

**Vanguards of Consumption, Laggards in  
Politics? The Emergence of a New Middle  
Class in South China**

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## **Abstract**

THIS THESIS CONSIDERS THE EMERGENCE of the new middle class in post-reform China. It argues that Western class categories do not directly apply to the Chinese situation and that the Chinese new middle class is distinguished more by sociocultural than by economic factors. Based upon qualitative interviews, the study looks at entrepreneurs, professionals and regional party cadres to show the networks among these different groups and the continuing significance of cadres. The study also looks at generational differences. The older generations are pragmatic and business-oriented, rather than personally oriented in their consumption. They also show strong collective identities, but these are based in personal networks rather than in a sense of a common class location that they share with others outside their personal networks. In contrast, the younger generations appear more flexible and hedonistic. They tend to be more individualistic, materialistic and oriented to personal gain. In neither older or younger generations is there much evidence that the Chinese middle class is taking on a political role in advocating political reform alongside market reforms as is suggested by some Western stratification theorists. They are in the vanguard of consumption but they are the laggards in politics.

## Preface

THIS IS A STORY OF my research journey. And like all research, it begins with the researcher and the interviewees.

A researcher's interest in a certain phenomenon goes quite a long way in shaping the initial conception of what the research study is about. How that interest is framed necessarily reflects a particular vantagepoint taken by the researcher and reflects his or her interests, destinations and motivations. Steier (1991) has been enlightening: "What I describe in my research is in no way existent apart from my involvement in it—it is not 'out there' " (Steier 1991:1).

Since around the 1990s, the 'Chinese new middle class' has attracted considerable attention. State socialist countries have undergone varying degrees of economic and political reform in recent years and these have undoubtedly aroused concerns over their formation and their reach, impact and consequences in society. Highly visible are the growing numbers of the Chinese new middle class, who are seen to have an obvious enthusiasm in leading an affluent way of life by way of status symbols such as owning brand-named products and expensive automobiles.

My own interest for the purpose of this study is the growing groups of increasingly influential people who are viewed as the 'Chinese new middle class': regional party cadres, entrepreneurs and professionals in today's post-reform China.

Research is "primarily about discovering new knowledge" (Gilbert 1993: 33, Kwong 2001) in an unknown territory. The research process involves to a greater or lesser degree a continual interaction of ideas and that interaction may drive the work in unexpected directions (Roberts 1981, Kwong 2001). On the first leg of my research journey, I had crude ideas of the direction and the terrain of the research landscape before me. My attention had been drawn to the ways of living and consumerist behaviour of newly rich groups generally in contemporary China and in Guangdong province in particular. However, I would not be able to plan too far ahead. I took my 'researcher self' in the

research process as seriously as practicable. I wanted to research into something that I wanted to know and was going through myself. And this has motivated me to settle on my long research journey, despite the sometimes clear and present twists and turns in the research process, which should be regarded as ‘mistakes’ by design.

Over the past several years, I had surveyed the body of literature on a wide but related range of topics: the indigenisation of the middle class and the consumption patterns and lifestyles of the Chinese new middle class. Meanwhile, I kept close connections with various members of the Chinese new middle class whom I have interviewed. It transpired quite early on that my preliminary perspective rested on some research questions and assumptions.

One preliminary assumption is that cultural differences have been grossly amplified to the extent of reinforcing cultural stereotypes by some cultural sociologists. Culture and meanings are embodied in the way a person sees, thinks, interprets and values. The connection between theories and practice is far more complex than I had at first thought. I wanted to take the various theories and link them up one way or another with real-world class practices by means of interviewing the Chinese new middle class in Guangdong province: they should speak for themselves about their own lifestyles and consumption habits. The Chinese new middle class had sprung into existence in Chinese society and their sudden arrival appears to have important implications (albeit yet to be determined) for the new social stratification and social inequality in mainland China. Producing a description of the quality of lived experience is inadequate and insufficient. Increasingly obvious to me is this: what is most important to our understanding is to describe the *meanings hidden behind* the lived experience and the value that they have to the actors. The product, therefore, is a constructed text of human actions, behaviours, intentions and experiences in the actors’ life-world.

Theoretical frameworks and empirical data are of paramount importance to me since they provide a guiding thread to a more comprehensive framework to better understand the empirical setting of the development of China under the



dual influence of economic reform and globalisation. Even so, my own experience as a researcher tells me that more concrete practices, unfettered access to fieldsites in Guangdong and the personal quality to get along well with people are usually more important in the field. These aspects are especially important in a place like China where conservatism and reserve are still the norm and many of the Chinese new middle class are wary of accepting the approach of a researcher to conduct in-depth interviews. Theories and practice are complementary partners (or at least they should be) to understand the peculiarities and idiosyncrasies of the Chinese new middle class in Guangdong province (Kwong 2001).

Having *rethought* the aims and focus of the study, I then went on to examine the methodological questions for the study. I picked up the ‘story’ metaphor from my in-depth interviews and participant observations of people’s experiences and the meanings they made of those experiences. I decided to ‘talk’ to the Chinese new middle class and collect their ‘stories’ of how they became the rising stars of the reform era. The people of the Chinese new middle class narrated their private lives and revealed to a greater or lesser degree the various versions of the Chinese new middle class that they apparently subscribed or aspired to at different points in their careers and everyday lives. Based on those in-depth interviews, I as the participant researcher used my own reflections (Steier 1991), subject knowledge and analysis to interpret or reinterpret their meanings.

## Acknowledgments

THERE IS NO EASY WAY to say this but too many people are responsible for this thesis. The great numbers in themselves are a cause for gratitude. Their not thinking about getting any gain from the work earns my eternal trust. As I look back on how this thesis came about, I am deeply beholden to a wide range and number of people who took me on without any obvious personal gains.

My interviewees and their frankness are what made me want to do the thesis. Their recollections are a remarkable source of insight about Chinese society for me on a professional and personal level. We started as strangers and are now friends.

I am beholden to my principal supervisor, Professor John Holmwood. Professor John Holmwood of the University is a godsend. It is my fortune to have him as Ph.D. principal supervisor. Professor Holmwood has a healthy, non-nonsense approach to theoretical and practical research work. He literally spent hours in deeply incisive conversations with me, listening to my ideas (with humour and probably a grain of salt) and showing me how to carry those ideas to the cutting edge as much as possible. Those ideas are now in this thesis. I am so indebted to him for his long patience and deep interest in my Ph.D. that no words could express my appreciation.

I would like to thank Dr. Shelley Budgeon who is my internal supervisor. Her sage and patient endeavor to comment all my manuscripts provided me with invaluable knowledge and sufficient insights to revise my thesis accordingly.

‘Uncle Wong’ (a pseudonym) deserves special thanks. He made it possible for me to have incredibly deep access to an incredibly wide range of influential people across China. He often went the extra mile to get me transport, accommodation and many other things while I went to work in the field. So much owed to one person.

There are so many others. Everyone is on top of the list, and some come to mind right now: Bryan Kwok-wo Lam, Dr. Emma Foster, Dr. Chen Powei, Dr.

John Lowe, Dr. José Lingna Nafafé and Jacqueline Kam-lin Shek. They are ‘major’ in their encouraging words and attentive ears (and many things besides). Between these people, I have been nourished intellectually, physically and emotionally.

Everyone, together, has been the driving force for me to think about possibilities that I would not tackle at all otherwise. In that sense, this work is a product of interpersonal interaction—the crux of the thesis.

Finally, I am indebted to my parents for their support and forbearance. I would have never come so far in life if they did not support me. This thesis is therefore dedicated to them.

The list goes on, and will go on in future.

## Introduction

“The everyday social and cultural practices seen in China today exhibit heterogeneity rather than homogeneity. Such a heterogeneity (fragmentation, if you will) challenges traditional concepts of class. Class should now be incorporated into the body of sociocultural terminology because the case of China shows that lifestyles and consumption patterns play an important role inside the class boundary, as is shown by the features of the Chinese new middle class. The explanatory power of class structure in general Sociology is set to undergo a fundamental change because of the Chinese situation.”

(Author's own memorandum)

I STARTED THINKING ABOUT THE Chinese new middle class (中国新中产阶层 *xīnzhōngchǎn jiēcéng*, literally, the new medium-asseted stratum) almost three years ago. It was a reaction brought on by an acquaintance, who shall go by the name of ‘Uncle Wong.’ His story was an impetus for me to think more deeply about such people in China today.

Uncle Wong (pseudonym) is a man of substance: he is about forty years old and a party cadre in Guangdong. I first met him in 2008 through an acquaintance in Guangdong and since then we have become friends. He is a frequent visitor to Hong Kong, with a reputation for generosity and lavish spending, and I often accompanied him whenever he was in Hong Kong on his many shopping or sightseeing trips. In many ways, Uncle Wong was the one who inspired my research into the lifestyle and consumption of the new middle class in post-reform China.

The first time I met Uncle Wong, I thought he (the big spender I have come to know him to be) was just practising conspicuous, hedonistic consumption in Hong Kong. One time while in Hong Kong, Uncle Wong was buying a large amount of jewellery: jade, gold, diamond-studded watches and so on. That one

spree apparently cost him RMB¥20,000 (US\$2,928 or £2,022)<sup>1</sup>.

To me, as the researcher, what was most interesting was not the spree itself but that he paid for his purchases in cash, not credit cards or cheques. His behaviour quite astonished me, though it should not have done. Indeed, Uncle Wong's case is quite common among the rich in China today. Then piqued by curiosity to understand people like Uncle Wong – China's burgeoning new middle class, their attitudes and aspirations – as a guide to contemporary China and the very distinctive trajectory of change it is now embarked upon.

The introduction of market reforms – beginning in a small way in the 1970s, but accelerating from the 1990s onwards – and China's apparent move from an economic system of state-planning to a market-based one is a familiar story, but before I begin with my outline of the study undertaken for this thesis, I will set out some of the significant issues affecting the rise of the Chinese new middle class in post-reform China.

### **Pre-reform China at a glance**

The Chinese Communist Party (CCP) under Mao Zedong<sup>2</sup> took power in 1949 and immediately began a programme of revolutionary change, one of the first being a new Marriage Law (based on the Soviet model of the 1920s) that set a new charter for women and children (Meisner 1999). From the 1950s to the late 1970s, the central government exercised authoritative power and all policies were buttressed by a command economy and controlled by strict planning

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<sup>1</sup> All the exchange rate in this thesis is for RMB ¥1 = US\$0.146 and RMB ¥1= £ 0.102 mid-market spot rates. Retrieved [www.xe.com](http://www.xe.com) on 25 May 2010.

<sup>2</sup> All the Chinese terms (with Chinese pinyin) in this thesis, refer to glossaries and abbreviation at the back to the thesis.

guidelines. In 1958-60, the regime carried out the Great Leap Forward (大跃进 *Dàyuèjìn*), a radical campaign aimed at fast-forwarding to an egalitarian society. It abolished private ownership and established a new social formation called 'the rural people's commune.' Class became heavily conditional on party political affiliation and observance. Property erstwhile in private hands was confiscated and evenly distributed among every Chinese person. Central authorities manoeuvred industries according to strict central planning guidelines (Lu & Perry 1997, Walder 1986, 1989, Pun 2005).

The two most salient features of Maoist China were the *hùkǒu* and *dānwèi* systems, both of which continue in modified form to this day.

The *hùkǒu* system classifies the entire population into two (and only two) categories: agricultural registrants are domiciled in rural areas and non-agricultural (i.e. urban) registrants in metropolitan areas. Introduced in the 1950s, it became quickly entrenched by the early 1960s. The *hùkǒu* (户口) is a nationwide system of household registration set up under the 1958 Regulations on *Hùkǒu* Registration were issued by the National People's Congress (NPC) in a bid to safeguard progress towards collectivisation in rural areas and control food shortages in urban areas. It was designed chiefly to control internal population movement. It created a legal domicile for every person and bound each person permanently to that domicile. At the same time, the *hùkǒu* could also in many contexts refer to a family register since *hùkǒu* is issued per household and usually includes details of births, deaths, marriages, divorces and movement of all members in the family. Additionally, the *hùkǒu* also identifies a person or household by administrative category (rural vs. urban). A dichotomy

of household management thus began to take shape. It is a system that curtails geographical mobility of people and also accordingly denotes the salience of native-place identity in urban China (Lu & Perry 1997: 43).

The *dānwèi* (单位 ‘work unit’) system refers to the place of employment, especially in the context of state enterprises during the pre-reform period. The *dānwèi* was the first step and principal channel for implementing party policy in the Chinese socialist infrastructure. The work unit once held considerable sway on the life of an individual: workers were bound to their work units for life. The work unit was almost wholly self-contained and provided an individual with a full complement of goods and services for living, such as housing, healthcare and education. The same system monitored the behaviour of each individual for compliance with implemented party policy. Individuals had to obtain permission from their work units for activities like travel, marriage, having children or even where to have meals (Walder 1986 & 1995c, Lu & Perry 1997). Job allocation, even for university graduates, was the norm in a centrally planned economy such as China was then.

*Hùkǒu* and *dānwèi* were the two prominent features of pre-reform China. Cadres who had the greatest access to political capital or power became the prominent and dominant class. They enjoyed higher status in society. *Hùkǒu* and *dānwèi* could capture stratification relevant features of the pre-reform system.

From 1966 to 1976, the leadership under Mao carried out the Cultural Revolution (Meisner 1999, Andreas 2009), an even more radical campaign to reset the entire Chinese society on the road to socialist utopia. Capitalist assets or private ownership were banned. Many intellectuals and ‘political subversives’

were sent to the backwaters of the country ‘to learn from the peasants’ and also of ‘educated’ youth. Paradoxically, peasants and workers of that period are generally considered to be the best of their generation (Goldman 2005).

It started with a couple of ‘big-character posters’ on a university display board that quickly backfired on the writers and spiralled out of control. Huge rallies were organised to work up the emotions of the more politically minded. Broadly speaking, Maoist China had been a wholly egalitarian, relatively classless society. The concept of a middle class did not exist then because the Communist Party brought an end to the propertied classes such as landlords. Maoist China had no culture of consumption and no landholdings or private property. Political attachment to the party (i.e. political capital) was paramount. When Mao died in 1976, a series of politico-economic events took place that ultimately led to the dismantling of radical Maoist socialism in China.

### **Post-reform China at a glance**

The utopian socialist class structure of society as constructed by the Maoists rapidly dissolved when Deng Xiaoping and his protégés launched economic reforms and modernisation drives in 1978. The Chinese working class, hitherto protected by state enterprises and collective communes, was forced to give up its ‘iron rice bowl’ (*tiěfànwǎn* 铁饭碗) in the face of urban reforms (Walder 1989, Pun 2005, Hughes 1998, BBC 1999). ‘Iron rice bowl’ is a Chinese idiom referring to employment that offers very good or guaranteed job security, along with a steady income, benefits and sometimes extra perks as well. In China, it refers to the system of guaranteed lifetime employment in state enterprises. Job security and wage levels are not related to job performance but adherence to



organisational rules or party doctrine. The meaning derives from the traditional porcelain rice bowl, which breaks when dropped. An iron rice bowl can be dropped multiple times without fear of breakage, much like how employees in certain positions can make numerous mistakes before being fired.

Initially, pragmatism took first place and ideology was put in the backburner. The so-called open-door policy and economic reforms of 1978 effectively put modernisation and economic progress the official ideology of the country, though it was obviously not described in that way. The reforms basically put an end to most of the more damaging forms of command-and-control restraints in the Chinese economy and in general life.

Enterprises were now able to transact a variety of contracts with local governments, which in turn supplied enterprises with production materials and so-called bureaucratic services (such as licensing, certification, and tax concessions). These practices provided the channels for local government to exercise control of property rights, resource allocations and various other bureaucratic processes, including investment and credit resources. Whilst central government command loosened, “strong local officialdom and public enterprises with a thriving market economy” appeared under economic reforms (Lin 1995b: 304). Deng’s dictum ‘economics in command’ had effectively supplanted Mao’s dictum ‘politics in command’ (Goodman 1999: 6). Even in the earliest years of the reforms, China welcomed and encouraged foreign enterprises and investment to its shores. Many of the Chinese new middle class today used to work for state entities or collectively owned enterprises back in the

1970s and 1980s before switching to foreign ventures or private enterprises<sup>3</sup>. Their working stories are recounted later in the thesis.

Special economic zones and joint ventures with foreign businesses were set up to accelerate economic modernisation. The most celebrated of the reforms for the industrial sector was the establishment of the ‘Town and Village Enterprise’ category of businesses. TVEs were usually small-scale businesses such as grocery stores and other establishments that supplied or manufactured daily necessities (Park & Shen 2003, Kung & Lin 2007). Many TVEs were located in the coastal provinces and are ubiquitous in many cities in Guangdong province, which will be the location for my study and will be described in detail in a subsequent chapter.

One of the indicators for the liberalization of economic activities in reform China is the dual-track price structure. The same commodity can be priced differently between the planned and the marketised portions of the economy (Zang 2008 in Goodman 2008). Under the dual-track price structure, one way of profitmaking was to increase production using high-priced raw materials. However, the far simpler, more profitable way was to pocket the spread (i.e. price differences) between the state sector and the market. Pocketing the spread became extremely lucrative even in the early 1980s. Pocketing the spread meant that the Chinese new middle class were able to purchase state produced commodities (such as cooking oil, salt and rice) at a cheaper price, which they could then sell at a higher price than the central government did. It was one of several means for people to manipulate any ambiguous and incomplete

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<sup>3</sup> ‘Collectively owned enterprise’ (*jí tǐ suǒ yǒu zhì qǐyè* 集体所有制企业) is an economic unit (i.e. Business) where the assets are owned collectively by the workers and/or managers of the

institutional policies for profit-taking—and it served as a ‘breakout’ point for the rise of the Chinese new middle class.

Despite land and property reforms in China, urban land remains ‘state-owned,’ that is, owned by the state through government administrative or economic units, and what is transacted is *land-use rights*. During the reform years, cadres and ex-cadres of land-owning work units sold land-use rights to commercial property companies at a steep profit. The result is a loose but active network of property dealers across different cities driving up the number of land transactions.

From the post-reform land-leasing system emerge two prominent features. One is the privatisation of public housing and the commercialisation of the housing market. The other is the ‘spatialisation of class’. In the privatisation of public housing and commercialisation of the housing market, the general trend has been a move away from *dānwèi*-based housing provision to a commercial housing regime. This is an uneven process, with winners and losers, thereby creating class differentiation in urban China<sup>4</sup>. As with any state of affairs that has winners and losers, housing therefore is an important element in the production of a new middle class.

As for the ‘spatialisation of class,’ this feature is still going on in Chinese cities today: socioeconomic differences are increasingly inscribed on space, especially regionally and between areas designated as ‘rural’ and those designated as ‘urban’ under the *hùkǒu* system of registration (Chadha & Husband 2006: 119).

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unit (China Data Online 2008). Details see glossaries.

<sup>4</sup> Housing classes in Western sociology is associated with the work of Peter Saunders, ‘Beyond Housing Classes: The Sociological Significance of Private Property Rights of Means of

Chinese cities have relatively lower degrees of internal inequality for inhabitants than do comparable cities in the West or in the developing world (Friedmann 1985). The greatest inequalities seem to be regional and this seems to follow from the operation of the *hùkǒu* system. The remaking of urban communities and the making of the Chinese new middle class are becoming two inseparable processes (Chadha & Husband 2006: 496).

According to Bian *et al.* (2005) and Zhang (2000), there is a labour force currently in China of about 342 million. This includes about 6% classified as professional employees and a further 6% as entrepreneurs. About 12% of the labour force is made up of illegal migrant workers, a further 12% unemployed and about 25% forming a 'floating' population. While many of the consequent inequalities are manifested between regions in China, there are significant inequalities within cities like Beijing, Shanghai and those that make up the special economic zone of Pearl River in Guangdong province. However, it is not easy to make a precise assessment because illegal migrant workers to these cities are those with rural *hùkǒu* and will be classified accordingly in much official data. An official report for 2004 from the Ministry of Labour and Social Security points to a serious situation: 68% of all migrant workers in forty cities across China did not receive one rest day in the workweek, and 76% receive no time off for legal holidays. In pay, 48% are paid regularly, but 52% experience occasional and even frequent non-payment of wages, while 54% have never been paid overtime earnings (which the law requires employers to do). As to employment protection, only 12½% had employment contracts and only 15% had social security scheme coverage (Lee & Shen 2009: 120). Including overtime

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Consumption,' *International Journal of Urban and Regional Sciences*, 1984 (8).

payments the monthly income of illegal migrants is about one quarter that of the ‘official’ earnings of white collar workers, while ‘legal’ manual workers earn about one third of the monthly earnings of white collar workers. As will become clear, the new middle class has access to income considerably in excess of their official salaries.

One crucial institutional change that characterises post-reform China has been the partial dissolution of the *dānwèi* system in urban China. *Dānwèi*, in combination with *hùkǒu*, has been effective in shaping social space and relationships (and therefore identity and class boundary) for the new middle class in urban China because *dānwèi* carries symbolic and functional meanings of power, knowledge and discipline in the party-state (Chen & Sun 2006). However, even since 1980, the urban *hùkǒu* holder is still tied to the *dānwèi* (work unit) from which the individual obtains a wide range of goods and services. Therefore, the *dānwèi*, *hùkǒu* systems and *guānxi* (or systems of personal networks) in urban areas still have an important impact upon class relations in post-reform urban China. While the *dānwèi* system has broken down in the countryside, it remains a significant factor in urban areas where one member of a household at least may retain an attachment to a *dānwèi* in order to enjoy the wider benefits that would accrue to the household.

The *hùkǒu* system of household registration and policy of lifelong employment together stabilises (i.e. restricts) the residential mobility of the urban family. Provision of public housing is based on length of service, so older employees receive priority for larger, better-built accommodation plus the option to have their married children to live in with them. Work replacement policy (i.e.

‘grandfathering options’) allows retiring employees the chance to secure employment in the same work unit for their grown children. These two policies and others enable the state to keep adult children dependent on their parents, thereby putting senior citizens in a superior position in the family structure and so promote family togetherness (Sheng & Settles 2006).

Professionals and entrepreneurs who are not originally urban *hùkǒu* holders are financially able to afford a *hùkǒu* transfer. The usual way for them is to do it through employment with an international company to affect a transfer from a rural *hùkǒu* to an urban one. Other people have been known to pay as much as RMB¥100,000<sup>5</sup> (US\$14,631 or £10,004) to ‘acquire’ an urban *hùkǒu* from cadres. Therefore, the most distinguishing feature of a member of the Chinese new middle class is having an urban *hùkǒu* as opposed to one who does not (the peasant).

The economic reforms and thriving economy have caused many professionals, entrepreneurs and cadres to pour into the newly established industrial or development zones predominantly located in Guangdong province, the base for much of the global capital in search of a commercial foothold in the Chinese market (Pun 2005: 30). The Maoist language of class struggle, being permanently abandoned through the economic reforms, have made many of the Chinese working in state enterprises switch to doing business (*xiàhǎi* 下海 ‘to dive into the sea’) by the 1980s. The privileged position associated with the urban Chinese new middle class became progressively prominent throughout the reform years (Pun 2005: 30) and is set to become even more so in future. The

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<sup>5</sup> It is learnt from the in-depth interviews with the Chinese new middle class.

*guānxi* circles that ex-state workers have developed during their time with the *dānwèi* remain useable and important even after their switch to the business world.

China is now practising ‘socialism with Chinese characteristics,’ a full-blooded capitalism in disguise driving the economic growth of the country. It comes with a large grey zone of interconnecting relationships built up by gift-giving, wining and dining, collective memories, traditional Chinese values and the need for self-improvement. The loophole in the machinery of government and the relationship-oriented nature of Chinese society result in the administrative grey areas and encourages *guānxi* networks to arise as a means for ‘getting things done.’ (Zhang 1999)

*Guānxi* is what oils the cogs of bureaucracy and the wheels of commerce, and is the single biggest factor that spurred economic growth in China. The newborn or born-again bourgeoisie in present-day China closely overlaps with the bureaucrats and is intertwined with kinship networks (Bian 1994, Lin 1999, Oi 1991, Ong 1999, Pye 1999), so *guānxi* networks are increasingly important to get ahead in post-reform China as the country heads towards a fuller capitalist society.

Economic reforms have brought a greater degree of prosperity for many in China. Individuals can now run their lives, flexibly and with maximum collaborative potential through institutional improvements and also longstanding interpersonal networks that operate on shared backgrounds, lifestyles and consumption habits (Chaney 1994 & 1996, Latham & Klein 2006). The appearance of the Chinese new middle class demonstrates the importance of

class, education, market, political values and the ruling party in the country. In looking at the rising new middle class of China today, class analysis in transitional China allows us to think of the special nature of the Chinese market situation within the context of ‘socialism with Chinese characteristics.’

The picture of class in post-reform China is also complicated by the operation of both the household registration system (*hùkǒu*), which produces spatially distributed inequality among the population, and the work-unit system (*dānwèi*), which helps give rise to regionalism among the bureaucrats. The singular supremacy of the ruling party preserves the continued importance of bureaucrats (cadres) in Chinese society. The operational ideology of the party requires the use of such ‘professional revolutionaries’ to implement policies and operation at all levels of government. Significant or even substantial loopholes in the machinery of government especially with regard to the marketised portion of the economy encourages interpersonal relationship networks (*guānxi*) to develop between bureaucrats and the people in the private sectors including entrepreneurs and professionals.

### **Overview of the thesis**

Class analysis as applied to post-reform China differs from Western-based analytical models in that ‘class’ in China is more of a cultural term than an economic one. Institutional changes to *hùkǒu*, *dānwèi* and property ownership in urban China become important factors in shaping the sociocultural characteristics of the new middle class when combined with the social pre-eminence of cadres and the importance of *guānxi* networks. Metropolitanisation of urban China is increasingly causing the new middle class



and other social distinctions to emerge in Chinese society. New social distinctions help shape new identities. Consumption helps to accentuate social distinction and differentiation. Aestheticised (or stylised) consumption encourages hyper-commodification of both goods and consumption itself and help spread symbolic consumption. Increasingly favourable business conditions attributable to good public policy have also led to better living standards and therefore a higher standard of consumption behaviour, both of which can readily be seen in the lifestyle of the Chinese new middle class.

This thesis interviewed 59 members of the Chinese new middle class in six cities in Guangdong province. There are 31 entrepreneurs, 11 cadres and 17 professionals. My operationalised conceptual framework gives me four standards as the basis for selecting my sample and the techniques to deal with them. The first standard is a minimum per-capita income of RMB¥5,000 (US\$732 or £505) per month, and this baseline is an average of official statistics (Guangdong Provincial Statistical Bureau 2005-7), academic surveys (CASS 2002 & 2007, Qiao & Jiang 2005) and popular perception (from the media like China Daily 2005, 2008). The second standard is a minimum post-secondary education (technical or non-technical), based on qualifications obtained. The third standard is a managerial-level or managerial-type job position, whether in the state or private sector, technical or non-technical. The fourth standard is native belonging, i.e. whether our subjects were originally natives of the fieldsites or newcomers/immigrants from other regions.

\* \* \*

I first met Uncle Wong in early 2008 and I completed my fieldwork in summer

2008. Those interviews will be recounted as part of the research process in the methodological account in Chapter 3. For now, I am concluding this chapter with an account of how I composed this thesis, which is the last leg of my research journey.

While this piece of research writing should speak in the voices of its subjects, I decided that it would also speak with mine. It seeks to offer a first-person account of the research process and to provide ‘thick descriptions’ (Geertz 1973, 1983, 1998) and dense interpretations of stories (Miller 2000, Andrie 2001) from the Chinese new middle class.

**Chapters 1 and 2** present the literature terrain that has been crossed and explains the conceptualisations employed to account for the Chinese new middle class.

### **Chapter 1: An intellectual journey: Class theory to class analysis**

This chapter depicts the background of class analysis in its originating western context. It will present arguments from the Marxist and neo-Marxist approaches and highlight their inherent problems with respect to the Chinese situation. The literature review will also show how and why Bourdieu’s cultural sociology supports the idea that the Weberian/neo-Weberian approach is more robust (i.e. better suited) to depict a fuller, more accurate picture of the Chinese new middle class than is a neo-Marxian account.

### **Chapter 2: (Re) framing class analysis in post-reform China**

This chapter reviews the application of class analysis to post-reform China. More up-to-date information about class analysis in post-reform China will be introduced. At the same time, it will highlight how the Chinese new middle class

is in fact socioculturally constituted in the context of Chinese society and has Chinese-specific characteristics as manifest in lifestyle and a particular orientation to consumerism.

### **Chapter 3: Mapping the ethnographic terrain**

This chapter is a ‘confessional tale’ (van Maanen 1988) of methodological design. It provides a full account of how this study is framed, the methodological plan used, the narrative approach taken and the story behind the research process (Gergen & Gergen 1988, Usher 2001). It is basically about the methodological philosophy behind the study and how the research work was carried out: to give concrete information about the reasons for selecting the fieldsites in Guangdong province. Importantly, it will also explain how insider research and research ethics are done ‘with Chinese characteristics’ and why it does not follow the same procedures as are mandated in Western research sites.

**Chapters 4, 5, 6 and 7** are core chapters of this thesis presenting the findings about the Chinese new middle class.

### **Chapter 4: Class boundaries of the Chinese new middle class**

This chapter focuses on the older generation of the Chinese new middle class and presents information about the class boundaries and culture of that particular subset of the new middle class in Guangdong. Excerpts from interviews will be used to show the pragmatic and utilitarian inclination of the older generation towards consumption matters, collective memories and other aspects.

### **Chapter 5: Generational effects in the Chinese new middle class**

This chapter is about the consumer revolution taking place in post-reform China. It also explicates the lifestyles and consumption patterns of the younger generation of the Chinese new middle class when compared to the older generation.

### **Chapter 6: *Guānxi* networks and the Chinese new middle class**

This chapter is about institutional changes relating to *guānxi* networks. Cadres still play influential roles in collaborating with professionals and entrepreneurs in post-reform China. It highlights the ambiguities and incompleteness of national and local official policies, and the networks that arise from them as a counterbalance.

### **Chapter 7: Middle class culture and political development**

This chapter is about the political development, cultural and moral boundaries of the new middle class. With the self disclosure and insider information collected from the Chinese new middle class, there are ample sources of references to explicate the middle classes' identity and their close relationship with the local government in a highly globalizing China (Robertson 1995, Held 2003, Held *et al.* 1999).

## **Chapter 8: Conclusion**

This chapter is the conclusion. It ends the research report with an epilogue to offer readers a reflexive discussion the study. This final chapter marks the conclusion of the research, but also a point of ‘opening’ out to critique and comment.

## Chapter 1

### **An intellectual journey: from class theory to class analysis**

'We use ideas in the literature in order to develop perspectives on our own data, drawing out comparisons, analogies, and metaphors.'

(Coffey & Atkinson 1996: 110)

OVER THIRTY YEARS OF LIBERATION have led to across-the-board socioeconomic changes in China, with economic liberalisation leading to the rise of a new stratum of socially influential people, popularly dubbed the 'Chinese new middle class'. Looking at the Chinese new middle class in any sensible, disciplined way requires the construction of a conceptual framework that fits in with the current realities in China. A study about the new middle class emerging in Chinese society has to cover a sizeable expanse of intellectual terrain (Lynch 2002). My first foray into sociological literature included cross-cultural and China studies with special emphasis on those that illustrate the nature of the so-called new middle class of China.

Most class studies from the West are not directly useful in the Chinese context because they are overly concerned with class dynamics and class structures in Western societies and are also based very much on Marxist trajectories of social transitions – for example, 'from feudalism to capitalism', but not 'from communism to capitalism'. 'Socialism with Chinese characteristics', where these characteristics derive from a pre-existing and still significant communist regime of political economy, has no parallel with anything anywhere else. This imparts correspondingly unique characteristics to any social class that emerges in that society. In what follows, I seek to build a conceptual framework from

existing theories, models and knowledge about social class in the West and East that fits in with the observed reality in China today.

This chapter reviews five major areas in the literature.

1. I shall first examine the Marxist theory on class and how Marxist principles deal with questions about stratification orders within a modern society.
2. I will use cultural capital and 'party' (political determinism) from Weberian class analysis but I note that political determinism works in different ways in China than in the West: political affiliation/support for the CCP (China) vs. political parties competing for power in the public realm (West). I will also use 'economic class' from Weberian class analysis because it seems to work in a more refined (or less blunt) way than in Marxist class theory.
3. I will develop Weberian 'economic class' in terms of 'work situation' and 'market situation' from neo-Weberians such as John Goldthorpe (1980, 1982), whose seven-class scheme is more easily modifiable to suit the Chinese situation.
4. I shall also seek to supplement the neo-Weberian approach with the approach of Bourdieu and other cultural sociologists' work to explain some of the lifestyle and consumption patterns of the Chinese new middle class.
5. Finally, I explain how the established theoretical models help me operationalise a conceptual framework of class for this study using concrete scenarios to depict the actual situation in China, although most of this discussion will be reserved for the following chapter.

## **Marxist class theories and derivatives**

Classical Marxist class theory is a theory that rests on notions of class antagonisms. It involves two dichotomous classes in a state of continual conflict because of one class exploiting the other. Class exists in society when there is an exploitative relationship in production, which, under capitalism, in Marxist theory is between the bourgeoisie and the working class. As capitalism progresses, the gulf widens between the bourgeoisie and the working class, becoming ever deeper and more distinct with time. Marxist theory bases its argument on ownership and lack of ownership of property in the means of production as being the essential determinant of class relationships.

The class debate in the West mostly develops as a debate with Marx's theories. The Marxist analysis of class and society is best able to account for socioeconomic phenomena, but even here Marxist concepts break down when dealing with modern capitalist societies (Clark & Lipset 2004, Meiksins 1998, Migone 2007).

The weakest point in Marxist<sup>6</sup> thinking, even for analysing Western capitalist societies, is the conspicuous presence of intermediate classes between workers and bourgeois capitalists. In a capitalist society, as the Marxist wisdom goes, the bourgeoisie consists of industrialists, financiers, landowners and merchants. They are in continual conflict with each other and they as a whole are in opposition against workers. The real-life problem for Marxist theory that all societies around the world have undergone major transformations since the theory first came out over a hundred years ago. Class lines are relatively blurred

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<sup>6</sup> See glossaries about the details of theory of production force argued by Karl Marx, and the



in China today. The theory is unable to deal with groups like managers, civil servants, doctors, computer programmers and many others who are salaried but own no means of production, at least not by Marxist definition (Saunders 1990: 15). Neo-Marxists such as Nicos Poulantzas (1973, 1975, 1978, 1982) and even Wright (1979, 1985a, 1985b, 1994, 1997, 1999) tried to compensate for theoretical problems by reclassifying the modern middle class as the petty bourgeoisie of small-business people, independent farmers and white-collar salaried workers. The reclassified middle class is then intermediate between the financiers and industrialists on one side and the industrial workers on the other (Arbam 1939: 332), but the theory cannot escape the shrinking role of the latter and the declining significance of class polarisation, at least in terms of class structure.

Marxist class theory, then, has quite deep-seated problems and reclassification sounds like a stopgap measure. Numerous studies confirm no existing communist state ever existed in pure communist, classless form (and that the only classless societies that have existed, in Marx's sense, are those of 'primitive communism', not 'advanced' communism). Indeed, Marxist theory could not even sustain itself in explaining European feudal societies. In mediaeval Europe, the cleavages and conflicts in society were not between owners and non-owners of assets or production. They were mostly between the monarch and the nobility or the church, or between the crown and the burghers in townships that tried to assert autonomy from royal control, or just blood feuds (Saunders 1990: 12). We can see the two concepts of exploitation and class structure are already too limited to explain feudal societies. The fact is that all societies are always

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relationship between communism and the outbreak of the Cultural Revolution in China.

progressing under various degrees or types of transformations. The Marxist theory uses class categories like property and means of ownership to classify class in society. That makes most Marxist-based class theories of decreasing relevance for examining modern-day class structures and class relationships.

If Marxist theory has lost its usefulness for Western societies, it has even less usefulness to explain new patterns of social stratification emerging in China. The Chinese case introduces problems—it is the wrong transition, from state socialism to market socialism (capitalism). The Chinese transition complicates the Marxist analysis by including a trajectory not recognised by Marx. The class philosophy, historical materialism and the two-class dichotomy of Marxist theory are legacy conceptualisations for China watchers. China today is a mixture of socialism and capitalism with spatial characteristics. So, as a theory of transition confronted with a problematic transition, Marxist theory is generally implausible when applied to China today.

### **Weberian class analysis**

Longstanding attempts by sociologists to understand modern capitalism in terms of class usually begins with Marxist theories but have moved in a Weberian direction because of complications presented by real-life situations.

Max Weber's (1946, 1947, 1951) pioneering work in class analysis takes up the slack in Marxist thinking on two levels. On one level, Weberian class analysis breaks the Marxist materialist link between class and the economic/productive process by showing that people are also consumers of goods and services in the marketplace and not just sellers of labour (workers) or owners of capital (the capitalist elite) (Liechty 2003: 11).

Weber developed a typology of class, status and party as the three bases of social stratification. Weber considered them as important influences in people's lives, as opposed to the Marxist emphasis on property classes alone. That means the Weberian approach looks at the underlying structure of class as differential sets of life chances for members. Differential demand in the marketplace for capital, commodities and labour represent differential property ownership and income opportunities. Differential property ownership and income opportunities give rise to differential life chances. Differential life chances create differential demands for goods and services, and the demands lead to differential access. All these make Weberian class analysis more of a consumption-based model of class than a production-based one, or at least, allow a production-based account to be supplemented by a consumption-oriented one (Wallace & Wolf 2006, Ashley & Orenstein 2005).

If capital accounting predominates in modern Western capitalism, then Weber was right in making a distinction between property classes and acquisition classes. Property classes are established on the disparity of property holdings, whereas acquisition classes are on possession of skills that help secure resources in the market, thus enabling the Weberian approach to accommodate intermediate divisions. In Weberian thinking, then, social class or group formation rests on (1) ownership of the means of production, (2) economic or market position of the individual's skills and other marketable qualifications such as education (both of these are usually associated with the Weberian definition), (3) social prestige or honour (*status*) accorded to an individual by others, and (4) group belonging (*party*).

## **Class**

In Weberian thinking, classes derive their existence from economic situations associated with property holdings and positions in the labour market. Currently, neo-Weberian class conceptualisations articulate class positions primarily in terms of market and work situations.

Weberians agree with Marxists that all class divisions are property divisions, but differ in three important ways. Class is (*a*) a set of people with a common, actual and specific component in their life chances, insofar as (*b*) the common life-chance component is represented exclusively as economic interests by possession of goods and income opportunities, and (*c*) the common life-chance component is also represented under the conditions of the commodity or labour market (Ashley & Orenstein 2005: 234).

Let us consider that for a moment. As property divisions, then Weberians identify the propertied classes as property-owning entrepreneurial groups and the petty bourgeoisie. Groups that are non-propertied but possess formal educational credentials are distinguished from manual workers (Breen 1995: 28). As a set of people who share common life chances, the market provides the common condition for the decisive moment when a life chance appears to the individual. Weber says that the market distributes life chances in proportion to the resources that individuals bring to it (Weber 1946, 1947; Breen 2005). There is market variation in these resources (e.g. property owners *vs.* non-owners, skilled *vs.* unskilled) in the sense that Weber recognised them (Breen 1995: 29). As Weber wrote:

“.....The factor that creates class is unambiguously economic

interest with classes stratified according to their relations to the production and acquisition of goods.....” (Raynor 1969: 8)

Therefore, class situation is now equivalent to market situation, so the redefinition now reckons that people come to the commodity, credit and labour markets in unequal fashion (Breen 1995: 28). Class becomes redefined in terms of resources held or resources accessible by individuals instead of the relative place of the individuals in the production process.

### **Status**

Status alludes to prestige or reputation differences between social groups. It also concerns the prestige and lifestyle of the individual and the social estimation attached to them, which means status distinctions could vary independently of class divisions. Social honour may be positive or negative. For example, doctors and lawyers are positively privileged status groups in modern capitalist society, but Jews were a pariah group in mediaeval Europe and banned from certain occupations and official positions.

Possession of wealth normally confers high status, though there are exceptions. The ‘old money’ establishment customarily belittles ‘new money’ and the two moneys by the intelligentsia. Weber (1946, 1947) believes that members of a status group share a common claim to a certain level of social prestige based on lifestyle, education or occupation. Status situation could be a highly important factor in that it may have a direct bearing on class situation for individuals.

On one hand, social status has to do with individual or group lifestyle, education, training and socialisation as well as inherited or occupational prestige. On the other, class distinctions are linked in various ways with status distinctions. As

such, property is not necessarily recognised as a status qualification, although in the long run it is and with extraordinary regularity (Weber 1946: 186-187, Liechty 2003: 14).

The Weberian analysis provides useful insight about how consumption and status could be related to the dynamics of middle-class cultural practices (Liechty 2003: 11). The rationale is that sociocultural processes in Weber's intermediate strata (i.e. middle class) revolve around the wide range of cultural formations, lifestyles and status claims, and how they compete with one another within those strata. For Weber, class is the position of an individual or a group in the market as a function both of production (capitalist *vs.* labour) and of capability to consume goods and services. This means the social order of the middle class is determined relatively less directly on its relationship to the means of production and relatively more on relationship to the market, status, lifestyle and consumption (Storey 1999, Pinches 1999).

Status is relatively underdeveloped in the neo-Weberian approach, which usually sees it in terms of the transition from pre-capitalism to capitalism. It is useful to link Weberian/neo-Weberian class analysis with the concepts from Bourdieu on the subject of sociocultural aspects of class formation in relation to field, taste and habitus, and then pick up the issue of political determinism of class positions. This chapter will discuss those links in detail later.

## **Party**

Weber defines a 'party' as an association of individuals who work together because they have common backgrounds, aims or interests. Basically, the Weberian interest in 'party' is in how the formation of groups in 'civil society'

relates to the political arena as they arise from the 'field,' which is either in the economy (classes) or in society (status groups). Weber emphasises that party formation can also influence stratification independently of class and status. In short, 'party' in the Weberian sense is about the political representation of classes or status groups. The concept ultimately relates to the subject of political parties and their socioeconomic foundations, and, hence, the entire body of Western studies that examines the class basis of voting.

