers in such villages (“their notion of economic justice...—their view of which claims on their product were tolerable and which intolerable”)10 often proved effective without any need for explicit, organized protest. Through the pressure of opinion in the community, the richer farmers and landlords felt constrained to meet that notion of economic justice by acting in a distributive fashion through charitable acts, through lowering land rents at times of drought, or through sponsorship of community celebrations.

Both Thompson and Scott presumed that the rise of capitalism and of the commercialization of relationships spelled an end to the environment in which a “moral economy” could prevail, and a main focus of their writings was on the desperate protests that arose during that particular historical period of change. But several scholars have fruitfully employed the “moral economy” framework to analyze late-twentieth-century situations.11

(Thompson himself has used the concept to describe the British miners’ strike of 1984.)12 Most of these contemporary studies focus, like their predecessors, on incidents of mass protest, but there is no necessary reason why studies that use a “moral economy” framework need to be restricted to conflicts. In some cases, a leadership may share the community’s premises about a “moral economy” and may accede to community pressures willingly. The core of the “moral economy” premise rests, after all, not on antagonistic confrontation per se but on a community’s insistence that those in power abide by the preservation, in Scott’s words, of “the structure of a shared moral universe, a common notion of what is just.”13

The crux of the “moral economy” premise applies to the Chinese distillery we have studied. As will be observed, it possesses an enterprise ethos in which a “shared moral universe” and, in Scott’s phrasing, a “notion of economic justice” advocated by subordinates has obliged the top management to bend distributive policies more in their favor.

The Shared Moral Universe at the Distillery

The distillery workers justify (and have used pressures to help shape) their fortunate present circumstances by drawing upon a specific moral interpretation of the past. Because their current situation differs dramatically from that of disgruntled rust belt workers, their evaluation of the past differs from that of such workers. This does not mean that the efforts of either group to accurately describe to an interviewer specific past situations and events are necessarily distorted, imagined reconstructions.

The “moral economy” discourse of the distillery workers in some respects bears a similarity to the perspective of workers in the rust belt, but in other respects it diverges. One similarity is that it borrows from the official rhetoric of the Maoist era, which preached that workers were the masters of the country and that a debt of gratitude was implicitly owed to them, especially the older ones. This notion was remembered and taken to heart by workers at the distillery during the post-Mao reforms, and they have made strategic use of it. Their memories of having remained faithfully committed to the good of the enterprise and the country, of having worked themselves to the bone decade after decade, and having been materially deprived contribute to their moral discourse of having earned favored treatment in the present day.

Although this discourse contains some of the elements of the Maoist ethos about the superiority of the proletariat and of the industrial working class, it also contains elements that go against the Maoist vision. Unlike workers in the rust belt, the distillery employees do not project the Maoist period as fairer to the working class than the present day. Indeed, their collective view is that they are entitled today to generous treatment by the enterprise precisely because they had materially sacrificed and been deprived during the decades under Mao. (Notably, in visits to several dozen homes, we did not see a single Mao portrait or other memento of Mao, not did we see any on factory premises.)

The argument that the enterprise paternalistically owes the workers benefits has been implicitly generalized to cover all the distillery employees, including those who started working after the Maoist period. This latter
group includes the great bulk of the workforce, especially because the distillery has expanded from some 400 to 500 employees at the time of Mao's death in 1976 to close to 2,000 today. A generalized aura surrounds the notion that paternalistic treatment is owed to them all as recompense for the sacrifices of past times, highlighted by the special debt owed to the older workers in their ranks.

The enterprise director accepts the employees' feelings and expectations of paternalism. So do most of the middle-level managerial staff, who largely have risen out of the ranks of blue-collar employees. Their own sense of economic justice is in line with the workers'. Reinforcing this is the fact that, similar to the rich farmers and landlords in James Scott's traditional village communities, all the distillery's managers live intermarried with the employees in distillery-built housing, that is, in the same tight-knit community. Through this, the employees are able to reach managers' ears and bring the community's sentiments to bear.

In many other state-owned enterprises, especially those that have been losing money, as in the rust belt, top managers have sealed themselves off from workers' sentiments and pressures and have narrowly looked only to their own interests. But with substantial profits flowing in from high-priced liquor starting in the late 1980s, the distillery directors have had considerable scope to respond with sympathetic generosity.

The work community's capacity to influence enterprise policies in a "moral economy" direction is well illustrated by the debates that arose in 1994 when the distillery built a new housing estate containing more than 300 well-designed apartments in a landscaped setting. It was central government policy to sell off enterprise apartments, and a rumor spread that several of the distillery managers proposed to favor themselves by reserving the best of the new apartments for top management. A group of middle-ranking cadres who had entered the distillery in the early 1970s drew up a petition protesting against the rumored proposals. The petition asked that the main criterion when selling the apartments should be an employee's longevity at the enterprise. A longtime Communist Party member recalls his own feelings at the time: "Why should only you leaders live in high-class housing? [He loudly knocks on the table to emphasize his point.] How about us workers? Why shouldn't we live in high-class housing also? It should all depend on how long you've contributed to our enterprise." Large numbers of ordinary workers and most of the production workshop heads, foremen, and older white-collar staff signed the petition.

