

BE ON GUARD FOR MASS INCIDENTS

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[Mass incidents is the approved euphemism for riots or unauthorized protests. This document takes note of rising unemployment in China in 2008, a consequence of China's dependence on exports and declining demand in the United States. The essay worries particularly about unemployment among the vast migrant population, many out of a job after the factories they had been working in shut down. Numbers of these rural migrants were returning to their home towns, but there was already a surplus of labor in the rural areas. The document cites worries by "persons concerned" that large numbers of unemployables (especially unemployable males, although the document does not explicitly say this) in both the countryside and left behind in the cities will lead to social unrest, exacerbating China's economic difficulties. There had been considerable social unrest during the 2000s to begin with, particularly among "furloughed" (laid-off) workers in the cities and, in the countryside, peasants whose land had been illegally or arbitrarily expropriated by local Party and government authorities.]

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Our country's economic development will meet severe challenges in 2009. The financial crisis that broke out in the United States has begun to damage the real economy and its influence on our country's economy is continuing to broaden. It is expected that the global economic weakening expected in the first half of 2009 will continue to spread in our country, and its influence may spread from the economic into the social sphere.

According to information obtained by *Liaowang* from the relevant departments, as the economic situation worsened during the second half of 2008 there have arisen serious issues of social security, layoffs, bankruptcy, conflict between capital and labor, and similar contradictions. There has also been a great increase in the number and intensity of mass incidents. At the same time, economic pressures influence the morale of all different social groups. Some social groups are under pressure in earning their livelihood and their accumulating dissatisfaction can lead to incidents lacking a direct connection to particular interests, bringing about mass conflict.

In interviews, persons concerned have commented that at present our national economy is basically good and the difficulties are temporary. Party and government cadres at all levels should remain sensitive and prepared, seeking out channels for the articulation of interests, becoming better able to help the masses in difficulty to resolve their real problems. They should deepen reform, using the scientific development concept as the standard. The ordinary means of deepening reform should be through the scientific development concept, increasing the capacity to adjust different interests. This will turn the crisis into an opportunity and establish a good base for social harmony and long-term

economic development..

Complex Interweaving of Foreign and Domestic Factors

Looking to the new year, the international financial crisis and the weakening of the global economy will bring greater losses to our country's economy and will lead to a series of unfavorable collisions, bringing new pressures to our social harmony and stability.

Prior investigations by *Liaowang* have discovered that large numbers of export firms have cut back their activities during the second half of the year and face the pressures of rising costs of raw material and decreasing prices for finished goods. Some products have become difficult to sell. Foreign merchants have been withdrawing funds and some firms have cut production because of lack of capital. Some have even ceased production or gone bankrupt. Some small and middle-sized firms have shut down their factories with the owners absconding with the funds.

At the same time, there has been a gradual explosion of left-over issues of enterprise reform. During the high point of the reform of the patent system, a certain portion of state-owned firms made arrangements to sell their patents while also promising to continue to pay wages and meet the obligations for social insurance. These firms in fact behaved in an irresponsible manner, but when the market was in good shape the problems could be covered up. Once profits began to slip, the problems rapidly exploded and are going to lead to large scale problems in meeting payroll.

The problem of employment is becoming more serious. According to statistics by human resource and social insurance departments, since the third quarter of 2008 there has been an unprecedented drop in the demand for labor and the national level of employment by all firms has dropped by 5.5 percent. There have been particular problems in the Yangtze delta and the Pearl River delta, creating problems for the movement of the surplus rural labor power. Large numbers of peasant workers have returned to their hometowns.

According to preliminary statistics, in the first half of 2008 the number of laborers who left Hunan province to look for work increased by 11.45 percent, making up about 8 percent of all migrant labor from that province. But the Henan statistical bureau reports that by the end of October, 16.2 percent of migrant laborers from that province had returned to their home areas, a 12-fold increase over the number the previous year. The causes included firms' closing their doors, shutting down temporarily, cutting employees, and reducing wages.

The State Statistical Bureau estimates that presently close to 10 million migrant workers have lost their positions. Because there is nothing to do in the towns, those remaining in the cities have become a new source of trouble for the city authorities. The rural surplus labor has lost opportunities for employment and will create new problems for rural stability.

At the same time, during 2009 the amount of urban labor power nationally will increase greatly in scale. There will

be an additional 6.1 million high school graduates, the greatest number in recent years. There are 8 million people registered for unemployment in the cities, and it is expected that this number will increase.

These short term challenges bump up against long-term factors unfavorable to economic development. All this is bound to influence social psychology and have a negative influence on social stability. For a long time we have lacked a reasonable productive structure, have not had a balance between urban and rural development; our style of economic development has been rather crude. When these institutional and structural problems are combined with today's short-term problems, they will add to the global economic slowdown and cyclical domestic problems. Because of this, authoritative experts say, 2009, especially the first half of the year, is likely to be the most difficult period ever for our country's economic development. The problems are bound to have their influence on the general problem of social stability.