To what extent is the Weberian concept of party relevant to post-reform China? Mutual operation of market economic mechanisms and a single-party administration leads to a kind of not-so-completely-capitalist economy and a not-so-completely-transparent government (Zhang 2007: 426 & 431). Class and status positions in China are politically determined through institutional structures operated by the Communist Party (such as *hùkōu* and *dānwèi*), but also conditional on Confucianism and traditional Chinese cultural norms. However, to develop the Weberian idea of 'party' further would give us the link to party cadres, a group in the Chinese new middle class that do not exist as a stratification entity in Western societies (Lu 2002). The political orientations of the Chinese new middle class would need to be expressed in terms of support for different tendencies within the Chinese Communist Party rather than on the idea of voting intentions that Western studies tend to indicate. Therefore, the concept of party fits quite nicely with the continuing importance of political determinism in the Chinese new middle class in addition to that of market and work situations.

### **Neo-Weberian class model: John Goldthorpe**

The original Weberian class model is multidimensional and emphasises status, class and party as life chances in property- and labour-related economic situations. Neo-Weberians extend the model further and set class within market and work situations, and that is the current Weberian/neo-Weberian approach today.

Broadly speaking, from a Marxist perspective intermediate classes are considered as ‘fractions’ (factions) between the two polarised classes as argued by Poulantzas and E.O. Wright. However, in the neo-Weberian position such as that propounded by John Goldthorpe (1980 & 1982), the expanded scheme of seven class categories does not need a primary framing of intermediate classes ‘within’ the core, ‘polar’ classes. The Goldthorpe model seems to be a more robust form of class analysis to explain the concrete situations observed in this study, and this chapter later will set out the reasons why it follows the Goldthorpe model (Goldthorpe *et al.* 1968, Goldthorpe *et al.* 1969).

Goldthorpe (1980, 1982) is particularly relevant in our search to understand the Chinese new middle class because his class framework is primarily divided into those who exercise “delegated authority or specialised knowledge and expertise” (Goldthorpe 1980 & 1982) and those who do not. The authority factor is the one most likely to give rise to differences in working conditions and market capacity, even if status and party tend to be residual terms for Goldthorpe.

Goldthorpe’s initial approach to class is grounded in Lockwood’s concepts of market situation and work situation, both defined in terms of production units



and employment relations in labour markets (Scott 1994: 93). Market situation refers to an occupation and its income source and level, associated conditions of employment, the degree of economic security and the extent of economic advancement. Market situation also refers to categories of occupations whose members are known and have connections in the job market. Work situation refers to where an occupation is located in the systems of authority and control within the production process (Goldthorpe 1980: 40). Occupations typically have common market and work situations within the boundary of the same class.

Educational credentials and marketable skills are primary class classifiers in Goldthorpe's seven-class scheme. His scheme is concerned with the relationships between class structures, mainly work and market situations, which determine class stratification and social mobility in society. Cultural capital, even at the most basic level that Goldthorpe conceptualised it, is applicable to developments seen in Chinese society today. It also allows the Goldthorpean analysis with respect to work and market situations to be applicable in the case of the Chinese new middle class.

Therefore, I could use a modified version of the Goldthorpean classification (Bian *et al.* 2005) to explain the Chinese case (see **Table 1**). The Chinese new middle class would then be in classes I, II and III in the modified scheme.

**Table 1: Modified Goldthorpean class scheme for the Chinese new middle class**

<b>Class</b>	<b>Original classification</b>	<b>Modified classification</b>	<b>Features (modified)</b>
<b>I</b>	Upper service class	Upper class of professionals, administrators and managers	Holds supervisory positions above the level of 'section chief' in the public sector (government/party agencies, industrial enterprises) or in the private sector (industrial or other profit-making enterprises).
<b>II</b>	Lower service class	Middle level of professionals and managers	Holds specialised secondary or post-secondary education and <b>either</b> (a) white-collar, non-routine, non-supervisory positions higher than a 'section chief' <b>or</b> (b) white-collar office employees performing routine tasks.
<b>III</b>	Routine non-manual employees	Private owners and the self-employed	<b>Either</b> (a) those who employ others and also have substantial capital assets, <b>or</b> (b) service or production workers who do not employ others and have a small amount of capital assets ( <i>gètìhù</i> 个体户).
<b>IV</b>	Petty bourgeoisie	Skilled manual labourers or production workers	Blue-collar manual labourers directly involved in production.
<b>V</b>	Lower-grade technicians	Semi-skilled or routine manual/non-manual labourers	Skilled or unskilled employees who provide direct services, including retail cleaners, repairers, cooks, janitors and drivers.
<b>VI</b>	Skilled manual workers	Migrant workers	Those deemed to be the majority in the lower/lowest rungs of society.
<b>VII</b>	Semi-skilled or unskilled workers	Peasant	—

Source: Bian *et al.* (2005)

Goldthorpe (1982: 171) suggests the class formation process itself could be a crucial intervening variable in the reproduction of social classes. There are two aspects: demographic identity and sociocultural identity. Demographic identity is the ability and extent of individuals to occupy the same class from generation to generation. Sociocultural identity is the ability and extent of individuals to share distinctive lifestyles and patterns of preferred associations of a class. The

degree of relationship between class and distinctive lifestyles is sometimes called sociocultural continuity (Lau 2002). Class formation at its normative level is how extensive individuals in the same class positions share common values and beliefs, and that shows the degree of class cohesiveness and homogeneity (Lau 2002).

Class and distinctive lifestyles of a class are interdependent and they are core concepts in the Goldthorpe analysis of modern stratification. The main weakness is that it does not incorporate political capital, a factor that would otherwise explain the membership of regional cadres in the Chinese new middle class. What has been observed of the Chinese new middle class generally concurs with the Goldthorpe conceptual framework, especially with respect to distinctive lifestyles. Even discounting the absence of political capital in the theory, the Goldthorpe model still allows us to develop it further with input from Bourdieu and other cultural sociologists such as Featherstone (1991) to operationalise an alternative to the more usual Weberian/ neo-Weberian method.

### **Bourdieu and the Sociology of culture**

Economic progress has helped foster a new consumer society in post-reform China based on mass markets in production and consumption. As mentioned earlier, the rise of a new middle class reflects a realignment of social order: this reflects a need to construct new social identities (i.e. new classes) more around goods and property than on the work they do (Liechty 2003: 15). Consumption has emerged as one of the many defining characteristics of middle-class cultural life.

Bourdieu provides the latest version of conceptualisations on class that help

bring work and market situations from Weber into a culturally oriented analysis. His culturally reflective conceptualisations have now replaced the traditional ‘materialist’ concept of class (Bourdieu & Wacquant 1992, Bourdieu 1977, 1984, 1986, 1989, 1992, Bourdieu *et al.* 1999, Jacksons 2008, Webb *et al.* 2002). In Bourdieu’s theory, cultural distinctions are the foundations of class distinctions, and taste is a deeply ideological category and functions as a marker of class (Bourdieu 1977, 1989, 1992, Acciaoli 1981, Jacksons 2008, Webb *et al.* 2002). His theory draws a basic distinction between the bourgeoisie and the intellectuals among the dominant classes in a given society (Bourdieu 1977, 1979, 1984, 1986, 1989). The bourgeoisie has higher economic capital but lower cultural capital, whereas the intellectual has the reverse. (Younger generations within the bourgeoisie tend to have higher economic and cultural capital.) Tastes within these two groups are different. The bourgeoisie tends towards the baroque and flamboyant, whereas the intellectual shows a preference for aesthetic modernism.

Bourdieu’s theory, although drawing on Marxian rhetoric, opposes the Marxist view that society is analysable purely in terms of classes and class-determined interests and ideologies. Income differentials signify class differences under very specific societal conditions, but the extent of class structuring in modern societies is determined on more than just income differentials (Bourdieu 1977, 1979, 1982, 1989, 1992). Therefore, the bourgeoisie draws its power and profits from the economy, and its functioning depends as much on the production of *consumer needs* as on the production of the goods themselves.

Bourdieu’s theories on cultural capital, tastes, habitus and cultural practices have

become influential indicators in the investigation of middle classes anywhere. He is perhaps a more comprehensive sociologist than quite a few others are mainly because of his detailed descriptions of daily practices. For Bourdieu (1989), class formation is deeply rooted in the formation of habitus. Habitus forms a vital part of the everyday life of individuals, thereby giving rise to lifestyles for each social group.

Habitus can be defined as “a system of durably acquired schemes of perception, thought and action, engendered by objective conditions but tending to persist even after an alteration of those conditions” (Bourdieu & Passeron 1979:12). Habitus is an embodied internalisation of objective social relations, which is a generative grammar of practices (Bourdieu 1977, 1982, 1986, 1989). In other words, habitus is a set of subjective dispositions that reflect a class-based social grammar of taste, knowledge and behaviour permanently inscribed in each developing person (Bourdieu 1977, 1989, 1999, Bourdieu *et al.*1999).

Bourdieu sees the habitus as the key to reproduction because perception, thought and action are what actually generate the regular, repeated practices that constitute social life. In that sense, habitus is “the product of social conditionings” (Acciaioli 1981: 116) and links actual behaviour to class structure (Acciaioli 1981: 86).

Bourdieu’s (1977, 1989) concept of class habitus indicates that cultural capital is the pivotal determinant of values, instincts and lifestyles. Cultural capital comes in various institutionalised forms, but most readily as education and skills. Bourdieu (1989, 1992) emphasises the leading function of education to predispose an individual or group to engage in certain cultural practices. The

inference is that education brings out differential cultural patterns. A dominant economic class able to access superior culture (e.g. good taste) legitimises its position of superordination relative to other classes. Education enables the class to progressively capture the means of cultural reproduction as a way of increasing its chance of social reproduction (Bourdieu 1977, 1989). In short, education is a crucial capital to keep high social station from generation to generation.

If education is important in influencing cultural practices (Bourdieu 1984), then it is education in Western societies that ultimately services to reproduce differentiated cultural patterns (Bourdieu & Wacquant 1992). Education level is already a measure of the competitive position of an individual in society. If education influences cultural practices and if that influences social positions, then education seems attractive, not for what it offers educationally, but what it could give socially. The class habitus theory tells me that I could predict a low likelihood of friendships between (say) professionals and manual workers: the two types of people differ so sharply in their cultural capital. The more culturally similar the persons are, the more likely they will become close associates (Silver 1990, Zang 2006). Real life bears this out: professionals are mostly university graduates trained in critical thinking and they develop a tendency to exchange views only with their equivalents (Zhang 2000).

Bourdieu's concept of habitus (along with his concept of field) provides a useful way to understand what culture is and how it shapes local interaction at the individual and group level right through to the institutional or state level. Habitus guides individuals in social life by supplying them with an implicit

grasp of ‘the rules of the game.’ Class habitus therefore indicates that people follow instincts when making important life decisions like friendship choices. Bourdieu’s line of thinking closely aligns with the idea that prospering groups like the Chinese new middle class possess a distinctive habitus and taste in everyday life because of its higher-than-average cultural capital.

Taste is a deeply ideological category and it functions as an indicator of class (Bourdieu 1977, 1979, 1989, 1994). Bourdieu points out that:

“Taste is the practical operator in the transmutation of things into distinct and distinctive signs, of continuous distributions into discontinuous oppositions; it raises the difference inscribed into the physical order to bodies to the symbolic order of significant distinction. It transforms objectively classified practice, in which a class condition signifies itself (through taste), into classifying practice, that is, into a symbolic expression of class position...” (Bourdieu 1984: 174-175)

Bourdieu believes that taste is one of the main battlefields of the cultural reproduction and legitimisation of power (Bourdieu & Passeron 1979). Certain constellations of taste, consumption preferences and lifestyle practices are associated with certain social groupings (Bourdieu 1989). That implies that certain goods could be used in certain ways as instruments for making social distinctions. For example, Bourdieu describes how the French upper class prefers rich courses, desserts, vintage champagnes and truffles. Since each social group has a different habitus, it follows that different taste structures would emerge from different social groupings (Bourdieu 1977, 1982, 1986, 1989; Calhoun 2007, Bourdieu & Passeron 1979). In other words, different ‘objective conditions’ are internalised via habitus as expressed in taste. For example, taste in food is based on knowledge of proper methods of preparation and presentation, as well as on the ‘correct’ foodstuffs for a well-balanced diet.

Bourdieu distinguishes three kinds of taste. Pure or legitimate taste is the first kind and it is the taste whose cultural objects are legitimate. It is the kind of taste usually found in parts of the dominant class with the highest educational capital. The second kind is average taste: that which is directed to less-valuable and more common objects. Popular or vulgar taste is the third kind and refers to the value that has been inflated by its proliferation, for instance, pop music. Demarcation lines in taste run from the good and the bad to the 'barbarian.'

From a practical standpoint, Bourdieu's concept of taste means that a more highly educated person with more pure or legitimate tastes can legitimise his or her status in society. The more highly educated you are, the more able you are to distinguish yourself from the status of those less so. The implication from Bourdieu is that taste is a means of power, an instrument for domination that could be used by the dominant class to distinguish itself from other classes that are represented by other taste categories.

The taste that a person shows in goods is an indicator of his or her social class in a commodity-oriented (i.e. consumption) culture (Featherstone 1991: 88). That makes consumption culture the 'field' to create, preserve and replicate social differentiation and social disparities (Bourdieu 1977, 1989, 1992). If, as already mentioned, a dominant class uses education to keep its culture and to keep its class position, then that is saying that education shapes taste that shapes consumption behaviour to shape social differentiation and class boundaries, which in turn shape the characteristics of the consumption culture. This is the way Bourdieu interprets class in cultural terms (lifestyle and consumption patterns), which is similar to how Featherstone (1991) interprets it except that



the latter focuses on consumption rather than production.

Consumption of commodities in Featherstone's interpretation (1991) is effectively a means of self-expression and source of identity for an individual. If the identity of the individual consumer is expressed through consumption of commodities, and if an item (commodity) has a symbolic value beyond its material value, then consumption of commodities is actually a consumption of values. If consumption of values is captured by such terms as 'taste,' 'fashion' and 'lifestyle,' the implication is that consumption itself is being commodified: the value of a commodity is judged in terms of symbolism in addition to exchange, production and utility. In other words, consumption itself is reflexively consumed. If consumption is differentiated into individualised tastes, the family or the community ceases to be the principal unit of consumption. This suggests the formation of status acts through the sharing of symbols in lifestyle and consumption patterns. Therefore, taste, fashion and lifestyle could be used in place of class and political affiliation as terms to show social differentiation. If Featherstone is right (and he seems to be in the Chinese case), the shared structures of class positions would help people form into social groups like the Chinese new middle class and, once formed into them, goes on to help them look for economic interests to maintain social status.

Applying Bourdieu's concepts to post-reform China, we can see a new logic appearing. The Chinese economy requires hedonism (consumption based on credit and gratification) at the expense of an aesthetic ethos (production and accumulation based on sobriety, abstinence, calculation, saving) (Bourdieu 1986: 310). Two major implications follow from this. The first is that the factors

influencing or determining class positions are even more complex than at first sight. The second is that income differentials are no longer of sole relevance for examining the lifestyles and consumption behaviour in advanced industrial societies (Bourdieu 1977, 1982, 1986, 1989). In the Chinese case, a new economy needs new flexibility in values, and the new middle class is the initiator of such values (Bourdieu 1977, 1982, 1986, 1989).

### **Summary**

The foremost reason for reusing traditional class concepts in new ways is that post-reform China completely alters traditional trajectories of transitions of society and, therefore, traditional class categorisations. Instead of transitioning to a pure communist society as Marxist theory would predict, China has evolved into something in between socialism and capitalism called market socialism, or what the Chinese leadership calls ‘socialism with Chinese characteristics.’ Another reason is that, broadly speaking, sociologists are still overly preoccupied with class processes of Western countries and rely on class models derived from them (Scott 1994 & 1996, Devine *et al.* 2005, Skeggs 2004). They have yet to work out an adequate picture of class formation in post-reform China that converges with the observable reality there.

Class analysis currently from the literature is mostly in traditional form, and that form is only narrowly applicable for the Chinese situation. Current class analysis needs to expand on several fronts if it is to have any usefulness in the case of China. The first step to make up for the shortfall in traditional class categorisations is to let the term ‘Chinese new middle class’ denote the rising social groups of regional cadres, entrepreneurs and professional people in

post-reform Chinese society. A definition for that term is then operationalised from analogous definitions of middle class in Weberian and neo-Weberian class theorists as well as from cultural sociologists like Bourdieu. Using the vantage point of such an operationalised definition, I can then consider those rising social groups have different and heterogeneous features emerged in post-reform China as a major class in society (Xu 2007).

Why do it this way and not any other? Replicating or shoehorning conventional class theories into the Chinese situation is problematic. Enough ethnographic evidence comes from the general literature to show that complex changes have taken place in China and are still going on. The Chinese new middle class is probably a historic development in the post-reform socialist transition of Chinese society. It needs defining with a more flexible approach. Defining that class might also be an equally important development in sociological conceptual thinking. I will discuss these issues further in the following chapter.

The Chinese new middle class as observed in the field does not seem to be a straightforward or distinct social stratum. In fact, it is more diversified and heterogeneous than it first appears. Class distinctions in China today also seem to involve highly differentiated consumer behaviour and lifestyles than on more rigidly bound, Eurocentric social stratification processes (Goodman 1999 & 2008, Brookings 2009, Li 2010). The deduction I could make from that is, unlike the middle class of the West, the social identity of the Chinese new middle class operates mainly through cultural practices and consumption patterns. Since wealth, political orientation/affiliation, education, lifestyle and social networking are tied to class positions, it follows that consumption modes must

be acting as a normative mechanism to demarcate the tastes shared by the same group within a class boundary (Southerton 2001).

The Western literature in its current state does not let me explain post-reform Chinese class dynamics without recourse to some lateral thinking. The cultural sociological perspective gives the necessary but as-yet-unexplored conceptual space to do the lateral thinking. Such a perspective must necessarily draw and combine several schools of thought. Weberian class concepts might help to explain the economic origins of the Chinese new middle class. Weberian/neo-Weberian concepts should help articulate sociocultural factors perform central functions to organise social and political experience in the formation of the new class (Goodman 2008: 78). The work of Bourdieu (1977, 1989, Bourdieu & Passeron 1979, Bourdieu *et al.* 1999) and Featherstone (1991) could be used to further elaborate on the dimensions of status and party. Bourdieuan concepts on taste, habitus and field lend support to the contention that wealth, cultural capital and social networking predispose some social groups to consume in particular ways.

In Chapter 2, I will explore and explicate the class analysis in China with the real situation in post-reform China. The justification for using Guangdong province from a conceptual standpoint is to create a window for class conceptualisations to develop further so that future studies into the nature of the Chinese new middle class in that province could be extended to other parts of China.

## Chapter 2

### (Re) Framing class analysis in post-reform China

'...China's new middle class is a term without a single identifiable social interest or propensity to action. It encompasses not only the owners of capital, but also the managers and bureaucrats, as well as the professionals who service and support capitalist entrepreneurs and the modernizing state...'

(Robinson & Goodman 1996: 40)

IN THE PREVIOUS CHAPTER, I presented how the middle class is conceptualised in the literature from a Western perspective, identifying some difficulties in applying class analysis in post-reform China. Sociologists in the West on the whole are still overly preoccupied with class models that are deeply based on social dynamics in Western societies. The received wisdom contained in established class theories is not entirely appropriate for the purposes of representing and theorising Chinese society. Indeed, sociologists have yet to work out even a passable picture of class formation in post-reform China. This chapter addresses the application of class analysis in post-reform China and brings to the fore issues of the Chinese new middle class.

The Chinese new middle class is emerging in ways that depart from the standard development pathways proposed by mainstream theories about the middle class. The political and economic realities of 'socialism with Chinese characteristics' are so unique that they have no direct parallel elsewhere, so they impart correspondingly unique characteristics to the Chinese new middle class. The advent of a new class in a modern, part-socialist/part-capitalist society like that of China is a sign that market, class and political intervention are important, but their forms are different from those in the West (Anagnost 2008).

I will begin by enumerating some special considerations that pertain to the Chinese case:

1. Generational stratification, family norms, value changes, parent-child relationships and marriage patterns detected in Chinese society today are markedly different from those in Western societies.
2. Occupational types in the Chinese case also tend to overlap one another or even encompass all possible categories, especially in the case of those categories associated with the new middle class. For example, a single individual may straddle two or even all three of what I shall argue are the primary categories of cadre, entrepreneur and professional.
3. Some institutional systems of China have no parallel in the West. For example, workers outside the *hùkǒu* and *dānwèi* systems do not have the same or even comparable contractual positions as those inside them.
4. The culture and social identification of the Chinese new middle class operates mainly through cultural practices and consumption patterns. This is unlike the Western middle class, which operates through patterns of social stratification (Goodman 1999 & 2008, Li 2010).

### **Conceptualising class: China vs. the West**

Broadly speaking, the middle class of the West is expected to have at least a university degree (or some form of post-secondary education), a professional or managerial-level/type job and a relatively high income. Middle-class people should also probably have shared tastes in clothing, live similar lifestyles and show similar class distinctions in everyday life practices.

China paints a different picture. It has yet to establish a middle class culture comparable to the Western model because of its history and economic development. Furthermore, there are different, potentially opposing groups even within the Chinese new middle class itself, and that suggests latent sociocultural differences among its members—for example, those associated with being a cadre.

Basically, class analysis of post-reform China could be distinguished from that of Western countries in a number of major aspects of the prevailing body of class theories and crucial aspects of the Chinese institutional structure. First, current class theories place a high emphasis on a societal transition from feudalism to capitalism. Absent in that theoretical architecture is a category that remotely matches the reality seen in China, that is, of socialism transforming into market socialism. Certain occupations in China are mostly, if not totally absent in Western countries (cadres, for instance). Yet current class theories are often based on features of Western European or North American societies but are not adapted to the nuances of Chinese society. This leads to an inability to explain what is happening and observable in China. Again, that provides little if any practical usefulness, and therefore raises questions about their appropriateness for understanding China.

Second, certain old and new institutions in China (*hùkǒu*, *dānwèi*, employment laws, medical insurance coverage and land reforms being the most prominent of them) modify the contractual positions of the whole Chinese workforce in ways that are not explainable by traditional class theories. Globalisation and marketisation of capital *introduced by* economic reforms has altered the

meaning of ownership and management of the productive process in China. Today, much of the 'production' resides in a blend of state-sector establishments and private-sector shareholding companies with no definable 'owner' of the same kind found in traditional class theories developed over a hundred years ago in Western and Central Europe. Today, 'production' is largely instigated, planned, budgeted, controlled, directed, operated, exercised or otherwise realised by professional managers or specialists who are only employees even at the highest levels of the organisation. Again, this fact of modern organisations introduces problems for many class theories in that they are still locked into explaining things with reference to owners *vs.* workers or exploiters *vs.* exploited in the productive process. While this development of managerial forms of corporate management is common across Western societies as well as in China, in the latter, the continued role of state organisation and political control of the economy means that 'party cadre' positions and managerial positions, in the strict sense, are often intertwined.

Let us now turn to the institutional structure of China that further renders traditional class theories problematic for use in China. *Hùkǒu* (household registration) has no parallel in the West. *Hùkǒu* restricts access to the market for individuals and so creates *spatially* distributed inequality. Spatial distribution of equality is politically determined in China whereas it is economically determined in the West.

The *dānwèi* (work unit) basically provides workplace-linked benefits in state-sector employment. Its continued, if abridged, operation in urban China gives rise to differences in work situations because it modifies the contractual



position of workers inside it differently from workers outside it. Both *hùkǒu* and *dānwèi* create differences in market and work situations, so, together, they encourage social networks (*guānxi*) to emerge across the different groupings associated with the Chinese new middle class.

The dual-pricing structure between the state and private sectors of the economy plus the marketised structure of land and property acquisition and ownership both serve to maintain a cadre-dominated social hierarchy, thereby highlighting the importance of political capital in an otherwise market-oriented economy.

Which approach best fits with the Chinese reality? Kraus (1981) pinpointed that the new middle class in China appears to be stratified in two modes. The first is ‘stratification by class designation’. It includes some capitalists and landowners as well as intermediate designations of the petty bourgeoisie. The second is ‘stratification by occupational rank,’ which emphasises income and educational levels. By adding in *dānwèi* and *hùkǒu*, land reforms, *guānxi* and cultural values, it is clear that that the Chinese new middle class can utilize their own advantages in the development path of Chinese society.

The relevance of class analysis to post reform China is also different from that of post-Soviet Russia (Gergen & Hout 2004, Sitnikov 2000). The Russian analysis does not appear to objection to the idea that class analysis makes a transition from communism to capitalism and, accordingly, draws on class categories in understanding that transition. This derives from the displacement of the communist party and political liberalisation alongside economic liberalisation. In China, however, it is unclear if the country is actually undergoing the same transition. There is considerable dissension within Chinese studies (and even in

general Political Science and Sociology) whether or not different things are happening in different parts of China. We have to caution that we do not know for sure what the transition is in the Chinese case. The continuing existence of the *dānwèi* and the specific nature of the reforms in land and property rights are illustrative of the politico-administrative and social ambiguities in China today. They underscore the fact that the Chinese transition is at variance with other post-communist countries. They also underscore the continuing important influence of cadres in society and the reason for the Chinese new middle class to have collaborations with cadres in many areas of life.

### **Political capital and other capitals in Chinese context**

Political capital refers to the powers and privileges vested in an individual or entity by virtue of political or occupational position (e.g. party official). The influential role of cadres make political capital one of the most important forms of capital in China (Unger & Chan 1995, 1996). Weak or ambiguous political progress is a key condition for members of the new middle class to devise ways to find fame and fortune. 'Golden' opportunities usually present themselves as procedural loopholes or other grey areas in the politico-administrative structure. These grey areas flow from contradictory policies especially related to business registration, capital construction, conveyancing, land auctions and taxation. These become gateways for pecuniary gain as well as for prospecting new openings to form new class advantages.

Many of the early entrepreneurs after economic reforms had been cadres in the early 1980s. This is called cadre-entrepreneurship (Nee 1989, 1991, 1996) and this is very common in Guangdong province, which will be the focus of my

study. The rise of a hybrid élite of entrepreneurs and ‘cadre-entrepreneurs’ (Nee 1989, 1991, 1996) is particularly peculiar and prominent in post-reform China. When a cadre decides to go into the private sector, s/he would usually try to get entrepreneurs and professionals to help out in creating job or investment opportunities for him/her. It is not uncommon to see officials reciprocate favours among themselves by granting privileges or benefits to another official’s enterprise in their jurisdiction. It has been (and still is) common practice for a cadre to own his own private company typically registered in the names of family members or relatives to sidestep official engagement rules. It is an unspoken and accepted fact of life among cadres that many cadres moonlight in a second, part-time job. This state of affairs is understandable, given that the job of a cadre is not actually a high-paying one compared with the higher earning power of the entrepreneur or professional.

Cadre-entrepreneurs are probably even more able to obtain lower transaction costs in trade across boundaries of the redistributive (i.e. state) and private economies. They are already involved on both sides of the general economy and have more ready access to resources and marketing outlets than do the regular entrepreneur or the regular cadre. Their jobs already give them special dispensation and advantage, and it is not challenging for them to push that advantage for self-gain in the face of decentralisation. This is the reason behind the argument by Nee (1991, 1996) that the real winners of the economic reforms were former cadres, who could hit the ground running because they knew the ropes of government and had the gumption to run a business.

As a result, many people try to exploit loopholes in the system for personal gain,

leaving even more grey areas in their wake. Coupled with the influence of centuries-old notions of inheritance, there is no change to the entrenched culture of interpersonal networking in Chinese society. At the crassest level, the giving of gifts to cadres or their families is sure to elicit some sort of benefit. Outside of the state sector, another form of alliance between officialdom and the business world is 'symbiotic clientelism' (Wank 1995, 1999). Symbiotic clientelism (Wank 1995, 1999) in China operates on (and is reinforced by) the general lack of transparency in administration and policymaking. It is a relationship in which officials allocate resources and opportunities to favoured parties. The larger the scale of private business, the greater the need for official support, particularly where infusions of foreign capital are involved. These resources and opportunities are typically privileged access to financial capital, dividends, land leasing, trade in restricted goods and facilitated processing of administrative procedures, and also protection from local official harassment on insider employment opportunities.

It is clear then that leveraging relationships with powerful government officials is a personality trait well worth nurturing when doing business in China. For example, to do business in China, special business in particular, you would need several different business licences. Cadres are the tiebreakers in issuing those licences, so entrepreneurs and professionals are usually very willing to cooperate with cadres with a view to facilitating administrative procedures. Cadres 'improve' their job by giving and accepting 'gifts' in the course of their official duties and this is an almost universal situation in Guangdong<sup>7</sup>.

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<sup>7</sup> Gifts should not be taken to mean bribery. The Chinese can at times be highly sensitive about social honour and sensibility ('face') so, for instance, they are fond of comparing gift money

The implication is that political determination of class situations is an important form of stratification, in contrast to the almost entirely economic determinations of the West. Since the 1980s, cadres have been capitalising on entrepreneurial pathways in the public and private sectors of the mix-mode socialist economy of the country. These entrepreneurial pathways are structurally located in social networks.

Having political capital is to have the means to establish relationships on political, economic and social fronts (Goldman & MacFarquhar 1999). However, the opening-up policy started in 1978 is reducing cadres' influence at the local government level. Many cadres now come to realise that political capital alone will not be enough to survive in a decentralising system. Cadres would have a more favourable footing in society if they could possess economic capital as well, perhaps in forms of organisational assets, bureaucratic access, professional skills or entrepreneurial abilities. They could further affirm their footing by extending attachments to cultural and social capitals. Already with access to official political networks by virtue of their existing or former job positions, it is a straightforward matter for a cadre to extend into other social networks. Political capital therefore becomes the channel to expand into social capital (Field 2003).

One way of looking at things is that higher consumption causes higher competition for jobs and economic opportunities in order to maintain consumption at high levels. Higher competition for jobs and economic opportunities results in a need to acquire increasingly higher or specialist education in order to maximise personal marketability in an increasingly open

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from celebrations or even funerals to show which person has more face than the other.

and internationalised labour market of highly mobile individuals. That leads to a need to enhance social networks to maximise personal or organisational profiling in a fierce marketplace. The search for more economic opportunities also causes the need to enhance relationships with officialdom since cadres are often in control of important parts of the economy.

By building up *guānxi* networks with political, social and cultural capital, many members of the new middle class convert these advantages into material wealth inside their class boundary. The creation of a mixed-market socialist economy has not in fact eroded the institutional foundations of a cadre-dominated social hierarchy. That domination is attributable in large measure to the household registration system in operation since the late 1950s.

### ***Hùkǒu* and how it affects the functioning of the Chinese new middle class**

The *hùkǒu* system of household registration in China was implemented nationwide in 1958 around the same time as the Great Leap Forward campaign. It became entrenched in society very quickly by the early 1960s. The system can be summarised into three main functions: (1) resource allocation and subsidisation for urban dwellers, (2) internal migration control and (3) management of ‘targeted’ people such as political subversives (Wang 2004: 116).

As stated in the introduction, the *hùkǒu* system is something special in that it classifies the entire population into two (and only two) categories: agricultural registrants are domiciled to rural areas and non-agricultural (i.e. urban) registrants to metropolitan areas (though it should be noted that the rural designation is largely a regional designation and includes large urban

conurbations within it). Every *hùkǒu* holder, rural and urban, is an integral part of their households with a specified legal residence (domicile) that is registrable with the public security apparatus. The *hùkǒu* classification (which the government calls 'status') could not be changed easily, even today (Lee & Yang 2007). Registrants receive unlike essential services and welfare relief. (The same condition differentiates non-locals from locals: non-locals receive fewer benefits than locals do.)

In pre-reform times, *hùkǒu* made free movement of people practically impossible, especially of rural people to urban areas. No one could come into cities without prior official permission. The official party rhetoric was that *hùkǒu* was about breaking down urban/rural barriers (Chan 2009, Chan & Buckingham 2008). In fact, *hùkǒu* rigidified the division between rural and urban societies.

In the old days, urban residents were issued ration coupons to buy food and other goods at subsidised prices, and these entitlements were linked to domicile. (Rural residents were responsible for their own food provisioning.) For the urbanites, ration coupons were valid for use only in their own neighbourhoods or at specified places. People living or working outside of their authorised domiciles did not qualify for rations, housing, healthcare, jobs or other essentials. A rural *hùkǒu* holder would have found it nearly impossible to survive in city areas. The only channel in the old days for rural-to-urban migration was *nóng zhuǎn fēi* (农转非), a bureaucratic conversion programme tightly controlled by quotas (Lee & Yang 2007: 13). It does much to explain the very low growth of urban populations in China from the late 1950s to the late 1980s.

Thirty years of market-oriented reforms have wrought many institutional and economic changes to society (Bian *et al.* 2005). Since 1980, *hùkǒu* became laxly enforced, which made for freer population movement. The *hùkǒu* system is still in place today, in a trimmed-down form, but is still effective in regulating rural-to-urban migration. Given that urban areas are growing economically at a very fast pace, internal migration control is important in maintaining social and economic order. Today, the main difference between the two *hùkǒu* statuses is in medical insurance coverage and employment eligibility (Wang 2004, Pun 2005, Chan 2009), the latter being an important factor in determining class in terms of ‘market situation.’ Migrants from ‘rural’ to ‘urban’ designated areas without an urban *hùkǒu* are restricted to the casual labour market.

The socialist market economy is an uneasy blend of planned and market effects. An example of such a blending can be seen in *lán yìn* (蓝印 ‘blue-stamped’) type of *hùkǒu*. This relatively new *hùkǒu* was instituted in 1992 and quite widespread throughout the 1990s (Fan 2002, Chan 2009). It provides a migrant with a right of abode in city areas and a particular set of welfare provisions. Qualification for the *lán yìn hùkǒu* basically boils down to the applicant making a large investment or a high-priced home purchase, in addition to the usual criteria like age, education and skills. Most rural migrants are ineligible for this type of *hùkǒu* and basically cannot afford one.

*Hùkǒu* therefore renders each and every individual and household a different social identity. By classifying people into one or the other category, the system leads to the formation and segregation of different social classes. Urban *hùkǒu* qualifies for relatively better benefits than rural *hùkǒu*. *Hùkǒu* therefore works to



create differences in class positions (rural *vs.* urban proletariat) based on geographical association. This is spatially distributed inequality (Saunders 1984, Otis 2003). In Western societies, spatial distribution of inequality is bound up in differential distribution of specific occupations across regions (Saunders 1984). In post-reform China, however, the same occupation (in class terms) is rewarded differently in different regions because of how *hùkǒu* operates. An urban *hùkǒu* automatically differentiates it from a rural *hùkǒu*, so creating a system segregated between the two statuses, albeit incompletely, as I shall show.

Since the *hùkǒu* status is government-regulated rather than market-driven, the rural-registered worker most approximates to the classical Marxist proletariat, rather than a *lumpenproletariat*—a paradox in the Marxist or even the Weberian approach to class, in that it is a political designation of their status that defines their economic position rather than the operation of the market..

The *hùkǒu* system has major repercussions on physical and social mobility of individuals even today, including their access to essential services. People, and their children, with no *hùkǒu* for the area in which they live in face phenomenal difficulties in getting jobs, education, healthcare and welfare relief. The level and type of access in turn deepens the social stratification. The system is not absolute, in the sense that there is a market for the purchase of *hùkǒu*. Those without a *hùkǒu* (for example, children born in breach of the ‘one child policy’, or those with rural registration seeking to convert it to urban registration need to pay considerable sums of money for a *hùkǒu*, whether rural or urban (the latter, are especially costly). Of course, the ability to pay is also an aspect of stratification. Essentially, then, *hùkǒu* is part of the how the spatial distribution

of inequality operates, and needs to be approached in those terms, since it is the main mechanism determining the flow of migrant workers and the terms on which migration takes place, whether legal or illegal. Indeed, most of the very considerable number of illegal migrant workers in the Pearl River Delta Area is individuals (frequently from the same area) with rural *hùkǒu*<sup>8</sup>. In this way, *hùkǒu* has proven to be one of the more helpful means for sociologists to distinguish members of the Chinese new middle class from the rest of the population. Rural and migrant workers have little wherewithal to buy an urban domicile, and urbanites are unmotivated to want to purchase a (backward) rural residency. Given that it was very difficult for a rural household to reclassify itself an urban one, it stands to reason that most of the China middle class must have had an urban *hùkǒu* to begin with.

The process of obtaining or converting a *hùkǒu* status is gruelling and time-consuming, and the outcome usually unsuccessful. Yet, an urban *hùkǒu* is not entirely closed off to people. It could be acquired by way of inheritance or naturalisation through marriage or birth, university admission or economic contribution.

Reforms in marriage and inheritance laws contribute to internal migration but in new ways. After 1998, children of rural-urban or cross-regional cooperatives have a choice of taking up either the father's or mother's *hùkǒu* and location thereof, which was not the case before (Wang 2004: 123).

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<sup>8</sup> See Wang Feiling (2004) for further details about *hùkǒu*. See Solinger (1999a) for a vivid description and analysis of how *hùkǒu* constrains the rights and life chances of urban and rural populations in China. For a short and sweet anecdote of how *hùkǒu* affects the individual, read Wangjianshuo's Blog (2006) at [http://home.wangjiangshuo.com/archives/20060610\\_hukou\\_system\\_in\\_China.htm](http://home.wangjiangshuo.com/archives/20060610_hukou_system_in_China.htm).

In addition, by education you could be granted a temporary urban *hùkǒu* on admission to a university or some state-accredited educational institution (Wang 2004). On graduation, and if given a state-assigned job, the graduates could automatically be given an urban *hùkǒu* in the same location as your job, or one nearest to their original domicile (Wang 2004). So, a skilful worker could quite easily get a transitional ('blue-stamped') or even a permanent urban *hùkǒu*. In this way, the Chinese meritocracy can be granted the privilege of mobility (Wang 2004).

Economic contribution is another route. Today, it is possible to buy an urban *hùkǒu* in any city in China. Predictably, professionals and entrepreneurs are the customers. Two tracks apply: either make a large-enough job-creating investment or make a high-priced real-estate purchase in the desired locale (Chan 2009). Guangdong province has a third track: you could get an urban *hùkǒu* if your actual tax payments reach a certain level, usually around RMB¥80,000 (US\$11,708 or £8,088 p.a.) per annum (Chan 2009). Of course, buying a *hùkǒu* is not an outright buy-and-sell transaction in the commercial sense of the word.

Around eleven and a half percent of the population of Guangdong province in 2006 is classified as middle class (Guangdong Provincial Statistical Bureau 2006) although there are varied interpretations of the total number of the Chinese new middle class exists in China today. This is not a high figure but it does show that only the new middle class has the material advantages to pay for household registration. It is this pattern and route that the Chinese new middle class forms its own social distinction in society. Indeed, some localities have

tried to attract talent such as Olympic medallists or scientists or high-profile industrialists with offers of as many as three local urban *hùkǒu*. This kind of talent-scouting is causing something of an internal brain drain in China<sup>9</sup>, where highly educated professionals flock to desirable metropolitanised areas like Guangdong. In this connection, I can see that a mixed-mode economy and the continued running of the household registration system together preserve the institutional foundations of a cadre-dominated social hierarchy.

If the rural worker is anything to go by, then migrant workers on the whole are at even lower rungs of the social and job ladders. The low level of education of migrant workers (who are mostly rural people) is the main reason for this state of affairs. The reality is, the migrant worker is part of a floating population because his *hùkǒu* is institutionally (and therefore politically) linked by the system to his original domicile rather than to his current physical location in urban areas. Again, this segregates the migrant worker as a distinct but significant subset of the whole community.

The inference of all this is that *hùkǒu* is still relevant and influential for the educated and the rich and powerful. New measures enacted for the system since the 1980s have provided further and varying degrees of *de facto* mobility.

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<sup>9</sup> Those who have urban *hùkǒu* in Guangdong can pay cheaper tuition fees, special discount on receive a hospitalization expenses and medical care. In addition, urban *hùkǒu* can entitle compensation if they have traffic accidents. If you pay tax approximately RMB¥80,000 for five consecutive five years, you are entitled to an urban *hùkǒu* in Guangdong (Chan 2009; in depth interviews 2008). Though buying house in Guangdong cannot entitle urban *hùkǒu* in today's China, many of the Chinese new middle class still have their advantages to access their urban *hùkǒu*, unlike some migrant workers.

### ***Dānwèi* and how it creates differences in work situations of *guānxi***

Economic reforms since the 1980s have altered (and are still altering) the role of *dānwèi* and its general decline and fall in modern Chinese life. *Dānwèi* refers to a place of employment, especially in the context of state-owned enterprises during pre-reform times. Today, *dānwèi* is officially dismantled in rural China but it continues to operate in urban areas. Ultimately, *dānwèi* is the assortment of welfare benefits associated with the ‘market situation’ of some forms of employment.

*Dānwèi* is significant in stratification terms because it often provides the institutional framework for relationship (*guānxi*) networks to form inside a particular class boundary. In that sense, *dānwèi* is one of the major institutional factors that directly contribute to the emergence of the Chinese new middle class. *Dānwèi* creates differences in work situations in three main ways: (1) as geographical distribution of occupations, (2) as the milieu that gives rise to new forms of central-local relations, and (3) as the surroundings that facilitate the formation of *guānxi* inside class boundaries.

First, as a geographical distribution of occupations, the *dānwèi* is clearly a place of employment, properly in the context of state enterprises. It is the first step of a multilayered hierarchy that links straightforward employment with the party political machinery of the government. In pre-reform times, workers were bound to their *dānwèi* for life. Each *dānwèi* was an almost self-sufficient, self-sustaining entity, providing members with housing, schooling, healthcare, commodities and other essentials. *Dānwèi* had once helped create a quiescent, compliant populace based on ethnic origin, guilds and patron-client relations.

In post-reform times, though, decentralisation and marketisation of the state economy are putting work units in competition with the open market. Work units today find it increasingly hard to provide services and welfare to members. People today are able to have careers in non-state organisations or set up their own businesses, thereby further lessening the dependence on work units. *Dānwèi* is not the sole source of resources for people anymore. People now generally have wider connections in today's China and they can survive without *dānwèi* patronage or protection. Rising unemployment also shifts the balance of relationships between the state and society.

However, *dānwèi* continues to affect class relations in urban areas in that it also sets up segregation between migrant workers and the new middle class. The segregation is in terms of occupation, income and welfare provision by reason of *dānwèi* connections with work and market situations. The spatialisation of inequality endowed in *dānwèi* directly relates to *guānxi* networks. The inference is that *dānwèi* also becomes an internal differentiation within the Chinese new middle class, since not all members of that class are actually covered by it. Cadres and some managers operate within *dānwèi*, but private entrepreneurs do not.