When the enterprise director—who was simultaneously the Communist Party secretary—received the petition, he convened a meeting and emotionally conceded the justice of the workers' position. A workshop head who had signed the petition and attended the meeting remembers: "He said, 'old workers are the pillars, including people like us.'" The enterprise community's "moral economy" ethos, manifested in the heavily subscribed-to petition, had won out. In the following days, the enterprise director let it be known that the issue was of such importance that, rather than have the enterprise leaders simply decide from above how the apartments would be allocated, the decision would be given over to the enterprise's Staff and Workers Representative Council (Zhi Gong Deliba Dao hai).

At a large number of state-owned enterprises that have, like the distillery, maintained good management-employee relations, the councils continue to meet once or twice each year up to the present day, and they are reported to have some influence vis-a-vis employee welfare policies and housing. On many other policy issues, council representatives have felt they are out of their depth. As an interviewee explains:

At ordinary times, for things not considered particularly important to people, council members just let the leadership get on with it. . . . But when there is a serious matter at stake like the distribution of the new apartments in 1994, which appealed to the direct interests of the staff and workers, then the representatives wanted to express their opinions.

Over a period of several months, and influenced by repeated discussions on the workshop floors, the Staff and Workers Representative Council's deliberations bent the sale of the new apartments in a "moral economy" direction. It was decided that the best three-bedroom apartments should all be sold at a subsidized rate to those who had worked at the enterprise the longest, out of respect for their decades of toil. On the basis of this criterion, these longtime workers would go first in selecting the apartments they wanted, and then others would be able to choose their own smaller and less-well-located apartments, going in the order of their work-year seniority.

A question arose as to how to ensure that the veteran employees would be able to afford the largest apartments. The Staff and Workers Representative Council decided that employees who had worked for more than thirty years (and they alone) should get a substantial price reduction for the portion of their apartment over 60 square meters. For each year they had worked, they would receive a 2 percent reduction, and thus those in their late fifties, with some forty years of work under their belts, would obtain
an 80 percent discount. This reduction violated government regulations, but within the enterprise it was part and parcel of a shared "moral economy" perspective that justified giving the older blue-collar employees their fair due. As one interviewee—the director of the enterprise's Administrative Office—expressed it, "The older you are the more you had contributed to the enterprise. Before, they just worked and worked, with no bonuses, and their wages were low, so all they did was to contribute. And that's why this 2 percent special discount was passed."

This subsidized sale of enterprise-built apartments clearly illuminates a shared moral economy ethos in which enterprise leaders readily accepted work-community desires that housing distributions should be made in what employees deemed an equitable fashion. But there was a special twist to the meaning here of "equitable." This was not strictly a needs-based equity. Acting in accordance with genuine needs would not have granted the largest three-bedroom apartments to older workers whose children had already left home. Instead, a needs-based equity would have prioritized the new young workers with young children who need the extra space. The sense of "equity" that prevailed at the distillery was derived instead from the particular "moral economy" perspective that had evolved during China's recent history: that a debt of gratitude was owed, as "just" and "fair" reciprocity, to those who had faithfully, in poverty, served the enterprise longest—especially those who had engaged in hard physical labor, the kind of labor that was hailed as "proletarian" and superior in the Maoist ethos. The enterprise director and the bulk of the workforce acknowledged the validity of that claim. The older employees' interpretation of the past had served them well.

The enterprise also shows its paternalistic "moral economy" concern by providing employees with gifts at all the national holidays, as well as a substantial gift of some 800 yuan in cash to each of them at the end of the year. The company's generosity in the early 2000s also extended to extra medical assistance (the enterprise even paid 100,000 yuan to cover kidney transplants for two employees), burial expenses (on average, 10,000 yuan, depending on an employee's length of service), and free insurance. There is also a wide range of other perquisites, both large and small, such as a 24 yuan heating subsidy in cash every year for each household (a carryover from Mao's day). Ching Kwan Lee notes that workers in the rust belt whom she interviewed lamented the loss of such subsidies, including a subsidy to women workers of sanitary napkins in the Maoist period. Even this subsidy has been retained at the distillery as a goodwill gesture: 60 yuan a year for all the women employees for the purchase of sanitary napkins. The enterprise
persuade the employees to raise the capital themselves to buy shares from the state, to buy what they themselves had created.

