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Tales of a Migrant Renovator in Beijing

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## Tales of a Migrant Renovator in Beijing

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Orthodox adherents to the economic philosophy of Adam Smith read the market as a pristine institution brought about by the actions of stylized rational and self-interested individuals. On this view, the market, and thus the economy, follows a universal logic of its own and occupies an ontologically separate domain from the politics and society at a given point in time. There is little sense of its being a historically situated institution rooted in purposive, but not always instrumentally rational, human actions.<sup>1</sup> Under this view, there is *one* market way that comes naturally to us because of our “propensity to barter, truck and exchange.” There are no multiple market ways contingent on the interaction of a diverse set of social actors at a particular time.

In the 1990s, Chinese reformers began to talk about the market in this abstract and universalistic sense as an entity disengaged from or autonomous of political and social processes. If the market had once been regarded as messy and unruly—hence the need for it to be “caged” by a state reform plan—it was now seen as something autonomous and natural that is, and should be, detached from politics. Indeed, for many advocates of market reform in China, its separation or “freedom” from the social relations or politics is at the core of the market as a universal institution. As one Chinese economist put it, “The ideal state of operation for a market economy is as follows: firms freely enter the market, commodities freely flow, factors freely combine, [parties] freely negotiate the price, demand freely clears supply, and economic structure freely adjusts itself.”<sup>2</sup> This description is remarkably devoid of human agency, and the market thus conceived is an asocial and apolitical institution detached from the sociopolitical context for reform.

To prove the fallacy of this reading, I rely on the tales of one migrant home renovator turned microentrepreneur who has struggled to learn and manipulate the ways of Beijing’s actually existing market during the 1990s. I draw on his life experience renovator to illus-

trate the process by which the city's home renovation market has been socially constructed. Cheng Gong,<sup>3</sup> my main informant and the hero in this essay, has been in the renovation business in Beijing since 1993. It helps that his experience in the city has coincided with the rapid development of the city's home renovation market. I first interviewed him in 1995, and have followed up with additional interviews in 1997, 2002 and 2004, as well as having observed him and other migrant renovators at many renovation sites over the years. As Cheng Gong's story and the development of Beijing's home renovation business will show, market formation in China is a messy social and political process rife with information distortion; social bargaining over price, deception and manipulation; state repression; and creative learning and adaptation on the part of various actors participating in the market's construction

### **THE MAKING OF A MARKET AGENT**

Cheng Gong was born in 1974 into a family of five in a poor village in Anhui province. He earned the envy of the villagers by testing into a very good local high school in 1991, but decided to quit one term before graduation for an apprenticeship with a distant relative from a nearby village working as a carpenter. His relative took him to Beijing in 1993, and there they started itinerant work in the emerging field of interior renovation. He quickly developed a network of friends among fellow migrants from the same county, but he remained what he calls a "guerrilla" worker for the first six years. In the context of migratory employment in China, a guerrilla worker refers to someone who has no formal city affiliation, solicits work on the street, and performs it at mobile sites.<sup>4</sup> He made some money during those years, but his primary identity was still that of an itinerant soliciting work from makeshift residence. His opportunity came in 1999 when, in response to government solicitations, he and another migrant registered a company with a local building materials and renovation supermarket. In 2001, he registered a higher-grade construction company<sup>5</sup> that allowed him to undertake bigger projects. At the peak of his operation, he had about a dozen teams of five to six migrants each working in the homes (mostly apartments) of Beijing residents.

By his own account, Cheng Gong was an accidental entrepreneur. His parents are hardworking peasants with little education and no other skills besides being good cultivators of rice, cotton, wheat, and vegetables. To them, land was extremely important, and they would go to any length to secure more land for the family to cultivate. His father originally married into his mother's village to help raise her son and to care for an aging mother-in-law from a previous marriage (her former husband died of hepatitis in the early 1970s). Cheng Gong was born shortly after her mother's second marriage in 1974, and a younger brother followed three years later. So on the eve of China's economic reform in 1978, his was a big extended family, with a grandmother, two parents, and three boys. In 1983 when he turned nine, his parents decided to move him and his own younger brother back to his father's native village. This move, and the decision to split the extended family into two living in separate villages, was mainly motivated by the impending decisions by both villages to divide up the collective land and to contract it to individual households. His father was worried that there wouldn't be enough land for all three boys if all had stayed in one place.

But land was merely an insurance scheme. Like many villagers from the area, Cheng's parents had higher hopes that their son would eventually test into college and become someone who "eats the state-provided grain" [*chi gongjia fang*]. Cheng Gong was an excellent student by all accounts; he otherwise would not have gotten into one of the best high schools in the county. But he started high school just around the time that rural education, which used to be cheap, was becoming quite costly for cash-strapped peasants. His father's village was much richer than the one they moved from, which only made his household appear poorer in comparison. Besides, in the early 1990s, more and more village youths began to migrate to the cities, and they brought back cash and alluring tales of city life. Under the circumstances, much to the chagrin of his poor parents, he quit high school in his last year and joined the exodus of villagers to the city. His parents blamed his decision on the bad company he kept in high school. His own explanation was more direct: the money and helping out his parents.