Second, as the milieu that gives rise to new forms of central-local relations, the *dānwèi* is largely the place where most of the changes in national land policy occur in practical terms. The reason for this is that the central government has delegated quite a large portion of its responsibilities to local authorities. In turn, local authorities upgrade, downgrade or otherwise modify the responsibilities of the *dānwèi* under their jurisdiction. In short, decentralisation of state power to

localities is fostering localism (Wu 2002: 1090). The localism creates a new kind of central-local relationship in a marketised economy. This ultimately leads to a great gulf seen in modern Chinese society, which is between the emerging elites (such as the bureaucratic business class) and the popular classes in rural and urban areas (Lee 2005).

The new central-local relationship is a mixture of power conflicts, negotiations and collaboration. On the whole, it is mutually accommodating because harmony is in the best interests of everyone (Lin 1999, 2000). The reason for this is that there is *guānxi* relations between different factions of the new middle class and these factions straddle the central and local sides of the relationship. Third, as a facilitative background for *guānxi* inside class boundaries, this is best explained by reference to how economic entities are formed and operated in China today. State enterprises often set up sideline companies and subcontract the work to *de facto* private operators. Because of the potential for higher income in the private sector, many state employees are motivated enough to leave the ‘iron rice bowl’ (*tiěfànwǎn* 铁饭碗, Hughes 1998)—the cradle-to-grave security of the *dānwèi* system. The more resourceful cadres use their already well-established networks in the local *dānwèi* communities as a springboard into the tumultuous seas of the market economy. Some have the best of both worlds: if a family member works in a *dānwèi* (state sector), the household could enjoy ‘one family, two systems.’ One member gets the higher income from the market sector while another family member receives the job security, housing and other benefits from the *dānwèi* for the rest of the household. It is not unusual to find full-time professionals in the state sector having a part-time job outside, and use the part-time job mainly to extend business

networks. For others, the non-state-sector work is the sole source of economic benefits (Wu 2002: 1076).

For much of the reform period, there has been a state-approved drive to corporatise state enterprises into a shareholding ownership, especially ones that could be floated on the international stock markets. Many state entities in the manufacturing, financial and public-utility sectors have been divested of their most profitable parts as shareholding companies, which are then used to form new consortia with non-state entities. This means that managers and officials are effectively running twin businesses in concert, and to private advantage. One way is for them to (mis)appropriate materials for funds from the state entity and use that in their outside companies (Ding 2000a, 2000b). Another way is for the officials (especially if they are in charge of corporatisation for their state enterprises) to simply designate themselves as major shareholders of the outside companies. There are documented cases of such officers acting to downgrade or even eliminate the pensions and other benefits of workers (Ding 1999).

### **Land and property restructuring**

Class analysis in the Chinese context also involves implicit assumptions about the changes in property ownership in China and how those changes differ from Western forms. It is often forgotten that private property ownership and collective ownership co-exist in China. Cadres have quite a large degree of decision-making influence in land-related matters, therefore it is highly relevant to examine how cadres fit into Chinese class analysis.

The central government is still the sole owner of all urban land in China. As a matter of ideology and public policy, state ownership of land subsists via



administrative or economic units directly run by the central government. The fundamental breakthrough in Chinese socialist land policy is in the progressive commercialisation of land-use rights since the reforms began. That has led to a rapid expansion of the Chinese real-estate market since the 1980s (Smart & Li 2006: 495).

In common with Western usage, land in China is classified as freehold or leasehold. Freehold is absolute and defines the enduring ownership of a property (in the Chinese land context, the land itself and any structures built on it). Leasehold is property held under a lease for a period of fixed minimum duration from which point the land and any structures built upon it return to the leaseholder, though there may be some compensation for the structures. The difference between the situation in China and that of Western countries is that leases in China rest with the Chinese government to whom leases ultimately revert, at least in principle.<sup>10</sup>

Decentralisation of state control of land can be traced back to the City Planning Law of the People's Republic of China (中华人民共和国城市规划法) promulgated on 26 December 1989. That statute delegates (rather than devolves) responsibility to the local government in urban planning, general enforcement of development control and land-related administrative matters such as issue of construction and land-use permits. Even projects under the aegis of the central government must obtain prior land-use permission from the local government in order for funding to be obtainable. Additionally, land-lease certificates are

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<sup>10</sup> For the benefit of legally minded readers, the Chinese meaning of freehold is analogous to the English legal term 'fee simple absolute in possession.' Therefore, freehold ownership is not liable to end upon death of any person, which ownership rights are not conditional or liable to terminate on the occurrence of any event, and that owner's rights are immediate but need not

required from the local branch of the national Land Administration Bureau (地政局) (Wu 2002: 1080). The City Planning Law caused the commoditisation of urban land use to explode from the 1990s.

How does the government sell land use? The Property Law of the People's Republic of China (中华人民共和国物权法), promulgated on 16 March 2007, provides that the local government is the legally recognised leaseholder and grantor of leases. The purchaser is conveyed time-delimited rights to use the land for price paid but no rights of land conversion. Rights to land conversion subsist with the local authority or central government. Both types of rights revert in time to the state (central or local government).

Let us take a brief legal detour. The statutory interpretation of 'leases' in the PRC Property Law appears to relate to the broader meaning of ownership of property, as opposed to more restricted meaning of a lessor (landlord) allowing a lessee (tenant) to take possession of the land in return for rent (tenancy). The purchaser (grantee) is conveyed *time-delimited rights* to use the land for *a specified purpose* for valuable consideration (i.e. price and fees paid for the land). The problem here, legally speaking, is that it is not entirely clear whether the leases actually relate to property ownership or to tenancy since time-delimited rights conveyed in this legal manner could be construed either way or even both. This is exactly the kind of institutional ambiguity that provides the sort of opportunistic loophole for groups such as the Chinese new middle class to exploit for self-gain.

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imply physical occupation of the property.

The upshot is that the local government is now the effective maker and breaker of land contracts because the law effectively makes the local government the lessor and supervisor of land contracts (Wu 2002: 1079). This kind of land decentralisation leads to a high level of regionalism in post-reform China because what has become commercialised is the *income derived from granting leasehold rights*. The income-generating potential therefore leads to increasing privatisation and commercialisation of the housing market in many areas of China (but especially in Guangdong province). Increasing commercialisation of housing in turn leads to a buoyant black market in land transactions.

Since the 1980s, privatisation and commercialisation of housing has become apparent in Guangdong province. Two distinct, prominent features become noticeable when looking at the post-reform land-leasing system. The first is the privatisation of public housing and commercialisation of the housing market. The second is 'spatialisation of class.' In the first, the general trend of change is a shift from the *dānwèi*-based housing provision to a more commercialised housing regime. This shift is an uneven process and creates winners and losers. As with any zero-sum situation, housing therefore becomes an important element of social engineering in the making of a new middle class. As for the second, spatialisation of class is still going on in Chinese cities today because socioeconomic differences in China today are increasingly inscribed on space (Chadha & Husband 2006: 119).

While government apparatus started decentralising in the 1980s, it also became increasingly easier to convert land use into a moneymaking commodity and differential rents began to emerge. Various state-owned units that owned

land—the ‘socialist landmasters’—went along for the ride and established property companies for profit-taking. Officials and ex-officials of *dānwèi* that owned land sold land-use rights at sizeable profit to property developers or agencies in the state and private sectors. This resulted in a loose but active network of landbrokers appearing in many cities across China driving up the number of land transactions.

The government invented various methods to convert industrial and residential land for commercial usage, but it was (and still is) common to see factory relocations and exchange of land taking place directly between end users. For example, in Guangdong province, peasants often sell their landholdings in the suburbs directly to private property developers for building commercial complexes or villas. Many members of the Chinese new middle class have a fair degree of resources and *guānxi* networks to enable them to buy lower-priced property or be allocated housing units from their past employment with *dānwèi*—an association that continues after many switched over to the business world. We will return to the issue of land reform in China in Chapter 6.

The buoyant black market in land is a serious issue in Guangdong. Outside of the formal land system, there is a thriving and highly competitive black market in land. The Chinese land market is mostly of private land developers. Since the supply of land has always been restricted in some way in China, land developers often earn large profits from land speculation. Land speculation has long been a lucrative, if sometimes wild, business in China.

The land system of China operates in roughly the same way as its system of materials allocation. Economic reforms have brought marketisation over

production materials, resulting in a relaxation of state control over them. State enterprises are allowed to buy production materials directly from the open market and sell surpluses to it after fulfilling state quotas. We can see this situation most commonly in government hospitals and property companies. The marketised portion of the dual-track price structure had grown so much and so efficient in practical terms that the state eventually abandoned its system of materials allocation (Wu 2002: 1007).

Likewise in the land system, market decentralisation has introduced market mechanisms into the development and use of urban infrastructure. But local governments are often unmotivated to take part in projects that benefit only the central government but offer no gains at the local level (Wu 2002). In an effort to control operational costs, the central government now requires local governments to contract out certain important local-level public services to the private sector. With the way the land-lease system works, certain infrastructural developments then become more attractive to local governments. In such a way, it stimulates the tax base for the central government and benefits the local government with all sorts of extra revenue.

It is the localisation of the land system that offers loopholes for the black market. The City Planning Bureau (市规划局 *ShìGuī HuáJú*) that operates at the district government level is responsible for enforcing land-use regulations. But the overall complexities of land development in China makes land-use enforcement easier said than done. Illegal land conversions and black markets often involve individuals and companies well connected with the government (Wu 2002: 1078). Land speculators are willing to be especially cooperative with cadres

because they know that only cadres have the actual power to release land and validate land contracts.

Often, the cadres are involved in land speculation and other related 'extra legal functions' for themselves. The Chinese property market reached its most recent peak in 2007, when dealers were bidding an average RMB¥1 million (US \$146,316 or £99,796) for a building or plot of land. This is more or less the same problem appeared in big metropolitan cities like Beijing and Shanghai (Wu 2002). In Guangdong, as much as one-third of the price might go straight into the pockets of cadres. The commonest way is for a cadre to buy potentially interesting plots of land in advance at below-market prices in the names of family members or nominee organisations and resell the plots direct to buyers for sizeable profit. Transactions would be initiated and settled entirely through 'informal' channels such as behind-the-scenes negotiation rather than formal open tenders or auctions.

In such a way, the localisation of the land system and the black markets attached to it reinforce the continuing importance of cadres in post-reform China. Cadres cannot be expected to conduct proper enforcement of the system because other cadres also figure in the black market as active speculators or accessories.

### **Generational stratification in post-reform China**

If institutional qualities of China make the Chinese new middle class unlike the Western middle classes, then age and generational differences plus special features of the Chinese parent-child relationship also play their part. Let us first turn to age and generational differences in terms of the cultural values, mentalities and ideologies of generations and cohorts.

That different generations have different mindsets is self-evident and self-explanatory. Individuals born at different times take in different formative experiences, which in turn shape and drive different attitudes, expectations, values and beliefs. Different cohorts may in fact embrace multiple cultures with possibly contradictory beliefs and expectations, and these may be reinforced or altered by contacts with different groups (Louis 1980, Martin 1992).

The older generations of Chinese are recognisable for their traditional and traditionalist values. If sixty or seventy years is taken as a rough maximum age, then any individual of that age would have had direct experience of the entire gamut of historical events that happened in the People's Republic. **Table 2** shows the milestone events experienced by some older generations. By contrast, the younger generations grew up in an atmosphere of little or no significant turmoil or privation, and are more apt to accept Western cultures and Westernised ways than would the older generation would be.

**Table 2: Milestone events in the People's Republic of China**

Year	Milestone events
1949	Communist victory over Nationalists in civil war, driving the Nationalists to the island of Formosa (now Taiwan) to continue the existence of the Republic of China. Founding of the People's Republic of China. Reconstitutes the capital to Peking (Beijing) from Nanking (Nanjing). New marriage and family laws (based on Soviet laws of 1920s) implemented nationwide.
1950-53	Korean War: Chinese land forces mobilises to the Korean peninsula to aid defence of the Democratic People's Republic of Korea against US-led UN forces.
1958	Great Leap Forward begins, forming communes in the countryside to prove China's self-reliance to the world. <i>Hùkǒu</i> system implemented nationwide to control internal movement of people.
ca. 1959-61	Three years of famine associated with the Great Leap Forward. Causes 24 million to 30 million deaths. <i>Hùkǒu</i> system entrenched by 1961.
1966-76	Cultural Revolution begins, causing nationwide political and social mayhem for 10 years (1966-76). Mao used the Cultural Revolution to assert control, consolidating the personality cult surrounding him. Tens of thousands died, many committed suicide and the lives of millions ruined.
ca. 1967-75	The 'Down to the Countryside' Movement sends millions of youths to the countryside 'to learn from the peasants' in an effort to alleviate urban unemployment and boost rural development. Education became disrupted or non-existent for many, creating the 'lost generation.' Secondary-school graduates at start of the movement lost the chance for university education when universities nationwide were shut down. University graduates at start of the campaign became last graduating batch until the next batch at least 10 years later.
1971	Coup d'état against Mao fails. Field Marshal Lin Biao (林彪), the coup leader, escapes and dies in mysterious plane crash in Mongolia on way to the USSR.
1976	Death of Mao. Cultural Revolution ends. Arrest of the Gang of Four. Party struggle for leadership ends with Hua Guofeng (华国锋) becoming Mao's successor.
1977	Universities reopen. University entrance examinations reinstated. First batch of students to enter universities and graduate in 1980-85 became the country's first batch of university-educated elites since the Cultural Revolution ended.
1978	Deng Xiaoping (邓小平) becomes paramount leader. 'Open-door' policy initiates economic reforms and liberalisation measures in incremental stages. The Third Plenum of the Eleventh National People's Congress adopts measures to promote national economic development. Government announces that class struggle had come to an end, replacing it with economic advancement.
1980s	Economic reforms implemented nationwide in incremental, geographically specified stages. 'Extra legal' activities surface across China in the state and nascent market sectors as a result of ambiguities or incompleteness in reform policies or administrative operation.
1989	Tiananmen Square protests in Beijing against widespread corruption in the bureaucracy and a prevailing winner-takes-all attitude in society produced by over-attention to economic performance and under-attention to social welfare.

Sources: Bernstein (1977), Hung & Chiu (2003), with author's modifications.



If age and generational differences give a special facet to the Chinese new middle class, then the Chinese parent-child relationship gives a highly interesting point for sociologists to consider also.

The first feature to be identified is that of the reduction in family size and its impact on the parent-child relationship. Broadly speaking the nuclear family is replacing the extended, patriarchal family in urban China. Average family size throughout China is on the decline. Family size recorded in the first postwar census of 1953 was 4.33 persons. It then climbed to 4.43 in the second census of 1964 and was officially attributed to the absence of birth control in the 1950s as well as the baby boom of the 1960s. By the third census of 1982, family size dipped to 4.41. In the latest census of 2000, family size dropped further to 3.44 persons. (These figures are from the State Bureau of Statistics 2001.)

Despite increased Western influences and falling family size, intergenerational reciprocity is still strongly operative in the Chinese family (Yuan 1987, Ji 2003). Intergenerational reciprocity is the mutual dependence of the older and younger generations with each other. What is interesting sociologically in this respect is that the vast majority of urban youngsters and young adults in China today are the only offspring of the family. The reason for this fact comes from institutional policies such as the 'one-child policy' of the 1970s and 1980s implemented in urban China. That fact makes post-reform China unique in socialist trajectories of social development of populations.

Parent-child relationships in the Chinese family are relatively unlike those now typical in the West. Mainland Chinese parents today tend to plan and do everything for their one child, even to the point of finding jobs or

accommodation for them. They will spend an enormous amount of time, effort and money on their only child, and help that only child to succeed and improve the social station of the family in a competitive, increasingly unequal, society (Stockman 2000: 12, Stockman 1994). In return, the offspring tends to regard older folks as a source of daily help and a kind of trickle-down welfare shield. In fact, traditional Chinese mores and norms that anchor family life (such as filial piety and individual self-restraint for the greater good) seem only minimally diluted by politicisation, industrialisation and modernisation. In China, the state provides several types of welfare assistance to older people with children. Older people may qualify for temporary housing for their married children (34% of recipients), financial relief for non-co-resident (live-out) children (30%) and help with housework and childcare for co-resident (live-in) children (25%) (Sheng & Settles 2006). (These figures here count only material relief benefits and exclude non-material, i.e. psychological, benefits.)

In the Chinese family even in post-reform times, the parent is paramount in an instrumental and functional role as opposed to an equal-standing one. Some parents of the Chinese new middle class try to avoid being harsh, authoritarian or patriarchal in manner or rule. Others might arrange quality time with the children so as to get to know their offspring a little better. Some others might go as far as to learn to become friends or partners with their children. By and large in China today, Chinese parents almost never have the friendly, supportive role that of their Western counterparts. Instead of a high degree of intimacy, as is generally seen in Western families, the average mainland Chinese parent maintains a domineering character—to be a parent and nothing else. Indeed, quite a few of the older generation of the Chinese new middle class [10 out of

35], especially born in 1948-1960, do not even know what kind of parent-child relationship exists in the Western family milieu. This departure from the general Western patterns of parenthood makes the Chinese new middle class sociologically distinctive.

The second identifiable feature is the marriage pattern. The marriage patterns of the younger generations are profoundly different from those of their parents of the older generations (Moore 2005: 375; Liu 2003). In China, women have always married early in comparison with Western European women. Now, in post-reform China, many women are most likely to have more chances to receive education. Some of the women have relatively more chances to study for a master's degree. With their well-educated level, they show great potential in career or further study. With job satisfaction in their careers, they are likely to postpone their marriage. The well-educated women of the younger generation are likely to challenge patriarchal power in terms of mate-choice, marriage negotiation and family life (Shirk 1984, Yan 2006:106, Shu 2004), but economic liberation and reform seems have no direct correlation on changes in gender norms in today's China. Most of the traditional norms like women are being regarded as the subordinated role in workplace, they become the double burden between work and family, still internalize in post-reform China (Stockman 1994).

### **Defining the new middle class for the purposes of this study**

Existing studies of the Chinese class structure, especially those using official data, have tended to offer a simple income measure to identify the Chinese new middle class. To some degree, it was necessary for me to follow this practice in

making my initial determination of my sample. In addition to level of income, I also used occupation and level of education as indicators (although the latter was less useful for the older generation, whose education was disrupted during the Cultural Revolution. **Table 3** sets out the criteria used for this study.

**Table 3: Selection criteria for samples as the Chinese new middle class**

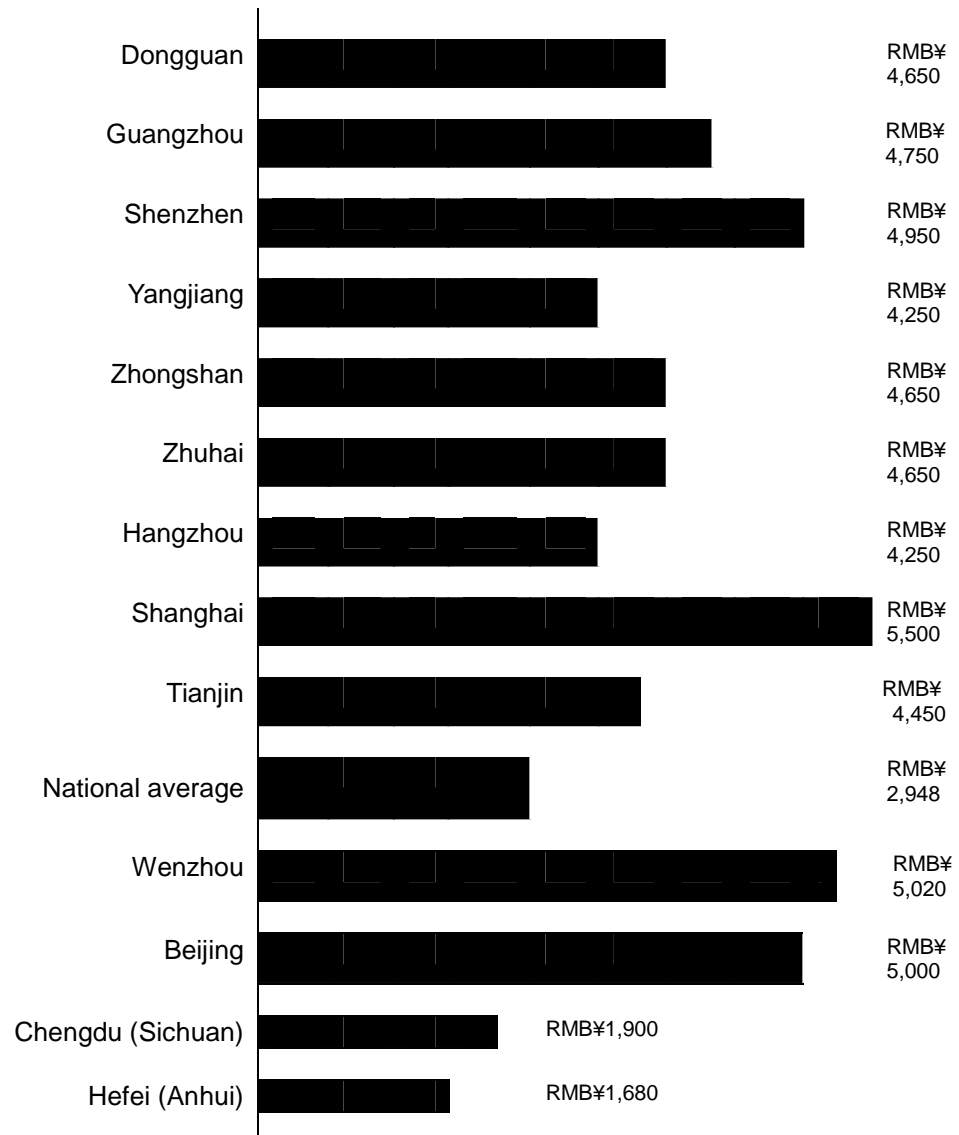
<b>Criterion</b>	<b>Requirements</b>
<b>Income</b>	Minimum RMB¥5,000 (US\$732 or £505) a month, per capita.
<b>Occupation</b>	Skilled or specialist job or work at substantially managerial or comparable level, either in the state or private sectors.
<b>Education</b>	Minimum post-secondary level, preferably higher, in any stream.

**By income.** The distribution of incomes, wealth and consumption is the most powerful signifier of material hierarchy (Migone 2007: 178). The middle class is commonly thought of as having an intermediate level of income in any given society. The question is, what is an intermediate level of income? Using income as the major criterion for studying the middle-income stratum seems sensible enough. Wealth in the form of income and property ownership is nearly always used as the most common indicator to define the middle class in many Western and Chinese studies. This study takes the same route.

Naturally, income by itself is unlikely to be the single most important factor by which the Chinese new middle class comes to identify itself. If social stratification is considered purely on income, the risk is to totally overlook the dual impact of culture and economics. This is because income differences for the ‘same’ class position in post-reform China (especially in Guangdong) (Tables 4a and 4b) indicate the average per-capita monthly income and the spatial

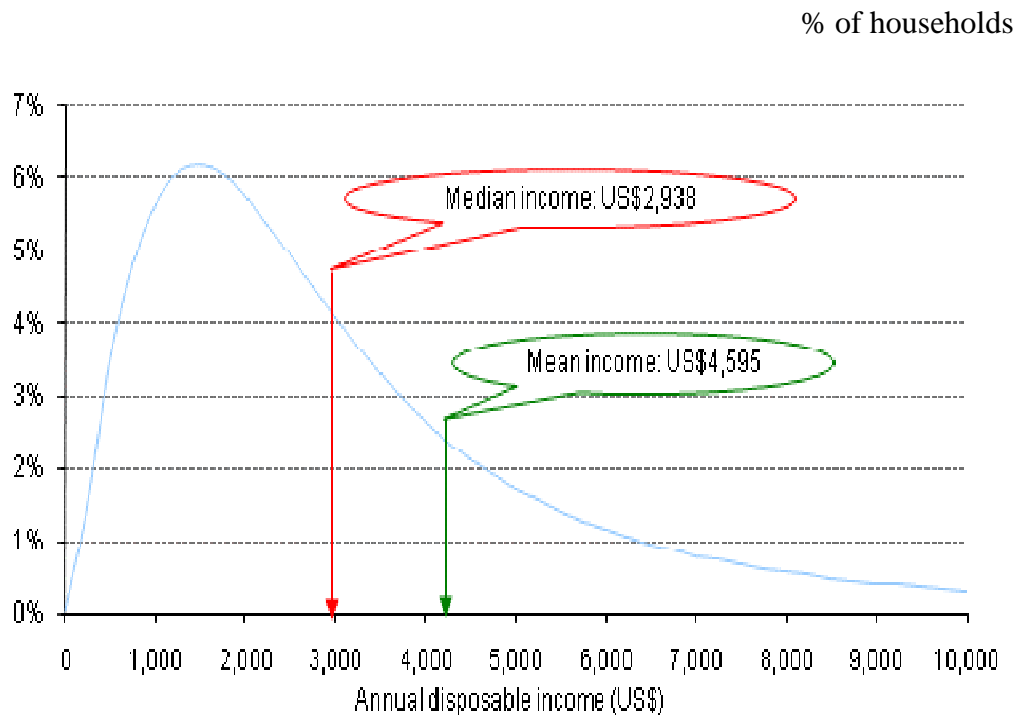
distribution of inequality, which would not be a feature in Western social stratification.

**Table 4a: Average per-capita monthly income for white-collar workers in 2007**



Sources: Chinese Academy of Social Sciences (2007). 'The average monthly salary level of white-collar class in the major cities in 2007,' *Salary Index for the White Collars: the Anxiety of Social Positioning Behind the Fictitious Criteria*, (白領工資標準: 虛構標準背後的社會定位焦慮). China Business News (第一財經日報), A06, page 1; <http://www.wisenews.com>. [In Chinese] [Retrieved 14 November 2007]

With author's artwork and interpretation.

**Table 4b: Household income distribution in China 2007**

Source: Euromonitor International from national sources, 2008.

**By occupation.** As a criterion, occupation provides the individual with the requisite social standing and prestige. An industrious taxi driver may well match an ordinary white-collar worker in income (or at least frequently be argued to do so in popular accounts (as in Western ideas of the ‘high paid plumber’), but is not included because he or she does not meet the requirement in terms of education or type of occupational skills exercised on the job. Indeed, the nature of the job is a decisive factor in accounting for the rise of the Chinese new middle class. Most of these people work in substantially managerial positions or as skilled or specialist workers in service industries, listed companies, joint ventures, multinationals or state enterprises (including state organs as cadres). Therefore, we expect the occupational nature of our sample to reflect a significant degree of intellectual faculty. Translated into practical terms, it would mean the right to make authoritative statements and give advice in the course of work and the right

to participate in the affairs of the employing organisation. We have not put a requirement on whether the job is in the state or private sector, since such jobs exist in both. For the avoidance of doubt, we define the job of a cadre as managerial, notwithstanding our income criterion.

**By education.** Education appears to be an even more significant criterion in view of the country's transition from a command economy to a market-led economy. The Chinese leadership has come to realise the value of the human capital for the country in the general world order, so it has made important strides in getting its educational and employment systems in step with scientific and technological standards worldwide. Middle-income households are often found to have a relatively high education level, a fact that tends to suggest the presence of professional skills and professional-level income. A 2001 survey from the Chinese Academy of Social Sciences (CASS 2002) indicates that 72.5% of people in middle-income households have post-secondary or higher education. A high education tends to smooth the progress for most people in getting hold of other kinds of economic, political or social capital.

Nowadays, China more or less follows the same pathways in educational affairs as most Western countries are doing. Global skills or competencies—such as mastery of an international language (English mainly) and mastery of information and cultural capital—have proven to be essential for the rise of China in the twenty-first century (Chan 2007). A college or university education is now considered another *de rigueur* life requirement when looking at the Chinese new middle class because that is part and parcel of the concept of 'career' today. Education helps China to be better positioned to achieve

sustainable development by providing the necessary capability to deal with trade and resources at optimum social and economic effectiveness. Things could not be done without the mental leverage provided by education.

## **Summary**

Using the sociocultural approach is the way I defined the meaning of the Chinese new middle class by using the indicators of educational level, occupation, household monthly income and consumption patterns. With the same characteristics of the Chinese new middle class, they tend to have the same consumption patterns and lifestyles. These sociocultural particularities are conducive to the emergence of the Chinese new middle class. Consumption is the easiest indicator for the new middle class to represent its status, its wealth and its social reputation. Massive moves by China into the international arena play an important role in putting the idea of consumption within the idea of production (Pun 2005). New forms and standards of social distinction arise from new modes of consumption. Consequently, these aspects mould new identities for the class and make social distinction as inescapable forces (Pun 2003: 477).

The next chapter (Chapter 3) will be the method 'talk' about how to do research with the Chinese new middle class - the group who is the most able to activate transferability between their political, economic, cultural and social capitals (Anagost 2008, Barson & Schuller 2000). It will also address a general profile of the Chinese new middle class in Guangdong province and show how lifestyle, institutional changes and consumption helps promote that new social class in its rise in post-reform China.



## Chapter 3

### Mapping the Ethnographic Terrain

“A narrative account is the appropriate form of expression to display research as a practice.....Knowing the actual unfolding process of the research is important to the understanding of the meaning of the results. Thus, it is important that the research be reported in a form that can communicate the complex and fluid unfolding of the performance.”

(Polkinghorne 1997)

THIS CHAPTER PRESENTS THE INVESTIGATION of the Chinese new middle class in terms of methodological design and research objectives. The latter examine the attitudes and aspirations of the Chinese new middle class, and consider the extent to which a distinctive self-understanding of their place and role in modern China is emerging. I also aim to show how lifestyle and consumption helps to differentiate the new middle class in its social rise in post-reform China. In doing so I aim to follow Seale’s recommendation that “the attempt to make methodological decisions available to readers of research reports is one way of enhancing the quality of research” (Seale 1999: 177). Readers deserve to be shown how—as well as *how much*—has been known about the subject matter by the researcher as a matter of a disciplined way of coming to know the subject matter.

This chapter will also highlight the role of the qualitative data and theory in relation to the explanatory and exploratory research goals that are dominant in a research project of this sort (Aronson 1994). The empirical study will use qualitative research techniques such as in-depth interviews, participant observation, and other ethnographic skills. Pseudonyms will be used throughout and personal details or locations redacted to prevent identification of the

interviewees. A discussion of research ethics, reflexivity and the limitations of the empirical data is included in this chapter.

### **Research objectives and questions**

In the last chapter, I suggested that Western class categories do not directly apply to the Chinese situation and that the Chinese new middle class is distinguished more by sociocultural than by economic factors. To address this omission in the existing literatures, this study has three research objectives associated with the emergence of the Chinese new middle class in post-reform China.

The first research objective is to apply Weberian, Neo-Weberian and Bourdieuan approaches to explain the trajectories of the new middle class in China. The second research objective is to give a full account of the role of the Chinese new middle class. What are the differences between older generation and younger generation in terms of consumption patterns and lifestyles? What are the factors explaining their differences? How can advantages be passed on from the old generation to younger generation? The third research objective is to use in-depth interviews to know more about class boundaries among different groupings within the Chinese new middle class, cooperation, and their cultural and political identities.

The main empirical research with cadres, entrepreneurs and professionals was conducted in summer 2008, with some earlier pilot interviews, across six cities in Guangdong province. The aim was to use a sociocultural perspective to investigate the aspirations and attitudes of the new middle class. Qualitative techniques were judged the most appropriate methods to use because my

concern was mainly with means, motives and the sociocultural orientations of my respondents (Alasuutari 1995, Mason 2002, Boyatzis 1998).

All of the interviewees had been willing and able to share details of their everyday life practices and consumer orientations with me. Entrepreneurs and professionals were more willing to talk about their interpersonal relationships and *guānxi* networks, while cadres were more reticent or tried to find ways out of sensitive questions. What we see from the interviews with the party regional cadres are that the narrative styles of reticence in China are different from those of the West, which is where the narrative methodological ideas are derived (Freeman 1984, 1993). Of course, it is true enough that we may also find it quite hard to get responses from individuals in similarly sensitive locations in the West. However, what is apparent in post-reform China is that it is generally difficult to get any interviews with the party regional cadres without first having trusted contacts make the prior introductions.

Even after introductions had been made, there were other difficulties. Cadres were particularly sensitive about interviews and most unwilling to disclose personal biographies or consumption patterns. Some cadres initially provided politically sanitised version of their details. Cadres often gave very brief and vague responses. Interviews with cadres were often half the duration of the other interviews. Interviews with professionals and entrepreneurs were recorded (with permission), but those with cadres were not. Some cadres refused to let me take *in situ* notes, so dialogues, observations, research memos and reflections all had to be written after the fact (Steier 1991). To that extent, other methods had to be found to get inside information with regard to cadres. Complementing the

interviews with participant observation compensated for that weakness. Another way to obtain more concrete information was to ask entrepreneurs and professionals for their opinions of cadres. All the cadres interviewed were party members and are therefore understandably more conservative and less forthcoming than the other interviewees. Because they are party members, minor errors of judgment could put careers or even entire families in jeopardy with the party authorities.

In fact, interviewing cadres required a great deal of skill and technique. The researcher is a veteran interviewer in doing in-depth interviews. Plenty of topics are precluded with cadres without considerable trust having been established: salaries, cooperation with other cadres, 'special business' and the like. Even more taboo are corruption, collaborations, moonlighting, democracy and government affairs in China. Indeed, invitations to cadres for interviews were often rejected outright unless 'trustworthy' people made prior introductions. During interviews, even former party members were likely to give public rather than private accounts, probably because it might have become second nature for them to subject their past to continual self-criticism because of the need for political correctness. Public accounts are sets of meaning in common social currency that reproduce and legitimate the assumptions that people take for granted about the nature of social reality (Cornwell 1984: 15). Private accounts spring directly from personal experiences as well as thoughts and feelings accompanying those experiences (Cornwell 1984: 16).

How to do research qualitatively 'with Chinese characteristics'? The most practicable way to obtain enough data is through informal/impromptu

conversation sessions, interviews and participant observation. The data from formal interviews tracked the life course of the interviewees through personal details and work, family and childhood histories. These interviews were augmented with data from informal channels and informal accounts, which in many cases involved conversations with the interviewees in cafeterias, karaoke lounges or other places after the formal interviews were over. They were not necessarily one on one (but usually were), with no set running time, format or venue. During the informal sessions, the researcher operated in an observer-participant mode and interacted with interviewees in their homes or workplaces but without making any pretence of being a participant with or without voice recording. Babbie (1992: 298) provides a definition of observer-participant methods suitable for fieldwork operationalisation.

Combining formal and informal methods helped make interviewees feel more at ease and to reveal more openly and deeply about their self-identity, life philosophy, insecurities, imaginations and outlook on various issues. By socialising with the interviewees and taking the initiative to set up meetings or shopping excursions with them, I have been able to get at a more authentic picture of the inner world of the sense and sensibilities of the interviewees about their professional and private lives.

Academic interviews are not new to most people in China, but they seem not interested in giving help enthusiastically if asked. Most interviewees initially thought the researcher was a journalist on assignment to report on success stories since some interviewees have had prior experience of being covered by newspapers or magazines. However, the general consensus of opinion on their

being interviewed is one of ‘I am not middle class and my lifestyle is far from being middle class.’ With the use of the qualitative research methods such as storytelling, narratives and participant observation, the point is how to connect and convert the collected data into a textual account. I relied mainly on the interviews for the thesis (Bell & Newby 1977). The informal/impromptu conversation sessions also provided significant information about their lifestyles and consumption patterns.

Each interview had the same format to help maintain comparability and consistency of the data for later analysis (See appendix 1). The formal interviews averaged two hours long, the shortest was an hour and a half, the longest four hours, and took place in a variety of places and settings. As a general rule, interviewees had free rein in what they wanted to tell and how to tell it, and questions put to them as and when necessary (Liu 2007, Cortazzi 1993). Each session usually started off with questions about their work conditions and then moved on to a discussion about general sentiments, satisfactions and frustrations in their professional work. They were then asked about their work partners, partners in consumption and participation in *guānxi* networks. Interviewees were always asked to illustrate their responses with concrete examples. Most of the interviewees were interviewed more than once. Some of them (mainly the entrepreneurs and professionals) became open to the idea of voice recording, although they were very conscious of being recorded and could be guarded on topics about the party, political trends, *guānxi* networks and institutional changes. Cadres were understandably less receptive to it because of the more sensitive nature of their work. For cadres, where interviews were not recorded, interview notes were either written *in situ* or as soon as possible thereafter.

Hong Kong people are travelling to Guangdong in increasing numbers in the years following the 1997 handover for a variety of personal or business reasons. It is far less common, however, to see a researcher roam around and discuss economically related matters with people there. Be that as it may, the liberalised atmosphere and more global outlook of the province have now made it very conducive to sociological fieldwork. A researcher from Hong Kong (or anywhere else) is now visibly less out of place in Guangdong and his or her comings and goings are now generally unfettered and go unnoticed in the increasingly cosmopolitan cities of the province. The initial intention was to ask local Chinese academics and Chambers of Commerce for help. That approach turned out to be unproductive. It later became obvious that the researcher's own informal networking had a very important bearing on the conduct and content of the interviews (Liu 2007: 17). It is an example of 'respondent-driven sampling,' a technique that allows researchers to make asymptotically unbiased estimates from snowball samples under certain conditions, such as making estimates about social networks connecting hidden populations. (See Heckathorn 1997, 2000 and Goodman 1961 for details on respondent-driven sampling).

The sensitive nature of the research presented complications for me in finding interviewees (Liu 2006). The field studies involved investigating the lives of influential people in a society not built on political permissiveness or having strong populist sentiments of social openness to outsiders, both of which are preconditions for a Western-style structured investigation. The sampling methods that typify Western-style investigations are less useful in the Chinese context. Therefore, snowball introduction has been the main sampling method to get interviewees. Other sampling means have been tried with the view to

lessening the effect of sampling bias that is well-recognised in snowball sampling.

When I first began to interview the Chinese new middle class in summer 2008, the first method was to post invitation messages on bulletin boards or forums of domestic Chinese websites such as Sohu.com or Sina.com using a giveaway supermarket coupon as incentive. These posts were precisely written in the Chinese language (free translation below):

“I am a Ph.D. candidate and at present I wish to know more of the lifestyle and consumption patterns of the Chinese new middle class. If you earn a monthly income of about RMB¥5,000 [US\$732 or £505], have at least a post-secondary education and your job is a managerial position with a state-owned or private enterprise or as a professional, you are very welcome to send me an email and also let me know of your mobile number. In return, you will get a RMB¥100 [US\$16 or £10] supermarket coupon for your time and contribution.”

The main problem was that this method had a very high non-response rate. It is possible that a relatively well-off group such as the Chinese new middle class would not be particularly attracted by what is actually a high-priced spendable coupon (roughly US\$15 or £10 in value). This method produced only four responses over a three-month period (two professionals, two entrepreneurs and no cadres). Furthermore, those four respondents had shown little, if any willingness to be open, especially about their social networking and political affiliations. This is in spite of the researcher giving them categorical assurances of confidentiality about the information they provided and the purposes to which that information was to be put. The most likely reason for their reluctance was the researcher being a stranger to them. Indeed, these ‘website respondents’ said



in their formal accounts that they use no social networks to find jobs and had no connections with government cadres.

The second method fared no better. It involved sending out invitation letters to industry associations and chambers of commerce in the six fieldsites. The problem lies in dealing with organisations that are intrinsically bureaucratic. Prior written permission had to be obtained from the government and the necessary paperwork had to be in order even before these organisations could be approached. These administrative tasks are time-consuming and circuitous. The researcher was shunted from department to department, and after having found one, the researcher was made to wait for more than half a year for the application to be processed. In the end, the department told the researcher that it could offer no help. A research study such as this one is unlikely to produce any real commercial gain for these organisations, so there is little or no motivation for them to help. In the end, this method produced no respondents.

In the end, it came down to referrals from one interviewee to another. The researcher had no choice and started *guānxi* networking initially through her acquaintances to find the right candidates for interviews. It quickly appeared that snowball sampling was the most effective way by far in terms of time and disbursements. By using this snowball sampling, there was no possibility of random sampling though the researcher tried to increase the authenticity, reliability and validity of the selected samples. Each city had one native introducer to refer potential candidates to conduct the in-depth interviews. Then I used snowball sampling to enlarge the sample size.

One usual criticism of snowball sampling is about the risk of similarity of

characteristics between referrers and the referred (Heckathorn 1997, 2000; Goodman 1961). In fact, all referrers and referred in all six fieldsites show different backgrounds, income, education and occupations, even if the referrer was a cadre (or entrepreneur or professional) as the referred was also. Using the researcher's own personal network turned out well in getting a good number of interviewees (nearly five dozen), the variation among professionals, cadres and entrepreneurs plus there was no need for incentives.

Initially, I occupied the role of a part-time business woman (helping my family member to manage their business), and it was possible to piggyback on those introductions to establish networks with the new middle class. As time went on and with more travels into mainland China, I built up greater familiarity with the contacts. New contacts became friends, who in turn introduced other members of their cliques to me. Treating contacts to a meal is a simplest way to return favours. The researcher knows the tactics of *guānxi* networking to do business in China. All the business partners including entrepreneurs and professionals knew that the researcher was a doctoral student from another territory.

### **Getting inside information with *guānxi*: a problem of research ethics?**

Connections and reciprocity are quite literally the *modus vivendi* in Chinese life. Connections are of course important everywhere. We see on television that anthropologists and ethnographers working in places like Papua New Guinea or Africa are nearly always accompanied by guides—the trusted 'face' for the outsiders with tribal elders. In advanced societies such as the UK, there is *guānxi*—the 'old boys' network' so well depicted by John Rae (2009) and James Burke (1995). However, *guānxi* (whatever its name or guise) is particularly

important in China.

I have learnt from the fieldwork that it is extremely difficult to tell what constitutes a truthful account. A great deal depends on the situation at the time of the session. It is not apparent to see that any reading of an interview is loaded with the researcher's own interpretative baggage (Kwong 2001). There are issues of trust, truth-telling, authorship and voice between the subjects and the researcher (Kwong 2001). These are necessary caveats for any researcher in any field. Why should informants trust the researcher since it is the researcher who ultimately controls the interviews and their later re-telling. Qualitative researchers are 'guests in the private spaces of the world', their manners must be good and their code of ethic strict" (Stake 2005: 49). Accordingly, ethical considerations relating to research methods were carried out in full cognisance of the University of Birmingham's Code of Conduct for Research. This code "*describes standards of work performance and ethical conduct expected of all persons engaged in research [in the University of Birmingham]*".<sup>11</sup> Therefore, research involves, *inter-alia*, the pursuit of truth in furtherance of the advancement of knowledge<sup>12</sup>.

