Ya-Wen Lei on China's Gilded Cage

The Harvard professor discusses the effects on Chinese society of the country's high-tech development, and how the pandemic may have shifted public attitudes.

By Jia Lucas Wang | 20 Comments | October 2, 2021

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In her new book, Gilded Cages: Technology, Development, and State Capitalism in China, Ya-Wen Lei, an assistant professor of Harvard University, describes how the Chinese Communist Party has succeeded in social control over its people in China — to period, stability and economic growth. Lei's research focuses on the political economy of China, with a high tech economy in focus, a digital dictator controlled by its citizens, and the rise of China's Silicon Valley. Lei's research and teaching interests are related to the Harvard Center for Chinese Studies and the Weatherhead Center for International Affairs. The following is a lightly edited transcript of a recent conversation.

Q: What's the "gilded cage" of your new book's title?

A: Gilded Cage is the story of how China transformed from a labor intensive economy to a high-tech oriented economy, and how the government designed the institutionalization, and the kind of instruments it uses. The cage models and also restricts different social groups, including government officials themselves. The way is about the economic changes in the lives of government officials and workers in the manufacturing sector and the platform economy. So, the story underlies the gilded cage.

Who are the "old birds" you write of in the cage metaphor?

The phrase "biological economy" is often used to describe China's economy. In the early days of economic reform leaders such as Chen Yun formulated this term to describe controlling the economy as it grew. I found that since the mid-2000s, before the global economic crisis, many local government officials began to distinguish old birds from new. But all birds were equally good and they wanted to stay alive and thrive, including labor and absorbs capital because they thought they were consuming resources that could be better allocated to new birds. So who were the new birds, the deserving labor and deserving capital, that could produce more economic growth? It's a new story about the old biological economy.

What was the reference of Bill Clinton's prediction during a 1999 visit to Beijing about how the Internet might affect China?

During Clinton's visit he said he expected China would experience a political transformation and social and industrial transformation at the same time. The speed would be much faster than in Europe and the U.S. His prediction came true. When he visited, China didn't really have a high-tech or Internet sector. The Internet began to grow in the U.S. at the same time, but in less than 20 years China now has some of the largest digital economies in the world. What kind of institutional arrangements and political organizations Clinton made the point that China's development would be very fast — what schedule of development leads to all "component development" to describe lots of things happening simultaneously in a short period of time.

Ya-Wen Lei.
Illustration by Lauren Crow.

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What Clinton wanted, in the beginning, was for China to energize the U.S. economy by the end, his strategic counsel was to prioritize that the U.S. government has to handle today. My book is about how the Chinese government strategy created a new both for itself, which is the Internet sector, and then learned how to control it because it went beyond its expectations. The Chinese Communist Party (CCP) became so powerful and had so much infrastructure power. Similarly, Clinton's strategic helped make China into a very big, new tool. Today's U.S. government is left to try to contain that tool.

The same directed sector development that China practiced also happened in the U.S. under Ronald Reagan. How did they differ?

In the 1980s, in the U.S., the military was the military and the government ideology dominated political discourse. There was something called the Committee on Foreign Investment in the U.S. and the U.S. thought not because they wanted a chance to which people didn't have jobs. President Lyndon Johnson's Great Society program was a response to the social problems in a society where technologies like computer science could produce unlimited productivity. There was a lot of discussion with the labor unions, which were very strong in the U.S. at the time.

Then there was a decline of the new liberal order when Reagan was elected. The conception of the role of the government became very different. The market grew more more regulations and the U.S. government paid more attention to social problems, social inequality, and the life of workers. But suddenly, because of the lobbying of a lot of companies, and also because of globalization, they decided not to pursue that developmental agenda. Tech companies began to have a lot of lobbying power.

The Chinese government grew the tech companies autonomy to create big kingdoms in which they behave as sovereigns, with their own laws and rules and regulations to govern a lot of workers and users.