The concerns of the employees—including the workshop heads and middle-level officials whom we have interviewed—did not focus on the privatization of their enterprise, even though the great bulk of the shares went to relatively few executives at a discounted price. This is a matter well above their normal concerns or understanding. They accepted without questioning when told that they themselves would only be able to purchase a few shares of stock and did not demand a bigger share in the complicated buyout, even though this might conceivably make them rich. What instead concerns them is whether the benevolent, paternalistic “moral economy” ethos will continue as before. The horizons of their wishes and demands are quite limited. Their mentality is akin to the “subsistence ethic” of Scott's moral economy—“The test for the peasant is more likely to be ‘What is left?’ than ‘How much is taken?’”

Even since its privatization, the enterprise has continued to provide employees and retirees with gifts, subsidies, and other benefits. But the government has begun taking over some of the enterprise’s responsibilities towards employees. Of greatest importance are pensions, which until recently came out of each state-owned enterprise's own budget. The new government policy is not to the good, for many state-owned enterprises can no longer afford to pay for their own employees’ pensions. But the policy is not popular among the distillery’s employees, who prefer a warm “moral economy” relationship with their enterprise rather than dealing with an impersonal government pension office. A seventy-year-old who is the head of the retiree’s Communist Party group told us: “Some retirees fear that once their pensions come from the government and not from our enterprise, the enterprise won’t care for us. I tell them that’s not possible, the enterprise will still be concerned about our [guanxi] us, it will still distribute gifts to us.”

The employees, despite their quiet fears, declare their “trust” in the good heart of the enterprise director. But if he does not live up to their trust, or after he retires, they may well find that less is “left” for them than they believe is their due. However much they justify their present-day treatment in terms of their commitment and sacrifices in the past, they may have far less capacity to influence policy than they have previously enjoyed. In short, it seems unlikely that the moral economy consensus that has guided corporate behavior in this and kindred enterprises can be sustained much longer in the face of corporate sell-offs and government policies. Nevertheless, whatever occurs, the collective memories, beliefs, and attitudes of the older employees are not likely to quickly disappear. They are part of the worldview of that generation of workers.

Notes

2. Among these very few studies are Zhao Minghua and Nichols, "Management Control"; Zhang Jing, Liyi zuochuang danwei (A work unit of organized interests) (Beijing: Zhonggao Shehui Kexue Chubanshe, 2001); and Kate Hannah, Industrial Change in China: Economic Restructuring and Conflict (New York: Routledge, 1998). Also see Yu Ji, China’s Enterprise Reform: Changing State/Society Relations after Mao (London: Routledge, 1998), based in part on interviewing about a number of factories.

3. We were granted access to the enterprise through a Chinese academic who sits on its board of directors. We visited the distillery and interviewed there about twenty times. Even more frequently, we conducted interviews in the residential compounds and homes of workers and retirees.


5. As examples, in Changsha, the capital of Hunan Province, handicraft workers, construction workers (who were also poorly paid), and the transport cooks who pulled the handcarts that Marauded freight through city streets all heavily supported the Rebel faction. See Jonathan Unger, "Whither China? Yang Xiguang, Red Capitalists, and the Social Turn in the Cultural Revolution," Modern China 17, no. 1 (January 1990): 20.

7. At the start of the reforms to industry in 1982, 54 percent of all of China's urban housing stock was work-unit owned. Work units built so much new accommodation for employees during the 1982–85 period, in the first flush of enterprise autonomy, that by 1985 75 percent of all urban housing was work-unit owned. Fu Hong Wu, "Changes in the Structure of Public Housing Provision in Urban China," *Urban Studies* 33, no. 9 (1966): 1601–28; the citation here is on 1603.

8. Andrew Walder, "Factory and Manager in an Era of Reform," *China Quarterly* 115 (June 1989): 242–64; the citation here is on 249, 251.

9. E. P. Thompson, "The Moral Economy of the English Crowd in the Eighteenth Century," *Past and Present* 56: 76–79. Although Thompson was focusing on riots as a means to make these people's voices heard about violations to a moral economy, he also noted that such rioting is not "the only or the most obvious form of collective action—there may be alternatives such as mass petitioning of the authorities." See E. P. Thompson, *Customs in Common* (London: Merlin Press, 1991), 263.


15. This is a finding of a survey analysis by Zhu Xiaoyang and Anita Chan, in "Staff and Workers' Representative Congress: An Institutionalized Channel for Expression of Employees' Interests?" *Chinese Sociology and Anthropology* 37, no. 4 (Summer 2005): 6–33; also published in Chinese in Zhongguo jingji yanjiu, Zhuzhuang shehui de qiyi zhiyi yu zhongguo minzu congy. (China's experience: Enterprise governance and employees' democratic participation in a transitional society), ed. Feng Tengping (Beijing: Social Science Academic Press, 2003), 21–57.