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<sup>11</sup> Details see University of Birmingham (2010). 'Code of conduct for research website'. <http://www.ppd.bham.ac.uk/cop/code8.htm>, retrieved 27 Jan 2010)

<sup>12</sup> According to the website from the University of Birmingham, research workers should, in all respects of their research: (i). demonstrate integrity and professionalism, (ii). Observe fairness and equity, (iii). Avoid, or declare, conflicts of interest, (iv). Ensure the safety of those associated with the research, (v). Observe all legal and ethical requirements laid down by the University or other bodies properly laying down such requirements.

Research methods and results should, subject to appropriate confidentiality in relation to personal or commercially protected information, be open to scrutiny and debate.

For my doctorate project, I follow the research ethics proposed by the University of Birmingham. The collection of empirical data was carried out in accordance with the ethical framework stipulated here that encompasses the standards upheld by the British Sociological Association (BSA), details see University of Birmingham, Research and Enterprise (2010). 'Governance, Management, Conduct and ethics'. <http://www.res.bham.ac.uk/information/ethics.pdf>. Retrieved 27 Jan 2010.

However, as already argued, doing qualitative research in China is quite different. To a certain extent it may not be able to completely comply with all the stipulations of Western research ethics. Having close connection (*guānxi*) to the interviewees makes doing research in China seems necessary and inevitable. Having found suitable samples of the Chinese new middle class in Guangdong, how must a researcher maintain relationships with them with a view to getting insider information?

Doing research in China today, whether qualitative or quantitative research methods, *guānxi* is a 'must-have' necessity. The *guānxi* network makes doing research in China, to a certain extent, limit the objectivity and neutrality but increases the reciprocity. Qualitative research involves probing life histories, and if the interviewee comes from a more reserved culture, then referrals from a trusted or influential contact is the only way to access another contact (Mishler 1986, 1991; Morse 1994; Ressman 1993 & 2001). It is not the done thing in Guangdong (or anywhere else in China) to ask interviewees to sign consent forms that specify all the minutiae of obligations and responsibilities of the researcher with respect to the confidentiality of the information. A small minority (usually professionals and entrepreneurs) are fine with consent forms, but, for most, this kind of legalistic form-filling just seems risky and frightening (Liu 2007). This is why I chose to tape-record or transcribe interviews without ceremony or documentation.

Over half of the cadres [7 out of 11] show some hesitation in signing consent forms but have allowed me to use the interview material as data as long as they are only identified by aliases or pseudonym. For every interviewee, I obtained a

verbal permission for conducting an in-depth interview. In each case I had an introductory session to introduce my project. This introduction established that their accounts would be kept strictly confidential and be used for the purpose of research only. The verbal permission declares their understanding that their participation was entirely voluntary. A clause granting participants the option for withdrawal at any stage was also included in my conversation with my respondents. All participants gladly obliged with none insisting otherwise. Most respondents, except cadres as I have already commented, had no qualms speaking with the tape recorder on. Full anonymity to all respondents was assured with special care taken to present responses in a way that would not result in the interviewees becoming identifiable.

I had six different and reputable introducers in the six selected cities. The interviewees initially trusted my reputable introducers rather than trusting me. I also showed and gave the respondents one copy of my publications with an executive summary (both Chinese and English versions) as a form of reference. I myself belong to the Hong Kong middle class. Aside from some obvious cultural differences, being middle class has made it relatively easier for me to get into the inner sanctum of the Chinese new middle class. Being middle class and having the right kind of professional biography helped to provide the necessary space for finding something common to talk about and reflect upon afterwards. Research interviewing is much more than information-gathering: its interactive nature “allows [the researcher] to ask for clarifications, to notice what questions the subject formulates about their own life, to go behind conventional, expected answers...” (Anderson & Jack 1991: 23)

### **From interview to text**

There is a constant effort in this study to keep authentic flavour to all of the data and conversations collected. I am not so naïve as to accept as true the recollections of interviewees at face value. However, the long period in the field and making extended contact with old and new informants from the Chinese new middle class has allowed me to verify most of the information collected. Idioms and phraseologies used by interviewees in expressing actions and goals are closely scrutinised. Partaking in the everyday activities of the subjects during the course of doing the fieldwork provided many more opportunities to probe more deeply into the more intimate sentiments of their work and personal relationships (Lincoln & Tierney 1997). Participation and informal dialogue helped to verify and amend discrepancies between the interview data and observation data. But most times it seemed more sensible for me to step out of the researcher role—to wit, to act more as a friend to the subjects and share in their enjoyment of their lifestyles and consumption habits. And it is from the role to be a friend that many of the interviewees have found an interest in this study and has led them to provide more personal views. In fact, most of the subjects took the initiative to explain themselves while going about their lives.

Ethnography, storytelling, narratives and qualitative research are language-heavy and language-dependent (Emerson *et al.* 1995, Maines 1993), so it places a very high premium on language or linguistic skills, which so often comes from a literary education more than the most of us who were educated after the 1980s have. Typescripts of every interview were made and organized case by case.

In other words, we need a set of techniques to build transcripts and texts from the raw data suitable for analysis, interpretation and construct meanings that fit in with our conceptual framework and research objectives. One of the difficulties is with the language itself. This is a particular difficulty when transcribing interviews and informal dialogues through *in situ* notetaking, *in situ* voice recording and post-event fieldnotes and memos (especially relevant in case of cadres). We should not be so naïve to believe that translating speech data from Putonghua (Mandarin) or Cantonese into English would not transform it in some way. Any translator or interpreter can attest to this. This is especially difficult when the two languages are so dissimilar in every linguistic respect. It is extremely hard to retain an authentic flavour of a Chinese conversation in an English-language translation. However, I took great care in the choice of words and expressions when translating the interviews. The following methodology memo captures my deliberation on this process:

“The first-generation version of the transcripts is produced in this way: listening to the tape recording first and describing the context in a part-narrative/part-verbatim record. Apart from converting speech into text and then translating into English words, this is the straightforward part of the process. The result is a first-person narrative account of the interview.” [Kwong 2001]

But sometimes it is quite difficult to know the actual meanings from interviewees’ dialogue. Informal follow up and close connection with the context is important. Take, for example, the phrase 上的下的、左手一的的、右手一个亲爱的 [*shàng-de xià-de, zuǒ-shǒu yī de-de, yòu-shǒu yī-gè qīn-ài de*]<sup>13</sup>. A literal translation of the expression is ‘that which is on top and bottom, that which is on the left hand, and that which is a loved one on the right hand.’

<sup>13</sup> Refer to Chapter 4 for the real context and content of this proverb. Also see glossaries.

The ‘proverb’ [actually a running joke making the rounds in Chinese society in the 1960s and 1970s] had it that, if you had the means to own good clothes, they would have been made of Dacron. And if you had Dacron clothes, then it would be quite easy for you to find a good and good-looking wife (or husband!).

The other example is Mao Zedong [The 1st President of the PRC] like the sun who shines for a brighter future in China [*Mao Zédōng xiàng tàiyáng, zhào dào nàlǐ nàlǐ liàng* 毛泽东像太阳，照到那里那里亮]. Deng Xiaoping [The 2nd President of the PRC] like the moon, who makes the society more extravagant and corrupted, people always go to karaoke lounges [*Dèng Xiǎopíng xiàng yuè liàng, kǎ lā OK dào tiānliàng* 邓小平像月亮，卡拉 ok 到天亮]. Jiang Zemin [The 3rd President of the PRC] like the star who makes many laid-off or redundant workers since 1990s [*Jiāng Zémín xiàng xīngxīng, xiàgǎng gōng rén shù bùqīng* 江泽民像星星，下岗工人数不清].

I wrote out the phrase in a research memo to reflect on what had been meant so as to reduce the chances of misinterpreting the original meaning as expressed by the informant (sentence structure is another concern). I also did some informal interviews with the Chinese new middle class to clarify some special meanings of the proverbs (Mishler 1991). In this, Cantonese is a particular sticking point: it is a pre-eminently spoken dialect, whose spoken structure is very different from the written form. Because of this, fieldnotes had to be altered to reflect the broken sequence of utterances.

### **The interviewees**

I interviewed 59 members of the new middle class in Guangdong for this study.



There are 31 are entrepreneurs, 11 are cadres and 17 are professionals<sup>14</sup>. Demographically, my sample is between twenty-five and sixty years old, born during or just after the Cultural Revolution, entering the workforce in their twenties. Tables 5a and 5b summarize the generational organization as well as the general profile of the Chinese new middle class.

**Table 5a: Generational organisation of the Chinese new middle class**

<b>Generation</b>	<b>Cohort</b>	<b>General characteristics</b>
<b>1st</b>	Born in 1948-58 22% of sample (N=13/59)	First-hand childhood or adult experience of civil war, political events of the 1960s and 1970s, economic reforms of the 1980s and 1990s up to the present day. Some are university or secondary school graduates in the 1960s and the restoration of higher education in the late 1970s.
<b>2nd</b>	Born in 1959-69 37% of sample (N=22/59)	Baby boomers of the 1960s. Childhood spent in internal political turbulence in 1960s and 1970s. First generation of the economic reforms of 1978. First-hand witness of the 1989 Tiananmen Square shootings. High social prestige and power because of higher education and income levels.
<b>3rd</b>	Born in 1970-79 32% of sample (N=19/59)	Entered workforce in the 1990s. Employment is contractual in nature, based substantially on qualifications and job performance. High educational ambitions.
<b>4th</b>	Born after 1980 9% of sample (N=5/59)	Some are children of first and second generations. Formative years spent mostly in surroundings of no significant privation. Has highest and most conspicuous consumption of all other generations. High educational and cultural ambitions. Generally proficient in at least one foreign language (English) or even a second one. Considers self-advancement to be important for career building.

Sources: Bernstein (1977), Hung & Chiu (2003: 210, 224), Mayer & Muller (1986), Mayer & Schoepflin (1989), Walder (1986, 1989: 421, 1995a, 1995b), Yang (1996).

<sup>14</sup> Refer to appendices 1-2 for the detailed profile of the interviewees.

**5b: Profile of the Chinese new middle class**

<b>Date of birth</b>	<b>Age (in 2008)</b>	<b>No.</b>	<b>%</b>	<b>Married/Single</b>
1948-58	50-60	13	22	13 married
1959-69	39-49	22	37	22 married
1970-79	29-38	19	32	13 married, 6 single
Born after 1980	25 or below	5	9	0 married, 5 single
Details	Total interviewees: 59 Mean of age: 45 Total No. of older generation: 35 (59%) Total No. of younger generation: 24 (31%) Male: 49 (Old generation: 31; Young generation 18) Female: 10 (Old generation: 4; Young generation: 6)			48 married 11 Single

Source: In-depth interview 2008.

The older generations were born after 1948 are more likely experienced the Cultural Revolution. One consequence from those turbulent times is that the older generation had practically zero possibility of family inheritance of tangible or intangible assets. These respondents mostly lived in poverty and received no semblance of a normal education until well into the 1980s when the turmoil completely ended. The second group is the younger generation who were born after 1970s. We could deduce that the better-educated members of this class must have been born after the 1970s. They started to work during 1980s and their jobs are likely contract-based and the degree of stability is low. Their job is not potentially permanent and there is a keen and competitive job market since 2002 after China accessed to the World Trade Organization<sup>15</sup>.

The second aspect is education level. Cadres, entrepreneurs and professionals generally finished post-secondary education in the late 1960s or early 1970s. Among everyone else, the professionals are most likely to have a university qualification; this group forms the most highly educated portion of the research

sample. Like everywhere, high education is regarded in China as the best asset to have. Education is seen as the easiest, most practical gateway to achieve personal success since it usually puts the individual in an optimum position to work for multinational entities.

The third aspect is work history. Most of the research subjects started ‘getting rich’ by the mid-1980s, that is, after economic reforms were launched in China. Their wealth accumulation shows common features. One-third of them started careers in the state sector by being allocated jobs under the *dānwèi* system. When the so-called open-door policy started in 1978, they moved over to the ‘semi-private’ sector into what are known as collectively owned enterprises and joint-venture corporations because of better personal and professional opportunities there. Later, they moved on to better-paying and more providential foreign-venture enterprises owned mostly by Hong Kong, Taiwanese and Japanese entities. They gained the necessary experience, wherewithal and connections to set up their own businesses by as early as the mid-1980s.

The fourth aspect is income distribution. As mentioned in the previous chapter, the minimum per-capita income of RMB¥5,000 [US\$732 or £505] a month is the baseline for selecting my respondents (Qiao & Jiang 2005, Yu 2005). The entrepreneurs and professionals in this study have the highest income of any group (often significantly more than RMB¥5,000 a month), and regional cadres the lowest. Entrepreneurs also have the most fluctuating income level of any group; sometimes they may make no more than RMB¥5,000 (if that much) while at other times very substantially more. Many entrepreneurs also bolster their primary income through secondary income channels such as financial

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<sup>15</sup> See glossaries, WTO and restraint of trade.

investments, property speculation or the like.

It is interesting to note that regional cadres often earn the nominal minimum income set by this study. However, their jobs come with perquisites and their actual income is often higher by reason of their official or semi-official privileges and networking assets. Their official jobs often lead to their partaking in a variety of part-time employment or income-generating activities—a situational norm among many cadres in Guangdong province.

### **Entrepreneurs**

As the biggest portion of interviewees, the total interviews of the entrepreneurs are 31. The entrepreneurs prove to be the most willing and most open in expressing thoughts and sharing life activities for the purposes of this study. More than twenty of them have allowed participant observation in their daily lives (e.g. accompanying them on shopping trips, home or workplace visits, taking part in photo-taking events). Many of the entrepreneurs run multiple businesses in Guangdong in textiles, real estate, electronics, entertainment and other service industries.

### **Cadres**

Cadres showed the least tendency to accept invitations to participate in this study. There is clear reluctance on their part to disclose even cursory information, such as about their work units or offices. Those who did accept invitations required detailed disclosure from me as to identity, research objectives and what use the research would be put to. The sensitive nature of their jobs is the main cause of their reluctance. China, after all, is still a politically conservative and cautious country in comparison with the West. Many a cadre is extremely careful to not

do anything lest it be misinterpreted by the powers-that-be as a wilful breach of party discipline and/or administrative regulations. For this reason, cadres constitute only one-third of the sample.

Securing an appointment with the more powerful cadres (at the vice-mayoral, mayoral or higher levels) was impossibly difficult. The primary hurdle is the lack of any political affiliation, social networking and/or professional connections with such people. However, I was fortunate to be able to interview Guangdong provincial cadres at the city and township levels.

### **Professionals**

The last group in the research sample is the professionals. They include engineers, doctors, managerial personnel in joint ventures and multinationals, college lecturers and professors. Altogether, professionals are very willing to accept invitations for interview and are cooperative and helpful. There is a wide spectrum of professionals in this study and many of them work for multinationals.

The most prominent social change in China brought about by marketisation is in the area of education. It is increasingly seen as an important of human capital and a means of upward mobility, coexisting alongside carryovers from the established system before the reforms began (Chen 2007). New professionals with specialist knowledge (such as accountants, asset managers, financial analysts, lawyers, and so on) have rapidly emerged in large, numbers in Guangdong. Broadly speaking, university graduates in China working at foreign-related companies are high on the job target list because there is a growing number of foreign businesses in China and also because most Chinese

'capitalists' tend to subcontract work or form alliances with foreign capital. Indeed, the private sector of China has become a veritable 'capitalist paradise' because of the reforms, attracting all sorts of investors worldwide like a magnet (Petras 2006).

In conclusion, all the samples of cadres, entrepreneurs and professionals are selected in terms of generic middle class 'origin' characteristics and not on the basis of 'own class' identification, since it was precisely the development of ideas of class and social positioning that I wanted to research. All the interviews will be organized in terms of generational changes and in terms of the three 'own class' categories of entrepreneurs, cadres and professionals.

### **Choice of fieldsite**

Why choose Guangdong province as my fieldsite? Guangdong province has experienced high economic development since the outset of the economic reforms. Photos 1-2 give the full pictures of China as well as Guangdong province. The open-door policy initiated since the early 1980s quickly became the cornerstone for economic growth for the province. Those and other policies provide the background for the researcher to choose Guangdong province as the fieldsite to study the Chinese new middle class. It is also significant that the Pearl River Delta Area was one of the first Special Economic Zones identified in the early stages of the reform period after 1992. They were specifically targeted by Deng Xiaoping to be the generators of new economic growth. These zones provided preferential economic conditions and labour market 'freedoms', especially for overseas firms. This explains the rapid exponential growth of the six cities selected in Guangdong province for my fieldsite. The six cities are also

cities that have attracted the highest proportion of migrant workers, both legal and illegal. Even illegal migrants enjoy a high degree of *de facto* legitimacy, having been resident in many cases for 10 years or more. In this way, it can be seen that residency status, or *hùkǒu*, operates to stratify the labour market and create restrictions upon more competitive processes that might destabilise employment relations even more than is the case.

Map 1: Map of the People's Republic of China



Source: <http://www.sacu.org/provmap.html>. [Retrieved 5 February 2009]

**Map 2: Prefectural cities in Guangdong province (excludes Hong Kong and Macau)**



The 6 cities where are the researcher to do the in-depth interviews include Dongguan, Guangzhou, Shenzhen, Yanjiang, Zhongshan and Zhuhai.

Source: <http://www.travelchinaguide.com/cityguides/guangdong/Dongguan>. [Retrieved 1 November 2008]

Guangdong province is mainly a migrant province, with over 90% of the provincial population (*Statistical Yearbook of Guangdong, 2007*) being a non-native floating population. In Guangdong province, with faster economic growth, the GNP per capita is relatively more or less the same with the Shanghai, Beijing and Suzhou (See table 4a in Chapter 2), which provides an excellent place to observe the emergence of the Chinese new middle class and the development of its sociocultural attitudes. In addition, the other factor for choosing Guangdong province is my personal networking originally built up in that province with my acquaintances. Networking is the major limitation and restricted the researcher to go only so far and no more. I would have been unable to meet any Chinese new middle class respondents in the larger cosmopolitan

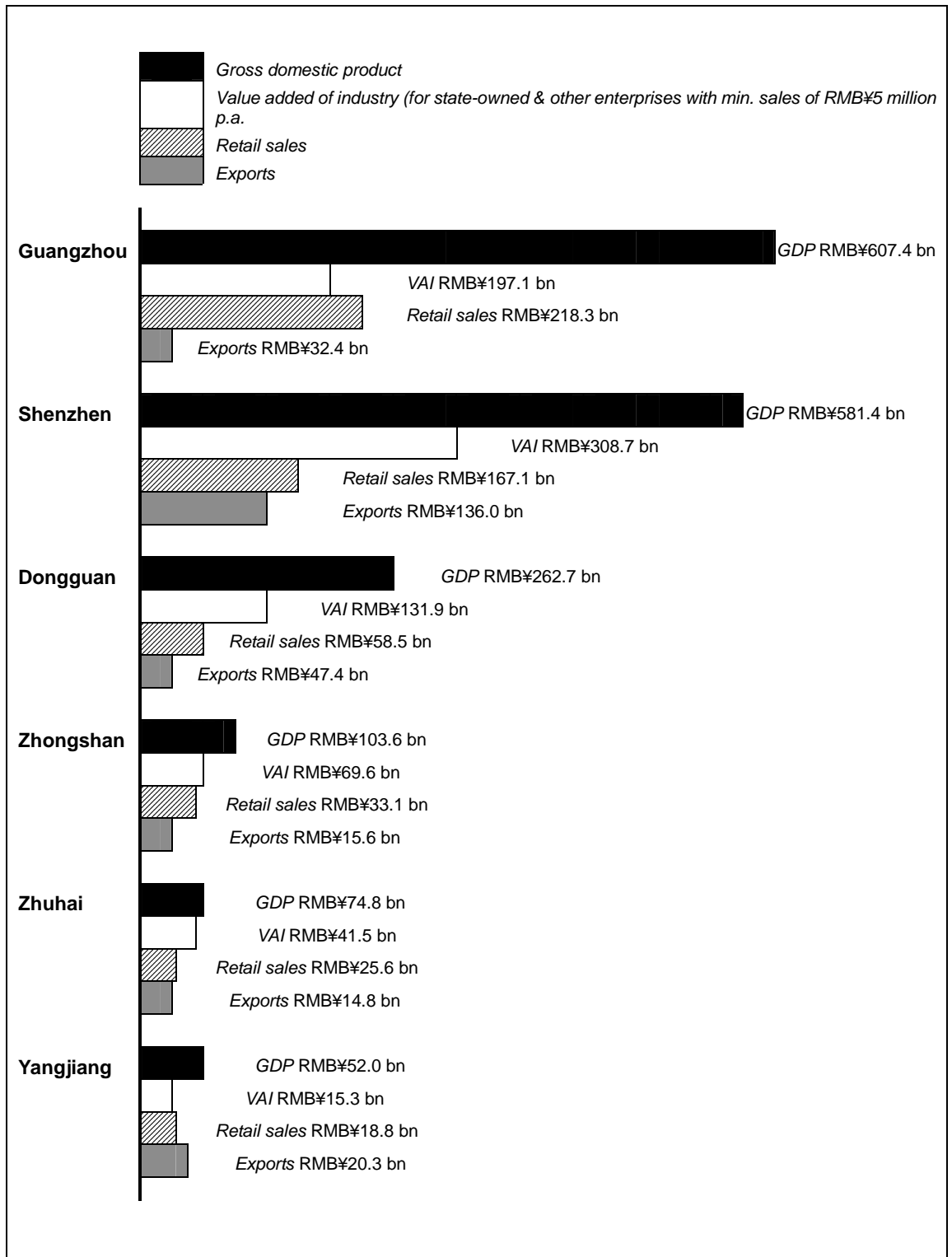


cities like Beijing, Shanghai, Tianjian and Suzhou.

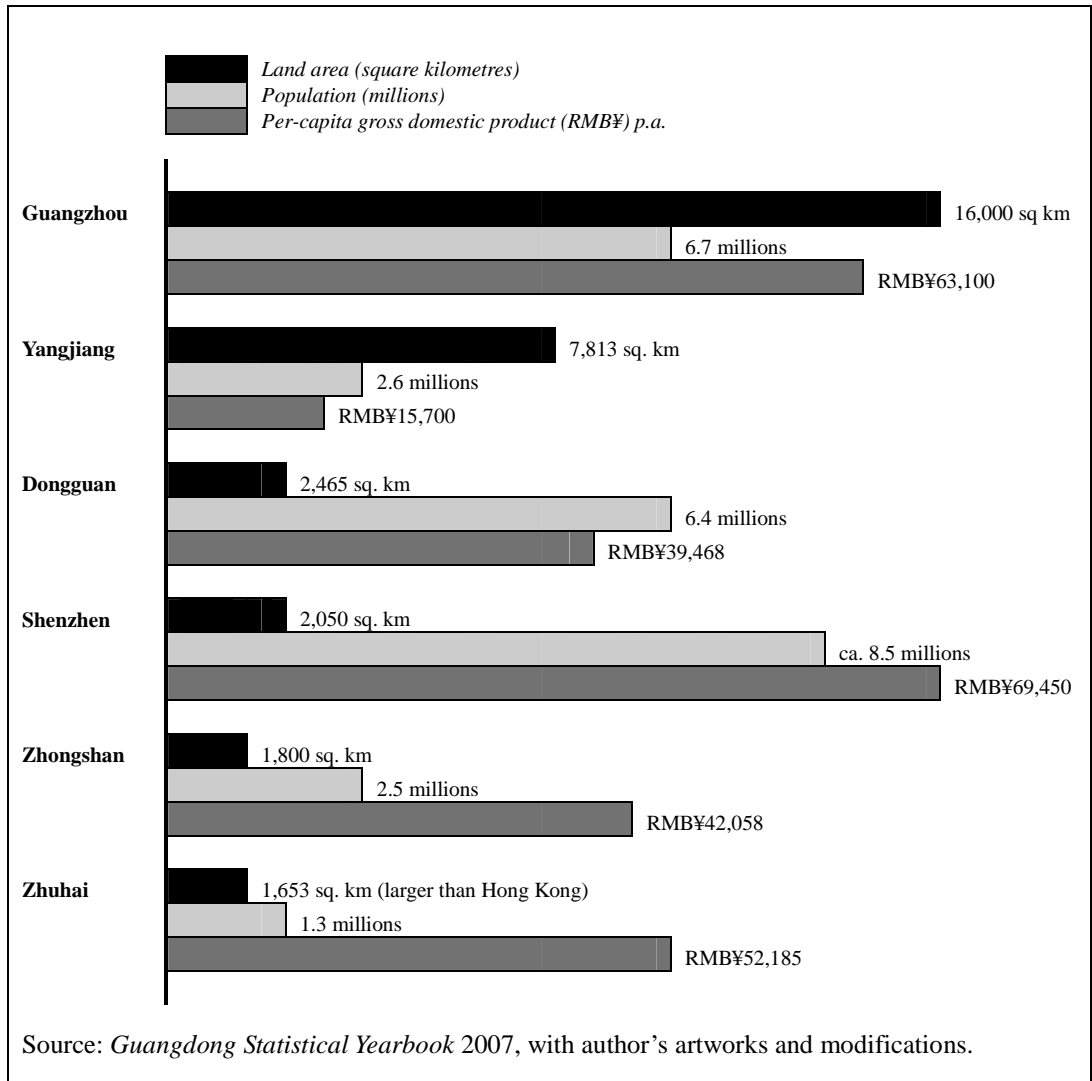
The fieldsites are major cities in Guangdong which are all within easy travelling distances from Hong Kong (my homebase). Guangdong has always had the greatest potential for economic development than any other province of China. Compared with the national total, Guangdong in 2006 had the largest GDP (12.4% of the national total), the highest industrial output value (14.1%), the largest export value (31.2%) and the largest retail sales value of consumer goods (11.9%) (Guangdong Provincial Statistical Bureau 2007). The Pearl River Delta Economic Zone (PRDEZ) is the main economic hub of the province and one of the world's most densely cultivated and populated areas. Guangdong province is rightly recognised for its economic prosperity.

Tables 6 and 7 are indicators of economic growth of the six major cities of Guangdong province.

**Table 6: Economic indicators (2006) of six selected cities in Guangdong**



Source: *Guangdong Statistical Yearbook 2007*, with author's artwork and modifications.

**Table 7: Geographical vs. per-capita GDP (2006) of six cities in Guangdong**

In 2006, GDP specifically for the PRDEZ was RMB¥2,142 billion (US\$313 or £216 billions), or 82% of the Guangdong provincial GDP (Guangdong Provincial Statistical Bureau 2007). One of the fastest-growing land areas in the world, Guangdong has long been host to a sizeable contingent of affluent international professionals, entrepreneurs and regional cadres who consume high-end goods and services (Lee 2007: 102). In fact, Guangdong was one of the country's first places (if not *the* first) to kick-start economic development when the 'open-door' policy was launched in 1978. Relatively low tax rates and favourable investment policies at the local level have helped Guangdong attract

worldwide investment *vis à vis* the rest of China by dint of long history of trading with foreigners. The six cities used in this study are among the top cities in Guangdong with the best economic performance.

In 2004, per-capita gross domestic product (GDP) reached US\$1,200 (£817) a year and make Guangdong one of the leading provinces in China. The other decisive factor favouring Guangdong is the growing influence of China in the new political and economic world order. The 1978 reforms have completely transformed urban life for China. Many Chinese cities are undergoing politico-economic and cultural transitions on an almost historic scale. Many cities in Guangdong province are no longer centres of production but also centres of consumption. Consumption dominates practically everything and everywhere in China today. Internal and external economic pressures have transformed many Chinese cities into critical intersections where the state crosses paths with society—where the elite interact with ordinary citizens, where the old world order of state socialism forms alliances with the brave new world of market realities (Hurst 2006). The middle class in China has been said to be the chief beneficiary of the country's rapid economic growth (Li 2006). You can find many commercial skyscrapers and financial hubs everywhere in Guangdong. Again, the effect is much more prominent in Guangdong than anywhere else (see photos 1-2).

**Photo1: Commercial building in Guangdong province**



**Photo 2: Commercial building in Guangdong province**



## **Summary**

This chapter has presented a set of three research objectives of this study, relative to the extant literature reviewed in Chapters 1 and 2. Through a critical engagement with the research objectives, I justified my decision to use qualitative research methods - interviews, thick description, participant observation and sometimes oral history - to understand the lifestyles, consumption practices, class relations, collaborations, cultural and political identities among the Chinese new middle class. The next four chapters will present my findings.

## Chapter 4

### Class boundaries of the Chinese new middle class

“Every Tuesday, my friends and I have to go to the Lucky Restaurant to have our dinners. It’s a regular gathering and it’s been our habit for the last six years. During our gathering, I can get many resources like the latest news, economic conditions and even the latest ways to earn extra money. No matter how busy I am, I have to attend the set gathering. By sharing the same issues and experiences, by drinking the same brand of drink like Xiaohutuxin (小葫涂仙), by smoking the same brand of cigarettes like Hongtaishan (红塔山), I feel really relaxed and comfortable. This type of gathering enhances the sentiment between my friends and me. It provides the topic [*huati* 话题] for us to talk. It also provides that sense of same class sentiments [*zìjǐ rén* 自己人] to discuss business matters.”

(Uncle Yuen, 56, entrepreneur)

UNCLE YUEN’S CONVERSATION SEEMS TO summarise the important element between class boundary and class membership. Common acquaintanceship acts as a connecting thread to infuse a ‘common identity’ and draws them within a great sense of awareness within the new middle class boundary. The ethnographic information collected in this study indicates that the practices of the Chinese new middle class create a distinctly modern cultural space. This study classifies the Chinese new middle class according to the distribution of birthdates of the interviewees roughly into two major cohorts, namely, the older generation (the first cohort was born from 1940 to 1958; and the second cohort was born from 1959 to 1969) and the younger generation (the third, was born in 1970s. The fourth cohort was born in 1980s).

Why classify the new middle class into older and younger generation? Social institutional theory (See Inglehart 1977 & 1990), historic generation cohort theory (See Inglehart & Norris 2003, Rogler 2002) and the concept of collective memory (Details see Belk 1988 & 1991, Lipsitz 1990) all suggest that the

behaviours and mentalities of different cohorts are shaped by social changes as well as by their peer groups. Each cohort will have different thoughts and ideologies based on their experience and perceptions of historical events.

Many events in the modern history of China greatly influence the life courses of the different generations of the Chinese new middle class (Mayer & Muller 1986, Mayer & Schoepflin 1989). Down the years China, has seen many national and political campaigns take place: marriage law reform, legal schooling age, one-child policy, entitlements to state welfare services, compulsory social insurance, provision of social services for age-specific target groups, economic liberalisation and others (Meisner 1999). The direct impact of these modes of state action is to create a “society-wide universalisation of the welfare-state-type life-course patterns” (Mayer & Muller 1986: 233). But the Chinese collectivist type of welfare state had been greatly disrupted by market reforms after the 1980s. This chapter mainly presents the features of the lifestyles and consumption patterns of the older generation of Chinese new middle class. It also analyses the factors that influence those features of the older generation.

### **Older generation of the Chinese new middle class**

The older generations can be subdivided into two cohorts. The first cohort is now in their fifties and early sixties, born in 1948-58 (ages 50-60 in 2008), and occupies 22% of the research sample (13 out of N=59). This is the generation that has first-hand adult experience of the hardships following the civil war between the Kuomintang and the Communists and the later political upheavals of the Cultural Revolution which ended in 1976<sup>16</sup>. They are not particularly

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<sup>16</sup> As children, the first generation lived through the famine of the Great Leap Forward in



well-educated because of a disrupted education caused by the Cultural Revolution. They spent their childhood years when the country was in a state of internal political turbulence from the Great Leap Forward and the Cultural Revolution (Zhou & Hou 1999, Zhou & Pei 1997, Zhou & Brandon 1997, Deng & Treiman 1997).

The second cohort of the older generation is the post-war baby-boomers now in their forties and early fifties, born in 1959-69 (ages 39-49 in 2008), making up 37% of the research sample (22 out of N=59). This cohort is the first to witness the launch of the country's opening-up policy in 1978 and the first beneficiaries of the economic reforms when the country was most in need of a versatile élite for economic growth (Hewitt 2007). They lived through widespread economic changes of the early and middle reform years and witnessed in varying ways the 1989 Tiananmen Square protests.

The first and second cohorts of the older generation occupy about 59% (i.e. 35 out of N=59)<sup>17</sup> of the research sample. They are generally seen as the lucky ones when compared with the 'lost generation' of *xiàgǎng gōngrén* (下岗工人 laid-off/redundant workers) when many Chinese state enterprises closed down around the mid-1990s because of economic streamlining measures. They did not suffer from the so-called destratification of social status (Parish 1984, Davis

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1958(Yang 1996). With their education disrupted, the government carried out a 'send-down' policy intended to lessen urban unemployment and build up rural development. Millions of urban youth were 'mobilised' and sent 'up the mountains and down to the villages' (上山下乡运动 *shàngshānxiàxiāng*) (Bernstein 1977). Secondary-school graduates at the outbreak of the Cultural Revolution are later dubbed *lǎosānjiè* (老三届 the 'three old classes') in the reform years. Many married couples during the Cultural Revolution lived apart in different cities for years on end. The experience of the first generation of having a peaceable life only began when Deng Xiaoping launched the economic reforms in 1978. Therefore, major nationwide socialist campaigns to re-engineer everyday life define the first generation (Hung & Chiu 2003: 210).

<sup>17</sup> Details see Chapter 3 and appendix of the research samples.

1992a:1062-1085, Bian 2002a: 105).

The younger generation of the Chinese new middle class covers people born in the 1970s and those born in the 1980s and later. The first cohort are now in their thirties, born in 1970-79 (ages 29-38 in 2008), and occupies 32% of the research sample (19 out of N=59) and the second cohorts is in their twenties, born after 1980s, and occupies 9% of the research sample (i.e. 5 out of N=59). The younger generation occupies about 41% of the research sample (i.e. 24 out of N=59)<sup>18</sup>. Of the total 24 sample of the younger generation, 11 are single. These people have no significant privation or politically inspired negative experience in their childhood and their upbringing is less restrictive than the older generation. They entered the workforce at the height of the urban modernization and globalised economic growth in the 1990s. Their employment is mostly contractual in nature (so covered by the labor contract system implemented in 1986) and based substantially on qualifications and performance, both of which in many respects symbolized the dismantling of the 'iron rice bowl' of employment in state enterprises up to then (Hung & Chiu 2003: 224).

The older generation covers people born in the 1940s and 1950s (the first cohort of the older generation) and those born in the 1960s (the second cohort of the older generation). As a whole, they are characterised by their pragmatic frame of mind in their way of life and utilitarian consumption habits. As we shall see, this is in marked contrast to the conspicuous consumerism of the younger generations after them (Smart & Smart 2003, Smart & Li 2006). The older generation can generally be characterised by their industriousness and diligence

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<sup>18</sup> Details see Chapter 3 and appendix 2 of the research samples.

in making savings. Typically, they are not well-educated owing to missed or denied educational opportunities as a result of the outbreak of the Cultural Revolution. Indeed, that political upheaval accounts for the fairly strong financial background but analogously weak education of some of this generation of the Chinese new middle class.

### **Factors encouraging pragmatic consumption**

What is it that causes the older generation to have more down-to-earth attitudes?

Three major factors identified from our research sample indicate they encourage pragmatic and utilitarian consumption in the older new middle class.

1. One arises from the collective memory of the Cultural Revolution and the effects associated with it on the formative years of people.
2. The other is the lasting merit of traditional Confucian values and mores in modern life.
3. Another is the constant need for self-improvement to uphold personal competitiveness in the face of rapidly changing economic and social environments, and this self-improvement also covers gearing oneself to extending business connections.

We can understand collective memory as a form of nostalgia that contributes to social identity (Chan 2003, Lee 2000, Yang 2003). For the older generation in my sample it can be delineated into two major timeblocs and it revolves around negative experiences in both. The first timebloc is the Maoist period and the Cultural Revolution in the 1960s and 1970s. Here, the negative experiences are the poverty in childhood or early adulthood and the disillusionment of missed or

denied educational opportunities. The second timebloc is the more liberal reformism of the 1980s and 1990s. Here, the negative experiences are those of the trials and tribulations of entering into the world of commercial business and involvement in 'extra legal' activities like smuggling or illegal emigration/immigration.

### **Collective memories**

'Collective memory' refers to people born in the same age cohorts and sharing some common historical trajectories in their life history (Yang 2003, Chan 2003). A collective memory helps individuals to construct and maintain an identity in two ways, by (a) first making links between past experiences and their current meanings and (b) then stimulating them to articulate in narratives these links in their generational experience to moral critiques of the present (Bruner 1987, Josselson & Lieblich 1999).

In the Chinese context, collective memory contrasts a 'Past' viewed as containing meanings and purposes against a 'Present' dominated by economic inequality and instrumental rationality (Yang 2003). For a lot of the older Chinese new middle class, the unimaginable tumult and hardships they experienced during the Cultural Revolution is the most vivid, most clearly remembered past (Chan 2003: 82). The ghost of the Cultural Revolution is their signature collective memory, a memory and identity that evolved for them through a process of construction and negotiation over the years (Chan 2003: 85). Then there is the collective memory of working in state organisations/enterprises, and also the experience of transitioning to the private sector and possible involvement in 'smuggling' (a word that has a broader meaning to the Chinese

that covers many ‘extra legal’ activities).

The first collective memory, nostalgia and identity directly derived from the Cultural Revolution. We can see the forces of collective memory at play in the older new middle class: they have a certain nostalgia for Maoist times, and it is a general social sentiment of theirs (Lee 2000). In that idealised version of Maoist China, there was no pain and no worry even while they tell you that the past was not one of unequivocal bliss (Lee 2000: 228). Romanticisation of past events and childhood privations is sometimes heightened by tragic stories (Lee 2000: 225). Although the older new middle class might be nostalgic for Maoist times, nearly all of them are negative in their experience and assessment of the regime during the Cultural Revolution under Mao Zedong. In the ten years that the Cultural Revolution lasted, the party suppressed all ideological dissent and human initiative, and various political campaigns caused the wanton destruction of capital and manufacturing assets (not to mention cultural and intellectual assets) that lead to the eventual near-collapse of the general economy by the mid-1970s.

It was the Red Guards (*hóngwèibīng* 红卫兵) who, in the name of ‘struggle’ (*pīdòu* 批斗), set in motion the mayhem that led to much of the misery of those times.

“I still remember the Red Guards forced me to fess up my family and my grandfather and grandmother had some connection with the Kuomintang and other Kuomintang comrades. I was assaulted by events from the past, slipping on the ridge between past and future. I was uncertain which way to allow my sweaty body to slide. An unimaginable depth lay in on my heart. I needed to rename my surname to Lam and again to Sam (pseudonym) after the outbreak of the Cultural Revolution.”  
**(Uncle Sam, 49, entrepreneur)**

Many pointed out that everyone was hungry and poor then. If anyone had any ability to buy a chicken during the Cultural Revolution, they could not eat it because they would have been branded as counter-revolutionaries on suspicion of hoarding ‘capitalist’ seeds for the chicken. They yearned for peace and better times, but the future looked very bleak then.

The Cultural Revolution is not easy on the memory of most people. Uncle Wah was about eighteen years old when the Cultural Revolution broke out. He had been sent to the countryside to learn from the peasants. He says,

“We were the intelligentsia at that time even though I was only a senior secondary graduate. We wrote many *shānghén wénxué* (伤痕文学, trauma literatures) about our harsh childhood. We called it *yì kǔ sī tián* [益苦思甜 ‘trying to come up sweet’] of the trauma literature. This so-called *yì kǔ sī tián* is a good healing medicine to pacify my emotions. I don’t want to remember the torture of memories and my childhood. This is why I needed to work hard in the early years of 1980s and seize every chance to behave myself to become rich. Life was full of ups and downs. We don’t know what happens, right?” (Uncle Wah, 50, professional)

Close relationships are derived from collective consensus and understandings as a result of shared lifestyles and consumption practices by reason of being in the same age cohorts. Being in the same age cohort means the chances of their gathering together are also increased. Sharing memories and experiences causes people to have alike habits in lifestyle and consumption that they could share with one another. Shared lifestyle and consumption practices help develop and reinforce deep and close relationships between those people.

The second collective memory is nostalgia and identity derived from an impoverished childhood. Poverty is the common thread in the nostalgia of the older new middle class. Even by the mid-1970s no one in China was particularly

rich; everyone was poor. The experience of privations in childhood is a driving force in their current values of industriousness, thriftiness and ambition. So when members of the older new middle class meet and gather together, they reminisce about past experiences of poverty and hardship.

“My home had fluorescent lamps. We were poor. We always went to our neighbours, who had electric lighting, lamps and television sets to watch in black and white. I remembered we were enthralled by soap-opera serials. If anyone had a bicycle or a television set, it was incredible—and made me feel envious because of their pride. Even if you had a handkerchief, *báixié* [白鞋 white shoes, i.e. plimsolls], a bicycle or a colourful fashion item made of *dì què liáng* [的确凉 Dacron], you were considered a rich and powerful person in China in the Sixties. The commonest torture in my childhood then was 上的下的，左手一的的，右手一个亲爱的 [*shàng-de xià-de, zuǒ-shǒu yī de-de, yòu-shǒu yī-gè qīn-ài de*]. When we think of our past memories, we always mention this conversation. It really made me laugh, made me so unforgettable of it, and I'd mention this conversation frequently in my gatherings with my friends. This conversation made a strong impression on my past experience during my childhood. If you had [clothes] made of Dacron, then it was easy [for you] to find a good and beautiful wife in the late Sixties.”  
(Uncle Fong, 48, entrepreneur)

Here is how the proverb works (according to the interviewee):

*De* (的 *of*) is an abbreviated, highly colloquialised nickname at the time for Dacron (*dì què liáng* 的确凉), the polyester-like fabric material.

*Shàng-de* (上的 *of the top*) means the upper part of the body, which the expression alludes to your ability to buy and wear clothes made of Dacron. Similarly, *xià-de* (下的 *of the bottom*) alludes to wearing Dacron trousers (or slacks, since skirts were not worn because of connotations of bourgeoisie decadence!).

*Zuǒ-shǒu yī de-de* (左手一的一的 literally, left hand [with] one of those) alludes to carrying the best things in life in your left hand as well as your ability or wherewithal to buy clothes made of Dacron.

*Yòu-shǒu yī-gè qīn-ài de* (右手一个亲爱的, [on the] right hand a loved one) alludes to the high possibility of getting a good-looking and goodly wife if you were one of the lucky few who had Dacron handkerchiefs, Dacron clothes, bicycles and radio sets.