In many ways, the tech sector in the US and in China were very similar in terms of their ideology. They didn't want government regulation and they believed in the transformative power of Information Technology. The US case is characterized by a loosely regulated tech sector, under a very specific political environment that was very fragmented. Tech companies dominated and became very powerful.

China pursued a very similar strategy, wanting to develop its tech companies with a lot of money from US investments, but the major difference was that in China, the very loosely regulated environment was a deliberate decision of the Chinese government. In the U.S., tech companies took advantage of the fragmentation within the government for a China, because of the government's ideology that believed that in order to develop a certain industry, it needs to be very loosely regulated. So, in China, the CCP saw the need to develop tech companies and regulate them. It created a strict regulatory approach was very outdated, using European countries as an example.

You describe a Chinese tech which permeates all aspects of each citizen's life. How has doing the road gamification as a means to control has China leveled and who benefits most from gamification on the Party?

They both benefit in some way. I cannot really answer who benefits more. Because of the Chinese government's very informed regulatory approach, platform companies are able to develop a lot of tools like algorithms to regulate and control workers in China, like delivery workers, to very informous ways.

The working conditions of delivery workers is quite a subject problem. I compare how these platform companies in China and the U.S. are able to use algorithms to control and manage workers. The working conditions for platform workers are the worst in China. They have very positive punishments that can deduct money from what workers just just have earned. They also deliver things on time. Tech sector has had a lot of government or lobbying power in the U.S. and other countries. This kind of control is more intensified in China because the Chinese government didn't really care about this kind of regulation. The Chinese government gave tech companies autonomy to create big kingdoms in which they behave as sovereigns, with their own laws and rules and regulations to govern a lot of workers and users. Even little shops and restaurants can create these kinds of rules.

BIO AT A GLANCE

BIRTHPLACE: Taipei, Taiwan
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Three kinds of rules benefit the Chinese government because it helps the government to solve several problems. The first problem is unemployment. Research has shown that since 2013, jobs in China's manufacturing and construction sectors have declined every year. The newly created platform sector provides flexible employment. People can work through these jobs on very bad. Today, many young college graduates are unemployed. They don't want to be delivery workers because hours or drivers or delivery workers. The Chinese government calls the platform sector a 蓄水池 (Xu Xu chi), or "reservoir" that absorbs labor.

Medical delivery workers in Chongqing receiving instructions before being dispatched to Wuhan, Chongqing, November 8, 2020. Credit: Weibo.

A CCTV video showing recruits made by Frontier Q Zhong Jia Recruitment company, July 15, 2020. Credit: QQ.

The second thing the platform economy gives the government is a solution to the migration problem. The government doesn't want users people to go to big first and second-tier cities. If they can work in smaller cities then they don't need have to deal with underused people from the "low-end" population.

If these people have more money and can remain their lives in second- or third-tier cities, then they third benefit to the Party from the platform economy is a solution to the housing market problem. The real estate sector has been so important to local government and platform economy workers can become potential buyers in smaller cities.

The tech companies and the Chinese government both benefit from this kind of arrangement. We have a symbiotic relationship even though it's asymmetrical. The government will use the larger power.

Just as there are old birds and new, there are old and new cages. How does a construction worker who has been displaced by the platform economy and delivery gold Diner do fit from cage to cage?

It's very difficult to imagine new possibilities in the current Chinese economy. The new sectors can generate new jobs for low-skilled workers. I don't see the next thing for these workers.

Alibaba co-founder Jack Ma has said that Chinese planned economy, aided by technology, will overtake the market economy by 2036. Chinese leaders seem to share that thinking now in positions of power?

Today, the government is realizing that things have turned out to be much more difficult than they imagined. In past decades, some local government officials and tech people were very enthusiastic about the possibility of technology. They believed that with big data, algorithms, machine learning, and cloud computing, they could achieve a very different kind of economy.