My sole reason for quitting school and becoming a migrant worker was to make money. My purpose is to make enough money so I can help alleviate the poverty of my family. Now as I come to think

about it, that was pretty feudalistic thinking on my part because all I wanted then was to help lessen the burden on my parents. . . . I did not give any consideration to myself. I didn't think hard about how to develop myself [*fazhan ziji*] and in which direction. (Interview, 3/7/1997)

It did not take long for him, though, to start thinking seriously about his own "career" in the cities. But eventually he had to break loose from the "feudalistic" arrangement that tied him to a master carpenter who was also a relative. Because he was determined to quit school and "enter society" [*ta ru she hui*], his parents found him someone they could trust to help him: a distant relative from a nearby village who was working as an itinerant carpenter in Beijing. The relative had already worked in Beijing for six or seven years when Cheng Gong was formally introduced to him as an apprentice. The initial agreement was for him to work for one year in exchange for a bed, meals, and one thousand *yuan* at year's end (the relative was estimated to be making about 20,000 *yuan* a year at the time). After one year was up, the relative wanted to keep him for another year. When he hesitated, the relative threatened to call his parents so that they would "discipline" him. He declined, nevertheless:

I wanted to leave him after just a half-year. By then, I had gotten to know many people so I knew it wasn't difficult to be on one's own. I wanted to work on my own because I wasn't used to being ordered around by someone else. But my master begged me to stay because he said that I was his first apprentice, and that his reputation would be damaged if I quit in the middle. . . . Because he was a relative, I decided to stay to finish my one year term . . . but this was a sacrifice I made for his sake. My relationship to him was not one of partnership, but subordination. (Interview, 7/27/1995)

The subtle but palpable change in Cheng Gong's reflections about his familial obligation and his own economic situation in the city illustrates the influence long-distance migration exerts on people. Michael Piore once wrote that migration creates a situation where a migrant's work is divorced from his home social community, so much so that the migrant feels completely uninhibited about pursuing purely economic ends without undue social qualms.

The [migrant] individual's social identity is located in the place of origin the home community. . . . The migration to the industrial

community and the work performed there is purely instrumental: a means to gather income, income that can be taken back to his or her home community and used to fulfill or enhance his or her role within *that* social structure. From the perspective of the migrant, the work is essentially asocial: It is purely a means to an end. In this sense, the migrant is initially a true economic man, probably the closest thing in real life to the *Homo economicus* of economic theory.<sup>6</sup>

Piore's observation about the migrant as "a true economic man" contains an important element of truth, but it should not be stretched to mean that migrant behavior springs from an innate sense of instrumental rationality and pure economic calculations. As much research on Chinese rural migrants has shown, village or kin-based networks are an important part of their social world in urban living. And more important, rural migrants expend much energy in mobilizing social connections at the point of destination in order to seek protection for their employment or to advance their careers in the cities.<sup>7</sup>

By the time I first interviewed Cheng in 1995, he did not hesitate to call himself a "free" agent in the home renovation market. He felt liberated from relations with his master, and he was not obliged to work *for* or *with* someone else. He was "free" to offer his own labor to Beijing's homeowners. In this sense, he became a *sui generis* economic man in the Piorean sense. But as his brief biography shows, a series of larger events—from his family's initial decision to relocate due to the introduction of the household responsibility system, to his migration, to his break with the relative wanting to subordinate him—had conspired to shape his path toward becoming a free agent in the marketplace. They made him, and many others, depart from assuming the traditional roles of a village cultivator or becoming a salaried worker in the state sector after college.

### **SHAPING THE MARKET FROM THE MARGIN: GUERRILLA WORKERS AND BEIJING'S HOME RENOVATION INDUSTRY**

According to Cheng Gong and others I have interviewed, the home renovation industry in Beijing took off in the late 1980s and early 1990s when more and more residents acquired ownership of their

apartments under housing reform. Many new urban homeowners were unhappy with their austere-looking apartments with bare walls and cement floors, so they began to pour money into upgrading renovation. A simple renovation job might just involve repainting the walls, adding trims, and replacing rotting wooden window frames with aluminum ones, but a more complicated project might involve major renovation of the kitchen, a new bathroom, or an overhaul of the plumbing or electrical system. Depending on its scale, a project could last weeks or even months, and the cost might run from several thousands to tens of thousands of *yuan* for an average homeowner. In recent years, the urban housing construction boom has fueled the development of the home renovation industry in cities across China. *Jiazhuang*, or home renovation, has become a hot topic among urban dwellers, in popular evening newspapers, and on the Internet. As an example, the Chinese Central Television aired a 20-episode TV series entitled *Carrying Home Renovation to the End* during the 2004 spring festival season.<sup>8</sup>

Since home renovation involves customized, small-scale, and labor-intensive operation, it was largely neglected by established state-run construction companies, which are geared more to building construction than to home renovation. In the beginning, it was also regarded as a menial and lowly job, so urban residents were reluctant to do it themselves. As a result, rural migrants came to dominate the home renovation industry in almost all cities from the very beginning. Even today home renovation remains an urban profession closely identified with the rural migrants. In Beijing, as I came to appreciate in the course of my interviews and visits, many migrant renovators hailed from Anhui, Cheng Gong's native province. When I first visited Cheng in 1995, he told me that about 200 of his fellow county men lived on the same street, almost all of them home renovators. By 2002 he claimed that 60-70 percent of the migrant renovators in Beijing hailed from his province, half of whom were from his county.<sup>9</sup>