This is often repeated in any get-togethers of the older generation of the new middle class, and it always elicits great laughter among them. Their recounting of past experiences brings on in them feelings of emotional attachment, deep love, unforgettable memories of joy and suffering, melancholy thoughts of things past and reminiscences in tears (Yang 2003).

Emotional traumas do not afflict just the individual, but whole communities or even entire nations. Emotional trauma is essentially a social event (Muhlhahn 2004: 109). When we recount unpleasant things in our past, we bring about feelings of warmth and connectedness in others who share more or less the same things in their past. When people talk about their past, they have feelings of adoration and apotheosis. It is the apotheosis of the self that becomes very important as a strategy in maintaining individual identity under conditions of rapid change in general society (Yang 2003). This is the meaning of same sentiments and same group—*zìjǐ rén* (自己人 ‘one of our own’).

Recollecting the past creates the same feelings especially in the older new middle class. Those cohorts of the Chinese new middle class who have



experienced the whole history of the People's Republic are more able to form and sustain close relationships with their peers because of collective experiences. Collective memory is the thread that stitches different individuals into a cohesive grouping. Such a collective experience of the older new middle class can be referred to as the totality of individual memories, articulated in the narrative, and contributing to the collective nostalgia of their childhood. Radical changes in the cultural terrain of modern-day Chinese life do not threaten or even destabilise the identities of these older members of Chinese new middle class because the internal anchor is the collective memory.

The third collective memory is nostalgia and identity derived from working in the state-owned enterprises (SOEs). A lot of the older new middle class started working at around sixteen years old because of the interruption caused by the Cultural Revolution. Many have been unable to go much beyond mid-secondary school, much less go on to university. The lack of education and the history of childhood privations they experienced encourages many of them to live frugally and sensibly. The better-educated older group form the core of the Chinese new middle class in terms of forming and contributing to the shared lifestyle and consumption patterns of that class. Lack of education, of course, provides an in-built exclusionary imperative. A better job equals higher earnings and better career advancement, both of which together equalled higher status in the social hierarchy of Maoist China up to the Cultural Revolution.

People of the older new middle class who had higher education in the late 1960s and early 1970s were the elites of society at the time. They were allocated to work in the state sector, usually in the larger, better-paying state enterprises in

low-level positions such as clerks or even non-skilled workers. Many stayed with these enterprises upwards of ten years. By dint of long employment, quite a few have risen through the ranks and into management. A few become highly influential bureaucrats. Working in the state-owned enterprises built up work experience and sometimes provided opportunities to gain technical knowledge. Both in turn opened up vistas to accumulate economic assets following the market reforms, which in turn allows for the development of certain lifestyles that could be shared with others who have gone through roughly the same pathways.

As these people worked their way up to the top, many extended their networks into the private sector and professional bodies in the reform years. In other words, the possession of a component of cultural capital (i.e. educational credentials) guarantees employment in the state sector in the old days though they graduated from senior high school. Higher education allowed former cadres in state organisations/enterprises to shift career paths from the public to the private sector.

Most of the older generation experienced a harsh past but a sweeter present. It can be very painful indeed to become impoverished again after having lived in better times. A big unknown is whether China will be in social or political turmoil again. The future of course is never sure. To be sure, the experience of a bitter past moves these people to save up for contingencies and for their children. Even the rich are prudent with their money and in spending.

The fourth collective memory is nostalgia and identity derived from the transitioning to the private sector for the older generations. The road to success

in the business world can be a tortuous one and fraught with pitfalls. The Chinese new middle class as a whole is the most successful among all sections of the Chinese populace in adapting to the improved commercial climate [especially in Guangdong] since the 1980s. Adapting to new conditions and making favourable use of the winds of change happening in the general and provincial economies shows a high ability to achieve successful outcomes—or at least avoid unsuccessful ones. The older new middle class has the ability to make practical adjustments to achieve reasonably successful outcomes within the framework of ambiguous/incomplete institutional policies at the same time that changes take place in the investable part of the economy.

Soon after the economic reforms and market mechanism started to take hold by the early 1980s, Guangdong was the first province to take off economically and the investment climate there became more and more attractive. Entrepreneurs who emerged in Chinese society because of the economic reforms are widely regarded as opportunists whose business acumen and astute insights helped them to adapt to the new and favourable investment environment in Guangdong in a pragmatic way (Heberer 2007). Some of the older generations started out as small, self-employed shopkeepers who ran small street businesses like grocery stores. Others had been street vendors because they could not afford to pay rent for their businesses. All in all, these people mostly sold perishable or non-durable commodities such as groceries or garments—anything considered to be daily necessities for the majority of people. Uncle Fong ran a meat shop because his father, uncle and aunt were butchers in the 1980s. He wisely adapted to the favourable investment climate in Guangdong. He says,

“In 1980s, I took in food tickets and sold them away at higher prices. I made profits from these transactions. I remembered that I could earn twenty or even RMB thirty yuan (£2) a day. These lucrative profits inspired me and helped support me in building my larger house in the early '80s. But you have to try many times to succeed, though. Life was hard at the time. I was in debt with my parent, family members, relatives and friends. I still remember clearly how hard those times had been.” (**Uncle Fong, 48, entrepreneur**)

Ration coupons (*liáng piào* 粮票) were a feature of urban life in Maoist times.

*Liàng piào* were issued to people by their work units or workplaces because even people with money in those days were unable to buy food or other necessities without coupons. Rural domiciliaries had no need for ration coupons since they were self-sufficient in provisions. Today, many of the older new middle class have become quite rich, but the memories of hard times stay with them and very much shape the way they do business now.

The fifth collective memory of nostalgia and identity derived from extra legal activities (smuggling) and being a stowaway. In Maoist times, some topics were taboo or plainly too dangerous for any discourse even behind closed doors between likeminded people. Once-taboo topics, such as about smuggling (*zǒusī* 走私) or stowaway (*tōudù* 偷渡)<sup>19</sup>, can now be discussed fairly openly. These two practices were very prevalent in China during the 1980s and 1990s.

The reason for the relatively greater openness in discussing these taboo topics lies in the way some people have come to fortune during the reform years:

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<sup>19</sup> ‘Smuggling’ (*zǒusī* 走私) has a somewhat wider meaning in Chinese. Normally speaking, Smuggling has negative meaning in Chinese. The Chinese meaning can cover illegal stowaway (*tōudù* 偷渡). In addition, the legal meaning of smuggling is ‘the offence of importing or exporting specified goods that are subject to customs or excise duties without having paid the requisite duties’ (*Oxford Dictionary of Law*, 4th edition, 1997: 434). But the normal English meaning is to bring into or take out of the country secretly under illegal conditions. Details see glossaries.

collusion with corrupt officials ‘in the restraint of trade’ (the World Trade Organisation euphemism for market cornering) or conducting illegal or illicit manoeuvres in times of market chaos.

The moment that any one of these taboo activities are made known to others during a gathering, many will describe having ‘warm feelings’ and mutual understanding with their friends and associates.

“When I was a worker in a collectively owned corporation, the workload in this factory was heavy and the working hours long, from 8 am to 10 pm. I couldn’t stand the long hours. In the late Seventies, I stowed away to Hong Kong five times in a row. The police never caught me the first four times. But the fifth time, I got caught by the police in Shataukok [沙头角 *the cross-border town on the Hong Kong side*]. The untidy and unpleasant prison made me scared, shocked and in disbelief. I never forgot this experience.” (Uncle Moss, 48, entrepreneur)

China was rife with smuggling in the late 1970s right through to the early 1990s. It was also very lucrative, but also risky, as Uncle Moss’s experience of arrest indicates. It was also an activity that could only be undertaken for a short time. However, those of the new middle class who got involved in this line of business sometimes recalled that part of their lives with great sentimental nostalgia.

“I’d wanted to fulfil my dream of making money in 1980. So I stowed away five times to Hong Kong. Unfortunately, my dream of making money failed in Hong Kong. There was a huge mix of goods like sunglasses, trousers, jeans, blouses, T-shirts, digital watches and different types of foodstuffs. These goods were very cheap and even we could afford to buy them. Although our business was small-scale, we were profitable and mercenary. *I could make RMB¥40 [£4] a day* and this income was high when compared with working in the collectives, *which paid only RMB¥60 [£5] a month* in the late Seventies [*author’s emphasis*]. By returning back home, we were singing, too. I remembered we were happy doing this business.” (Uncle Chris, 49, entrepreneur)

Although smuggling and stowaway to Hong Kong had always been illegal in

China, the Police Bureau on the Chinese side paid little attention to stopping them. In fact the (then) Royal Hong Kong Police Force and the British garrison did much of the crime fighting during most the 1970s and early 1980s. Smuggling and stowaway (which by the 1980s took the form of smuggling illegal immigrants into Hong Kong) turned out to be short-lived lines of making money since the Chinese authorities began to tighten up border policing after 1982.

A collective memory among ex-smugglers and ex-stowaways provides some sort of lubricant for them to seek partners in more conventional, more legal lines of business and in *guānxi* networks with people with similar collective sentiments and shared understandings. As the business climate throughout the country became more positive towards the late 1980s and 1990s, their involvement in mainstream business helped their rise and success in Guangdong province.

Smuggling continues even to this day. Those who are still involved in it have close, inside connections with the government in order to carry out those activities. It may partly account for the widespread corruption among cadres in Guangdong in the 1990s.

“I got the help [from some officers]. They seem have close connections with the district offices in Guangdong. Their helps make my smuggling business smoother and *more lucrative in the post-reform era* [author’s emphasis].” (Uncle Ho, 49, entrepreneur)

A common acquaintance acts as a connecting thread to infuse a common identity in two persons and draws them within a single circle of ‘insideness’ (Wank 1999: 164) within the new middle class circle. In the broader sense, the new middle

class may gather together by the same accent, speaking the same tongue<sup>20</sup>, kinship ties, blood relationships and even the same surname. The past shared experience provides the lubricant for the older generation to form a class boundary and membership because they have similar topics and discourses to share. The same group can still be formed only subtle and even minuscule cultural understanding (such as tastes and understandings). All of these things are elements of culture and these refer to the sociocultural practices of the everyday life of the new middle class.

### **Confucian values, self-improvement, class boundary and admission**

There are other reasons to explain why some of the older generations are quite frugal in their consumption patterns. Confucian values are one of the factors. Given that most of the older new middle class had impoverished childhoods, the majority of that older generation [30 out of 35] is very practical in personality so as to achieve their present success. They are very practical in their consumption. The general state of mind of the older new middle class seems to be ‘income of the new middle class, consumption of the common people.’ Confucian values exist in the minds of many older generations. This explains why they prefer frugal lifestyles. Quintessential Confucian values such as sincerity, integrity, compassion and righteousness are still preserved in the minds of the older generation. Confucian values have a way of working into the pragmatic/utilitarian approaches and handiwork of the older new middle class in their private and business lives. It is not unusual for some of them making RMB¥100,000 (US\$14,631 or £10,004) a month to bargain with shopkeepers by

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<sup>20</sup> That may variously be Standard Cantonese vs. any other kind of Cantonese, or Cantonese vs. the dialects of other provinces or regions, or Cantonese vs. Putonghua or even Putonghua spoken

the roadside or keep leftovers from a meal for the next.

“I won’t buy any famous brands even if I’m more than able to afford them. I’ll pick up my leftovers when I dine out. It doesn’t mean I’m mean, but it’s the Confucian value I’m used to. I don’t want to waste anything. Most of my friends are very conservative in consumption. We’ll buy whatever we need, but we’re not buying for pleasure though we have money.” (**Aunt Monica, 60, cadre**)

Industriousness and thrift brought riches to the older new middle class, so restraint in consumption is something of a self-declaration of their practicality in life. They generally lead a life of relative simplicity and thrift. They have no overriding desire to buy branded merchandise, at least not for themselves. In fact, they can be inveterate bargain hunters. Their general lifestyle is basically ‘waste not, want not’—down-to-earth in taste, pragmatic and utilitarian in direction. Even the more affluent members employ no chauffeurs. On business trips, they travel not in first class but in economy.

However they feel the need to upgrade themselves to have more marketable skills. The more contact with the ‘outside world,’ the greater will be the social impacts brought to the older generations. A number of ideological beliefs and values normally associated with modernisation are making inroads into the picture of present-day life in China, such as initiative, competition and the pursuit of excellence. They are keen on overall change coming from economic progress and globalisation. The consensus of opinion from them is that it is impossible for China to keep the national economy running at a growth rate of 10% year after year. The idea that everyone everywhere is blessed with limitless opportunities and longlasting materialism is less and less realistic as time goes

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in Guangdong vs. Putonghua spoken in other regions.



by. Even financially secure members of the second generation of the Chinese new middle class now find it necessary to learn to be adaptable when they face the challenges of cultural pluralism that is integral to economic progress and globalisation.

“I studied a part-time MBA at a local university even though I already have a local degree. If I want to get promoted and not get fired, I’d need to upgrade myself and pursue a higher degree. Even though social networking is still very important in government bureau, we face a threat from newly recruited young university graduates. They’re very assertive and efficient, and relatively low paid. This poses a great threat to me. Even though I’ve worked in our department for more than fifteen years, I still face this threat.....” (**Uncle Leung, 48, cadre**)

Those who have suffered in some way from structural transformations in the economy no longer believe that work skills are the only survival tools to cope with the future (Lui 2004: 48). Consequently, these people are much more ready and willing to upgrade their education to avoid being marginalised in society than others are. You cannot manage future challenges if you are outdated or even phased out because of obsolete skills and social networks.

Uncle Fong, the rich and successful entrepreneur, relays his worries about the era of globalisation:

“I don’t want to look back. If you are rich and enjoy life now, you don’t want to go back to the economic bitterness and hardships [of before]. I bought detached houses, apartments, commercial buildings and shops for sale because I only got the senior high school and society has changed dramatically [over the years]. You don’t know what will happen tomorrow. I don’t consume conspicuously, but will consume famous brands [in the presence of] my business partners. You cannot cope with future challenges if you are outdated or you don’t have marketable skills.” (**Uncle Fong, 48, entrepreneur**)

Uncle Fong's remarks above illustrate why the older new middle class is so pragmatic and utilitarian in lifestyle and consumption, especially those who don't have higher educational credentials. These people tend always to take a backseat instead of a frontline stance in taking a stand for their causes. They feel highly anxious that their educational credentials are not high enough. They fear they may be phased out because of obsolete skills and social networks in a rapidly globalising world. In a way, they are a somewhat calculating lot, always taking a cautiously watchful attitude to things, and are often willing to wait until conditions are almost completely right before acting (Lui 2004: 136).

Social class boundaries are defined by (a) the associations between individuals or families, (b) the nature and extent of those associations over time, and (c) the particular class positions of those associations (Scott 1994: 934). Based on Scott's (1994) indications, it is not hard to see why it is quite easy for the older new middle class to communicate, cooperate and share in social and business affairs. Shared lifestyle characteristics, similar consumption patterns and comparable tastes help the older new middle class demarcate the parameters of its membership. People who classify themselves as members of the new middle class will regard other similar individuals as *zìjǐrén* ('one of our own')—an insider categorisation. Those who do not (yet) possess this kind of lifestyle or consumption stay outside of that class boundary.

### **Major features of consumption of the older generations**

Our interviewees who belong to the older generations are on average in their mid-forties today. They are generally regarded as industrious in work and diligent in saving money. Their fairly strong financial standing in fact owes a great

deal to their experience of political upheavals in the past. Their shared set of collective memories from childhood makes the older generations advocates for practicality in all matters of life. They practise what they preach and lead relatively simple lives and buy down-to-earth, reasonably priced goods that last. Cadres and entrepreneurs show similar lifestyles since they are more frugal than the professionals.

The older generation of Chinese new middle class tends to take part in entertainment activities as a group, especially with those whose backgrounds or lifestyles are similar to their own. They have more or less the same sociocultural factors like shared consumption patterns and lifestyles to enter the new middle class circle. Entertainment activities are not serving for the purpose of entertainment as such, but it is a good way to seek more business partners and with their former workmates in state enterprises and village mates.

### **Entertainment activities**

Entertainment activities can reveal much about the lifestyles, consumerism and attitudes of people. Karaoke lounges, bars, nightclubs, massage parlours and lychee orchards are major venues for the older generation to gather together and relax with friends or business associates. Other activities include playing chess or mahjong, having dimsum meals or Chinese banquets and other different social gatherings.

“Owing to the nature of my job, I have to go to karaoke lounges and nightclubs frequently. If professionals and entrepreneurs regard you as powerful enough and you can help them, they will frequently seek help from you. Many entrepreneurs and professionals are trying excessively to please me and that I give them favours when they register their ‘special businesses.’ I always attend their meetings and they give me favours, gifts and

banquets. This is not the secret but the common practice here [Guangdong]. Going to karaokes becomes part of my job and is also my leisure activity.” (Uncle Fang, 49, cadre)

The karaoke lounge is a major venue in the entertainment activities of the older new middle class. Gatherings at karaoke are not simply for singsongs: singing and eating provide only symbolic meanings. In fact, going to karaoke is a group activity for them to share and reminisce, and sometimes to discuss business. Participants are enjoined and bonded together by shared personal histories and they communicate with one another within that framework. The karaoke is the main forum of social practices in the lifestyle of the older generation.

The massage parlour is another common venue. These establishments have grown in number and popularity in Guangdong since 1997. They are fairly affordable establishments and a typical four-hour session at an average massage parlour costs around RMB¥100 (US\$15 or £10). Many are fitted with private rooms, large meeting rooms or clubhouses, licensed bar, indoor swimming pool, gymnasium or even squash courts. The massage parlour provides enhanced privacy to discuss business.

Older members of the new middle class tend to have more staid pastimes. Playing a couple of rounds of chess or mahjong with friends and acquaintances is a form of ‘appreciation’ of (that is, getting a ‘handle’ on) the other side in doing business. Mahjong is in the blood of all Chinese people and is a great way to enhance sentiments and connectedness with friends and businesspeople alike.

Other older members are simply content with visiting flower gardens or lychee orchards or just going to hotels for entertainment activities. Indeed, some of these people tend to live near these places and invite a fairly close circle of

acquaintances to join them for visits. The invitees, of course, pay *liǎn* (臉 ‘face’) to the inviter and oblige attendance. China now is such a face country and it is an important way to survive.

“I invite business partners and buddies to go to my lychee to have gathering. They usually will come since they trust me. They give face to me though they are very busy. Gathering all my buddies in lychee orchard is a good way to meet more business partners and extend some networks. My friends usually bring their friends and we can establish network to do business. ” (Uncle Hui, 60, cadre)

“Face party is a must item to do business here. This is social capital since we meet different potential business customers with some reputable introducer. If some influential entrepreneurs or someone who has close relationship with government, I must attend.” (Uncle Fang, 49, cadre)

I was cordially invited to go to this lychee orchard with Uncle Wong in 2008. Thirty to forty dishes were served to the guests at lychee orchard. The dinner offered a great variety of dishes, as many as you could ask for, vegetables, fish, meat, sea food, desserts, rice, noodles, congee, soup, fruits and beverages, which were all served in a way of Chinese buffet. The Chinese new middle class talked about precious jewels, for example, diamond, jade, gold and silver accessories. What were the best gifts sent to cadres? The items are luxury cars like Mercedes-Benz, houses, shares, funds and land investment. They also considered other business opportunities<sup>21</sup> arising from the World Expo to be held in Shanghai in 2010. This manifested their middle class lifestyles. I found that I hardly joined their conversations.

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<sup>21</sup> I interviewed those Chinese new middle class in 2008. All the ages of the Chinese new middle

It is observed there are symbolic meanings of lychee orchards to the older generations. Lychee orchard serves as a source of arts for the older generation to meet in this special location. Lychee orchard is a commercial business but it does not serve only as a commodity for the older generation. It serves as a holiday resort to have tea, reunion, gathering with their potential friends who later may become business partners. The lychee orchard is a classic symbol of refinement and statement of civilization, but it also serves as a kind of symbol of the Chinese new middle class.

In terms of business engagements, the older generation look on entertainment activities with a certain degree of pragmatism, even if they sometimes do not relish attending such functions. They know entertaining for business help, extend opportunities or serves customers. They are also useful gateways for building careers or political capital or for extending social networks generally.

The tactical objectives are risk minimisation, transaction cost reduction, supply assurance and cost control of time and money spent in gathering information. To entertain people is also to show personality. Personality is very important to the older generation in business. It is not too surprising to find the older new middle class often entertain or are entertained in nightclub banquets until the small hours of the night. In business, perceptions of trustworthiness are always significant versus that of competitors (Wank 1999: 275).

### **Tobacco and liquor**

Smoking and the passing around of cigarettes among smokers has become a kind

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class based on the year of 2008. In 2008, the older generations sorted out any opportunities arising from the World Expo to be held in Shanghai in 2010.

of ritual among Chinese businesspeople. Since many of the older generations share common tastes in lifestyle and consumption, people are probably going to ‘use’ smoking and drink to seek mutual collaboration within the middle class boundary. The older generations say that this is a courtesy and an opener for socialising with different kinds of people if you know the ways to smoke and drink. In China, handing out cigarettes to greet friends is like shaking hands or giving a hug to people. Mutual collaboration helps improve sentiments, cohesion and trustworthiness when doing business.

“Every Tuesday, my friends and I have to go to the Lucky Restaurant to have our dinners. We always go to the appointed restaurant, The Lucky Restaurant, every Tuesday at seven o’clock. We share experience and topics of our childhood. Also, this gathering is a way to express my feeling, like unhappiness and frustrations in the family or in business. No matter how busy I am, I have to attend our gatherings and definitely won’t miss any one of them.” (**Uncle Chung, 56, entrepreneur**)

Indeed, business partners are often entertained with the accompaniment of ex-schoolmates and other close friends of the participants. The older new middle class love to see ex-classmates any chance they can get, and gatherings are precious moments to catch up and gossip without [an overt] pressure of using those gatherings to make money. When former cadres went into business in the early 1990s, many of their ex-classmates, villagers and comrades who worked with them in various state entities become business partners. At these gatherings of the older new middle classes, the same discourses are shared between the participants, lubricated by drinks and stoked by cigarettes of popular brands like Xiaohutuxin (小葫涂仙), Wuliangye (五粮液)<sup>22</sup> and Hongtashan (红塔山)<sup>23</sup>.

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<sup>22</sup> Wuliangye 五粮液 (‘The Five Nights’) and Xiaohutuxin 小葫涂仙 (‘Fairy of the Little Lake’) are top-selling brands of alcohol in China. Xiaohutuxin in particular is a favourite among the

The older generation has no particular reason for mentioning those brands of drinks and cigarettes other than the fact that whenever the brands *are* mentioned they tend to evoke certain common feelings among participants. In gatherings, drinking and smoking the same brands are used for enhancing credentials and perceptions of trustworthiness. People would willingly spend RMB¥1,000 (US\$146 or £99) on a bottle of Remy Martel X.O. cognac and a further RMB¥1,500 (US\$219 or £149) on a karaoke or bowling gathering. The older new middle class often sees this kind of high spending as ‘assets’ crucial in the world of commerce.

Sharing the same brand of consumables in social gatherings goes to help lighten the load of possible friction in business and ameliorate the search for a mutually equitable resolution. In other words, if you are willing to spend serious money on drinks, you are in effect sending a message to the other side that you are prepared to bend over backwards to please them because you are honourable and upstanding (Davis 2000: 275).

These gatherings contribute to the enhancement of same-class sentiments, and

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older new middle class in Guangdong. The name Xiaohutuxin apparently means something along the lines of ‘to soothe annoyance and anxiety,’ so to serve this brand at gatherings is to suggest that annoyance or disappointment would become lessened. Details see glossaries.

<sup>23</sup> Hongtashan (红塔山 ‘Red Pagoda Mountain’) is a domestic brand of cigarettes from the southwestern part of Yunnan and highly popular in Guangdong. Most domestic cigarettes come in soft packs but Hongtaishan comes in crushproof packets and costs around RMB¥15 (US\$2 or £1.3) a packet, much more than the price of foreign brands. In fact, Hongtaishan is considered the archetypal brand-name cigarette in Guangdong. Also popular are imported and foreign-branded cigarettes. Back in the 1990s, Good Companion 良友 (Liang You), a Hong Kong-made premium brand made from blended American tobacco and priced around RMB¥5 (less than £1) a packet, was popular with entrepreneurs. Today, the most popular foreign brands are the so-called *lǎopáizi* (老牌子 ‘the old brands’): Kent, followed by Winston, Marlboro and other brands such as 555 (Davis 2000: 275). The 555 in particular evoke images of ‘old money’ business family heritage within the Guangdong business community and connote an aura of good breeding, reliability and professionalism. The average price of foreign cigarettes is RMB¥12 (£1) a packet. The state heavily regulates and taxes cigarette imports. Details see glossaries.



provide a capillary effect to lubricate business later. In short, these gatherings provide a peaceful and harmonious atmosphere to discuss business. Shared practices suggest an undercurrent of shared sentiments and worldviews in the older generation of professionals, entrepreneurs and cadres.

“In our meetings in karaoke lounges, bars and nightclubs, you give me a cigarette, I give you a cigarette of the same brand. No one really thinks it’s important, but it creates sentiment [ *gǎnqíng* 感情] [between us] and it becomes easier to discuss things.”  
**(Uncle Yuen, 56, entrepreneur)**

Shared sentiments and worldviews suggest solidarity with likeminded individuals or a willingness to be in cohesion with them. Solidarity or willingness to pull together in turn reinforces a sense of togetherness in the same group.

The older generation have experienced the same historical development of China. Some have roughly the same collective memory of their upbringing. Drinking and smoking the same stuff during entertainment activities paints a picture of mutual goodwill and respect for the worldview of each other. Cadres have influential roles in today’s China. The reason for seeing entertainment activities as a power-building exercise is that twenty years of economic reforms have given cadres a larger and wider range of authority, particularly in the regulatory structure over business licensing and taxation (more details in Chapter 6). The first benefit of a close relationship is the ability to discuss problems more frankly. The second benefit is to act as a framework to let nostalgic feelings surface and to reinforce any sense of solidarity among parties to the relationship.

The general measures of justice and regulatory oversight in China continue to be

haphazardly administrated, with sizeable pockets of inertia or corruption, or both. Close personal ties developed in this or any other way a long way to help reduce the hazards of administrative or legal harassment that can occur from confrontations with some regulatory agencies.

Shared consumption patterns in smoking and drinking habits produce a set of common activities and practices. Commonality of practices supports perceptions of sociability. Sociability is valuable in the cold, hard-headed world of business. Sociability serves as the warmth of connectedness and increases understandings and harmonies, thereby promoting collaborative strategies in business for the older new middle class.

Some administratively mediated commodities could only be had even within officially recognised channels through having good relationships with officials. They therefore try to build warm human relationships with powerful or knowledgeable people in or around the administrative apparatus. The continued haphazardness of the overall administrative structure but the increase in the authority of cadres means that economic survival is in many ways conditional on having the right kind of ‘business intelligence’ network, as it were. By doing apparently commonplace things as smoking the same cigarettes and drinking the same brands together, the older new middle class is making use of these practices ‘to condition’ others into developing close relationships that could be used for economic objectives.

### **The cultural politics of food and eating**

Chinese cuisine is one of the best in the world, and eating out offers an ideal condition for transforming informal socialising into active economic or political

networking. The cultural politics of food and eating of the older generation can be regarded as pragmatic and utilitarian. Around half of the entrepreneurs [20 out of 31] and cadres of the older generations in this study say they prefer to dine out for business. Their choice of venue would be upmarket restaurants, hotels and coffeehouses because those types of establishments tend to meet the practical needs of business transactions. The majority of the professionals [8 out of 17] say they prefer to dine out at some western fast-food shops like McDonalds, Starbucks, Pacific Coffee or other western cafes. Going to the western venues shows the new adaptation of the older generation of Chinese new middle class in a highly globalizing world (Held & McGrew 2002, 2003). This shows that the older generation try to adapt new techniques to do business in a highly globalising world.

The pragmatic food consumption patterns of the older generations have several essential aspects. The general rule is, the more important the occasion, or if it is business-related, the more expensively they eat. They will patronise more moderately priced and decorated establishments when dining out with relatives, friends or neighbours. At any other time, it is dinner at home. In other words, the older new middle class dines according to the objective situation.

Normally, food consumption for the older new middle class is a no-frills affair.

“I don’t always go to very luxurious restaurants, which I regard as [rather] gratuitous, but only when it’s necessary for my job. It is an inevitable part of my life to dine with my clients. I like to go to elegant rather than luxury restaurants. My character is like many Cantonese people, that is, being practical.” (**Uncle Chan, 60, professional and cadre**)

Another interviewee mirrors the same idea:

“A business dinner party would double as a social engagement, and typically costs RMB¥7,000 (US\$1,025 or £708) or RMB ¥8,000 (US\$1,171 or £809) each time. I don’t mean to show off. I don’t have a sense of superiority. I prefer to spend money on buying houses or cars. If I gambled away RMB¥10,000 [US\$1,463 or £999] on football games, I’d forget about this the next day. This is the common answer for many [people of] the Chinese new middle class.” (**Uncle Fong, 48, entrepreneur**)

The older generations are more accustomed to have lunch or dinner in fast-food shops or restaurants if they have no business appointments. Food and eating patterns are rather plain and simple whether dining out or at home. Food-related social attitudes and behaviour are becoming quite obvious in China now. The older generation of the Chinese new middle class seems to also like to patronise restaurants, fast-food shops and other places and settings that are popular in a globalising China.

In addition, the preference for buying food in large-scale street markets (but not supermarkets) is widespread among the older new middle class. They consider foods in street markets fresher, with a variety of choice and much cheaper than in supermarkets.

Dining out in upscale Chinese restaurants is also widespread among them.

“If I have no meetings with clients, I’ll stay home for lunch and dinner. I don’t really care what the aesthetic culture of foods is and eat in a luxurious way. For example, there’s no need for me to eat luxury foods like oysters, shrimps and [other] seafood every day. I’m not concerned about what to eat and how to eat it, but eat according to my own tastes. If you’ve spent your childhood in poverty, you couldn’t even identify what different tastes like sweet, bitter, sour or salty are. So you won’t insist on what to eat and how to eat. In my own situation, I think even vegetables and rice will make a very good meal.” (**Uncle Victor, 50, entrepreneur**)

The older generation are being flexible and pragmatic, and consumption for them is more to nurture cordiality and trust-building. Situations like doing business require rapport between the parties. The older generation knows it is important to draw upon and also show their internal reservoir of personal credibility. Credibility comes from judicious disclosure of personal biographies, recollections and worldviews, preferably in a socially acceptable setting. Exchange of gifts solidifies that credibility. In other words, they must engage in frank and cordial conversations with their business collaborators to help induce the 'appropriate' emotional response suitable for business. Trustworthiness, friendliness and friendship for the older new middle class are made to work *for business*, not just *in business*. Therefore, eating out (and its attendant gift-giving) is the socially acceptable setting to oil the wheels of commerce and set the stage for making money.

Many anthropologists like Levi-Straus and Mary Douglas (Douglas & Isherwood 1996, Watson & Caldwell 2005) have tried to link food (and eating) with other dimensions of a given culture. Mary Douglas (*ibid.*) tried to decipher the social codes contained in meals and analyse different metaphors of food. However, there is no concrete food stratification to be found just simply by looking at the restaurants and fast-food shops that the Chinese new middle class go for. There is no clear pattern of food stratification but to blur social boundaries. In Guangdong at least, food consumption patterns among the older new middle class do not appear to be particularly extravagant or luxurious. They prefer to buy durable goods instead of consuming extravagantly and luxuriously.

In terms of food, the older generation of professionals show some differences

from their counterparts of entrepreneurs and cadres. They dine out at some Western buffets or go to Starbucks or McDonald's but then nearly always for the purpose of doing business. They will also go to some cheap restaurants. The professionals of the older generation as a whole are not Epicurean devotees of sensory pleasure when it comes to food consumption (Jussaume 2001, Ritzer 2001). They don't have particular patterns for meals. But they do quite highly emphasise the importance of hygiene and nutrition.

The professionals of the older generations select food more for nutrition and fitness than for mere sustenance (Watson 2007) or even narcissism. Even so, they would almost never eat in food stalls, only in visibly sanitary and air-conditioned restaurants. Interior décor is as important to them as the food itself, for surroundings can make you healthy or ill. For them, hygiene and nutritional value supersede low prices.

### **Consumption in fashion**

Most people of Guangdong (the older generations of the new middle class included) are not particularly mindful of how they dress relative to the rest of China. This is partly because Cantonese culture towards fashion is markedly different from that of Shanghai, Nanjing or places up north<sup>24</sup>.

The Northern Chinese sometimes remind us of the French: it is not uncommon to see them dressed to the gills as they shop for groceries in supermarkets or even communal street markets ('wet markets'). Down south in Guangdong, the order

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<sup>24</sup> People of Shanghai, Nanjing and Hangzhou are far more fashion conscious than are the Cantonese, and they place quite a bit of cachet on what to wear and how to wear it for different occasions. Indeed, they are relatively sophisticated dressers and are much appealed by clothes that are branded and of good construction using quality materials.

of the day for most people is just T-shirt and jeans. Perhaps the subtropical climate is a factor. Even so, the Cantonese new middle class will still dress up for important occasions, and in ways that play up status and identity. Therefore, we can surmise that the pattern of fashion consumption in a place like Guangdong is essentially pragmatic and utilitarian. As a matter of habit and preference, the older generations generally wear high-quality, branded casual wear such as Adidas, Nike and Puma. They also prefer to buy from department stores and only very reluctantly from street stalls, where the quality could be dirt-cheap but decidedly not cheerful.

But appearances can be deceiving. The Cantonese mind is not wild about clothes and is mostly preoccupied with food and diets, so many of the new middle class in Guangdong have no qualms about being shod in shorts and flipflops. (Only an observer unversed in the ways of the Cantonese would take them for factory or migrant workers.)

Uncle Ho, a handbag manufacturer and retailer in Guangdong, offers some reasons for the casualness:

“When I was starting my own business, I was extremely emphatic about what to wear and how to wear my clothes. I’d often buy brand-named clothes like suits and leatherware. But now I don’t wear suits or buy brand-named clothes other than durable [i.e. longer-lasting] items. If I dress elegantly, it’ll be suddenly awful, and that makes me feel uncomfortable—just like monster in the street. At present, I like causal and sensible clothes. I like to wear shorts, T-shirts and sandals, and that makes me feel relaxed and comfortable. For other durable products like watches, mobile phones, wallets, fountain pens, suitcase and leather shoes, I tend to buy brand-named ones.” (**Uncle Ho, 49, entrepreneur**)

We see from our research sample that the trend among the older new middle class is to dress casually. Their style is simple, comfortable and wearable—a

distinctive ‘taste’ for them. But they will dress more formally for business functions or important occasions like weddings, for which they are more likely buy or use brand-named merchandise.

“I dress very causally, like T-shirts and jeans. Occasionally when I meet clients, I’ll wear suits. Actually, I hardly ever wear suits. I’ll buy brand-named products for leather shoes, leatherware and fountain pens. I’ll consume these products no matter how expensive they are. I think, no matter how expensive the products are, I’ll consume according to my needs, but not the prices.”  
**(Uncle Chris, 49, entrepreneur)**

It is quite common for the older new middle class to have friends going or living abroad buy brand-named products for them. These products are mostly for the purpose of gift-giving and tend to be mobile phones, timepieces and jewellery. The usual places are Hong Kong, Japan and South Korea. Uncle Kwok, entrepreneur, says,

“I only buy durable products and the expensive items without bothering to know whether they are brand-named products or not. There are not too many varieties for men. I do crazy shopping once per year. I usually consume shopping around Lunar Chinese New Year. I usually go to some large western chain stores to buy T-shirt like Nike, Addidas, Puma and Li Ning (李宁, the big name of gymnastics in China. His name became the brand-named for some athletic products in China. Li Ning is also a listed company). I buy shirts from some large-scaled shopping mall which import from overseas. These products are durable and can keep wear for almost 10 years.” **(Uncle Kwok, 40, entrepreneur)**

Uncle Lee agrees with Uncle Kwok. He says,

“I will buy suits from Gucci, Empori Armani, Versace because they are more durable and can wear more than 10 years. It doesn’t mean that I am longing for brand-name, but the qualities of the local brands are too bad and it damages easily.” **(Uncle Lee, 40, entrepreneur)**



Fashion consumption shows different practices in the older generation between men and women. Take Aunt Jennifer for example. She is a cadre and is rather fond of shopping. Aunt Jennifer won't buy any durable products in China, but she consumes durable and brand-named products in Hong Kong and in Europe. She travels twice a month to Hong Kong just for that:

“I always visit Hong Kong [travel and meal allowances from her SOE] whenever I travel. I think Hong Kong is a shopping paradise where I could always buy the most wonderful and beautiful fashion and other products. The most exciting thing I buy is jewellery. Each time I spend RMB¥50,000 [US\$7,322 £5,058] on various jewels like diamonds, jade, gold, silver and pearls. Shopping in Hong Kong really makes me go crazy. All the products [I buy] will be used for gift-giving to my business partners. I hardly ever consume it myself.” (Aunt Jennifer, 53, cadre)

Aunt Lisa tells me the same story of buying durable products in London and Paris.

“I usually go to London, Paris to buy LV, Prada and other brand-named products. This guarantees that I must buy the genuine LV, Prada since there are too many counterfeits (*chāo A huò* 超 A 貨 means counterfeits with nearly 90% genuine to the real product) in China. It is shameful for me to use fake LV handbags. It is worthy and some of products cannot buy in Hong Kong and then I go to London or Paris to search for my favourite items.” (Aunt Lisa, 40, entrepreneur)

Aunt Monica and Aunt Jennifer more or less share consumption patterns with some men. They frequently buy some fashions from Hong Kong and most of them are exported from Europe. Aunt Monica says,

“I usually go to Hong Kong [travel and meal allowances from her SOE] to buy some clothes, like Marks and Spencer. I prefer some fashions which are exported from Europe or the States. The styles are attractive and suitable for my age. The most important thing I will say is they are durable. I don't want to buy brand name, but the most important point for the clothes I bought should be

durable. I am not the person who always pursues the latest and trendy fashions and brand names.” (**Aunt Monica, 60, cadre**)

Aunt Jennifer concurs with Aunt Monica. She prefers quality instead of varieties.

“I buy according to my needs. I won’t pay much attention to the price and brands, I only focus on quality.” (**Aunt Jennifer, 53, cadre**)

Aunt Jane, a professional and cadre, says

“I usually spend my money on buying brand-named clothes in Hong Kong [trip allowance from her work unit]. I won’t buy any clothes in China since the quality is really bad. I really get addicted and crazy to go to Hong Kong to buy some brand-named clothes, handbags, jewellerys, cosmetics and other daily necessities like Shampoo or bath cream. I usually go for Hong Kong twice per month.” (**Aunt Jane, 40, professional and cadre**)

The fashion consumption patterns of the older generation of women are varied. Some of them prefer to buy brand-named, fashionable and trendy clothes from Hong Kong, Paris, London or Europe. But some of them have similar fashion consumption patterns of the men in the older generation. They prefer durable brand name instead of some trendy or brand-named products. Fashion consumption for the older new middle class tends not to be conspicuous, pleasure-seeking or luxury chasing. They are willing and able to outfit themselves quite elegantly when occasion calls. They prefer serviceable products for personal consumption but at the same time will use branded products in front of outsiders so as to highlight their identity and strengthen business interests.

### **Travel patterns of the older generation**

Entrepreneurs and cadres are fond of travelling in China whereas the professionals like to travel to Europe, America and other places outside China. For some entrepreneurs and cadres, despite institutional improvements for individuals to travel inside China and overseas, the most popular destinations by far for most people are other cities and provinces in China. The reason for sticking with Chinese destinations is largely cultural since the older generation of cadres and entrepreneurs, rather than professionals, have a strong sense of pride in Chinese culture. The strong sentimental attachment to the motherland sometimes manifests itself as a kind of ‘patriotism’ in travel behaviour. Mother China is the most magnificent place on earth to relax and do sightseeing—a veritable paradise for food and shopping.

“I travel to other Chinese cities twice a year. I’ll travel with my friends around China. China is most beautiful and worth travelling around for. I think that if I have to spend money, I would spend it in my motherland. I hardly ever go to other places like Hong Kong, Thailand or Japan, but I used to go to those places when I was working for the government bureau ten years ago. Also, I hardly ever go to Europe or the United States. Mostly I travel with my business partner and I take that opportunity to extend my existing networks and to extend my scope of friends. The most important thing is that I meet more influential people in Guangdong.” (**Uncle Tang, 49, cadre**)

Cadres and entrepreneurs prefer to travel with friends and business acquaintances rather than with family members. Uncle Chung, grocery entrepreneur, explains why:

“Travelling with my friends is my joy. I’m used to group travelling. I’m planning to go to Zhangjiajie<sup>25</sup> (张家界) and other

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<sup>25</sup> Zhangjiajie (张家界) is a very famous trademark and a prefecture-level city in the northwestern part of Hunan province.

places in mainland China. I seize the chance to meet my friends as well as my business partners to get more updated information about running a business. At the same time, I can extend my business networks too.” (**Uncle Chung, 56, entrepreneur**)

The most important attitude about travelling with non-family members for the older generation is to ‘get on’ with friends and business acquaintances for the purpose of doing business. The older new middle class is involved in overseas travel, but value it only if it encourages business.

Many of them have over the years built up close links with business acquaintances abroad, especially during the early reform years. In the last ten years or so, however, their attention is turning mostly inwards to the growing domestic Chinese market, mainly because of various changes to the global marketplace and also because of perceptions that the domestic Chinese market is full of untapped commercial potential. The attitude of increasingly sticking with China often manifests as full plane bookings during the Chinese New Year (January-February), Spring Festival (or Ching Ming Festival 清明节, around February-April), Labour Day (1 May) and National Day (1-3 October) holidays. Of course, this does not mean there is any less keenness for foreign business opportunities. It just means that there is added keenness for the domestic market.

As a form of consumption, travel is more than a lifestyle for the older new middle class. Its practical function is for business. Travelling with friends and business acquaintances is a form of strategic thinking to safeguard business competitiveness because the sense of bonding between fellow travellers helps enhance cooperation and collaboration. Travelling together has the general effect of imbibing fellow travellers with a sense of togetherness and

belonging—what the Chinese would call sentiment (*gǎnqíng* 感情) and a sense of belonging between people (Farrer 2000 in Davis 2000: 244). Travel therefore becomes part of a commodification process for finding *guānxi* connections to match business collaboration. It becomes a form of social interaction done for the ultimate purpose of furthering business interests. Travelling acts as a form of social capital that comes from doing things on the road together, helping to grow trustworthiness and reliability (Chen & Lu 2005, Gold 2002, Gold *et al.* 2002, Baron *et al.* 2000).