A Qingting gambler at the opening ceremony of the 2022 Beijing Winter Olympics in Shanghai, February 4, 2022. Qingting is a state-backed gambling app that allows users to bet on "Crowding out Indicators and Manufacture Digital Worlds." Surveillance art. Credit: AFP.

Workers at a Chinese factory producing medical masks, Wuhan, Hubei, February 2020. Credit: Weibo.

I wrote about technological kindness. People actually give technology power, but in many situations reality and expectations just don't align. This doesn't only happen in China. After all, today in the U.S., people are saying that Google's AI is going to take all of our jobs.

But China is unique. In one chapter I present survey data comparing people's attitudes towards technology in China and Taiwan. Taiwan is also very about the potential benefits and problems of technology? China needs our among many countries. In the U.S., some people are also very optimistic about technology, but it's nothing compared to China.

Chinese are constantly ranked number one or number two in their optimism about technology. They usually don't think about the negative consequences. In China around 2010, when false clearing and online payments became popular, the Party started to talk about "Four Innovations," three of which were related to IT. People were super excited. I still remember when I went to Beijing to visit one of my professors and he told me, and everyone told me, so enthusiastically, "This is the Internet of China." Countries that share similar attitudes are countries that belonged to the Soviet bloc with a socialist materialism ideology. Usually these countries are authoritarian countries.

What's the worst case scenario for your average Han Chinese when it comes to participating in this digitization?

Some studies of Chinese attitudes toward surveillance technology — and that's an extreme example — show that people think it's not necessarily especially bad or LOVED. The feeling was that surveillance technology or the social credit system didn't undermine their life and that it was good for society. They thought that's why China is so safe. Unlike the U.S., in China people tend to trust the government and use technology in a reasonable way. The experience of COVID could have changed people's attitudes about technology because they really did suffer.

FAVORITE MUSIC

Pharell Williams and Daniel Ceasar's "Entre Santa Ana" off album "Voyage to Mars" (Ceasar's album "Ceasar" was released in the same month as Williams' album in 2020). Ceasar's a R&B artist from Toronto, Canada, and Williams is a Grammy winner and multinational artist who has collaborated many times.

Dystopian surveillance capitalism and platform capitalism.

Surveillance capitalism is a term used by professor Shoshana Zuboff at MIT. It describes such new economy tech companies benefitting from collecting people's data without signed for people's privacy. It's not about government surveillance but about how tech companies use surveillance technology to make money. Zuboff's argument is very good, and I appreciate her contribution, and she says that data to predict consumer behaviors, both economic and political, that enables them to send you all kinds of targeted advertisements.

Platform capitalism is more general. A digital platform is an infrastructure that helps people do business, that mediates different kinds of economic transactions in a market space where people sharing certain kinds of services can find providers of that service. Below the extraction of this kind of digital platform, you might have to look at the phrase hooks or look at the footnote to collect information.

Our technology brought China closer to a market economy?

Technologies expanded China's economy but have not really changed its nature. Technology has provided a way for the government to manipulate through control.

China was already moving from a planned economy toward a capitalist economy before the 1980s. Technology has provided a way for the government to manipulate through control. Technology has provided a way for the government to manipulate through control. What I wrote about is not a planned economy but a state capitalist economy. The government used the tools they believed would facilitate the growth of the economy and control capitalist problems, but it's not correct to say that it is technology that makes China a planned economy.

In China, it's difficult to have an open public discussion about development in any sector in which the state has a great an interest. How does technology avoid the worst case scenario of people card participation?

My first book was about the contention problem. In it I tried to explain how the Internet facilitated the rise of China's public sphere of open discussion. The problem now is that this kind of critical discussion has to stage issues that were first in a decade always by the Chinese government. That's really a tragedy because there are people in China who are very diverse.