In the 1980s and early 1990s, rural migrants primarily solicited urban homeowners on the street or distributed advertisements inside apartment buildings. They were the self-styled "guerrilla workers." Cheng Gong became one such guerrilla worker after breaking free from his relative in 1994:

We in the home renovation business are “guerrilla workers” with no fixed place and schedule of work. Everything is good when we have work to do. When we don’t have any work, we couldn’t do anything but wait. Whether one has work or not really depends on one’s luck. Sometimes, we can’t find any work to do for one or two months on end; at other times, we find two homeowners [willing to offer us work] in one morning. When I have free time, I usually get out there and distribute flyers. (Interview 3/7/1997)

The irregularity of work was what Cheng had in mind when he called himself a “guerrilla worker.” But the label is also apt for home renovators because of their “underground” status and physical mobility. Most migrant renovators never registered with any government agency, not least because they frequently would be denied the right to work in the cities. They were sought work constantly in multiple places, often on city streets. In the eyes of urbanites, the home renovators were a roaming band who would appear in an apartment complex one day and be gone the next.

These guerrilla workers diligently walked their beat in ordinary neighborhoods and residential compounds. They took a hit-or-miss attitude toward advertising, but the inexpensiveness of their services soon attracted a large number of average-income homeowners. The housing reform of the 1980s and 1990s—which transferred ownership titles to many urban dwellers—may have helped sustain the interest of many urbanites in home renovation, but the workers’ tireless solicitation efforts were largely responsible for generating a mass demand for their services. The guerrilla renovators were the true pioneers of the home renovation market in Beijing and many other cities.

Cheng Gong characterized the home renovation market in the early days as “chaotic” because “the way we competed for work was not regulated.” Many migrants adopted flexible work arrangements to evade government regulation. They would start to form a team (usually made up of carpenters, tile layers, painters, and electricians and plumbers) only *after* one of them had secured a job. At the end of each job, unless there was more work to be had, the team would disband and its members would seek new combinatory arrangements for the next job.

To overcome their “illegitimate” status, guerrilla renovators often used fake company names. They also made up the content of their



advertising flyers to appeal to the sensibilities of urban consumers. In a way, the home renovation market thrived on false advertisements by fake businesses. As if to convince me of the chaotic nature of the renovation market, Cheng showed me one of the flyers he was distributing in several apartment buildings in 1995-96:

*Yuanlin Renovation Company, Work First, Pay Later*

*Yuanlin's construction department is one of the most trusted enterprises in Beijing. Many years of experience in the renovation business. A disciplined workforce with superb skills and craftsmanship. "Best enterprise" [xianjing qiye] registered with the Beijing Labor Service Company. We now offer "work first, pay later" (except for institutional clients) in order to serve our customers better and save them trouble. We undertake a range of construction projects: institutions, apartments, hotels, restaurants, Karaoke halls, conference halls, offices, etc. Sample projects and pictures are available for viewing. Free design with latest styles.<sup>10</sup>*

The rest of the flyer contained pricing information for the labor and materials. A variety of attractive features were added: a one-year warranty, a five percent discount for veterans' families and for people with disabilities, a ten percent discount for people providing leads for other jobs, work on Sundays, and so on. Printed in bold were phone and pager numbers for contact purposes. The flyer had a nice print layout, and contained enough pricing information that urban homeowners might feel tempted to make contact.

Of course, the Yuanlin company never existed. It was just one of a few nice-sounding names Cheng and others picked up and used alternately with other names (another flyer he was distributing at the time bore the name "Jingbao," or Beijing Treasure). The information about the company's local history, registration status, and the showcasing of projects was all made up so as to mitigate the urbanite's distrust of irregular workers. They made sure their contact number was written in bold. And as if all this were not already enough, they offered the ultimate assurance: we work first, you pay us later.

I cite this example not to condemn such practices but to illuminate how information circulating in the home renovation market was generated by the particular social dynamics confronting rural migrants in China's cities. They had to disguise their rural identity, at least at first, to pass muster with urban consumers. They knew that

getting a chance to approach homeowners was the most crucial step in accessing the market, so they did not hesitate to serve up fabricated information. In the end, they had to accept what was dealt them by the market they helped to create, including a price that was acceptable to the consumer and a job that was finished to the latter's satisfaction. They made sure that with each completed project they would further develop the social networks in the city that would bring them the next project.

Although pricing on the home renovation market was largely set by the demand of urban homeowners and by competition among fellow migrants, it was not strictly a function of supply and demand. Because renovation jobs were highly customized and lacked standards that urban consumers could follow, pricing renovation was often the negotiated outcome between members of two different status groups: the migrants and urban homeowners.