In non-business situations, the sense of togetherness and belonging coming from travelling with others translates into a strong emotional affection for the home province. This affection is most visible during holidays such as the Chinese New Year, May Day and National Day, when people ‘touch base’ with kith and kin and rebuild kinship networks.

### **Summary**

I have been looking at some features of the consumption of the older new middle class and the factors that account for the pragmatic nature of that consumption. Consumption in food, fashion, entertainment, travel and investments for the older generation is done by default in a matter-of-fact, practical manner, but would be more extravagant and conspicuous when meeting business-related objectives or extending business connections.

Consumption can be used by the older generation to construct and nurture power relationships with friends, colleagues and business associates because some parts of the state administrative structure are ambiguous or incomplete enough to

warrant the building of personal connections with decision-makers and knowledgeable people in the state apparatus.

The pragmatic and utilitarian nature of consumption is largely anchored in the past histories of the older generation, most notably collective memories of Maoist-era impoverishment, rising through the ranks in state employment, the winding road to the world of business, and possible involvement in illegal activities. Pragmatic consumption is to a slightly smaller extent also attached to traditional Chinese or Confucian values of life as well as the need to carry out continual self-improvements to offset unknown but potentially threatening variables in a fast-changing economic and social landscape.

Pragmatic consumption habits also set up a certain social class boundary for the older new middle class. Admission or exclusion from that class boundary for our purposes is analysed in terms of lifestyle and consumption patterns. Those who have alike lifestyle and consumption may be more easily considered by the older new middle class as one of their own, whereas those who do not are less easily so until such time they acquire such a lifestyle or consumption. The older generations generally have a collective culture (Hui 1988, Triandis 1995, Moore 2005:361) though they are pragmatic and utilitarian in making their consumption patterns and lifestyles. They still have collective memories in common with their classmates, villages and ex-colleagues in the state enterprises. They place a high emphasis on the importance of *guānxi* networks.

In contrast, as we shall see, the values, attitudes norms and practices of the younger generation are undergoing dramatic changes when compared to their parents. One of the most important changes in attitudes is a kind of

individualism that stands emphatically opposed to the collectivist spirit promoted during the Cultural Revolution (Moore 2005:357). The younger generations glorify individualism (Cherrington 1997, Furlong & Cartmel 1997), whereas the older generation regards such individualism as problematic (Moore 2005:375), more details will be in Chapter 5.

In the next chapter (Chapter 5), I will discuss the consumption pattern and lifestyles of the younger generation of Chinese new middle class. They are the group who was born after 1970 and shows the greatest tendency to practice conspicuous consumption as a means to display wealth and status. Chapter 5 also addresses the 'spaces' of consumption in Guangdong and looks at some real situations related to the younger generation specifically in Guangdong.

## Chapter 5

### Generational effects in the Chinese New Middle Class

'A lifestyle can be defined as a more or less integrated set of practices which an individual embraces, not only because such practices fulfil utilitarian need, but because they give material form to a particular narrative of self-identity.....'

(Pinches 1999: 74-75)

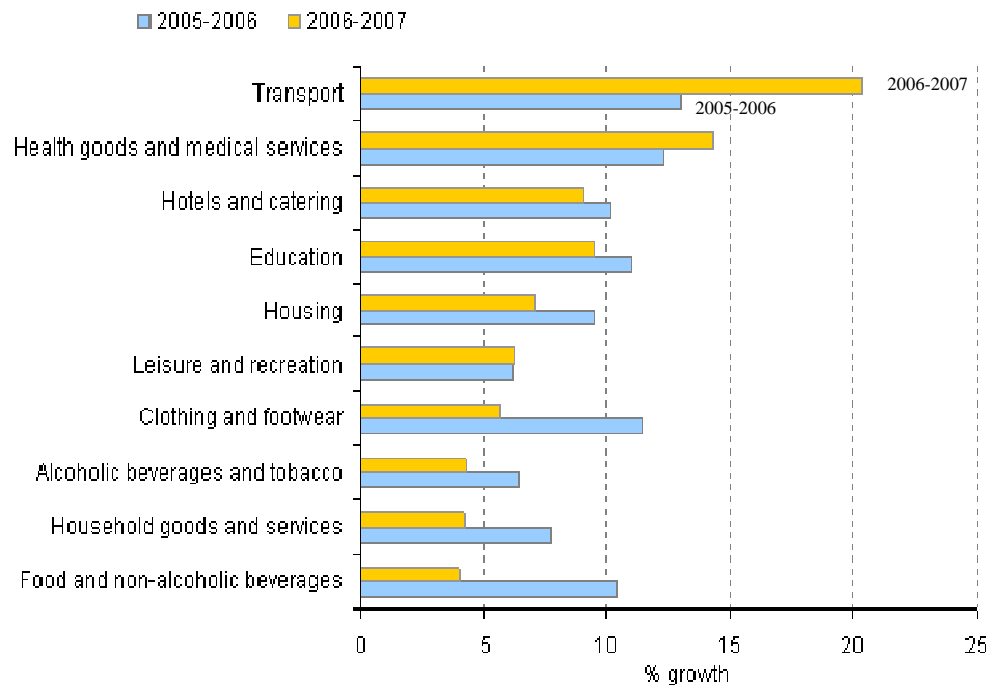
A CONSUMER REVOLUTION IS HAPPENING in China today. The younger generation is acutely aware of the need for educational attainment as a form of cultural capital to develop careers and enhance incomes. At the same time, they realize that political and social capital is also crucial to getting good-paying and secure jobs (Coleman 1988 & 1990). This cohort is seen as long-term planners of their education: many tend to map out in advance how to proceed with their first and higher degree studies, and what to do after graduation. Many are ambitious and want to pursue higher degrees at famous universities abroad. They are generally proficient in English or may even speak a modern language such as French, Spanish and other languages. For the younger new middle class, conspicuous consumption is directly related to *a way of life* and it demonstrates its superiority over other classes and, therefore, legitimises its position of superordination. The younger generation progressively seeks to capture the means of cultural reproduction as a way of securing its own social reproduction (Bourdieu 1984 & 1996). On the other side, they are flexible enough to upgrade their competitiveness in the highly globalizing China. Lives for many younger generations are full of challenges and 'dynamic' but, they are quite anxious and uncertain about their life chances in the future. They cannot follow the same trajectories of success like the older generation.



### The emergence of consumerism

Since the mid 1990s, post-reform China has been experiencing a consumer revolution. Urbanisation, modernisation, Westernisation and globalisation are all processes and symbols of the fast pace of economic development and the resultant changes in social life in many cities of China today (Ma & Wu 2005: 344, Held & McGrew 2002 & 2003). This change is dramatic, coming after the Maoist period when consumption was determined by the producer. With the market reforms, producers have become increasingly subject to the demands and tastes of consumers (Jayne 2006, Breslin 2000). The consumption in cigarettes, alcohol, household appliances, leisure and recreational services has kept increasing since 2005 in China (See table 8).

**Table 8: Recent growth in consumer spending of selected categories**



Source: Euromonitor International from national sources, 2008.

Note: The first row of each item represents the year of 2006-2007. The second row of each item represents the year of 2005-2006.

Economic liberalisation has contributed to a massively growing Chinese advertising industry (Hung *et al.* 2007: 839), and much of the apparently novelty-seeking materialism of the younger generation is cultivated by advertising and marketing. Emulating the lifestyle of Western capitalist societies (usually in a highly romanticised form) is a big feature of the current lifestyle ideology of Chinese society today. Materialist values and egoistic materialism of making money are quickly becoming major preoccupations in the mind of many Chinese. That new pivotal function is expressed as a desire for buying homes, appliances, fashionable clothes and services. Fashion magazines, advertising and most facets of commercialism are constantly trying to promote a lifestyle of comfort, elegance, high taste and exquisite behaviour for the Chinese new middle class. Exaggerated slogans like ‘Giving you a Chinese new middle class home!’ or ‘Enjoy the life of the bourgeoisie!’ stimulate the senses of many people on a daily basis, thereby helping to position the lifestyle of that class as attainable, concrete objects.

Because of a high exposure to consumerist messages in the media and better living standards compared with their parents, the younger generation has already developed tastes in fashion and products similar to those of younger people in the Western world. The Internet has helped this cohort to better connect with the outside world and, so, develop a desire for anything foreign (Hung *et al.* 2007: 839). That desire creates a viable market for outside investors from Europe, Asia and the USA, who set up manufacturing or marketing operations for global brands in the Chinese market (Zhang & Huang 2003). According to Zhang & Huang (2003), foreign direct investment in China rose fivefold from 1992 to 2002.

Consumption can be defined as “selection, purchase, use, reuse and disposal of goods and service” (Chambell 1995: 104). It comprises a set of practices that permit people to express self-identity so as to mark attachment to social groups, to accumulate resources, to exhibit social distinctions, to ensure participation in social distinction, and to ensure participation in social activities (Warde 1997: 304). Consumption is a way for people to construct, to experience, to interpret and to use spaces and places (Urry 1995, Aldridge 2003, Gay 1996). Consumption is not just about goods that are manufactured and sold, but also increasingly that ideas, services, knowledge, places, shopping, eating, fashion, leisure and recreation, and sights and sounds are all consumable. Consumption and lifestyles are the major criteria to distinguish class distinction. The Chinese new middle class can afford to buy famous brands to represent their economic ability to consume expensive goods. It is also the way to show their sense of taste. Displays of possessions bearing famous brands underscore the personality of the individual and highlight identity differentiation. Featherstone (1991: 21) pinpointed that “culture is a hybridised synthesiser, which deals with not only what to wear but also how to wear.” The Chinese new middle class uses taste in fashion to differentiate it from all others, and it can do that because of the advantage of higher economic capital.

The productivist logic of Maoist times is now replaced by a desire for consumption, one that can only be understood as a yearning for setting the country on the rails of global modernity. This is why consumption, rather than production, is extremely important in the era of globalisation in post-reform China. Consumption then becomes a good means to distinguish the new middle class from the lower classes in society such as workers, migrants and peasants

(Pun 2005).

Michelle Lamont (1989 & 1992, Lamont & Lareau 1988) points out that everyday life practices are the key indicators to evaluate distinctions among different groups in society. Life practices are what Lamont (1992) suggests as the moral, socioeconomic and cultural boundaries of the “upper new middle class” of the USA and France. From Lamont (1989 & 1992) and Storey (1999), we can say that consumption in the Chinese context has practicality as well as delicacy, which gives rise to ‘taste’ in living.

Sociologists such as Giddens (1990) and Featherstone (1991) also point out that people not only consume products as ‘utilities’ but they are also reproducing consumerism as a legitimate way of life. Lifestyle can be defined as a more or less integrated set of practices that individuals adopt because, first, those practices fulfil some utilitarian need and, second, they give material form to a particular narrative of self-identity (Giddens 1990). Consumers in a consumerist culture therefore take on the symbolic value of the items they consume. The result is that consumption becomes a major form of self-expression and a source of identity. The implication in the Chinese context is that both material and non-material items (such as kinship, affection, art and intellect) are now becoming increasingly commodified among the younger generation.

### **Geography and spaces of consumption in post-reform China**

In any street in any city or town in Guangdong province, it is not hard for anyone to be hit with a certain vision. The imagery everywhere is at once suggestive of the hustle and bustle of Hong Kong. Chain stores and outlets such as G2000, McDonald’s, Starbucks, Park n’Shop, Chow Tai Fook Jewellers and other

well-known names in Hong Kong have sprung up in large numbers on any number of street corners. In fact, Shenzhen, Dongguan, Zhuhai, Guangzhou, Zhongshan and even the ostensible backwaters of Yangjiang now appear more like modern, cosmopolitan cities that would not be out of place when compared with Hong Kong.

Along many of the main thoroughfares of Guangdong province, large pictures of brand-named products splash across the eye-catching advertising hoardings. Pictures of beautiful models covered in jewellery in freestanding advertising kiosks are publicly admired. In short order, China has turned into a battleground for international brands, which are increasingly looking to groups such as the Chinese new middle class to provide profits and growth (Friedmann 2005). Many cities in Guangdong province are literally packed with brand-named products, branded chainstores and branded fast-food shops. A quick stroll along Dongmen Walk (東門街) in Shenzhen will at once portray the growing cosmopolitan nature that has come to characterise many parts of Guangdong (see photos 3 and 4).

**Photo 3 : Snapshot in Guangdong province**



**Photo 4: Shopping mall in Guangdong province**



Photo 5: Boutique in Guangdong province



Sprawling complexes of street-level restaurants, cafés and bars are everywhere. Shopping malls and fishball stalls are replete with Hong Kong-style signage. Trendy locals pack cheek by jowl with tourists. People wear as much foreign-fashioned and in-fashion clothes as people do in Hong Kong. Pop music and ballroom dancing proliferate. Nightclubs light the night across the province, packed as they are with beautiful and beautified people, crowds throbbing to pulsating music, bars spilling over with fashionist as quaffing cocktails. There are many shopping malls, restaurants, shopping centres, commercial skyscrapers and many multinational enterprises in Guangdong (see photos 6-7).

**Photo 6: Shopping malls and restaurant in Guangdong province**



**Photo 7: Multinational enterprise in Guangdong province**





Guangzhou and Shenzhen, the two major cities of Guangdong province, boast the highest per-capita income of the province. When I conducted the first fieldwork, the immediate impression was that there are many newly rich people wherever one looked. There was heavy conspicuous consumption, especially of brand-named products, the latest mobile phones and big-name cars. These two cities harbour serious wealth, which is why prestigious retailers such as Louis Vuitton S.A. and the luxury department store Lane Crawford and others have moved in.

In many parts of Guangdong province, consumption is no longer only about buying tangible things anymore. It has now progressed to the buying of services that go to improve living standards, for example, the use of babysitters, chauffeurs, family doctors, travel consultants, financial planners, insurance agents, stockbrokers and the like.

These younger generations (especially those in management in the bigger companies) of my research samples know only too well that their ‘dress code’ of Guccis and Rolexes is everything to them if theirs is a professional image they wish to project to others. Because of their jobs, dress codes of these people are often the readiest identifier of their social class, even on the very first impressions. They are of the belief—with no small measure of truth—that your dress, your cars and your accoutrements easily show the social class and this is the strategy to extend business partners. Conspicuous consumption is an important *modus vivendi* for our younger generation because they often lack well-developed networks or business associates. The ability to consume conspicuously enables them to impress others that they have the capability to

take on major business undertakings.

### **Rising consumption of branded goods**

The rising consumption of brand goods rapidly sweeps in Guangdong since the economic reform. Most of the younger generations are more fashionable, presentable, stylish and highly educated. This explains why the beauty economy in China has opened up lucrative career alternatives for the younger middle class into capitalizing on their bodies (Wang Q. 2008). We can therefore see that consumption is not simply consumerism itself but the pleasure of consumption with an emphasis on desirability and status symbols. Consumption of brand-name products gives the younger new middle class a sense of superiority in an increasingly free and open market of life chances. To that extent, Farrer (2000: 244) is right in that a culture of leisure in a marketised economy moves from a culture of production to a culture of consumption.

The younger generation appears to have a tendency to consume in ways that suggest the purpose is to flaunt their wealth and status. The predilection of many of the younger generation is to purchase conspicuous 'mansions' and luxury cars to make them feel distinctive (Hubacek & Anamika 2007). As we shall see, my qualitative data shows impressive spending behaviours in the form of expensive merchandise and luxury services that allow them to exemplify their financial power and higher status in society. They patronise luxury restaurants, place high-priced bids on auspicious-sounding mobile-phone numbers or car number plates, set up extravagant banquets, and travel.

Generally speaking, the younger generation are good consumer targets for a wide range of retailers and service providers in China because of their relatively

high purchasing power as against the rest of the population. They tend to be on a pleasure-seeking principle, fed by a growing need to be seen as modern and up to date and up with the world outside China (Wang 2002, Faure 2008: 476).

“I am addicted and crazy to buy brand names like LV, Porter, Agnes b, Polo and Vivienne Westwood. I’ll buy it from Hong Kong but not from China. I don’t want others to expect me to use some counterfeits. I like these brands because they make me feel different from other people. Perhaps these brand names are expensive to buy. Sometimes, I accompany my mother and my husband [author clarification: her husband is an assistant professor in Hong Kong] to go to Europe, Paris and Japan to buy these brand names.” (Lily, 30, professional)

The rising consumption of brand-named goods in China is a quantitative change, but it is also an expression of the search for new lifestyles, new identities and desire to show off their status. Consumption big brands give them a sense of cultural identity and distinction from other Chinese people. The younger generations consume brand-named products to make them more distinctive, civilised and elegant like the middle class from western countries. Many ideas and practices from around the world are constantly disseminated and assimilated into Chinese society as a byproduct of economic liberalisation and globalisation (Held & McGrew 2002 & 2003, Holmwood 2007).

The younger generation now takes to fine dining and fine drinking, wearing Louis Vuittons, Guccis, Rolexes or Omegas almost as a dress code and driving around in sportscars. Those in the upper income bracket parade their social identity through luxury lifestyles in the form of upscale living quarters or villas, shuttling around in limousines, patronising high-class eating establishments and parading their golfclub memberships. The bottom line is, extravagant consumption is the best way to display capability, wealth and status. Business

networking is essential to display enhanced consumption as an indicator of successful networking.

Ken, an MBA-qualified entrepreneur in an engineering company, says:

“I bought my BMW from Hong Kong because China wouldn’t have such an export [foreign] car. I wear a Rolex and have the latest models of mobile phones. It isn’t because I have to have these luxury items, but it’s to show off in front of my buddies and business partners. You drive a luxury car and live in a luxury apartment to represent that you’re rich. This is the most important part of attracting someone who you’d like to continue to do business. With precious and luxury accessories like BMWs, Rolexes and villas or detached houses or even high-storeyed apartments, it’s the best way to attract more new business partners.” **(Ken, 30, entrepreneur)**

Alex has the same mentality as Ken. Alex is a graduate of a rather renowned university and makes about RMB¥10,000 (US\$1,463 or £999) a month. He drives a Chinese-made Honda he bought two years previously for RMB¥350,000 (US\$ 51,210 or £34,916). He usually wears the most fashionable and trendy clothes. He goes to Hong Kong twice per month to buy some brand-named products. He says,

“My slogan is ‘spend money for tomorrow’ or ‘realise the dream for today.’ No need to worry about tomorrow but seize happiness wholeheartedly in nightclubs with my friends. I don’t have ‘saving’ in my dictionary. Temptations are terribly many in Guangdong. You can find much entertainment and play here. Money runs, money comes, no need to worry too much.” **(Alex, 35, professional)**

It transpires from my time with Alex that he is always travelling to Europe and buying famous branded products. Alex cannot afford this kind of luxury lifestyle simply with his monthly salary. This explains why the professionals need to collaborate with entrepreneurs and cadres to do business to maintain their luxury

daily expenditure. Alex told me that he usually has part time jobs like subcontracting trade with some cadres and entrepreneurs. This explains the source of his money and why he can maintain luxurious lifestyles though his monthly salary is not high by western standards (Wynne 1998). He is married but he does not want children yet. Alex appears to live life to the full, with no financial worries. His story is a common one among most of the younger new middle class.

The ownership and display of luxury and precious possessions become part of a larger strategic plan to extend business networks and attract more business associates. The need or desire for conspicuous consumption is not just any consumption. It has to be consumption of expensive, brand-named, distinctly foreign and visibly authentic merchandise. They buy for pleasure, status and to show their wealth to their business partners rather than for genuine use. They are ashamed to use counterfeits although they're very popular in Guangdong. Mary, a French/German-educated accountant, felt that practising conspicuous consumption with her peers is the strategy to strengthen and enhance [the relationship with] more business partners. She explains:

“Dress code is the status and my peer group could spend a whole month's salary to buy brand-named bags like LV, Gucci or others. If we buy counterfeits, there's no difference with the blue-collars. Though you have a real LV bag, most people will think it is a counterfeit. It's shameful in front of my friends because they can identify whether or not they're fakes. To play safe, I'll buy in Hong Kong or in France. The LV bag is a must-buy item for my peers.” **(Mary, 25, professional)**

Ada, an entrepreneur in a large garment factory, echoes Mary's attitude:

“I don't have any confidence buying brand-named goods in China since there are so many counterfeits. I'll order the latest LV bag from Paris and ask for shipping. Otherwise, when you wear

the latest style of LV bags, [people could see] it's a counterfeit and it'll be awkward and awful. Our business partners measure our wealth and businesses by the brand-named products, luxury cars and apartments [that we have]. Our business partners also calculate and quantify our wealth through what we wear and where we live.” (**Ada, 32, entrepreneur**)

Chiu agrees with Ada. Consumption has its own intangible and intrinsic function to do business. He says,

“I prefer to buy a car instead of buying a villa since we can show off our car in front of our clients. We cannot show off our house directly in front of our client. For the face to face meeting, my clients quantify my wealth in terms of my possession of car (whether it is BMWs), watch (whether it is Rolex) and club membership.” (**Chiu, 28, entrepreneur**)

Tong, concurs with Chiu. He says,

“I prefer to buy Iphone, car or brand-name suit [Prada] since I can show off when I meet my clients. Although I am not a boss, but I need to be more presentable and dress decently when I meet my clients in order to earn bonus and commission from my job.” (**Tong, 32, professional**)

The younger generations believe buying brand names and foreign goods indicate your higher status for consumption. With your higher social status, it means that you have more refined personal tastes and a more modern fashion outlook. They need to differentiate themselves from the rest of workers, they prefer to eat less and save up money to buy their genuine and not counterfeit brand-named products.

“I think if entrepreneurs want to invest businesses in China, they need to bring some exotic branded goods to Guangdong. They need to show us the certificate of each branded goods with the product code. This can guarantee I won't buy any counterfeit goods. I feel disgusting if I spend huge of money on buying some counterfeit branded goods.” (**Ivy, 26, professional**)

Indeed, the younger generation mostly has a burning desire for anything brand-named (Pun 2003: 484). What has once been the old-fashioned Chinese way of consumption (for actual needs) and remains in the older generation, is now replaced in quick order by a pattern of consumption revolving around desire (Yau 1994). Consumer goods worldwide are dwindling in their serviceable functionality and giving way to fashionability. Today, in contrast to yesteryears, the goal of consumption behaviour is in pursuing the completion of desire—a desire that is artificially created and equally artificially excited—rather than to satisfy genuine utility of need (Pun 2003).

Fashion tastes and styles of the younger generation are more in tune with those of Hong Kong, Japan, Taiwan and Europe or anywhere else that is regarded as ‘hip.’ Fashion signifies unity with those in the same class while having the power to exclude others. Fashion in the upper stratum of society (such as those of political bureaucrats and the intellectual élite) are never identical with that of the lower groups (such as workers and marginal groups). It is a product of class distinction and yet it also operates as producer of class distinction by way of a strategy of inclusion and exclusion. Fashion therefore has the function of reproducing social power and privilege by marketing and maintaining social differences and distinctions (Bourdieu 1984 & 1996). Storey (1999: 40) considers fashion in the context of power and ideology, and argues that it is ‘fashion’ *per se* (rather than the content of the fashion) that is the signifier of social difference that helps maintain social status in society. Fashion constitutes and communicates a position in the overall social order while possibly challenging relative positions within it. As such, Barnard (1996: 39) pinpointed that “fashion and clothing are used as weapons and defence in that they express

the ideologies held by social groups which may be opposed to the ideologies of other groups in the social order.” In other words, fashion acts as the resource by which social groups can maintain either a dominant or a subservient position within a social order.

For the majority [20 out of 24] of the younger generations said that if they have money, they will buy whatever they want. Most of them will go to Hong Kong and other countries to buy the latest and trendy fashions. Alex says,

“I like to buy fashion from Japan, such as Ape, Porter, Agnes b, Birkenstock and other brand-named products. In fact, we aren’t out of fashion but I know we’re always giving foreigners the feeling that we’re unfashionable. Now, we’re quite trendy and much more fashionable than many of the middle class all over the world, including the Hong Kong middle class.” **(Alex, 35, professional)**

Fai agreeing with Alex, says,

“I definitely won’t buy any local fashion brands but I only buy some international brands like LV, Gucci, Prada, Jack and Jones, Calvin Kelvin, Polo and Burberry. We are not old fashioned at all. There are many large-scaled shopping malls in China. How can I avoid the attractions and temptations?” **(Fai, 28, entrepreneur)**

Fashion means status and class. It seems as if the Chinese new middle class is trying to steer itself away from the bad sense of dress that it thinks the rest of the Chinese have in the eyes of foreigners—and the undertone of ‘village provincialism’ (*tǔ gǎn jué* 土感觉) that comes from it. So the fashionable look depends on having that quintessential imported or foreign look.



### **The bar and self-commodification**

In this section I want to show how bars and similar establishments are ‘used’ by the younger generations to set itself apart from the general population. In Guangdong province there is a bar that I am frequently invited to by members of the younger generations. It is about 1,000 square feet in size and its atmosphere exudes happiness. The décor is by a Japanese designer, consisting of a delicate garden almost fit for meditation and a bar where you can quietly pass an afternoon with a glass of your favourite drink in hand to the sounds of light jazz music. Sweet and shapely waitresses are at your beck and call, all services are value-added, and the wide assortment of food and beverages cost at least RMB¥50 (US\$7 or £5) a serving. Meanwhile, the ubiquitous but equally high-priced karaoke bars do a roaring trade. Peter, an entrepreneur, who has a habit of bringing me to bars and discotheques, says:

“Wine and song are our companion for leisure or business if you have the cash to match. Well-dressed foreigners relax in scrumptious sofas, and many people have come to use the bar as if it were their second office or a second home. It is a place for me to meet more girlfriends, business partners, share and exchange trendy tastes in fashion, brand-named products and travelling.”  
**(Peter, 34, entrepreneur)**

Andy concurs with Peter. He unusually brings me to bars and parties.

“We drink, dance and hang out with friends in pub where such a wonderful place to enjoy my life is. I can escape from reality.”  
**(Andy, 35, professional)**

Most of the younger generation feel up-to-date, trendy, and they feel more energetic and young-looking when interacting with other young people. As the hours tick away, the night becomes even more beautiful. The bar becomes a

gathering spot for the privileged few of the new middle class (men and women alike) (Farrer 2000 in Davis 2000: 245). Farrer (*ibid.*) observed from dancing activities in Shanghai that discotheques and dance halls are not simply acts of ‘consumerism’: the discotheque, with its emphasis on desirability, is actually a place for ‘self-commodification’—a place for selling the self to public. This study finds that this is also the case in Guangdong. Farrer (*ibid.*) believes that the central logic of the market for most young people in China is not the discipline of production or the self-indulgence of consumption. Rather, he believes it is an ‘ordeal’ of selling themselves in an increasing open and free market of life chances.

Mary is an accountant educated in Germany and France. She spent ten years in those countries getting her secondary education and also her first and master’s degrees.

“I’m good at dancing at a Pub. I’m usually the most egotistical and often self-intoxicated with dancing or whatever to wash away my unhappiness of some sort amid the sparkle of the night. In a bar, you treat yourself as the master, wine as your unique quest, and music as the soul of it.” **(Mary, 25, professional)**

When the younger generations share their own stresses and difficulties in pubs or bars, they have their own language to express their distinctiveness:

“...We have common language used in pub, like *In* (*cháo* 潮); *hea* [nothing to do, just stay at home]; tram guy [‘*diànchēnán*’ 电车男, guys only stay at home to play computer games or play computer); middle lady [中女 ‘*zhōng nǚ*’ or 剩女 ‘*shèng nǚ*’. It means some ladies who over 30, but still not yet have boyfriends or get married]; **3S** [means **Single** 单身 ‘*dānshēn*’; **Seventies** (born in 1970s, 多生於上世纪七十年代 ‘*duōshēng yú shàngshìjì qīshí niándài*’); **Stuck** (‘*bèi kǎzhù le*’ 被卡住了, cannot find boyfriends or husbands)] and *kù* [it means cool]. All are our slangs used in pubs. We will also talk about our interested topics

like cohabitation, sex, gayman and lesbian. All these make me more energetic and young looking though I have been working for many years.....It is a good way to relax.....” (Mark, 35, entrepreneur)

Most of the younger generations feel cool (*kù*) by using slang with their fellows. Those people who are *ku* refer to those who are against dominant culture and support many subcultures in society. They express themselves as more independent, individualist, strong-willed, friendly and easy-going in everyday life (Ma 2006, Hui 1988, Hurst 2006). In addition, appearance and following the dress code with trendy fashions and styles are examples of *kù* (Moore 2005).

### **Fast-food shops vs. Chinese restaurants**

Guangdong province is rightly regarded as a food paradise because of the great choice of cuisine there. Indeed, economic prosperity provides abundant choices of food. The wider choice reaffirms the high importance of food consumption behaviour in Chinese personal relationships. Eating establishments therefore become hubs of socially significant activities and so it makes food markets useful places to investigate changes in consumption patterns.

Veeck (2000) points out that food has long been recognised as a central vehicle for analysing identities, roles, relationships, rituals and ceremonies. The individual communicates the nature of his relationship with others through the acquisition, preparation and consumption of food (Bestor 2005).

In fact, the younger new middle class in Guangdong tends to dine out in Western-branded fast-food outlets such as McDonald’s, Starbucks and Burger King. Fashionably dressed youngsters of that class are often seen relaxing in those fast-food outlets during their leisure time and on public holidays. Indeed,

dining in Western-style fast-food shops is an integral part of their new lifestyle because that kind of dining apparently makes these people feel as well as be seen as more civilised (Watson & Caldwell 2005). They usually utilize this space to chat with their friends or even meet with their business partners. They feel a strong sense of pride and superiority in these western cafes or fast food shops. They feel more civilised, westernised and differentiated from other Chinese.

“I usually stay at Starbucks with wifi (internet) to surf from internet and chat with my friends. I go to Starbucks for reading or thinking. This westernized cafe gives me some feeling that I am the Chinese middle class. I have the feeling who I am. I find myself more civilized and westernized.” **(Lily, 30, professional)**

Consuming ‘foreign’ foods is an important way for the younger generations to set itself apart from the other classes. Many of the younger generation interviewed in this study say that, while the food and flavours of Western-style fast-food shops are not great, the experience of eating in such establishments made them feel good and appear more modern, civilised and young. Therefore, the appeal of ‘foreign’ foods is not in the physical sensations of eating them, as one frequent patron of Starbucks explains:

“It’s acceptable but I feel a bit outdated to go to Chinese restaurants for my morning tea. I like to go to McDonald’s and Starbucks to enjoy my Western-style breakfast. That gives me a private space to ‘digest’ Western culture. Then I’ll feel more in step with the economic development in China and feel more civilised, too.....” **(Chiu, 28, entrepreneur)**

Ben echoes Chiu, he says,

“I personally like Starbucks, Cafe, Italian restaurant and some buffets in hotel. I don’t know how to say..... but I like the settings of some western restaurant or hotels. They give me the feeling of individualized, modern, trendy, hygienic, elegant and innovative. I love this feeling.....” **(Ben, 35, entrepreneur)**

In spite of the fact that overtime work is part and parcel of the daily routine for many of the younger Chinese new middle class, they are trying to look for a better lifestyle within their own limited window for leisure time. Going to some westernized cafes like Starbucks, Pacific Coffee or hotels can serve as a private space for them to think about their life chances. They act like some western middle class since they know what the meaning of leisure life is. Having coffee nowhere else but Starbucks, dining nowhere but Pizza Hut are typical facets of the food lifestyle of the Chinese new middle class. They can give them a taste of ‘modernity’ (Hsu 2005).

### **Mobile phones and portable computers**

Like many younger people around the world, the younger new middle class gets to know the world around it through the Internet. Because of globalisation, the younger generation is somewhat more proficient in English because of a better and unbroken education. That facilitates more of the culture of the English-speaking world (especially America) coming into their world. It is also through the Internet that the younger generation learns to recognise and cultivate a liking for foreign and brand-named goods.

Communication is a key to the rising knowledge of the Chinese new middle class. They are most likely to buy the latest model of mobile phones and computers with advanced email and browsing functions. However, the mobile phone is also moving away from strictly being a communication tool to a symbol of a fashionable lifestyle. It means quality of life.

“If you own a fancy mobile, you’re effectively transforming yourself from backward to advanced, from traditional to

modern—meaning a status of real success. Otherwise, you will be criticised ‘are you still using the old model? You are too outdated!’ Also, it’s now very easy to get high-tech products. I change my mobile phone model frequently, maybe once every two months. I ask my friends in Hong Kong or in other South East Asian countries to buy me the iPhone or a 3G phone or some other high-tech products like notebooks [computers], Netbooks and the MacBook. I’m attracted to the sharp and ‘in’ appearance of the iPhone and 3G phones.” (**Chiu, 28, entrepreneur**)

“I cannot live without Iphone and computer (netbook). They all remind me I am not bad now, at least I still have my job though I don’t have time to enjoy my life. Due to job nature [author’s clarification: he is a fashion designer], I need to keep up to date in my fashion sense and taste. Therefore, I need to have my Iphone and netbook all the time to keep contacts with the world and my friends.” (**Jacky, 30, professional**)

There is a preoccupation with mobile phones and other electronics with a multiplicity of advanced functions. Consumption of these goods gives the younger new middle class a sense of greater connection with the rest of the world and helps them overcome the bulwarks of their physical locations (Xu 2007: 373). That sense of connection with the more faraway and more advanced outside world also helps the Chinese new middle class to adopt newer status symbols.

### **Residential preferences and brands of car**

There is a yearning among the Chinese new middle class for spacious, comfortable living quarters. Indeed, these people are often found to be living in large homes, normally around 150 square metres (1,500 square feet), with beautiful gardens and multiple parking spaces. Their homes are comfortable and elegant in décor and typically located on a hillside or by the seashore. Western-style houses built on green grassy knolls and near a stream show

harmony. The home is usually constructed in a way that is evocative of a natural, healthy and sunny environment for a life of comfort and leisure amidst a strongly cultured atmosphere (see photos 8-10).

**Photo 8: Middle-class residential area**



**Photo 9: Garden in one middle class apartment**



**Photo 10: Balcony in one middle class apartment**





In fact, the Chinese new middle class can go to some lengths to have their homes show exquisite levels of naturalness as much as discriminating taste and status. The new middle class is sometimes known to spend in excess of RMB¥1 million (US \$146,316 or £99,796) on just interior decoration alone to achieve good taste and stylishness. I was once invited to a picture-perfect home: a three-storey building with a sloping roof, a huge front garden, a modern kitchen and elegant rooms done up in tasteful pastels in a blend of modern and traditional design. (See photos 11-12)

**Photo 11: Dining room in one middle class home**



**Photo 12: Living room in one middle class home**



A dream home is no dream home unless, of course, it is matched by a good network of transport and amenities. It should be within easy reach of Western-styled shopping and entertainment facilities. Geographically, it should be near lakes, hills, forests or parks and also have panoramic views—qualities that help the new middle class distinguish outstanding social status. Tsang owns such a dream home:

“I live in a hundred and fifty square metres [home] with my wife and two daughters. I spent about RMB one million yuan [US \$146,316 or £99,796] to newly furnish the house. The house isn’t just for living, but to live in with taste where my family and I [can] pursue a high quality of life. I didn’t just have it designed for luxury but, rather, for a taste for the modern. I bought materials especially from France, Italy and other European countries to decorate my house. I simply pursued my tastes in living and don’t like to follow popular furnishings in China, which I regard as tasteless and without character. We wanted to have our own swimming pool and [now] only the residents have the privilege of access [to it].” (Tsang, 37, entrepreneur)

Raymond and Peter seem to agree with Tsang.

“Quality of life is very important for me. I don’t want a shelter but I demand for the art of living. Clubhouse is a must item for me .....” (**Raymond, 30, professional**)

“.....When I invite my business partners to my home, they will see where you live and which brand of car you drive. All relate to business opportunities.....” (**Peter, 34, entrepreneur**)

Many high-class recreational establishments in China are barred to the otherwise well-heeled because they are for members only or for government officials. We can see that one of the ultimate goals of the younger new middle class is to consume for status so that they can extend social circles to include cadres with a view to extending those social circles even further.

### **Gender relations or attitudes of the younger generation**

The younger generations of the Chinese new middle class generally tend to marry late. For my in-depth interviews and participant observation with the younger generation, most of the discussion is organised in terms of generational changes from the three major 'own class' categories of entrepreneurs, cadres and professionals. From my samples of the younger generations, men generally got married around 30 while women generally got married around 28. There is an increasing trend that some of the younger generation, women in particular, may even decide not to marry. Most of such women are highly educated and they are most likely to be professional.

Ivy is a professional and she comes from a middle class family in Guangdong. She has a boyfriend and says,

“I personally think that guys from the outset, they will focus on

my physical appearance, figure, body and personality. It doesn't matter relate to your talents or abilities. It takes me several years to look around and then I finally select this guy as my boyfriend. But most of the Chinese guys are stressful now since they need to pay for the bills if they dine out with their girlfriends. They need to buy apartment if they want to get married. They also need to feed their parents and grandparents. Luckily I am not a PhD student. I won't pursue PhD since this will become the burden for me to find my husband. My parents told me that one master degree is sufficiently enough for me right now." (**Ivy, 26, professional**)

After talking to some younger generations, it is quite difficult for some young and well-educated women to find boyfriends or husbands, especially for those women who pursue their study abroad. Betty earned her bachelor in Guangdong and earned her master degree abroad. She says,

"If you can speak fluent English, this makes many Chinese guys even run away. In Guangdong, not too many guys can speak and write good English. But if some guys can speak fluent English, they are our dream boyfriends or husbands. But I can say, in our company, actually, I cannot find any good-quality guys. Therefore, I think I have great tendency to late marriage or even no marriage." (**Betty, 30, professional**)

Sung is a young professional and he only has a bachelor degree. He is now single, but he won't consider choosing a PhD holder or even a master holder to be his girlfriend or wife.

"It will be very difficult for me to talk to female PhD holder. I don't mind to have a PhD holder to be my girlfriend, but I am afraid I am not academic enough to communicate with her. I want to find one who can share my job, happiness or pain, instead of finding someone who are so knowledgeable enough..... It makes me so stressful....." (**Sung, 30, professional**)

Dan, professional, also shares the same view with Sung. He says,

".....I need a wife who can share and live with fun, but I don't need books or dictionaries....." (**Dan, 29, professional**)

However, Sunny is a very trendy, young and optimistic entrepreneur with a different perspective. He is still single. He says,

“I don’t mind the education level of my girlfriend, I only have a bachelor degree, if I can have a PhD girlfriend or wife, how gorgeous and cool I am. Then, my PhD wife will know how to educate my son or daughter in the future.....” (Sunny, 34, entrepreneur)

It is a common phenomenon in today’s China for some of the women who are PhD holders to hide their PhD identity in order to find their future husbands. In China, there is a very famous slogan to describe the highly educated women. If you have a bachelor degree, you are *Huáng-róng* (she is beautiful, intelligent and easy to communicate. *Běnkēshēng shì huángróng* 本科生是黄蓉). If you have a master’s degree, you are *Lǐ Mò-chóu* (she is intelligent and good at *gōngfū* but quite difficult to get along with other people. *Shuòshìshēng shì lǐmòchóu* 硕士生是李莫愁). If you are PhD holder, you are *Mièjué shī tài* (She is very good at *gōngfū*, but she is very eccentric. She is superbly terrible to talk and communicate. *Bóshìshēng shì mièjuéshī tài*, 博士生是灭绝师太.)<sup>26</sup>

In contrast, the study also finds that the highly educated man, like the PhD candidate, is the dream man for many Chinese women to choose them as boyfriend or husband. Dan says,

“Most girls learn that I am PhD holder (*bóshìshēng* 博士生), they show appreciation to me. If a lady who is over 30 and they are still unmarried, they will be regarded as ‘middle lady’ in society, whereas I will be easily to find a high-quality girlfriend. I want

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<sup>26</sup> The name Huang-rong comes from 《射鵰英雄傳 *shèdiāo yīngxióngzhuàn*》. *Lǐ mòchóu* comes from 《神雕俠侶 *shéndiāo xiálvǚ*》 and *mièjuéshī tài* comes from 《倚天屠龍記 *yǐ tiāntúlóng jì*》. All are the major characters from the martial arts novel or *gōngfū* novel from *jīn -yōng* (金庸), a very famous Chinese *gōngfū* (功夫) novel in Hong Kong and China.

my wife should have a good career... I don't want to find one who financially relies on me....." (**Dan, 29, professional**)

Jiang, a professional, is the son of the older generation. He got his PhD from Hong Kong. He absolutely agrees with Dan. He got married and now he has a daughter. He told me that he had tremendous choices to choose his wife since he is the dream man for many women in China. He is intelligent, young, comes from middle class family and can speak English well. The most important thing for Jiang and Dan is that they earned their PhD from abroad (*'jìnguò xiánshuǐ'* 浸过咸水) and are now working in China. Jiang says,

"I don't want female PhD to be my wife. It doesn't mean that I will marry one who has primary or secondary education. My wife has a master degree. She should be beautiful, intelligent, soft, gentle, can cook well and docile." (**Jiang, 31, professional**)

The men in the younger generation in general prefer their girlfriends/wives more economically and financially independent. Ben says,

"I can say, some women in China are normally dependent on their future husband. But I like that my wife should be financially independent. I hate to say my future wife wants to be highly dependent on me." (**Ben, 35, entrepreneur**)

Melody is a professional who is now working in China after finishing her MA in Hong Kong. She believes that most women are relatively richer than men<sup>27</sup> of her age. But she needs to be independent and needs a job even when she gets married. She says,

"I foresee I need to have my full time job after I get married. I

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<sup>27</sup> Chongqing Commercial Newspaper interviewed 500 single women, their ages range from 28 or above. This research shows about 83.56% have their own houses, 29.16% have cars, 75.46% have monthly salary more than RMB 4000 (mean salary in Chongqing was around RMB 2248.5 in 2008). ('More you have, more difficult to get married, increasing the number of 3S women' ('條件愈好愈難嫁', 3S 女日增', Economic Daily, A16, 20 Feb 2010). This story well predicts what is to happen in Guangdong as well.

don't have any fantasies. I cannot fully rely on my husband. I cannot act like my mother who never works after she got married. She is a housewife since she was only 20. But now, I expect if I get married and I have children, I need to work. My future husband cannot afford all the expenditure if I don't work. I want to be financially independent as well." (**Melody, 28, professional**)

Lily is married and she concurs with the views of Betty and Melody. She has a full time job though she has children as well. She says,

"I don't want to rely on my husband since I can work. I want to have my own salary to buy all the stuffs. I like branded goods and diamonds. Otherwise, I need to ask my husband to buy, but it is something wrong if he refuses to buy things to me...." (**Lily, 30, professional**)

The well-educated men show different criteria to choose their girlfriends or wives in China today. There are no common patterns for this phenomenon. But one thing that can be guaranteed is that men with a PhD, particular those who study abroad are the dream man for many Chinese women. The well-educated man also wants his wife to have a good job and be more economically independent. They want to find someone who is intelligent, economically independent instead of good at doing domestic chores. Both the marriage patterns of men and women of the younger generation show relatively different patterns from their parents (Zhang 2006).