I tend to write about debates among Chinese elites about the relationship between technology and development. When they thought about the transition from labor intensive work to high-tech work, a lot of people seemed to see only one path, but there could be a lot different arrangements. For example, how much power do you want to give to trade unions and workers? How much power do you want to give to state enterprises people needed to choose because technology can lead to a lot of inequality.

China's top leaders had a lot of discussion about these issues, but they didn't want to talk about it because they thought it would be too controversial. Deng Xiaoping, Jiang Zemin, Hu Jintao, and Xi Jinping spent around 2000, when China had a financial crisis, had a government like that of Guangdong initiated development policies to voice old birds. They wanted to have a lot of discussion about economic and social development. Deng Xiaoping's first kind of environment helped the government make its final decision. They have the pros and cons and made a more balanced decision. But today, since the government has closed down that space, that kind of discussion is very rare, and that's very bad for China.

Before it happened, was there any space to discuss the 2020 crackdown on the digital space?

I didn't see a lot of discussion. At one point, the government figured out that the tech companies could create a lot of financial instability. One major difference between tech companies in China and the U.S. is that Chinese tech companies are very involved in the finance sector. Like Alibaba, almost all the big tech and Internet companies have an app that allows everyone to borrow money. Platforms were very loose at that time. But here in the U.S., big tech companies like Google didn't had much power.

The Chinese government noticed that big conglomerates operating across different sectors were likely to contribute to financial instability. They saw that the Guangdong initiative was very dangerous, and that's why the government system. The government criticized the idea of finance begins to capitalize, which made Jack Ma very upset.

Who would you most like to read your book?

I like my books to be read by Chinese readers, but it's quite unlikely because it would be so easy to have a Chinese translation. The book speaks to what Chinese people have experienced, so they would care about delivery workers, for example, working 9 to 9 in data crack, and about workers engaged and platform economy. A lot of Chinese people where I talked to expected that technology would transform their life in a positive way but nowadays they begin to realize that something went wrong.

You tell a story about the generation of Jiangsu saying "We want to rebelion," a dangerous notion in such a repressive regime.

Many provinces adopted that policy to try to encourage local officials to rebelion. Jiangsu was a province that was in the lower middle income category, and it was very poor. The government system. The government criticized the idea of finance begins to capitalize, which made Jack Ma very upset.

During the Jack Ma event in Shanghai, Tuesday, October 26, 2021. Alibaba's Hangzhou headquarters had to close the Ali Village the preceding Saturday, according to Caixin. Credit: AFP.

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Jonathan Landreth is a New York based writer and editor who started reporting from China in 1997.

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BY TOM SEYMOUR

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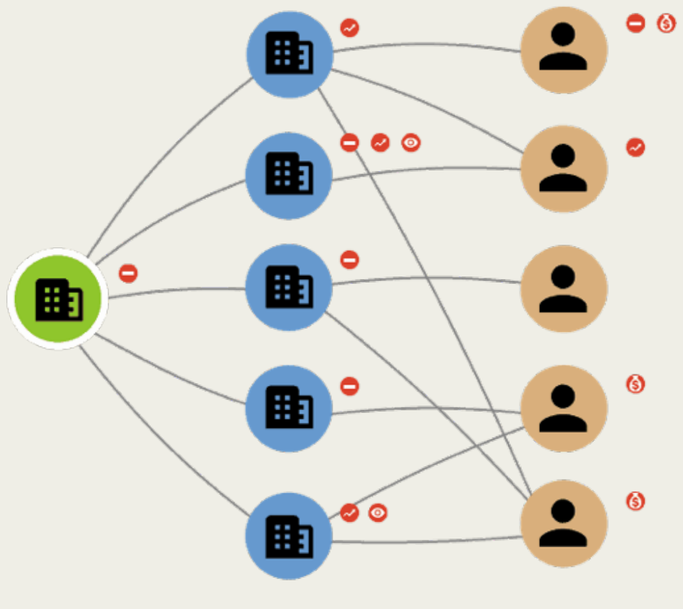

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