"We in this profession must learn how to judge [*jianbie*] clients," Cheng gave me an example when I asked him about the "standard" price he would charge his clients:

If a client used a cell phone to call me, my initial judgment would be that he is probably generous with his money, or he is relatively well off. Then I will not give any ground in negotiating the price but will guarantee a top-notch job. People in his position would not trust you if your offer price is too low. Then, there're those who are very frugal with money. They usually call you from a regular phone, and would not use cell phone even if they have one. You must be flexible in pricing when negotiating with such people. Compromise on the price when you have to. Promise a quality job, but you make up your loss in the selection of material and style. (Interview 3/7/1997)

Cheng Gong's advantage in this market was his intimate knowledge of the price of building materials and their qualities. The classic situation of information asymmetry gave him some power over his urban clients in negotiating renovation contracts. As I have mentioned, his biggest problem was his outsider status, which prevented him from securing a legitimate physical presence in the city, thus access to the urban market. Soliciting the urban consumers can be a risky undertaking for these migrants. Regarding the distribution of flyers, for example, one migrant once told me:

There're simply too many restrictions on us passing out flyers. Urban dwellers think too many flyers harm the city image, so the old ladies guarding apartment gates often chase after us. I passed out flyers before, and my targets were dormitories, apartment complexes, and tower buildings. I would hold my breath and pray [*tixin diaodang*] while entering the gate, because I did not want the gatekeeper to see me. I would act as if I were a thief. Should they catch me, they would treat me like a thief too. (Interview, 7/2/1996)

In the early to mid-1990s, the central government stopped suppressing migration altogether, but many Chinese cities still restricted in-migration and heavily regulated migrants' presence in the cities.<sup>11</sup> The Beijing municipal government, for example, passed a series of regulations in the mid-1990s that meted out separate and unequal treatment to migrants in almost every aspect of life, including work, trade, household registration, marriage and birth, residential rights, education, meal and lodging standards.<sup>12</sup>

By the mid-1990s, the Chinese state had effectively liberalized the urban labor market, so urban residents started looking for employment through job agencies rather than labor bureau assignments. But rural migrants in the city were still excluded from such purportedly market channels. The state thus superimposed a *territorial* definition on the market, and the contours of the urban labor market ran more or less along the city boundaries in the 1990s.<sup>13</sup> Because of their excluded status, the presence of migrants in the cities was effectively monitored by the police rather than by the employers or labor officials. The city police regularly conducted evening-hour raids in the migrant residential areas in order to catch people without residence permits and expel them from the cities. Many rural migrants have had the experience of being rounded up by the local police for forced expatriation. As Li Zhang has shown in her study of Zhejiang village, entire communities of people could be displaced, and denied access to certain urban space.<sup>14</sup>

Cheng Gong said he was lucky because he was only detained once, in June 1995. It was not long after he started working on his own:

A fellow worker and I just got off the bus and were taking a break on the curbside when two plainclothes policemen approached us and asked for our temporary residence permits. We said we didn't have them on us. They admonished us for not carrying the permits

and said we needed to register with the authorities. They then told us to wait inside a van. . . . Moments later, the van was filled. We were then all taken to a local police station. The room was full of people, and you can see that they were all outsiders. . . . Because I didn't have any money on me to pay the fine that day, I was sent to a detention camp in Changping for two days. . . . On the third day, a group of us were taken to the railway station and put on a train bound for Suzhou, Anhui province. (Interview, 5/19/04)

State control was an important dimension that shaped China's emerging labor market in the 1990s. As it closed off legitimate avenues for the migrants to seek work in the cities, it forced many of them to go underground to gain access to the urban labor market. Inadvertently, the state action helped to create a competitive informal economy where "guerrilla workers" like Cheng Gong multiplied. And they came to dominate the largely "unregulated" space of home renovation in the early 1990s. Finally, state control also patterned the interaction between the migrants as service providers and their urban homeowner-clients. Migrant renovators did not hesitate to serve up false information in soliciting work and priced their services according to their judgment of their clients' penchant for frugality or extravagance.

### **MANIPULATING THE MARKET ABOVE GROUND: STATE REGULATION AND MIGRANT MICROENTREPRENEURS**

After the mid-1990s, the old administrative method of restricting migrants began to crack: urban authorities, including the police, were simply overwhelmed by the influx of migrants. And pressure was coming down from the central government that they stop some of the overt restrictions on migrants. With the number of homeowner complaints rising, Beijing officials began to pay attention to regulating the renovation industry so the government could register the renovators, set quality standards, and formalize transactions. In other words, they were interested in bringing the "guerrilla workers" above ground, or forcing them out of business if they refused, by centralizing the provision of building materials and renovation services. Against this background, the municipal construction authority and the city's Home Renovation Association advocated establishing

mega-stores for home renovation in the late 1990s. Around 1998-99, large, organized home renovation supermarkets [*jiazhuang shichang*] began to appear in Beijing and in other cities. For example, EasyHome [*juran zhijia*], one of the earliest mega-stores in Beijing jointly owned and controlled by private investors and several state-owned enterprises, opened the first of four branches in March 1999.<sup>15</sup> By 2004, there were about 40 such supermarkets, each occupying 20,000 square meters or more, scattered on Beijing's outskirts.<sup>16</sup> They occupy large areas and integrate many components of home renovation under one roof. As with EasyHome, these supermarkets are mostly controlled by urban enterprises or institutions that alone have the capital, the physical space, and the local connections to run such mega-stores. Successful migrant renovators can register their companies with them and solicit work there.