### **Parent-child relationship between generations**

In terms of consumption patterns and lifestyles, the younger generations do not act like their parents, as I shall show in later chapters. Why do the younger middle class not have a more frugal or workmanlike lifestyle, as their parents have? There are two dominant areas in which the younger generation do not act

like their parents. These are consumption patterns and marriage practice.

My respondents are well aware of the hard and impoverished lives of their parents, and many would have been instructed by them on the benefits of frugality. Yet the childhood memory for the younger generation is mostly of fun, good food, good clothes and nice toys, and parents doing their best to afford them the best-possible surroundings for growing up.

In Chapter 2, I explicated some conceptual frameworks describing the Chinese parent-child relationship and why it is different from that in Western societies. In analysing the parent-child relationship between the older and younger generations, we can view that relationship on two fronts. The first is that Chinese parents tend to indulge their children. The second is that the relationship is also hierarchical and of unequal standing.

First, middle-class Chinese parents tend to indulge their children. The unique and perhaps most astounding aspect about the parent-child relationship in post-reform Chinese society is that a very high proportion of young urban people are in fact the only offspring of their families. The one-child family policy is more strenuously enforced for urban families than for rural families, which are allowed to have more than one child.

As an only child, most are quite highly dependent on their parents. Broadly speaking, the only child is king or queen of the household in the eyes of many Chinese parents. Parents are often involved in planning career paths for their children, preparing them for studies abroad, using their *guānxi* networks to find jobs and even helping them to find boyfriends or girlfriends. Many parents in fact look on their progeny as the torchbearer of the family.



My sample of the older generation show different views about their relationship with their children. Uncle Fang's son is currently studying abroad. He does the best to provide whatever his son wants and says,

“I don't think I spoil my son. I just want him to enjoy his study without worrying any about money. I am proud of him since I know whatever he did is good for us (family). I pay for his tuition fees around RMB¥110, 000 (US\$14,641 or £11,134) per year. I provide him RMB¥5,000 (US\$732 or £506) for his monthly expenditure and I pay for his accommodation [author's clarification: each month costs him around US\$800 or £400 for his son's accommodation]. I don't want him to get distractions from his study. ” (Uncle Fang, 49, cadre)

Indeed, Chinese parents are unable to release their offspring and apt to do and plan everything for them since they relatively more have cultural capital than the lower class family or peasant family (Wang *et al.* 2006). The result is that many sons and daughters of the Chinese new middle class never learn to be independent. One interviewee explains:

“Some of my friends are very protective of their sons and daughters. They really want to send them abroad when they're only eleven, twelve years old. Most of them send their sons to the UK, Australia, the USA or Canada in order to learn more English. But most of my friends just send them away with no parental supervision. The result is that most of the kids learnt nothing and ends up a bad guy or girl. Not only are they weak in English but they're also bad morally. They're not mature enough to learn how to be independent or to have critical thinking. So they've wasted their parents' money and become a *pǎobùjī* [跑步机 'walking machine,' i.e. make no progress].” (Uncle Vicky, 45, professional)

The one-child policy of the country provides a kind of driving force for these attitudes as many urban parents see their only offspring as the object of hope and expectation to carry on the family line. Meanwhile, the one-child policy also produces a negative aspect especially for nuclear families in that it tends to

encourage an egocentric personality in the individual. Broadly speaking, the only child in an average Chinese family is cared for and indulged by roughly six adults whose habit is to push that child to become a high achiever (Faure 2008: 479-480). Uncle Tom, the father of Mary, told me that he hadn't spoiled Mary when she studied in France. Instead, he taught Mary how to be independent and earn for her own daily expenditure.

“I paid her tuition fees for the 1<sup>st</sup> year in France. The rest of years she got scholarship from University since her GPA was quite high at that time. She got private tutoring and taught Putonghua in France. She earned all her livings in France. I would say whether you spoil or not (your children), it really depends on how you teach (your children).” (**Uncle Tom, 45, professional**)

Uncle Tom's attitude on how to teach children is not frequent in my sample. Indeed, my findings indicate that the Chinese new middle class does not seem to know much if anything about Western-style parenting, especially more so among the older generations. While the Chinese new middle class parents put a great deal of resources into what is often for the family the only child, it does not necessarily mean there is any close affection with the child. The parent-child relationship between the older and younger generations does not seem to have the kind of friendly quality that is seen in the Western societies.

In general, the Chinese parents, whatever the class, have authority and command respect and expect obedience. In some, there is a high level of intimacy and affection, with parents in the habit of coddling their kids and generally treating them like cherubs, even if the children deep down do not necessarily respect their 'god.' By and large, parents of the Chinese new middle class tend to fit the profile of a patriarchal parent, although there are pockets of liberal-minded attitudes depending on the historical conditioning and education level of the

parent concerned.

From the dialogues recorded for this study, we could see that many of the younger generations receive a great deal of care from their families. Sometimes this can turn into a kind of pressure because they need to maintain the face of their family reputation. Indeed, for those post 80 generation (*bāshíhòu* 八十年后, was born after 1980s ) or post 90 generation (*jiǔshíhòu* 九十年后 was born after 1990), their childhood is mostly one of cramming and swotting (Huang 2008).

Ivy is a twenty-six-year-old accountant in a top accounting firm. She is the only daughter of an older-generation family who obtained her first degree in Hong Kong.

“..... How to say, the relationship with my parents? It’s bittersweet emotion, including respect, love, conflicts and thanks to my parents. They want me to be an accountant, a prestigious job that can guarantee work until I retire. This job has no age barriers. Usually, I tell the good news to my parents and hide bad things. I am the only daughter in my family. My parents want me to be Number One in front of my relatives. I don’t want my parents to lose face. I need to upkeep them since they’ll be retiring very soon. I don’t have any siblings and the pressure is unexplainably huge.....” (**Ivy, 26, professional**)

Jiang concurs with Ivy. He comes from a reputable family in Guangdong. He took more than a year to find a teaching post outside China after he earned his PhD. Now he can only find a teaching post in one city in Guangdong. The low salary makes him very disappointed, but it is better than no job. In fact, he wants to be working in Hong Kong or Macau for a better future and well-paid salary. He cannot do something that ruins the reputation of his family.

“If I find a low-paid job, I will ruin my family’s credit. I have pressure I need to please my parents. Now you can imagine how

frustrated I am...I will keep finding a prestigious job and well-paid job either in Hong Kong or Macau [near Hong Kong]. My family invests in me a lot and I cannot let them lose face in front of my relatives.” (Jiang, 31, professional)

So it appears that middle-class parents tend to have more ambitions for their children because of having only child in the family. They therefore show a need to maintain or improve family and social status through that only child.

### **Anxiety and uncertainty over generations**

This study finds that the Chinese new middle class have a kind of anxiety and uncertainty about how to reproduce their social status and privileges over generations. The younger generation no longer can fully utilize the favourable factors like the 1980s and all the businesses have been saturated in today's China. It is more difficult for their children to do business since everything seems to be more institutionalized in post-reform China. Cultural capital (education level) will become the entry ticket but it means nothing if they don't also have social capital (social networks). The younger generation have a strong degree of status inheritance from their parents and are members of the Chinese new middle class in terms of academic achievements, occupation and career paths (Bian 2002a: 104-105). Education serves to reproduce differentiated cultural patterns. A dominant economic class is able to have better or higher education and so have access to higher culture (good taste). There is a high degree of anxiety and uncertainty over generations. Both generations think education is the best way to keep their status as middle class status (Gladney 2000).

For many in the older generation, it can be a lifelong round of making investments to help their children study abroad so as to maintain the social worth

(‘face’) of the family. Uncle Fong considers sending his elder son to the USA in the future. He says,

“I don’t worry about myself but worry terribly about my two children because it’s pretty difficult to secure a good position or start to do businesses in China today. All the businesses are saturated [now] and have little room to do. What I can do is to provide good education and buy two apartments [author’s clarification: one for his marriage and one for rent] to my elder son [author’s clarification: his little son is only seven year-old in 2008].” **(Uncle Fong, 48, entrepreneur)**

In fact, the life of the average mainlander is laden with escalating costs for family needs like food, hospitalities and education. Furthermore, while China has something like ‘nine years of free education’ (as most Westernised countries do) children get schooled only if they have or can get urban residence.<sup>28</sup>

In Shenzhen, for instance, tuition fees in state schools are half subsidised by the local government. Tuition in private and international schools are not subsidised and all fees are privately funded by the family. Uncle Yang and Uncle Lee share the same views about their children’s tuition fees.

“I need to earn more and more money, which has to include expenses for children’s studies, expensive sponsorship fees. It costs me around RMB¥5,000 monthly [US\$732 or £505] to feed my five-year-old son. He studies in one international kindergarten. I want him to speak fluent English and I am going to send him abroad if I can. If your child fails to get a university offer, which might possibly cost you even more than you could afford.” **(Uncle Yang, 40, professional)**

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<sup>28</sup> The Chinese sociologist Li Peilin (2005) calculates that the cumulative cost of raising children in China from birth to sixteen years is no less than RMB¥250,000 (US\$35,000 or £17,500) using only direct costs. Tuition fees just for secondary education could total as much as RMB¥48,000. The industrialisation of tertiary education is a cause of school fees to be at very high levels. Most Chinese parents are exceptionally demanding in their children’s education, and many are desperate that their children should be fluent in as many as eight languages. Even while income levels of the Chinese new middle class is constantly going up, they are not keeping pace with skyrocketing costs of living (Xiao Fen 2007). Xiao, Fen. (2007). “Ten Features of the Anxiety Disorders in the Chinese new middle class”; in Chinese; <http://www.cnr.cn>, retrieved 28 November 2007).

“The annual investment in children’s schooling—like having them attend different kinds of courses and training programmes—can cost you as much as RMB¥55,000 (US\$8,052 or £5,565).” **(Uncle Lee, 40, entrepreneur)**

That most of the older generations of new middle class [20 out of 35] need to keep financial reserves for their children’s education which explains why the older generations are apt to buy real estate rather than invest in equity or other relatively riskier securities. Most of the younger generations tend to have farsighted, broad horizons for their future. They also tend to have working plans in place to pursue higher degrees in Hong Kong or overseas at some point in the foreseeable future. The other reason why the younger generations are stressed is because their obligations to their parents becomes reciprocal over time. They will have to feed at least four elderly members (their parents, their grandparents or father or mother in law if they get married). King says,

“I am stressful in feeding four old people in my family. I know I need to maintain competitive power in society since it is quite difficult to get and keep job in China today. I need to give my parents a comfortable life. This is my promise.” **(King, 30, entrepreneur)**

Kong, 30, professional, he feels the stress though his parents had helped him to buy an apartment for his marriage. He says,

“My parents have their pensions because both of them are cadres. They also have their own saving which is sufficiently enough for their retirement. They had helped me to buy one apartment. But I still have stress that I want to get married with my girlfriend next year. I need to sufficiently take care of my own family. Can I rely on my parents to feed my wife and children?” **(Kong, 30, professional)**

The parents of the older generation (the first cohort) were most likely employed by the state enterprises which can provide their pensions until they die. They had

their pensions and medical services with the existence of *dānwèi* system before 1976. The second cohort of the older generation is most unlikely to have pension and medical services with their job. Therefore, they need to rely on their only son or daughter to provide their living after they retire, or rely upon their own accumulated resources (at least some of which they will have invested in that son or daughter).

### **Summary**

While the younger generation of the Chinese new middle class construct for themselves a system of signs that codify social differences and human relationships (Baudrillard 1998), there is simultaneously a desire to be shorn of an air of provincialism and take up overt signs of modernness or culturedness or civility.

The overt signs of modernness or culturedness or civility are largely provided by merchandise and services associated with foreign (or at least non-Chinese) cultures and lifestyles. The ability to consume at high quality and quantity creates and reinforces the appearance of conspicuous consumption because that is the easiest way to imply that you are more economically and culturally successful than other people and that you are more capable of success.

Foreign merchandise and services are ready-made icons of modern life in China because (a) their availability is increasing in all parts of China because of globalisation and marketisation of the overall Chinese economy, and (b) the merchandise or services are so distinctively un-Chinese and therefore unconnected to possible Chinese provincialism.

The ever-increasing need to keep up a distinct social status for yourself as a means to emphasise economic ability and cultural aptitude in consumption leads to increasing levels of consumption, in both quantity and quality.

In a globalising world, people in post-reform China are more market-oriented than before, and the younger generations are more so than the rest. Many Chinese living or who have lived abroad bring to China a more heightened sense of a globalised world. In this new world, the Chinese new middle class has a market-oriented identification, one that blends and emphasises instrumentalism and pragmatism in consumer choice (Yu 2005, Hung *et al.* 2007). In short, the globalising nature of China offers ample opportunities for the acquisition of cultural capital, social networks and economic capital for the younger generations to build their own careers and their hometowns. This provides a new challenge for the younger generation (Brown 2003, Cao 2001, Chen 2006). They need to maintain their competitive power in order to provide a comfortable life for their parents.

In the next chapter (Chapter 6), I will explicate the details about the Chinese new middle class and *guānxi* networks. The *guānxi* network is a common survival kit for both the younger and older generations in today's China.



## Chapter 6

### ***Guānxi* networks and the Chinese new middle class**

“Max Weber [1951] considered the lack of trust in Chinese society to be a major factor in explaining why historically the development of China’s credit and commercial activities were considerably hindered. When trust remains only based on kin community and when personal links, reciprocity, moral obligation, and duty towards the community as a social capital remain essential, then the transaction costs for finding a reliable counterpart, negotiating a contract and enforcing it, become extremely high. A moral attitude prevails only within kinship or circle of friends and acquaintances.”

(Faure 2008: 485)

AS ARGUED IN PREVIOUS CHAPTERS, the way that institutional structures in China have evolved since 1978 has important consequences for the formation of the Chinese new middle class (Gilley 2008). The role of cadres remains important, influencing the collaboration with professionals and entrepreneurs. Institutional mechanisms of regulation are unbalanced and weak, and riddled with loopholes. The new middle class and others often exploit loopholes in the system for pecuniary or other gains, thereby reinforcing any grey areas that exist in the system. The rush to economic performance causes due diligence in governance to fall by the wayside.

This chapter aims at investigating the importance of *guānxi* networks of the Chinese new middle class. Developing reliable personal connections with powerholders (cadres) becomes the overall business strategy for the entrepreneurs and professionals of the new middle class. Collaborations involve bargaining, negotiations and mutual accommodation through informal situations (social gatherings) but within an institutionalised setting (institutional polices). These help to maintain individual and group interest and advantages.

### ***Guānxi* as an internalised process in China**

Bian (1994, 2002a, 2002b) provides the most relevant definition of *guānxi* with respect to the Chinese new middle class. *Guānxi* is the dyadic, particular and sentimental tie that has the potential to facilitate exchanges of favours between parties connected by the tie. The close relations (called affective or emotive *guānxi*) contain strong expectations of cooperation. The thickest of those relationships merge into family ties, making the parties ‘one of the family’ or ‘one of us.’ Building and maintaining *guānxi* networks is a dynamic and lifelong process for every Chinese person (Lin 2001, Zhou & Pei 1997).

*Guānxi* network building and rebuilding may well have become an internalised habitus for the Chinese (Bourdieu 1984). Collaboration to do business and make profits since the 1980s provides a practical impetus and lubrication for cadres to meet professionals and entrepreneurs from other parts of China as well as the Hong Kong middle class in the same groups. Since it is now the way of post-reform Chinese society to be more business-oriented, *guānxi* networks appear everywhere. Wank (1995 in Walder 1995:181) pinpointed “As markets develop, the resources requirements linked to bureaucratic discretion are also greater, obliging entrepreneurs to cultivate official patrons.” Therefore, Wank (1995) also places emphasis on the importance of institutional policies to do business since the economic reforms reinforce the development of informal ties.

In building and using *guānxi* networks, the Chinese new middle class seems to rely on using different kinds of social capital to create what is called a “cultural nexus of power” (Duara 1988, Li 2001: 189). This phenomenon is generally seen in our samples in Guangdong. What has also been observed during the

course of the fieldwork in this study is that the most powerful *guānxi* networks are asymmetric personal connections with the police, local cadres and district officials who have direct control over land use, resources and the enforcement of statutory regulations. For example, if an entrepreneur operates without a business licence (and a ‘special business’ licence in particular), the institutional process will often regard that entrepreneur as a criminal and be subject to all sorts of harassment by the police and other authorities (Li 2001: 190).

This study finds that local bureaucrats still exercise great authority in many areas of the economy in urban China, particularly in matters of contracts, investment, land and property, financing and taxation. Building relationships with facilitating cadres is often easiest with gift exchange. Material and non-material gift exchange helps launch reciprocal assistance and continuing indebtedness between parties. In that sense, gift exchange can be understood as a process of building interpersonal relationships to improve economic activities. Uncle Fong elaborates that pleasing the cadre’s family members is crucial as well as the value of the gifts:

“If you want cadres to give assistance for your career, then you have to prepare more gifts, money and presents. You’re not only pleasing the cadre himself, but you need to please the cadre’s family members like his wife, sons or daughters. I and my wife [usually] go to Hong Kong frequently to buy some diamonds, bird’s nests, Rolexes, gold and brand-named handbags [like LV, Guccis and Prada] in order to please cadres’ wives, sons and daughters or even their relatives.....” (**Uncle Fong, 48, entrepreneur**)

Uncle Beck and Uncle Moss echo Uncle Fong. The more expensive the wines and cigarettes, the more sincere and interested you will seem to the cadres.

Uncle Beck says,

“The value or price paid for a dinner shows the sincerity you put to the connection. And the value also says a lot about the generosity of your sincerity towards the cadres. It is also quite common to spend a few thousand yuan on famous brand wines or cigarettes for the cadres.” (**Uncle Beck, 56, entrepreneur**)

Uncle Moss updates me that you will have greater chance to succeed and maintain a good relationship with that cadre if you pay ‘gigantic’ *laisee*<sup>29</sup>.

“Most of our buddies compare how much *laisee* or red packet money we give to the cadre for their birthday, for their family’s birthday, for their children’s marriage or even for their funeral. The more money you give, the more sincerity you have.” (**Uncle Moss, 48, entrepreneur**)

Social connections call for social events, which provide the venue for ‘extra legal functions.’ In China, it is commonplace, almost trite, to pay respects and maintain or improve connections with local cadres by gift-giving (Yang 1989 & 1994), especially during the Chinese New Year or the Mid Autumn Festival. Gifts are not just of mooncakes, or the like, but also contain cash inside.

“One of the more influential cadres in Guangdong province always receives a lot of gifts from different kinds of people. But these people [cadres] are always too busy to take care of those gifts, which are processed by their domestic helpers, who put the gifts away for a while and then throw them out when the mooncakes are off. Those who scrounge mooncakes for a living may well be blessed with an unforeseen income, as there is nothing but money inside those gifts. Wine and cigarettes are among the popular items for this and red packets also.” (**Uncle Tony, 50, entrepreneur**)

In such cases, *guānxi* goes beyond mere emotional bonding and becomes a formal structural element of the Chinese new middle class. Even as a special form of *guānxi*, interpersonal exchanges are still normally in terms of reciprocal

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<sup>29</sup> ‘Red packets’ (*hóngbāo* 红包) are a uniquely Chinese feature in the exchange of gifts and gift money during times of festivities and celebrations. The practice of giving and receiving red packets is called *song hóngbāo* (送红包) in Putonghua. ‘Red packet’ is known in Hong Kong

obligations, where a cycle of gift exchange takes place to assure the value of wages, contracts or donations (Migone 2007: 182). Like the regular *guānxi*, the motivation for the exchange of favours is transacted through emotional expressions of sentiment (*gǎnqíng* 感情), human feelings or compassion (*rénqíng* 人情) and face (*miànzi* 面子) (Yang 1989 & 1994). Interviewees never tire of pointing out that interpersonal relationships are of supreme importance in China since time immemorial (Anderson *et al.* 2008). In fact, many of the interviewees go on regular shopping sprees in Hong Kong, buying expensive merchandise that is meant for winning the favour with cadres and entrepreneurs back home. The maxim is, “The more gifts you provide, the more business opportunities you will get. The more you pay, the more you gain.”

Judging from what my interviewees say, *guānxi* networks and gift-giving is rather intricate in practice. Gift exchange in the Chinese context is hardly as straightforward as buying privileges with cash. It takes a certain degree of cultural understanding to sense where the balancing point is and how the value of the gift is assessed in non-monetary terms. In many cases, non-material gifts are more valuable than material ones because somehow they express a higher degree of friendship or loyalty. What matters more is not the gift itself but the message conveyed by the gift-giving (Ong 1999: 153, Yang 1989 & 1994).

For my own participant observation, some of the Hong Kong middle class claim that they have trouble in maintaining a long-term business relationship with some of the new middle class though they enjoy the same types of lifestyles and consumerism with them. The older generations are deemed the most inscrutable

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and the rest of the world by its more familiar Cantonese name of *laissee* (利是).

and inassimilable to the Hong Kong middle class because they have their own ‘insiderness’ (Wank 1999). ‘Insider categories’ through a sense of solidarity and mutual sentiments set up reciprocal relationships within the class boundary. The sense of solidarity and mutual sentiments comes from having the same forms of lifestyle practices, which in this context is having matching accents, matching dialects, similar kinship or blood relationships or even the same surname. In the context of the Chinese new middle class, one develops a connecting train of thought with a common acquaintance by infusing a common identity into two people and draws them into a single circle of ‘insiderness’ (Wank 1999: 164). In the broad sense, whether or not the new middle class actually gathers together on their matching forms of lifestyle practices is a matter of circumstances—nevertheless these are all elements of culture and refer to cultural practices in everyday life.

Since the *guānxi* network builds on common attributes of its members, it can be construed as the lifeblood of the development of private entrepreneurs everywhere in China (Tsai 2005). These *guānxi*-network relationships could be seen as a form of corruption or be rationalised more innocuously as a practical means of reducing transaction costs in a transitional economy. What is clear is that strong ties often exist between cadres and entrepreneurs. This is because *guānxi* embodies the idea of social closeness. A society that still operates on relationship networks almost in the way of an institutional process will have the kind of atmosphere that carries on with a rule-*by*-law spirit of governance.

The problem is that institutional governance in China today is now largely skewed towards dependence on social bonding rather than on institutional rules.

Social bonding is now fully immersed in much of Chinese daily life and is manifested in a wide range of institutional activities that are otherwise regarded in liberal countries as a straightforward matter of procedure. For instance, applications for passports, residential permits, business registration or property registrations are now all done without much regard to actual regulations. It is no mistake to say that China has a weak ‘rule of law.’

Weber (1951) considers the lack of trust in institutions in Chinese society as a crucial factor in explaining why development of credit and commercial activities in China were considerably hindered for much of the time in Chinese history (Faure 2008: 485). The Weberian argument (1951) is that the transaction costs of finding a reliable counterpart and negotiating a contract is extremely high in China where social capital (based on personal links, reciprocity, moral obligation and duty towards the community) remains important. If a ‘proper’ system of governance like those in liberal democracies were ever to appear in China, an absolute majority of Chinese people would have to follow rules and *guānxi* networks would be diminished.

### **How do the cadres understand *guānxi***

In post-reform China, the cadres still play an influential and leading role. The bureaucratic hierarchy of the Chinese political system in many senses determines the personal interests of party or government officials in matters of power, promotion and, ultimately, corruption. Local protectionism is strong in many parts of China. The link between the fiscal revenue of the state and the personal interests of officials lies in the omnipresent and unchecked power of the Chinese state apparatus. But most of the cadres think that even if they have

received gifts from citizens or from their friends, they have integrity and are honest in upholding the doctrines of justice, equality and transparency as a local cadre. All cadres [11 out of 11] say their work units give them clear operating instructions and even run courses on how to avoid corruption.

“My work unit often keep us informed about the integrity of the PRC and CCP. We cannot receive any gifts, presents, money and cash from the citizens.” (**Aunt Monica, 60, cadre**)

“Our work unit is very transparent.... If someone wants to obtain a business registration certificate, it’s very easy to do in Guangdong without bribery. The residents come to our office to ask for our help—but please don’t bribe us.” (**Uncle Leung, 48, cadre**)

One cadre thinks China is actually moving towards democracy and the village election is the breakthrough for democracy in China (Shue 2004).

“Now, villagers in many parts of China can exercise their right to elect their representatives. The pace of political development in China is not slow because the pace of the democratic development cannot be too fast. Political democracy should be achieved only step by step otherwise it would go out of control. China has already done a good job in improving democratic development.” (**Uncle Leung, 48, cadre**)

From the aforementioned cadres’ conversation, they see that political development in China today is much better than in pre-reform times. *Guānxi* is not directly related to corruption since even the Western democratic political system has instances of corruption. They see that one-party rule is suitable for China, which has improved a great deal politically.

The official account of the cadres is that they think government departments are increasingly transparent and more workmanlike, so that the average person is able to deal with officials directly without recourse to social connections or



giving gifts. Most of the cadres gave an official account about their integrity and honesty to the PRC or CCP. Uncle Fang, an influential cadre, usually receives gifts from professionals and entrepreneurs. Uncle Fang says,

“My work unit often invite professors from Tsinghua University (very famous one in Beijing, it ranks No. 1 in China in 2010) to give lectures on socialism, politics and economics so that I can be up to date and keep up with what’s going on in society as well as in the current political and economic systems. They always educate us how to avoid corruption and say ‘no’ to gifts and money. The Communist Party gives us clear instructions. We vow not to receive gifts from our friends, partners, colleagues and relatives when we agreed to become Communist Party members. I remind myself repeatedly to follow these guiding principles.” **(Uncle Fang, 49, cadre)**

But when I asked Uncle Fang whether he will receive red packet or gifts or not, he said that cadres are not eligible to receive gifts from ‘citizens’, by which he means the ‘ordinary’ members of the public. Professionals and entrepreneurs are not classified as ordinary ‘citizens’; they are able to afford the expenditure and it also represents payments’ for the role of cadres in facilitating the businesses from which their incomes derive. With regard to the ‘ordinary citizens’, he is required to maintain the high morale of the integrity and honesty of the cadres. The cadres in Guangdong are sufficiently well organised and enthusiastically good enough to service ‘ordinary’ Chinese citizens without any bribery and red packets. He continually receives positive messages, education and indoctrination from CCP and his working bureau that corruption and bribery are serious offences. The participant observation with the interviewees helps us to clarify some arbitrary and ambivalent narratives received from some cadres.

### **The influential role of cadre-entrepreneurship**

As set out in Chapter 4, the older generation of the new middle class have significant common experiences that they draw upon in their interactions. However, what binds them together is not just that they have experiences in common and that most entrepreneurs and professional in the older generation were previously cadres, but also that, for this generation, the roles are not clearly distinguished. The rise of a hybrid élite of entrepreneurs and ‘cadre-entrepreneurs’ (Nee, 1989, 1991, 1996) is particularly significant in post-reform China. Thus, cadres are frequently also entrepreneurs, at least part time, and professionals also engage in entrepreneurial activity. Equally, given continued state ownership, some positions – for example, in health – that in Western contexts would be identified as professional also overlap with cadre roles and provide opportunities for various kinds of private activities. In this way, it is not simply an issue that entrepreneurs need to make contact with cadres, for example, but that in some contexts, the entrepreneur in question is also a cadre. In this way, the different groups have no difficulty in understanding the world of the other and its expectations, because they occupy that world not just in terms of common background, but also in terms of their everyday activities. When entrepreneurs talk about the qualities expected in a cadre they know what they are talking about not just in terms of their own entrepreneurial interests, but also because they have experiences themselves of occupying the role and facilitating similar entrepreneurial activities.

This explains the continued significance of cadres in a system that might otherwise be seen to be moving in the direction of a market system in which their role is diminished. Cadres are the ones who have benefited the most from the

economic reforms. They have job stability as well as *officio* and *ex officio* capabilities to mobilise resources that the state and the market both want. Aunt Jennifer is a veteran cadre and she frankly informs me about doing business in post-reform China. She says,

“We cannot earn as much money as entrepreneurs and professionals, but we have certain powers in hand. We are not the influential cadre like the central government officials, but they need our referrals and information when they do some part time job or some consultancy with each other. Most of them need our help.” (Aunt Jennifer, 53, cadre)

Uncle Robert, previously a cadre, echoes Aunt Jennifer:

“On the criteria list of being a cadre, interpersonal network come first and then your personal achievements. The basic salary entry point is RMB¥5,000 [US\$732 or £505 a month]. Pay rise is possible. But cadres have power. I also seek help from cadres..... As a famous saying goes, ‘It is beneficial for your business if you have connections at court.’ Corruption can also be found among officials of the Anti-Corruption Bureau. The reason is that their income is very low.....” (Uncle Robert, 50, entrepreneur)

Another entrepreneur, a former cadre and vice-director of a factory in a collectively owned company, gained his networks in state-owned enterprises, and then it was easy for him to develop his ‘special business’ with *guānxi* networks before setting up business in Guangdong:

“Luckily, for my established networks and connections with my existing colleagues (cadres), I chose here [Guangdong] as my foundation base. I had worked in the government bureau for fifteen years and have established networks with many cadres in Guangdong. I rented land and set up my cement factory in 1995. If your network ties are bad, officialdom will make trouble for you even if you’ve done nothing wrong.” (Uncle Henry, 50, entrepreneur)

There are two types of cadre. Administrative cadres (*xíng zhèng gàn bù* 行政干部) are those in major government establishments at the municipal, town or

village levels. For want of a better term, they are civil servants or government officials. ‘Business cadres’ or operational/line cadres (*shìyè gàn bù* 事业干部) (This is not the official differentiation, but I learnt from the interviewees of Chinese new middle class of the differences) are effectively state or government employees who operate in state-affiliated organisations such as hospitals, schools, public utilities and so on in a kind of semi-professionalised capacity.

In theory at least, administrative cadres (much like any other civil servant around the world) are barred on penalty of dismissal from running private businesses or making personal gains from their activities. In reality, many administrative and business cadres have outside jobs and investments through unreported collaborations with outside entrepreneurs and professionals. This is no secret and they wanted to share this with the researcher.

“I’m also engaged in capital construction with my secondary-school classmates—and there’s no need for us to [report] profits to our superiors. Besides [that], my wife and I also run our real-estate business. Actually, most cadres in China are engaged in their own businesses.” (**Uncle Leung, 48, cadre**)

“I’m an engineer in a government department. I run my business in pile drivers and escalators, and I often take up different projects. This is my way to survive.” (**Uncle Chan, 60, professional and cadre**)

“We always do some consultancy to some private corporations, including some land developers and some national enterprises. It is normal to have part time job. But you cannot be so greedy and obvious.” (**Uncle Man, 40, professional and cadre**)

“My workplaces won’t prevent me from working part-time jobs or have other investments. No one will have time to check up and investigate whether or not you have additional investments outside of the workplace if you are not too greedy.” (**Aunt Jane, 40, professional and cadre**)

Most of the cadre have part time jobs. The average basic salary of most of cadres is about only RMB¥5,000 (US\$732 or £505) a month. If a cadre refuses grey income or *laissee* money, the question on the minds of most professionals and entrepreneurs is, how is it possible for the cadre to support his fairly well-off life? Indeed, the constant receiving of gifts and favours is the *modus vivendi* in the professional life of a cadre. It has been said that one of the traits of a successful cadre is in being greedy without being avaricious. Uncle Chung updates me on how the quality of the cadre has a direct **relationship** with the *laissee* money.

“The quality of the cadre is very questionable. They cannot speak clearly and decently in the public. They even cannot organize their speech systematically. They get promoted is definitely not because of their talent but because of their *guānxi* with their supervisors. They give gifts like bird nests, diamond and branded goods to bribe their supervisors or other influential cadres in Guangdong.”(Uncle Chung, 56, entrepreneur)

Most of our entrepreneurs and professionals echo the following set with the researcher: “Don’t you see that many regional cadres go to Hong Kong for shopping with cash only? They don’t like to use credit cards because they don’t want to have any record in black and white. They are afraid to reply to their email. We’ll meet face to face to settle every deal. All cadres are corrupt but it all depends on the degree of corruption. It’s normal to receive money and gifts from professionals and entrepreneurs. I can’t believe cadres are not corrupt.” (Informal interview with Uncle Victor, 11 June 2008)

Deep and close relationships developed in this way also extend into business activities, as one entrepreneur brings to light about the sharing of work and costs:

“I know many regional cadres spend RMB six hundred thousand yuan [US\$87,796 or £60,605] on the purchase of a lychee garden,

while some regional cadres spent more than RMB six million yuan [US\$877,960 or £606,050] on decorating two three-storey houses that are being built nearby it. Also, a dozen gardeners had already been hired to work on this lychee garden. Some regional cadres spent RMB a hundred thousand yuan [around US\$14,631 or £10,004] on improving transport links to a winding road to [the lychee garden], and another cadre spent more than a hundred thousand yuan on road renovations and repair like paving the road with cobblestones. Most of the money comes not directly from their salaries, but from the red packets they received in their work.” (**Uncle Fong, 48, entrepreneur**)

Raymond, a doctor echoes Uncle Fong, he says,

“The norm for both administrative and executive cadres is to moonlight and receive gifts from fellow doctors. The senior doctors spend the gift money on investments in Hong Kong or other places, otherwise they don’t know how to make all this money [look] right if the authorities start inspecting. That’s why so many mainlanders spend at least a hundred thousand dollars on buying flats and in consumption in Hong Kong. It is very common for doctors, lawyers and engineers to bribe cadres to buy houses. Usually they can buy a house at cheap price. Normally, for example, I’ll pay RMB ¥600,000 [US\$87,777 or £60,313] when buying a house. Of the total cost, forty percent goes to the estate agent, forty percent to government officials and only twenty percent goes to buying the actual house itself.” (**Raymond, 30, professional and cadre**)

The norm for both administrative and executive cadres is to moonlight without reporting the fact to their establishments. It is observed that if the cadres are not greedy, brash, obvious and over materialistic, neither their close colleagues nor friends will report to their supervisors.

Professionals appeared abruptly on the scene in post-reform China. The Communist Party had long regarded the professional with political suspicion mainly because of Mao Zedong’s love-hate attitude towards intellectuals (Laliberte & Lanteigne 2008, Ryan & Musiol 2008). That stance turned around after Deng Xiaoping rose to power and the economic reforms started running in

the 1980s. Deng and other pragmatists took the view that it was possible and necessary for the party to make use of capitalism to strengthen its political legitimacy and also to fence off any negative political consequences (Zheng 2004). The definition of the ‘professional’ in the post-reform era is somewhat different to Mao’ regime. The professional in the reform era shall possess a marketable skill based in knowledge that is organised and sanctioned by a corporate body. Those professionals in post-reform China should usually define themselves in meritocratic terms (expert, ‘*zhuān*’ 专) and by political affiliation (red, ‘*hóng*’ 红), but not only based on political affiliation (red).

In the switch from a socialist economy to a capitalist one, professionals are mostly of the view that breaking free from the risks of poverty is only through industriousness and education. But many professionals know full well that cultural capital alone is not the magic wand to success. Of course, there is no denying that cultural capital (in the form of education) helps get people better jobs and work partners. In addition to the meritocratic requirement, it is also true that doctors, lawyers and academics normally get a job or work opportunities through social networking of old school friends. Therefore, social capital is a necessary ingredient to stabilise or safeguard the job (Goodman 2008: 167, Li 2010, Hasan 2006). With this social capital, professionals, cadres and entrepreneurs form their class boundaries, based on *laissez* and *guānxi* networks.

A doctor who works in the public/state sector is in fact a professional and a cadre rolled into one, and this is especially the case with senior-level medical practitioners. There is keen competition for professional appointments and doctors compete with one another for special treatment from superiors.

“Without any social connection, it’s very difficult for me to work in hospitals—and public hospitals especially. Thanks to my relative, I got a job as a doctor in this hospital. I do hope he will always help me. If you know a senior doctor and he wants to employ you, then he’ll put out a recruitment notice according to your personal particulars. The recruitment target, male or female, the required qualifications or working experience—these things will all be confirmed beforehand. There’s no such thing as ‘transparency’—even the superiors emphasise that—it’s all crap, and a lot of information is kept well in the dark.” (**Raymond, 30, professional and cadre**)

That is a usual storyline for doctors in China today. A careful use of social connections could help even an inexperienced or underqualified doctor get a hospital job without too much trouble. Good doctors but few little or no social connections could end up working in places like Hunan, Hebei or Sichuan where incomes are low even for doctors and lawyers.

Back in Guangdong, however, incomes for public-sector doctors are relatively high. Moreover, many public-sector doctors supplement official incomes with grey income from outside official hospital work. It is quite common for them to work as private family doctors (i.e. general practitioners), run private clinics or other businesses, invest in the stock or property markets, or just teach at a college or university. Many doctors will take any opportunity to have a second income. Indeed, for many, the sideline often proves to be the gateway to personal fortune. As a professional and a cadre combined, the doctor is particularly able by position and training to earn extra incomes and mobilise resources for it. That ultimately becomes a motivator for many doctors to stay on in the government sector rather than break out into the private sector.

In addition to the official and grey salary, public-sector doctors normally receive gifts and emoluments from fellow doctors as well as from patients. They



circumvent official auditing by spending or investing gift money outside the country, usually in Hong Kong. Evading traceability by supervising authorities may explain why so many of the Chinese new middle class are able to spend upwards of RMB¥1 million (US \$146,316 or £99,796) on buying a flat without needing a mortgage.

Some Guangdong public hospitals already allow doctors to take up officially arranged or permitted secondary jobs because of the low official salaries. The health authorities let doctors give and receive red packets, so long as it only involves their own patients. However, *sònghóngbāo* is very necessary if you want to maintain good relations with your superiors. Most of the Chinese people usually give gifts to cadres or other influential people to help them to get things done during the Lunar Chinese New Year, Mid Autumn Festival, Labour Day (1<sup>st</sup> May) and National Day (1-3 October). We this type of corruption holiday corruption (*jiǎqī tānwū* 假期贪污) which usually takes place in holiday). Holiday corruption is the *hóngbāo*, red envelopes that traditionally contain gifts of money.

You can get other good benefits in the workplace. A doctor says,

“If you can maintain a good working relationship with your supervisor, you’ll be assigned to a better job with bonuses and commissions. You’d be asked to buy medicinal products, medicines or equipment. Not only will you get repaid for what you’ve paid out, but also be repaid ten to fifteen percent extra as a bonus for your hard work. But not every doctor gets such a privilege. This goes to those who are on good terms with their superiors.’ (Aunt Jane, 40, professional and cadre)

Chinese citizens enjoy by right many forms of free medical treatment in public hospitals. The cultural norm among the Chinese is to try and get a higher quality

of treatment by incentivising others with red packets. If you are rich, you could expect to have a doctor specially assigned to you, in which case you are compelled to do *sònghóngbāo*.

Conversely, your inability to *sònghóngbāo* suggests that you might be in some sort of financial difficulty. No *hóngbāo* and you get rude and apathetic attitudes from a lot of medical personnel. Put out *hóngbāo* and their attitudes will be patient, serious and honest. The *hóngbāo* money becomes an additional allowance or commission for the doctor and, in fact, the extra cash can figure as a major portion of the monthly income. Aunt Jane is a senior doctor in Guangdong and the health authority she works for permits her to work part time outside of the official workplace and also to make personal investments. She runs private clinics with her husband (also a doctor) who runs other clinics, a transport company and a dockyard. Her father was a former director-in-charge in one hospital in Guangdong:

“With allowances and commissions from *song hóngbāo* my basic monthly income is actually RMB¥10,000 [US\$1,463 or £999]. My husband and I have two clinics. Also, we’re medical consultants in government sectors and to private corporations. Only rich people will call us for treatment. My patients will be grateful to me because I’ve treated their illnesses well. I have investments in transport companies, property and land speculation and own some shares. These extra investments become the major proportion of my monthly income.” (**Aunt Jane, 40, professional and cadre**)

Lawyers face a similar situation to that of doctors. They need to have their own *guānxi* networks so that they can do their job efficiently. This is evident in the way in which land transactions are dealt with. When an entrepreneur seeks to buy land rights, he or she hires a high-level lawyer or senior lawyer to deal with land transaction procedures (Michelson 2007: 400). The latter will use their own

social capital from the government sector like the Bureau of Justice. Some of them were former bureau chiefs and deputy bureau chiefs from the Bureau of Justice. They left the government sector and set up their own law firms in Guangdong. Therefore, they have close relationships with the police, prosecutors and law courts at the local level. Most of the professionals make full use their own social networks to enjoy preferential access to the land transaction procedures in Guangdong.

Uncle Man, a lawyer in one governmental sector, updated me about the situation of a lawyer in China today.

“I need to maintain good relationship with my colleagues in various sectors in order to visit my clients (suspects or defendants) to have some convenience (*fāngbiàn* 方便). If I don't have a network, I don't know how to help my clients. You don't know how to start to do things.” (**Uncle Man, 40, professional and cadre**)

Most of the professionals and entrepreneurs will pander to and ingratiate themselves with the cadres, and lawyers are no exception. Private developers may outsource private law firms to host the contract procedures. The legal institutions do not consist of any independently legitimated lawyers. Even with the so-called lawyers present to sign the contract, it is hard to guarantee that they received formal training. There are terms used to describe this situation: contains ‘black lawyers’ (*hēi lǜshī* 黑律师), ‘fake lawyers’ (*jiǎ lǜshī* 假律师) and ‘underground lawyers’ (*dì xià lǜshī* 地下律师) (Michelson 2007). The post-reform context is that the local policies are unsystematic and no authorised organisation exercises the formal power of the implementation of the existing land and property policies (Michelson 2007: 401).

Second, the land market, structured by ambiguous property rights, has helped produce a great growth in physical urbanisation in the coastal regions since 1988. That in itself has helped encourage the emergence and evolution of the Chinese new middle class in those regions. China had no property developers before the 1980s. By 2001, there were 29,552 registered developers (State Statistics Bureau 2002 in Zhu 2005: 1378).