The New Situation in Social Stability

According to material obtained by *Liaowang* from the relevant places, there has already arisen a new situation in social stability, with new tendencies. In certain localities the number of mass incidents has increased greatly.

1. In some localities, especially along the eastern coast, layoffs, furloughs, and wage cuts have meant a dramatic increase in conditions leading to mass incidents. According to statistics by the Supreme People's Court, during the first ten months of 2008 nationwide there were 93.52 more such incidents than during the same period the previous year. With the decline of firms' efficiency, with a certain number of small and medium firms even closing up shop or working only half-time, there were cuts in labor power and remuneration, giving rise to contradictions in the sphere of labor.

According to statistics, in November of 2008 the number of incidents in which peasants from outside attempted to discuss their remuneration and join in demonstrations increased 300-900 percent. This was an increase of 146 and 132 percent over before.

Secondly, there has been an increase in the number of migrant workers who have returned to their home areas. In the meantime, because of land confiscations and transfers, there have been changes in the management rights system over land.

According to a report to the Supreme People's Court, a certain number of peasants who voluntarily gave up the contract system are now demanding to be allowed back in, or otherwise to receive higher compensation along with social insurance. During the second round of setting contracts, peasants who have been unable to obtain contracts have become more radical in demanding land. They have undertaken forcible occupation. Add to this the slackness in many basic-level rural organizations. Transfers have not been made in a regular manner and the management has not been

very strict. The strongest demands have been made against those with the least power. This has created grave problems in the distribution of rural resources.

In many localities, a fair proportion of the rural population works away from home. Should these people suddenly lose their jobs and return home, there is no way they will be able to satisfy for themselves the problems of food, shelter, medical care, children's education. Nor are there local social institutions able to handle such problems. This is a source of potential instability.

Thirdly, recently there has been a series of taxi strikes in various towns and these have resulted in a chain reaction. Obviously this kind of incident has the marks of a particular trade or occupation; but it also has a strong policy nature and can be highly sensitive. In a short time the ferment can spread from one place to another until it engulfs the entire town and is taken up in other localities.

Fourthly, difficulties in firm management and blockages in the circulation of capital can make it more difficult for people to get access to their funds. They can bring about illegal leakages from public funds and to the proliferation of scams. These illegal money schemes can sometimes have a broad impact, including an influence on peasants who have lost their land, the laid-off, and those who are encountering difficulties in life. If this is not handled carefully there is the danger of increased social conflict.

Fifthly, as subjective notions of benefit become increasingly diverse and the means of attaining benefits increasingly varied, mass psychology and the social environment become increasingly complex. This can lead to new factors affecting social stability. Relevant experts point out that the grim economic circumstances affect all sectors of our society, but those hurt most gravely and in the most direct fashion are laid-off employees of enterprises, peasant day-workers who have lost their positions, and university graduates who have not yet found a position. These social formations are sensitive to the dangers of an unsatisfactory economic situation and declining standards of living. They easily fall into passivity and despair. If there should be some new opportunity or stimulus, they can easily come to participate in mass incidents.

Improving the Condition of the Masses

Analysis shows that today both normal conditions and extraordinary conditions have their influence on social stability. There are problems in the economic sphere and also in the social sphere. There are problems left over from history and there are also brand new conditions. There are domestic factors and also international factors. These problems and contradictions mix with each other and influence each other. If not properly handled the problems can become mutually reinforcing, adding to the complexity of the threats to social stability. As the problems spread out and pile up, the issue is transformed from one of handling particular problems to one of dealing with the whole situation. We

should prevent localized problems from developing into general problems and economic problems from becoming political problems.

Based on this, the relevant experts advise that stress must be on prevention and adjustment. The various contradictions should be resolved within the localities or areas in which they arise. The focus should be on those issues that have the greatest impact on public opinion. We must pay close attention to the bankruptcy and closing down of firms, on employee layoffs, on the livelihood troubles of the masses. We must pay very close attention to the problems met by peasant workers returning to their home towns in terms of both work and living standard. We must pay close attention to whether the policies of the Center are being implemented in each locality and to the new contradictions that accompany the policies that promote economic growth. We must take hold of the opinions and demands of the masses in a timely fashion and deal with those issues having the most direct and practical influence on their well-being.

In managing mass incidents we must strive for early discovery, rapid harmonization, proper handling, prevention of spreading. Concretely, we should avoid overreaction but also avoid taking too long a time to react. Leading cadres must visit the scene themselves and see that the situation is being handled in a correct manner. We should strengthen and improve leadership over public opinion. As soon as we first hear the news we must provide a public explanation of its nature, responding to social demands in a timely way.

We must raise the capacity for policy anticipation and take the initiative in attempting to harmonize the various interests. When policy is being made we must have a thorough examination of its possible consequences, grasping tight hold of social psychology and mass sentiment, sincerely analyzing the situation and choosing lively and diverse methods, so that the masses will see and appreciate the Party's concern for them.

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