The mega-stores thus marked a turn toward formalization in the management and operation of the renovation industry. The authorities hoped to end the haphazard street transactions between guerrilla workers and urban homeowners. And these supersized renovation markets integrate two key aspects of the home renovation process: building materials and renovation services. On the one hand, they are gigantic warehouse stores, much like Home Depot in the United States, where all kinds of home construction materials are on display and sold directly to consumers or construction companies. On the other hand, they are home to a number of registered renovators to whom the supermarkets steer customers for renovation services. For a monthly rent and a not-so-modest management fee, the supermarkets advertise home renovation service on behalf of their in-house renovators, provide them with office space or booths to meet customers, and validate contracts signed between renovators and consumers.

A seasoned renovator by 1997-98, Cheng Gong noticed some subtle but real changes in consumers. "They became very picky," he said, "At first they asked if you're from a registered [*zhenggui*] or un-registered company. Later, they started quizzing you about the reputation and the size of your company."

In 1998 we noticed that our clients began to pay attention to the question if we're a registered company (an issue that never arose before). We realized then that we may not survive long in this field if we do not incorporate our own company. . . . By the end of 1998,

seven or eight home renovation supermarkets had already appeared in the city with hundreds of registered companies. (Interview 12/8/2002)

Much as the opening of a Wal-Mart store reconfigures the retail market of a U.S. locality previously dominated by small shop owners, the appearance of these giant renovation supermarkets in Beijing altered the rules of the game for the migrant home renovators. The former guerilla workers began to differentiate into two groups. One would remain unregistered for lack of resources, connections, or skill. They would face an even harsher market reality than before. The other would adapt by pooling their resources and registering small companies of their own. This latter group would gradually be incorporated into the “formal” renovation market receiving government blessing.

To follow our hero’s story, I will focus on the latter group of renovators-turned-petty entrepreneurs in the late 1990s. So if the home renovation market of the early and mid-1990s was constituted by a rather repressive state, unsuspecting urban consumers, and guerrilla migrant workers, the later, more formalized market is shaped by the actions of manipulative urban bureaucrats (including intermediate groups such as industry associations), critical consumers, and (sometimes unscrupulously) resourceful entrepreneurs.

### **Gaining a place in the renovation supermarket**

Cheng Gong made some money doing renovation work in 1997-98 and began to notice a slight change in the business climate favoring established companies. So, when a fellow migrant worker proposed that they form a partnership and register a company, he jumped at the chance. They borrowed someone else’s business license [*yingye zhizhao*] and in 1998 they registered a company at a newly opened renovation supermarket. They had to put down a deposit of 10,000 *yuan* before they could start soliciting work from a rented space inside the market. Compared to some of the established supermarkets, theirs is small and a little shabby. It occupies just one floor—about 300 square meters—of an old building once owned by a state construction materials company. The good thing is that the rent is on the low side, about 180 *yuan* per square meter per month. The manage-

ment takes 1 percent of the value of all contracts signed by the renovators.

Business was brisk in the beginning, according to Cheng. "There was a clear increase in both the number of jobs and the value of each project after we registered with the supermarket, compared with when we were on the outside," Cheng Gong said. They stopped walking the streets and passing out flyers, unwelcome, in apartment complexes. Now customers could easily find him at his booth. Because of the rent and fees, however, the cost of providing home renovation service increased. In the down season, especially winter, the expenses of maintaining a fixed space would wipe out all the profits. "After half a year, we made a calculation of our costs and profits. We felt that making money was not any easier now. Home renovation is a complex operation: construction work is complicated, competition is tough" (interview, 12/8/02). Indeed, his partner, who had suggested the idea of registering with the supermarket in the first place, decided to quit in 2000. He simply went back to work for others rather than running his own business.

Cheng Gong decided to stick with the supermarket because he felt "he could still do it" [*hai keyi gao*]. By then, he had gotten to know the management well and had begun to socialize with some members of the local branch of the construction and renovation association. Beijing's Industry and Commerce Bureau began to permit migrants to apply for business licenses after 1998 if they could supply proper documents such as a temporary residence permit, a business or property address, and a business account with sufficient operational funds. In 2001, Cheng Gong obtained the consent of the supermarket's management to use its address for the purpose of applying for his own business license.

In the meantime, his membership in the local renovation association helped his business gain more legitimacy in the eyes of increasingly wary consumers. According to Cheng, home renovation associations were a new development in the 1990s. Beijing's Construction and Renovation Association (BCDA, or *Beijing shi jianzhu zhuangshi xiehui*) was established in 1992, and a special committee on home renovation [*jiazhuang weiyuan hui*] was formed in 1999.<sup>17</sup> The BCDA played an important role in promoting the home renovation industry; it also worked closely with the government to set official policies and standards. Since 1997, it has publicized a series of pamphlets and

self-regulations, from samples of labor service contracts to dispute settlement procedures, to quality control and environmental standards, and so on. The branch associations held exhibitions, sponsored a variety of trade shows, and established various awards for excellence in home renovation (which, according to Cheng Gong, usually went to the biggest companies or to those who contributed the most money to the associations).<sup>18</sup> Invariably they helped to channel new policy information to their members. All these activities were geared toward rendering home renovation part of the formal economy [*zhenggui hua*]. Cheng believed that the BCDA vigorously pushed for the development of renovation supermarkets in Beijing, and that it was also the most important force behind efforts to register migrant renovators. Realizing the importance of the organization, he has kept his membership in hopes of benefiting from his connection with the local association members, some of whom were also working as government employees.

### **Upgrading business certification**

Such connections were clearly useful when Cheng Gong decided to upgrade the certification of his business in 2002. When he registered his own business in 2001, the company was given a designation at the “home renovation” grade, a category created by the BCDA’s home renovation committee in response to consumer demand for government certification of home renovators. But this designation was not government recognized and was still one level below the lowest grade construction companies. Whereas a third-grade construction company (the lowest grade available in the industry) could contract renovation projects for both residential apartments and office buildings under 600,000 *yuan*, a company with home renovator designation would be restricted to residential services and therefore unable to take on larger and more profitable office renovation projects. And since virtually all renovators could receive the home renovation designation by joining the BCDA and paying the annual membership fee (1000 *yuan* in 2004), this special classification began to lose its cachet. The more discriminating consumers preferred higher-graded construction companies when faced with multiple choices.

In 2001, the BCDA’s home renovation committee began to encourage its members to upgrade their certification to the construction grade. However, acquiring such certification was not easy for the



migrant renovators because they had to meet a variety of requirements about financial accounts, tax status, and staffing levels. For example, applicants must have a business account with at least 500,000 *yuan* in holdings, a minimum annual revenue of 1 million *yuan*, and corresponding tax documents. There was simply no way for someone like Cheng Gong to come up with such resources or business papers. It turned out, however, that none of the above-mentioned requirements was an obstacle for him. For a fee, plenty people and institutions, including public accounting firms, could “handle” such matters for him. He called these individuals or institutions “certificate handlers” [*ban zhao gong si*]. They were not exactly underground operations, either, as they openly advertised their services in the newspapers.

As it turned out, the biggest challenge in getting his business upgraded was to find fifteen “staff people” with a variety of professional certificates: construction engineers, accountants, designers, building inspectors, and so on. The registration bureau normally accepts photocopies of ID’s and diplomas, which would have been easy to forge. But since 2002 was the year of office computerization, or “e-government,” for the bureau, officials demanded submission of both the original and duplicate copies of all certificates. They needed the originals for scanning, and the duplicates as paper records. Since this was a citywide operation, it was nearly impossible for Cheng to “borrow” so many ID’s and diplomas at the same time as when others also needed them. In 2002, he managed to collect such documents from eight professionals, all but exhausting his acquaintances in the city. Betting that the registration process would be easier in the next year, he pleaded with some association members to intervene on his behalf and have the registration bureau issue a temporary license subject to review one year later. He did manage to collect enough ID’s and diplomas the next year, and successfully converted his temporary license into a permanent one, again with help from some in the home renovation association. This time, he paid 10,000 *yuan* to the local association.

### **Dealing with critical consumers**

Cheng had no way of predicting, however, if his money was well spent when he applied to upgrade his license from home renovation to construction grade. Surely he was banking on continued growth of

Beijing's home renovation industry. It had grown by 26 percent each year from 1998 to 2002, according to a BCDA report. The BCDA's director recently estimated that half a million Beijing residents decorate or redecorate their houses or apartments each year.<sup>19</sup> But an increase in aggregate demand does not automatically translate into more business for each renovator. In recent years, urban consumers have not only become increasingly conscious about cost but are more wary about fraudulent companies not following through with their original design, or using poor-quality or even hazardous construction materials. Torn by considerations of cost on the one hand and concerns about renovation quality on the other, consumers are compelled alternately to seek out guerrilla renovators and registered companies housed in renovation supermarkets. In recent years, there have been palpable changes in the consumers' collective preference for one kind of renovator over another. To be successful, home renovators like Cheng Gong have to adapt constantly in order to ride the tide of perceptible changes in consumer preference.

Since 2000 China's urban homeowners have had four main ways of finding the "right" renovator for the job. First, there are still the "guerrilla workers," whom one could meet on the street or through hand-distributed flyers. Many urban consumers now distrust these guerrilla workers as a result of negative publicity in the news media and the government's active campaign to register renovation companies. Still, mobile and unregistered migrants make up a significant proportion of the renovators in Beijing, as in other cities across China.

Second, urban consumers can visit various home renovation supermarkets to contract services by their in-house companies. Both government regulators and the industry association, which is dominated by the big supermarkets, encourage city residents to pursue this option. But Cheng Gong has observed from his own experience a decline in the popularity of such in-house renovators since 2000. Fewer and fewer homeowners are visiting their booths because of their high prices. In the meantime, many lower-priced and seemingly trustworthy companies have started to advertise their services in the newspapers.

A third way for an urban homeowner to find a desirable renovator is to thumb through the printed ads of major city newspapers and compare prices. Soon after he set up his booth in the supermarket, Cheng Gong remarked, newspaper advertisements became the fa-

vored venue for soliciting work by many home renovation companies. Gone were the days when migrant renovators had to rely on street vendors for printing flyers; the city's newspapers now vie with one another for their advertising business. Advertisement by home renovators of all sizes became one of the three most common types of ads in Beijing's newspapers in 2001, after automobile and real estate ads. Cheng Gong himself began to advertise heavily in several newspapers in 2002. But when I talked to him in 2004, he was already withdrawing from newspaper advertisement because, as he put it, the trend was shifting again. Since the veracity of the ads was seldom checked and since it appeared that anybody could advertise in the papers, many wary urban consumers soon lost confidence in the newspaper ads.

Finally, many consumers now return to the seemingly old-fashioned method of checking out "model" apartments in their neighborhood and visiting onsite renovation companies. Sensing this change in consumer preference, Cheng Gong and his team of renovators decided to cut back on newspaper advertisement in 2003 and carry out what he calls an "inside the community strategy" [*xiaoxiaoqu zhanlue*]. An important part of this strategy is to send scouts to newly completed apartment complexes or communities [*xiaoqu*] to find out about the "key handover" dates for new occupants, so that they can move into the community at a time when the residents consider renovating their apartments. Typically, the renovators would rent an apartment to use as the temporary office and then invite the residents to come to the onsite office to view the latest interior design. Face-to-face interaction between the migrants and residents greatly reduces the level of the latter's distrust, although it comes with the cost of having to rent an apartment and limiting the number of contacts to just a few homeowners per day. More than one renovation companies may move in at the same time so the competition among them is still strong. As is often the case, Cheng Gong has to obtain the consent of building managers and even bribes them for access to the complex. Still, from his perspective, this is a strategy worth pursuing because neighbor referrals and an onsite presence increase his chances of success.

When I last interviewed Cheng Gong in May 2004, he had stopped soliciting work off the street, and all but ended newspaper advertisements. But he still kept a small booth at the decrepit super-

market so as to maintain his ties with the managers who were also active members of the local home renovation association. He dispatched almost all his staff to work from the temporary onsite offices in newly finished apartment complexes. He was not optimistic that this new strategy would be a viable long-term one, because, in his words, the change in the market “has not been as smooth as I anticipated.”

### **Subcontracting against government rules**

Partly as a way to combat the vagaries of the ever-shifting market and reminiscent of his guerilla worker days, Cheng Gong has adopted subcontracting as the main method of organizing work. Relevant government policies forbid him from subcontracting work to smaller independently run construction teams: those who contract the work must perform it, according to government rules. Only big developers and high-grade construction companies are allowed to subcontract work to lower levels [*zhuan bao*] or parcel out some work to third-party subcontractors [*feng bao*].

In actuality, most home renovators do not follow these rules. They practice all kinds of subcontracting arrangements, especially when they are busy and need more hands, or when they want to cut costs. Even in the case of guerrilla renovators, the person who contracts the work is not necessarily the one who does it: he is likely to contract it to others so he can move on to get the next job. Several migrants told me that they specialize in soliciting jobs, and upon getting them farm them out to others. All they need for work is a phone line (or pager in the old days), plus congenial manners and good communication skills.

Cheng Gong specialized in getting jobs for his fellow migrants toward the end of his guerrilla worker phase. Now that he has his own registered company, he seems to follow the same practice of contracting out most of the renovation work in spite of government policies. A regular staff member of his company, a “solicitor” [*zhao huo de*], approaches a prospective customer and engages him or her to the extent he or she is willing to sit down and talk about his renovation needs. The solicitor then passes the customer to a “negotiator” [*tan huo de*] who then explains the renovation process and does preliminary negotiations over the price. The “negotiator” is a key person who will remain an important mediator between the company, the

construction workers, and the customer. If the customer is willing to proceed at this point, a designer [*she ji shi*] will be called in to show him or her various designs and pricing options. All the work so far is done by the core employees of the renovation company. After the customer agrees on a price and a plan, Cheng Gong then contacts the supervisor of one of several migrant construction teams (usually made up of five to six people) he regularly works with. He works out an agreement with the supervisor, and usually pays him a lump sum for the construction work. Since the supervisor may head more than one team of workers at the same time, he often subcontracts his responsibilities to another member on the construction team. The chosen worker is the temporary supervisor and de facto organizer of all construction work on the site.

From Cheng Gong's vantage point, the whole arrangement looks like a pyramid, with him on top and others bound to him in a chain of responsibility. The system not only redistributes work on a given job, but pushes responsibilities and financial risks down to the individual members of the construction team. One cannot help but draw comparisons with the rural "responsibility" systems of agricultural production. If a client is not satisfied with the final outcome and refuses to pay the full amount, the lost income will not be absorbed by the renovation company alone, but will be distributed at every level of the chain. The system also allows for risk sharing when accidents happen. As of 2004, Cheng Gong has not bought any outside insurance for his workers. He claims to follow an "internal" insurance strategy whereby the responsibilities (and liabilities) are shared by everyone at every level: "I shift some of the liabilities to the supervisor, and the supervisor in turn shifts some onto the workers," as he aptly sums it up.

Adapting to the dramatic growth in Beijing's home renovation market in the late 1990s, rural migrants like Cheng Gong brought their underground business out into the open and started soliciting work as registered renovation professionals. As in the 1980s and early 1990s, their participation in Beijing's growing home renovation market has shaped who, via which venue, provides what kinds of renovation service to Beijing's urban residents. Through ingenuity and manipulation, migrant renovators like Cheng Gong have not only gained legitimate access to renovation work in Beijing, but have proved to be quite adaptive to changing consumer trends by altering

their venues for soliciting homeowners and by organizing work in a pyramid structure of subcontracting relations. Beijing's home renovation market, as it continues to boom in the 1990s, is shaped by the interaction of more permissive state policies, resourceful rural renovators, and critical resident-consumers.



Through the story of Cheng Gong's odyssey in Beijing, I seek to describe the economic and sociopolitical dynamics that have shaped his path from uninitiated village youth to seasoned migrant renovator in the city. In the process, he has fashioned himself as an active agent who, along with millions of other migrants, helps to create a booming renovation market in Beijing, as well as in other Chinese cities. He was not born a "free" market agent, but a series of national and familial events steered him in that direction in the 1980s and early 1990s. Since then, he has learned to live with and adapt to changing market conditions in a thriving profession. He and his fellow migrants are no passive learners, either. Their creativity, deception, and manipulation have actively shaped the contours of the actually emerging renovation market, under conditions created by the shifting collective preferences of urban consumers, and by various government regulations, including those that once denied them the right to work in the cities. Thus, China's urban renovation market did not just arise out of a simple logic of supply of service by the renovators and demand by consumers. It has been constructed through the migrants' energetic workings of the urban economy in an ever-shifting context of state power, collective consumer preference, and social bargaining between migrants and Beijing residents.

## NOTES

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1. For a critique of such a view, see Fred Block, "Karl Polanyi and the Writing of the Great Transformation," *Theory and Society* 32 (2003); Mark Granovetter, "Economic Action and Social Structure: The Problem of Embeddedness," *American Journal of Sociology* 91, no. 3 (1985); and Greta Krippner, "The Elusive Market: Embeddedness and the Paradigm of Economic Sociology," *Theory and Society* 30 (2001).

2. Hu, Shuzhen and Yusheng Yu. *Shisi da yi lai jingji lilun redian zhengming (Controversies in Economic Debates since the 14th Party Congress)*. Beijing: Zhongguo shenji chubanshe, 2000.29

3. To disguise the identity of the interviewee, I have altered some minor details in his biography, including his name.

4. For more on guerrilla workers, see Lei Guang, "Guerrilla Workfare: Migrant Renovators, State Power and the Moral Economy of Work in China," *Politics and Society* 33: 3 (2005).

5. According to Cheng, all construction companies must be graded according to three levels (One being the highest grade and Three being the lowest) and certified by local construction authorities under the Ministry of Construction. Interior renovation is a relatively new area, and it covers a wide range of activities from simple painting or tiling of walls to more complex construction work. Most interior renovation companies are registered at the sub-construction grade level. However, a higher-grade registration, if it can be obtained, would give more credibility to the company and thus enable it to contract more clients at higher price. The cost of running such a business will also be higher, of course.

6. Michael J. Piore, *Birds of Passage: Migrant Labor and Industrial Societies* (Cambridge: Cambridge University Press, 1979), 54.

7. See Lei Guang, "Guerrilla Workfare"

8. This popular TV series (*Jiang jiazhuang jinxing daodi* in Chinese) was directed by Han Weiping and first aired on the Chinese New Year's Day in 2004. It starred Xu Gehui, a popular TV personality in China, and Fan Wei, among other popular actors and actresses.

9. There are no reliable statistics on the number of migrant interior renovators. These figures given by Cheng Gong may well be an exaggeration, but his figures simply underscore the significant presence of Anhui rural migrants in this rapidly growing profession.

10. Names and phone numbers have been omitted to protect the anonymity of my informant.

11. Li Zhang, *Strangers in the City* (Stanford: Stanford University Press, 2001), 46.
12. Beijing shi laodong ju, "Waidi laijing renyuan guanli shiyong shouce," (Beijing: Beijing shi laodongju bianyin, 1995).
13. The term "state" here primarily refers to the urban state bureaucracy. In its broader sense, the Chinese state should not be understood as a unified and homogenized entity. On conflicts and fissures within the state bureaucracy in regard to migration and the migrants, see Dorothy Solinger, *Contesting Citizenship in Urban China* (Berkeley: University of California Press, 1999).
14. Zhang, *Strangers in the City*.
15. See brief history of EasyHome in Beijing, <http://www.Juran.com.cn/docc/gsgk1.asp>. Its northern branch on the outer No. 4 ring road boasted retail space of 56,000 square meters and sales revenue of 1.5 billion *yuan* in 2002. Accessed on January 10, 2005.
16. See See Zhu Xibin, "Jiazhuang jiancai hangye shichang fazhan yu meiti chuanbo zuoyong yu zeren tantao" (Exploration of the role and responsibilities of media in the development of interior renovation materials market), (<http://news.soufun.com/detail.html?newsid=322698>, accessed on January 20, 2005).
17. See <http://www.bcda.com.cn/gyxh/jjwyhzc.asp> for documents on the establishment of the interior renovation committee in 1999.
18. See the Association's website, <http://www.bcda.com.cn/>, for more information on the range of activities it sponsors. (Accessed on January 10, 2005.)
19. See <http://www.bcda.com.cn/gyxh/jjwyhzc.asp>, and Zhu Xibin, "Jiazhuang jiancai hangye shichang fazhan yu meiti chuanbo zuoyong yu zeren tantao."

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