“The ambiguity of the land reform makes me so confused. But I don’t bother to know what the revisions are. I receive some updated news from my buddies who are my ex-colleagues at the state-owned enterprises. They keep me updated and informed where is the best place to invest. They will reserve the ‘gift’ [means land or apartment] to me before formal tendering. But they still go ahead the whole procedures of the so-called formal tendering.” (**Uncle Billy, 56, entrepreneur**)

Uncle Cheng, an entrepreneur, who is not an ex-cadre but with the consumption patterns and lifestyles with his business partners like entrepreneurs, cadres and professionals, can buy an apartment before the formal procedures of land transaction.

“This is no actual formal procedures of public tender or public auction. What is the most intriguing part is whether you know the cadre or not. The so-called formal procedures of land transactions are only ‘the show’ for the regional officers [in Guangdong] to demonstrate that they are justice, equality, professional and transparent. This is the ‘show’ and ‘face’ party only. I live here and I know what’s happened.....” (**Uncle Cheng, 40, entrepreneur**)

Land-use rights (LURs) are a somewhat murky area following changes to socialist Chinese land law. Prior to 1980, there was no investment or speculation in land in China. Article 10 of the 1982 State provides that all urban land belongs to ‘the State’ (i.e. the central government) and that suburban and rural land is under collective ownership unless the law specifies state ownership. The state

and the collective own the lease of the land usually for 20 years. Therefore, collectives own residential land and family land plots, so no individual and family is legally permitted to transfer land on their own to third parties unless proper conveyancing permissions are obtained first. But the State and the Collectives (*dānwèi*) still own the lease of the land though some of the cadres can manoeuvre via loopholes in the land law.

The situation changed by around 1988. In that year, the National People's Congress passed a constitutional amendment that "the right of land use can be transferred in accordance with the law" (Zhu 1999, 2002, 2005). Two years prior to the amendment, the Ministry of Land Management was set up in 1986 to coordinate the use of state-owned urban land nationwide. The ministry operates in each local government through a Bureau of Land Management. Each bureau coordinates national policy on land use in the local jurisdiction and its work includes preparing yearly land-use plans, allocating quotas of farmland converted for non-farming use, issuing land-conversion permits, monitoring the sale of land-use rights and collecting tax on land transactions (Ma & Wu 2005: 173).

The 1988 constitutional amendment legalised the leasing of public land such that urban land now becomes leasable to developers or users for a fixed term on payment of a lump-sum rent to the central state (Zhang 1988). That means land-use rights are derived property rights. The state does not formally recognise these derived rights but it does not actively deny them. Therefore, land-use rights never automatically replaced the longstanding system of administrative

allocation of land. In fact, both systems coexisted with each other throughout the 1980s and 1990s (Ma & Wu 2005: 169, Zhu 2005).

The PRC seems to have systematic institutions to monitor the land reform but these do not work in practice. There are still many collaborations among cadres, professionals and entrepreneurs that have been recorded, involving 1.2 billion square metres (1,200 square kilometres or 436 square miles) of urban land (Sun 2004b: 36). The loss of state land assets through illicit land-use transfers has been estimated at around US\$1.4 billion per annum since the late 1980s (Sun 2004b). It is really the revenue from the asset that is lost, rather than the asset itself, since the leases remain state-owned or collectively owned enterprises.

The Chinese government invented land-use rights chiefly to counteract the problems faced by the public housing sector in an emerging market economy. Housing shortages began to surface in the 1980s soon after the economic reforms started. For a long time previously, the *dānwèi* was the primary housing provider in Chinese cities. *Dānwèi* built or provided affordable housing to employees usually at one-fifth the cost of commercial housing because *dānwèi* were able to acquire cheap land through administrative allocations. Bigger problems started appearing by the early 1990s. Many state enterprises went into financial trouble because of various episodes of global economic downturn. Many state enterprises in Guangdong started to sell their premium city-centre landholdings in a bid to rejuvenate their business or to stave off bankruptcy. Other state entities such as universities or even military or government establishments followed suit. Some state enterprises have been given land through administrative means on the basis of capital investment plans (Ma & Wu

2005: 168). Some sold their landholdings by forming joint ventures with established property developers or directly to multinational companies (Ma & Wu 2005: 171).

“I and my wife were the workers of the state-owned enterprises since 1988. We got two apartments. I bought the two apartments (1 is 60sq meter and another one is 80sq meter) which cost me around RMB¥80,000 (US\$11,705 or £8,003) and RMB¥100,000 (US\$14,631 or £10,004) [respectively] from our *dānwèi* [his state-owned enterprise] in 1993. Then I sold one apartment at a relatively high price in 2005. The other one we have been leasing out since 1999.”(Uncle Ho, 49, entrepreneur)

Uncle Yuen seems to concur with Uncle Ho.

“I think this was the privilege to be the former cadre. I buy the apartments with cheaper price [£15,003 for 100sq meter] with our *dānwèi* in 1992. Then, I sold it out in 2005 with some profits [at least triple profits than the buying price since the market at that time in 2005 is keeping soaring and burgeoning].” (Uncle Yuen, 56, entrepreneur)

Most of the housing price was *chéngběn* (cost 成本) price but not *biāozhǔn* (standard 标准) price before 1998. Most of the cadres benefited from the *chéngběn* price. The cadres or ex-cadres were heavily protected by the *chéngběn* price to buy their apartments. They gained extra discounts to buy public flats (10-20 percent of market prices) from their *dānwèis* (Lee & Zhu 2009, Li 2009). In addition, before 1998, there was the so-called Existing Housing Stock Subsidy (EHSS) to the cadres. EHSS refers to the lump sum housing subsidy which was provided to the cadres before 1998. The subsidy was based on the rank and number of working years to multiply cadres' wage level in 1998 (Li 2009:48-49). Therefore, most of the Chinese new middle class worked in the state-owned enterprises for more than 10 years, and they gained some

substantial subsidies from their *dānwèis* according to this calculation. This largely explains why they are the winners in post-reform China.

To alleviate the disparities between the poor and the rich in urban China, the housing monetarization policy (HMP) was announced in 1998 by the State Council (Lee & Zhu 2009, Li 2009). The *dānwèi* were not allowed to buy or build housing from the market for any rental or development purpose. Instead cash subsidies would be given to the cadres to encourage high income groups to buy private housing, while medium and low income groups are encouraged to buy low-cost housing (Lee & Zhu 2009: 39).

However, the so-called the ‘recommodification of urban housing’ (meaning that the *dānwèi* has the need to provide the housing function to its staff was replaced by the market, details see Davis 2003) of the HMP is only eligible for the state-owned enterprises. The staffs from private sectors and collective enterprises are totally excluded from HMP. The HMP is being regarded as the marginalization of city residents outside of the state system (Li 2009:54). Therefore, the so called cadre-entrepreneur I addressed in Chapter 2, are the winners under the land reform.

*Dānwèi* to a certain extent regulate the land price. Some *dānwèi* leased out housing units to parties unaffiliated with any *dānwèi* at higher-than-state-stipulated or even market prices, violating the applicable rules. The *dānwèi* and other state entities were able to do all this mainly because of a definitional uncertainty over ownership. Urban land constitutionally belongs to the public—but who is the public? And who represents the public? In the absence of any clear-cut answer, many *dānwèi* just went ahead and set up land



development companies to take advantage of their tax-exempt status with respect to their landholdings. These *dānwèi*-based companies often earn substantial profits when they transfer the land-use rights to commercial developers in the secondary land market (Ma & Wu 2005: 172). In the process, the *dānwèi* passes *de facto* rather than *de jure* property rights in state land to third parties (Macuse 1996)—a situation of *ultra vires* any lawyer could recognise. Uncle Chan is familiar with this transition because his job closely relates to land transaction.

“I bought my house from my *dānwèi* in 1989 with RMB¥100,000 [£10,004] for 100sq meter. This price [I think] is a least 50% lower than the marketing price in 1989 for the similar quality and size. But when I bought them in 1989, we still thought it was a little bit expensive. Now, I sold this house in 2004 and at the same time, I used this money to buy other private houses. Of course, I can contact some of my ex-colleagues to buy the apartment with relatively lower market price. The regulation is not serious here [Guangdong]. It seems my *dānwèi* used their names as a state-owned enterprise to earn profits by transferring land use rights to the private commercial developers....but I don't know the further details...This is what I can tell...nothing can tell you further...” (Uncle Chan, 60, professional and cadre)

The ability to behave *ultra vires* ultimately comes down to the power of the cadre operating in conjunction with entrepreneurs and legal professionals. If the cadre has the proper jurisdiction, he or she is the validator of the conveyancing of land-use rights. If not, he or she can fairly easily to find the proper cadre to arrange for the desired result. The desired result comes in a number of ways, depending on which way best fits the interests of the transacting parties. In China today, leaseholds are acquirable by public tender [*zhāo biāo* 招标] or by public auction [*pāi mài* 拍卖]. Both are formal and transparent methods. Of course, transactions are also done through private negotiation [*xiéyì cuōshāng* 协

议磋商], which are not formal or transparent (Ma & Wu 2005). Predictably, most land in China is leased or transacted through negotiation. **Table 9** (below) presents the full picture about land allocation, mainly by private negotiation, but not by public tender or auction.

**Table 9: Land allocation by different land-leasing methods**

	Guangzhou	Shantou	Shenzhen
Lessor and period	1992-2002	1992-99	1998-99
Area leased	251 sq. km	17 sq. km	36.4 sq. km
By private negotiation	57%	98.8%	97.7%
By public tender			2%
By public auction	42% (combined)	1.2% (combined)	0.3%

Sources: Shenzhen Bureau of Statistics (in Zhu 2005: 1372), Shantou Bureau of Statistics (2000), Li (2009).

Guangdong province authorities do in fact have strict prohibitions on the sale and purchase of unfinished buildings in order to maintain social and market stability. The problem is that the government at the national and regional levels has at best weak control over the private sector. The government has little control over its many quasi-state enterprises because they operate more like privately held enterprises in a marketised economy.

“My friends also do it the same way. They spend RMB millions yuan [US \$146,316 or £99,796] buying quarries, petrol stations and real estate on mortgage in most cases. With the help of a friend of a cadre, I placed a reservation on a building land. Some dealers placed bids of RMB ten million yuan [US\$1.6 million or £1 million] on that desirable land. But RMB three hundred thousand yuan [£30,367] out of RMB five million yuan [£506,130] must go to local officials. This was a big deal but this guaranteed I could buy the land. Also, the bidding activities in Guangdong are not open to others. Once the local authority spreads the news on this, what you bid for is unwanted building

land.” (**Uncle Fong, 48, entrepreneur**)

In fact, quite a number of our entrepreneur interviewees managed to obtain low-priced apartments from ex-cadres. Many cadres got apartments from SOEs and sold them off to commercial developers in the early 1990s.

However, if you don't have any connection and rich information from your cadre friends, you are the loser. Sunny is an entrepreneur and he shares his experience below.

“I needed a house urgently in 2006. I followed the formal procedures to approach the property agency nearby my office. I spent RMB one million [US \$146,316 or £99,796] yuan for 100sq meter. After buying that house, I learnt from my friends that 40% (of my total budget) goes to land and property developer; 40% (of my total budget) goes to government officials and 20% (of my total budget) goes to contractor. If I have network to know the cadre first, I can save up my 40% of my total budget. How come that is a huge difference? That's unfair, isn't it?” (**Sunny, 34, entrepreneur**)

It is a recurring storyline from our entrepreneur interviewees. Some who owned suburban farmlands in the province became obviously rich, mainly from converting farmland into residential buildings that they let out. Uncle Pan was previously a cadre before. He comes from a peasant family and his family has owned some lands at the peripheral area in Guangdong. He says,

“Developers contact me about my farmland. I'm a native, got some (but later know that many) farmland in my village that belongs to the suburban area in 2000 but now all became cosmopolitan shopping malls or resident areas [in Guangdong]. I was lucky [and couldn't believe my millionaire dreams were coming true] and thanks to the help from my buddies [ex-cadres]. After I sold all of my farmland, I quit the job in [state-owned enterprises] and teamed up with my partners to set up my own property investment company here [in Guangdong].” (**Uncle Pan, 40, entrepreneur**)

The peasants living in the cities in China are the ones who benefited from the burgeoning economy in post-reform China (Zhou 1996, Ho 2001). They sell some farmlands to the government. Uncle Pan's recollection concurs with depictions in the literature by many sociologists, such as Ma & Wu (2005), Zhu (1999, 2002, 2005), Ho (2001) and Li (2009). Cadres have taken on a leading role in stimulating the market for private property in Guangdong. Most land and private properties sold in situations described by Uncle Pan are almost never sold by public tender or auction but by behind-the-scene negotiation facilitated by meals and gift giving. Officials and ex-managers of land-owning *dānwèi* are in fact among some of the more successful landbrokers. Those officials and ex-managers, like Uncle Pan himself, have connections to government agencies with responsibility for approving development projects or hold details about the availability of land lots. It is through such landbrokers that premium land parcels owned by *dānwèi* went to commercial developers (Ma & Wu 2005: 172).

With regard to housing units, some were later leased out at higher-than-market prices (Market prices tend to be the highest price, but some cadres can lease out even higher than the market price) to people or establishments unaffiliated with any *dānwèi*, violating the applicable rules.

That explains why some cadres and ex-cadres such as Uncle Pan have become powerful personalities in land and housing acquisition in post-reform China (Ma & Wu 2005: 171). With their political capital, cadres and ex-cadres are able to acquire land through behind-the-scenes channels at lower-than-market prices and then sell them to private developers at a steep profit. But not all the peasants have been benefiting from the transformation of urbanization in Guangdong. If

they don't have any friendship ties with the regional cadres they can't benefit. Uncle Pan's story is a lucky one because he has close friendship ties with some cadres. But there are still many peasants who cannot receive profits though they want to sell their lands to the private developers just like Uncle Pan. The close ties to regional cadres become the crucial factor for the peasants (if they have their lands) to get profits. I believe that to avoid the ambiguities of land policies, it is the responsibility of the central or local government to closely monitor the implementation of land policy and administration so that it can guarantee its social credibility (Ho 2001:421). But there is still considerable room for improvement in land and property restructuring in Guangdong.

### **'Special businesses'**

'Special businesses' include hotels, tour agencies, fitness centres or salons, karaoke bars, massage parlours, sauna baths and various entertainment establishments. These are quota-restricted business, so licences are difficult to obtain from the Licence Registration Bureau. In Guangdong province, it is not difficult to run a 'normal' business, but running a 'special business' (*tèzhōng hángyè*) is exceptionally difficult. Local authorities specify quotas on the number of entertainment clubs, hotels, travel agencies, bars, discotheques, restaurants, coffee shops and massage salons. The only way to launch these lines of business is through social connections with important people, i.e. regional party cadres.

A cadre explains the formal process of how a major government department such as the Industry and Commerce Bureau in Guangdong issues business licences:

“Industry and Commerce Bureau will carefully investigate the nature of the business. If the business contains prostitution or other ‘exotic’ elements, the bureau will absolutely ban these illegal practices and crack down on prostitution in karaoke lounges, bars and nightclubs. Simultaneously, the Police Bureau will check to see if karaoke sessions contain prostitution and exotic business. Moreover, they will also check sanitary situations, fire alarms and safety facilities whether they fulfil specified regulations by the Industry and Commerce Bureau. The final decision of issuing special business licenses isn’t decided by one person but it is approved and decided by all of the committee members in the Bureau.....” (Uncle Fang, 49, cadre)

Guangdong provincial regulations prohibit the establishment and operation of an entertainment venue of a commercial performance nature until issued with no fewer than four different licences: ‘business operation licence’ by the Administrative Bureau for Industry and Commerce, ‘licence for entertainment business operation’ by the Ministry of Culture, ‘inspection certificate of fire-fighting facilities’ by the Fire Department, and ‘special business operation licence’ by the Ministry of Public Security. The process of getting just one permit could take months or even a year or two.

However, ownership of a licensed ‘special business’ is a sure indicator that the business owner enjoys strong *guānxi* with the local authorities. A connection with a strategically placed cadre is the most effective and efficient way to circumvent compliance. Our entrepreneur interviewees confirm that such activities are quite usual in business licensing matters.

“Although getting business licences isn’t difficult, it can be very troublesome and complicated. The procedures are pretty complicated and bureaucratic. I tried for ten years before successfully getting one with the help from one of my very good friends. He introduced me to a cadre. Everything can be settled through referrals and meals. The tradeoff is to give red packet and gifts to the cadres. The cadre helped me by arranging all matters about the setting up of the factories in a smooth, efficient way. If you want to get licenses for special industries in Guangdong, it is

top difficult.” (**Uncle Cheng, 40, entrepreneur**)

Part of the collaborative strategies involved is by reference to common tastes in everyday life practices in matters of food, fashion, entertainment, travel, cultural activities, smoking and drinking, and developing *guānxi*.

A cadre confirms as such:

“I [always] receive gifts and banquet from my buddies and partners. I have the power to access certain documents related to setting up business in Guangdong. Everything about setting up a business should be directed to the Industry and Commerce Bureau. Some clients will buy airtickets and provide hotel accommodation for me because they want to handle everything in a smooth, efficient way and do away with [formal] bureaucratic procedures. But I need to receive gifts selectively since I have received so many requests.....” (**Uncle Yip, 48, cadre**)

Most entertainment venues are to be found on upstairs premises, thereby creating a complication in terms of property rights for the premises, and quite a number of them do not hold occupation permits. That is why many of these venues are unlicensed in their operation. The authorities generally tend not to investigate licensing status, contrary to specified regulations. By virtue of the existence of unlicensed establishments and the concurrent failure of the authorities in enforcing health and safety requirements, that state of affairs points to a potentially significant level of collusion between local officials and interest groups. Owners of such venues are impatient, business-wise, to go through the massive red tape and instead dodge the system by dealing directly with people in the government establishment who have the discretion to shelve or delay regulatory oversight.

A ‘special business’ is often put into operation while licensing registration is still

pending. Official inspection teams would be told that the venue is ‘on the pending list of registrations’ or, even more expediently, temporarily shut down while inspections are imminent. It is also highly likely that inspection team members (who are cadres themselves) are recipients of bribes and so turn a very blind eye to things. The problem is quite insidious within the ‘special business’ sector, and it is something of an open secret that many such venues are partly owned by government officials (*Ming Pao Daily* 2008).

On one occasion I was invited by a member of the new middle class to a karaoke session. It soon transpired that prostitution and other ‘exotic’ business was going in the venue. Women in heavy makeup and low-cut dresses half exposing their cleavage were sent in to ‘work the floor’<sup>30</sup> there (Zheng 2005 in Lee 2005). The venue had been licensed as a ‘special business’ and subject to regular inspections by the police and the licensing authorities (usually once or twice a month). One can infer that the venue owner is well-connected.

Anecdotal evidence suggests that the authorities have long known about prostitution and other unlawful activities in many entertainment centres. They have taken no action and instead treat the activities as non-existent. As one regional cadre says:

“If my friends need my help, I would help them wholeheartedly. It’s awful for me to reject their demands or have to cancel their special business licences if and when their entertainment places contain prostitution or erotic business. I should have to depend on their help when I want to set up business.” (**Uncle Yip, 48, cadre**)

Uncle Yip’s conversation (above) confirmed that the Chinese new

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<sup>30</sup> That is, to wait around for and solicit customers or be solicited by them with a view to paid sex.



middle class have a common social circle in their everyday lives. It's a reciprocal relation and trust for their friends and business partners. The Guangdong Police Bureau is the most powerful of all in the province and is the one under particularly heavy pressure for bribery. Uncle Fong says:

“When you report cases of prostitution and erotic business in entertainment places, the police will come quickly—within five minutes after you report it. The reason is that the police will be receiving bribes from the entertainment owners. The owners will cope with the bad situation immediately. Usually, the owner will bribe the police with money to prevent them from disclosing the scandal to the public. Otherwise, their reputation will be affected. However, when you report cases like robberies and theft, the police are late in coming because they need time to handle and solve problems, which are regarded as redtape. These cases don't affect an individual's reputation and prestige. Therefore, the police require more effort to solve problems. So they come late normally.....” (**Uncle Fong, 48, entrepreneur**)

We can infer from our interviews and dialogues with cadres that they are nearly always the first port of call to solve problems. Cadres would be bribed to keep scandals from erupting into the open. Cadres in leading government departments would not intervene if prostitution or serious criminal activities could be established in entertainment centres. The standing operating procedure among cadres is to maintain the status quo, unless the central government orders otherwise. The authorities know full well what is happening, where it is happening, by whom and with whom. They will do nothing, certainly nothing on their own initiative. No licence will be revoked and no police will come calling. If cadres' hands have been greased, action is even less forthcoming. Bribing regional cadres is the best ticket out of trouble.

### **The privileges of the cadre-entrepreneurship**

As economically important as entrepreneurs are, they need close relationships with cadres and professionals to upkeep their businesses. Currying favour is a two-way street: cadres also want to develop good relations with entrepreneurs, especially those connected with multinational corporations. The only awkward part is that relationship building with cadres is less straightforward than with entrepreneurs or professionals. The reason is that the cadre is the human interface of the state and that makes the work nature of the cadre a sensitive one. Therefore, building relationships with a cadre relies more on having a prior trusted introduction. The status, integrity and credibility of the introduction could be crucial. As one interviewee explains:

“I’m used to maintaining good relations with regional cadres like the police bureau, tax bureau, industry and commerce bureau and licence registration bureau. Our relationships between professionals and regional cadres are interdependent and intertwined. If a reliable and trustful person isn’t introducing you, the regional cadre won’t dare to take your red packet and gifts. Regional cadres are now very cautious simply because they don’t know your background. They don’t know whether you’re a spy from the central government or from other Western countries to test the waters or the honesty of the regional cadres in China. It’s useless for you to have in-depth interview with regional cadres. They won’t tell you the truth.” **(Uncle Fong, 48, entrepreneur)**

Uncle Bryan who was previously a cadre (as vice director of a factory) says he built his networks over the years when he worked in various state enterprises. He updates me on the differences between *guānxi* in China and the western countries.

“We need to maintain good relationship with each others [cadres and professionals]. You don’t know when will you need their helps? I think everywhere is the same, even western countries still practice *guānxi* but with different contexts and contents, I think...I usually will eliminate any fox in my business

partners....” (Uncle Bryan, 40, entrepreneur)

It seems it is universally true that human relationships (*guānxi*) are of instrumental importance in everyone's career development, particularly (if not only) in China. Most of the Chinese new middle class [40 out of 59] update me that you may not have to have close business partners or friends, but the primary caveat is that you don't have any foe in your class boundaries of the Chinese new middle class. Guangdong is such a small place and any foe will hinder their business expansions. But the major difference between western countries and China is that *guānxi* is a formal and institutionalized habitus in China. The Chinese new middle class relies on *guānxi* as a 'code of law' or 'rule by law'. The advantage of cadre-entrepreneurship is a crucial factor for them to form business partners within their same class boundaries as I argued in Chapter 4.

Most of the entrepreneurs are former cadres. They have close connections with remaining cadres in Guangdong province. The collaboration among Chinese new middle class is the result of shared lifestyles, tastes, collective memories and shared profitmaking. The most important aspect, however, is that most of the Chinese new middle class are members of the Chinese Communist Party (*dǎngyuán* 黨員) and membership is the entry point for collaborations. Entrepreneurs and professionals have typically made fortunes by colluding with influential cadres, or took advantage of market chaos to get away with the ambiguity and incompleteness of institutional policies (Li 2009).

Only forty-six out of more than two thousand representatives of the Ninth Chinese People's Political Consultative Conference in 1998 were private businesspeople (Zheng 2004: 74, Li *et al.* 2006). The state is effectively the

single largest employer in the country. There are all together 30,000,000 cadres in China in 2008 (*China Statistical Yearbook 2009*). The state (and therefore the party) is still prominent in managing the country's flow of funds, from loans for foreign investment to subsidies via local banks. The state is a major source of capital and the chief controller of the use of capital throughout the country at all levels. The corporatist and exclusionary relationship between politics (the state) and economics (the business world) is forged by the economic reforms and restricts the autonomy of capital. Therefore, private entrepreneurs are compelled to cooperate with the state in their risk management strategy to protect investments (Li 2003: 78).

The Chinese middle class is in a good position to borrow money from the Chinese government to take big projects like collaborating with different parties to build entertainment establishments and shopping streets in Guangdong. Broadly speaking, private companies in China have a hard time getting bank loans. Having the right kind of public sponsors and the proper cooperation with bank officers significantly eases the difficulty.

In China, local banks are considered to be administrative agencies because they are delegated the work of dispensing state subsidies to state enterprises and collectively owned corporations under the guise of loans. If you have the right connections with administrative cadres, one (as an entrepreneur or professional) could probably collaborate on difficult kinds of investments or business areas at the provincial level. Some cadres interviewed for this study say that they have had business ventures with professionals and other cadres since the 1980s using bank loans that were secured through their well-established network of fellow

cadres in the local government and local banks. Our example of Uncle Tang will show the general situation with reference to entertainment establishments and shopping streets.

Uncle Tang is a cadre who went into business with another entrepreneur and his former entrepreneurs back in 1993. They were partners in a joint project with a Japanese company to set up a resort and entertainment centre somewhere in southern China. The all-inclusive facility has hotels, parks and gardens, farms and stables, a golf course, bars, restaurants, nightclubs, message salons, karaokes, pools and sports and recreational centres, all amid a beautiful landscape. The resort resembles the famous Country Garden (Biguiyuen 碧桂园)<sup>31</sup> and other famous property development in Guangdong (not undertaken by Uncle Tang). Uncle Tang's group of principals borrowed RMB¥5 million (US\$731,689 or £504,212) from local banks and another RMB¥5 million from the local government, investing around RMB¥9 million (US\$1,317,041 or £907,582) in the project. The *bù* (部 the regional administrative level of the government) in Guangdong approved their development plan.

Although the principals on the Chinese side have to repay the loans before even making a return on investment, Uncle Tang says it was very easy for a regional cadre in Guangdong like him to obtain resources such as loans, investment rights and priority processing of licensing documentation. Apart from that project, Uncle Tang also borrowed RMB¥5 million [£504,212] from the local government to invest in another joint project, this time a complex of commercial and residential buildings elsewhere in Guangdong province. Uncle Tang's case

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<sup>31</sup> It is a very well-known private developer in China, Guangdong province in particular..

is a fine example of the high degree of autonomy cadres and ex-cadres have when they engage in business or other activities that are otherwise restricted or banned by their workplace regulations. Uncle Tang is a cadre of a land-owning *dānwèi*. His close relationship with the local government and banks stems from his having been a party secretary in the 1980s and son of a former cadre. In our example above, he sets up an outside company and simply transfers the land-use rights of the *dānwèi*-owned land to developers in the secondary property market for a large profit (Ma & Wu 2005: 172). Uncle Tang says, if he were not a cadre, he would be unable to make outside investments or engage in outside business or qualify to borrow from the local government or the local banks. He reaffirms the opinions of many that cadres today have more advantages than ever before, especially in Guangdong province where already-ambiguous local policies or regulations are more laxly enforced to regulate relationships between cadres and entrepreneurs.

Many entrepreneurs have set up local Chambers of Commerce as an institutionalised way to assure and enhance self-sufficiency and to seek to formalise relations with the state (Cheng *et al.* 2000: 70). This then accounts for the heavy schedule of formal annual meetings, publication sponsorships and exchange of information that goes on in most Chambers of Commerce in Guangdong. Many private entrepreneurs and professionals are eager to set up or join work-related institutions because good relations with the state stimulate improvements in their moneymaking potential. There is a feeling of vulnerability to political shocks among the new middle class after the vicissitudes of the 1989 Tiananmen emergency. The numbers of private enterprises in China fell sharply following that event (and after the Asian and

global economic crises of 2003 and 2008). The Chinese new middle class is more concerned about consistency of official policies for the private sector and seeks whatever few political means are at hand to protect and advance commercial or social interests. This explains the eagerness of many entrepreneurs and professionals to join business associations and meet cadres, since officials exercise substantive power over commercial destinies. Professionals and entrepreneurs therefore prefer to wear the 'red hat' of a party member. They build or strengthen channels of communication for expressing concerns.

What is absent is a well-functioning system of courts to regulate relations. Most of my respondents stated that they have never used the national or provincial court systems to enforce contracts or solve problems. The Chinese court system is in fact quite rudimentary, and officers of the court are amenable to corruption and influence-peddling because their job positions are low down in the government hierarchy and their educational backgrounds quite basic. Courts are also seriously compromised from an operational point of view in having to enforce sometimes-contradictory statutes that are haphazardly enacted by several different conflicting legislating bodies. Because courts are generally seen as ineffectual and their officers corruptible, the partiality of the new middle class to use gifts is perhaps a more efficient and effectual problem-solving technique. Personal ties to officials in government departments that supervise their areas of business activities can prevent administrative harassment. Gifts and favours to cadres in the police force can forestall investigations.

### **Limits of *guānxi* networks for the younger generation**

*Guānxi* networks have become the main mechanism to do businesses. The younger generation thinks that jobs are hard to come by and harder to hold down. They try to solidify their footing in society by acquiring very high levels of cultural capital (education) and also political capital. However, they also seem to find that social capital is slowly diminishing in value for getting jobs.

Uncle Leung deeply understands the importance of cultural capital. He earned his MA through part time mode.

“Now, education is an important threshold for your admission to any government institutions. Lack of educational qualification means no guarantee for a promising career prospect. Pursuing further studies is the critical factor for a successful career prospect in today’s China [He did his MA through part time mode]. Now we need written test for recruiting regional cadre. That means more considerations will be given to your ability and skills, but less importance is attached to your interpersonal network.” (Uncle Leung, 48, cadre)

The younger generation need to be more independent than the older generation in their career, in that it has unprecedented autonomy in employment matters. The ‘iron rice bowl’ system that operated in the old days of state planning came to an end when the labour market became more market-led since the 1990s (Sheng & Settles 2006). Occupational mobility became more common and job security reduced. The country no longer operates on the socialist package of lifelong employment, automatic job assignments, fixed salaries, housing, healthcare, retirement benefits, ration coupons and so on (Hoffman 2006a).

*Guānxi* is important in jobhunting but it is not for the younger generation the magic wand (Guthrie 1998). There are two debates about the importance of



*guānxi*. One version is that *guānxi* is becoming less significant in the hiring process in the sense that employers in China today are putting more weight on merit-based hiring policies. Recruiters are increasingly using more formal, standardised and transparent recruitment procedures. Recruiters are increasingly able to design procedures that safeguard the integrity of the hiring process.

One entrepreneur from a multinational enterprise says roughly the same thing:

“We got the accountant and administration officer posts in our company. I’ve been invited to dinner by different kinds of people in order to entice me to give offers to their sons or daughters. There are many candidates applying for the posts. Finally, I gave the offer to the brightest candidates who are proficient in both English and Chinese and have good analytical and logical skills. I rejected some candidates who tried to bribe me since they don’t perform well in the written test and interviews. I think performance on the written test, group interview and individual interview is much important but at least a bachelor degree is must. *Guānxi* network is important but it’s not the magic wand at all.”  
**(Uncle Jimmy, 49, entrepreneur)**

Today, job interviews often involve a variety of writing and aptitude tests plus one-on-one and group interviews. Many of the third and fourth generations of the Chinese new middle class express the same storyline that this interviewee recounts. Kong, a programmer in one multinational enterprise, he says,

“Though my parents know some cadres, they couldn’t help me find a good position in foreign enterprise companies. I am not competitive enough to speak fluent English and I don’t have a good ground in English. Then, I had to take courses to improve my oral English. Then I had sent out more than 1,000 application letters to aim for a trainee post in some multinational enterprises. From the outset, I didn’t receive news from my applications. It takes me more than half a year to have the first written test. A standardised and strict recruitment process had been done. Finally I got the job after being shortlisted for different kinds of interviews, both individual and group interviews.” **(Kong, 30, professional)**

The other version of the importance of *guānxi* is that it still plays an influential role for jobhunting. Jiang, a professional, updates me on the new development of *guānxi* networks in China. He says,

“Education is an entry ticket only, but the most important is *guānxi* network. It seems that everyone has a bachelor degree now. Someone get well-paid job from the state enterprises or national enterprises without any interview or they have assigned one candidate but they still asked you to go to interview....”  
**(Jiang, 31, professional)**

*Guānxi* sometimes is important only when the legal system related to the labour market is weak or non-existent. Many of the Chinese new middle class accept *guānxi* ethics and apply them consciously or unconsciously in interactions with others. This is because *guānxi* ethics arise from internalisation processes, such as from socialisation in the family unit and throughout the life course of the individual. Therefore, *guānxi* building and rebuilding becomes a habitus for most Chinese people (Huang 2008). It is clear that education is of paramount importance or at least it is an entry ticket in today’s China. But at the same time, social capital or other relevant capitals pointed to Chapters 1-2 are still important for job hunting and securing career development for the younger generation.

### **Summary**

In ‘socialism with Chinese characteristics,’ national as well as local official policies are unclear or even non-existent. The lack of clarity gives rise to some degree of decentralisation and regionalism in urban China. Incompleteness and fuzziness of institutional policies results in unique development and features of the new middle class, and this facilitates its collaborations within and outside its class boundary.

The ambiguity of reforms or restructurings in the land, property and *dānwèi* segments is still important to the Chinese new middle class because it provides its manoeuvring room in the market. Some state-owned enterprises had closed down or even transferred to private or multinational enterprises, and many cadres have used their positions as insiders to become wealthy (Chen 2003: 54, Roberts 1999, Anderson & Lee 2008). Agents of state-owned enterprises take more responsibility for making decisions for loans and land sales by negotiations than by tender. A reciprocal relationship becomes established among cadres, professionals and entrepreneurs. The ambiguous property rights are to the advantage of local growth coalitions and at the expense of the land revenue income of the central government. Cadres are clear beneficiaries (Zhu 2005: 1377) and become the leading targets for collaborations with professionals and entrepreneurs.

There are still some professionals and entrepreneurs who do not want to rely on *guānxi* networks. They prefer to rely on their credentials to find jobs by themselves or through headhunters. However, they also need connections to form special business, entertainment establishment and shopping centres. They get close connections through the channel of Chamber of Commerce and lychee orchard or others. While the importance of business principles and credentials also helps to accomplish things and reliance on *guānxi* is no longer sufficient by itself, the latter remains important. The unsystematic nature of most institutional structures in China today, and in the foreseeable future, simply encourages *guānxi* networks to fill the gap.

In the next chapter (Chapter 7) will explicate more details about the identity of

the Chinese new middle class and its political development. The Chinese new middle class are in the vanguard of consumption, but they are not the vanguard in democratic advocacy.

## Chapter 7

### Class formation and political development

“There is no hope for Chinese politics. What is the meaning of *mín zhǔ* [民主 democracy]? The citizen is *mín* (民 people) and the state is *zhǔ* [主 master]. We need to obey in the footsteps of the state. I took part in the June Fourth movement when I was a university student. We couldn't say the June Fourth incident was a massacre—otherwise we'd expect to spend the rest of our lie lives in gaol. It is extremely useless to advocate and democracy. If there is the promise from Chinese government to promote democracy, they are telling lies and the reality will never come true.”

(Uncle Yang, 40, professional)

WHAT ROLES OR EFFECTS DO economic reforms and globalisation have in the process of deconstructing political hierarchies in Chinese society today? My study finds that there are distinctive differences between the younger and the older generations in term of class culture. The younger generations are individualistic, materialistic and moneymaking in attitude, while moving away from traditional cultural values like frugality, modesty, self-restraint and upkeep of family reputation (Hui 1988, Faure 2008: 475). The older generations are tending to be more collective in terms of personalised networks, but their distinctive solidarity is far from being a form of class consciousness, as normally understood. There are some similarities shared by both the younger generations and older generations. The fact that my interviewees, by and large, do not recognise themselves as members of the Chinese new middle class (or any other kind of middle class) speaks volumes of that self-image and cultural identity still in flux.

One major reason right now is the Chinese new middle class has no channel to express political sentiments and has no desire to pursue political democracy (Diamond 1999, Burnell 2006, Putnam 1993, 2000, 2002). Their advantages

seem strongly tied to those of cadres and they have always been the main beneficiaries of economic reforms. The non-confrontational policy of the new middle class *vis à vis* the party-state indicates that any radical change in civil society or in governance in China has not even progressed beyond a minimal level yet (Goetze 2008, Ma 2006: 208, Pye 1999 & 2001). There is no observable sign that the Chinese government is anywhere near moving in the direction of greater political liberalisation or the emergence of a civil society (Lu 2001, Hooghe & Dietlind 2003) notwithstanding the emergence of the Chinese new middle class.

### **Reconceptualising the Chinese new middle class culture**

It cannot be said that the Chinese new middle class will act in a way resembling the middle classes of the West in the near future. It is not a pillar of society to advocate social and political change in China. The regime discourages and suppresses challenges to its rule from any quarter as well as expressions of political opinion. The Chinese new middle class is not, and does not see itself, as the vanguard for democratic advocacy. Whatever the Chinese new middle class might or might not be, it is a strong supporter of ‘socialism with Chinese characteristics’ and therefore an ally of the government.

All this explains why the Chinese new middle class is unable to form a uniquely ‘new middle class’ political culture. As China still lacks a progressive middle-class element in its social stratification, the question here is how the future of that new middle class will evolve and whether it will produce a middle-class political culture of the kind associated with the middle class in western societies. Ever-widening income disparities, the waning capacity of the

state to redistribute income fairly among its population and the inability of social institutions to deliver timely and equitable public services all raise serious issues, but, on the basis of the attitudes of those interviewed in this study, the new middle class is hardly the agency likely to address them.

The weak degree of class awareness and class-based socialisation means that the Chinese new middle class are less prominent in Chinese society than is the middle class in Western societies.

### **The middle class culture of the older generation**

The older generation have shown strong collective sentiments, but their collective identity is in terms of personalised networks rather than what might properly be thought of as a *class* consciousness. They are strongly oriented in terms of their collective experiences, but they are generally flexible (at least not static) in their ways, as social, business and other conditions around keep changing in the post-reform era. Some have acquired additional marketable skills in order to maximise their personal and organisational competitiveness.

The older generation are quite cautious about the future. The sense of uncertainty and anxiety about the status of Chinese new middle class is found in the older generation. They don't have higher cultural capital, and they think that if processes are institutionalized they will have little room for manoeuvre. They are quite anxious about their future.

“I cannot imagine if my factory collapses or gets bankrupt. I don't have higher educational level and marketable skills, what can I do? Most of the jobs require master degree, I only finished senior high school and I only know how to do infrastructure. Can I become an employee? I don't think so.....” (**Uncle Henry, 50, entrepreneur**)

The comparatively wealthy older generation in fact show the greatest extent of anxiety. They claimed their businesses are potentially an anachronism. They do not have the business acumen to try another new business in a globalizing China if their factories are forced to shutdown. They don't know how to invest in the newly-developed industries like IT, shares, funds and investment business. They don't have any marketable skills and foresight in accordance to the social change in society. They are winners and generated profits by relying on a cheap workforce, and favourable tax concession since the early 1990s. Self interest dictates a cautious attitude toward the future and a reliance on the Government to maintain the conditions for their continued success. Greater economic liberalisation, and further changes in the wake of globalisation, is among their fears, and, in so far as political liberalisation and economic liberalisation are perceived to go hand in hand, the older generation is no advocate of the former. In its approach to the risks that the future may bring it is defensive.

Today, the Chinese invest in a diverse range of financial products at home and abroad. Real estate is a major investment area for the older new middle class, despite its having endured a long history of market downturns. It is very common to find the older generation investing in as many as eight shop premises for the sole purpose of earning profits on appreciating property values.

“I know only how to do garment manufacture. I buy some properties because I am scared. I don't want to be poor again. It wasn't any fun to be poor. I need to rely on my former colleagues [cadres] and former classmates to have some new developments if my factory closes someday.” (**Uncle Chris, 49, entrepreneur**)

The central government started to implement macroeconomic regulatory measures around 1993 to control the continual overheating of the property



market. Before then, many of the Chinese new middle class bought property at high prices, and when the property bubble burst, many suffered huge losses or had their investments wiped out.

“Most of our types were poor before. We’re now rich, but no one can guarantee you won’t become poor in future. I’ve lost money in the stock markets in the 1990s and now I’m more than cautious in managing my wealth and finances. The disaster of financial tsunami doesn’t directly affect only me, but it affects the whole family. I’m not young anymore. Luck won’t always be with me. I have to be conservative and prudent in managing my finances.”  
**(Uncle Victor, 50, entrepreneur)**

Some of them never recovered from the property or share market fiasco in 2005-2006. Those who did survive the mess became extremely cautious about matters in general—a fear that ranks only second place to a primal fear of returning to a life of poverty from whence they came. Therefore, the older new middle class cadres and entrepreneurs in particular, are marked by a very cautious mentality towards investment matters in general, but especially about securities, bonds, insurance, mortgages and other financial instruments. The objective is to multiply the wherewithal for their retirement years and preserve money and asset value for future generations. Their orientation to the future is concerned with personal security and the most important experiences governing their attitudes lie in the past.

### **The middle class culture of the younger generation**

The younger generations show class identity in individualised, mobile ways rather than in collective ways (Mendez 2008). For want of a better description in today’s China, the younger generations show characteristics of a ‘post-communist personality’ (Wang 2002, Faure 2008: 476). That personality is

apt to be individualistic and materialistic and moneymaking in attitude (Ting & Chiu 2000, Ting *et al.* 1998, Sun 2004), while moving away from traditional cultural values like frugality, modesty, self-restraint and upkeeping of family reputation (Faure 2008: 475). Although family reputation and personal social status may be important enough, they are inadequate on their own within the materialistic orientation of the personality so a moneyminded attitude takes more prominence. To prevent any possible demotion along the social strata, the Chinese new middle class resorts to 'extensive investment in' its social station and way of life.

Generally speaking, the younger generation are good consumer targets for a wide range of retailers and service providers in China because of their relatively high purchasing power relative to the rest of the population. The consumption patterns of the younger generation of the class tend to be on a pleasure-seeking principle, fed by a growing need to be seen as modern and up to date with the world outside China (Wang 2002, Faure 2008: 476). High purchasing power and pleasure-seeking consumption needs mean that there is a rising trend for the younger Chinese new middle class to buy real estate, invest in various financial instruments and gambling. They usually have mortgages and enjoy their lifestyles, rather than seeking an active role in politics. Indeed, the shift from production-oriented state-centred socialism to market-centred reforms is directed a developing China as a consumer economy. In this way, the younger generation is at the vanguard of consumer society, but that consumerism replaces political ambitions. They do not seek to be cadres (except where it might be a personal advantage), but they have not developed a different kind of political sensibility oriented to extending economic reforms into the political area.

The younger generation, as I have explained in Chapter 5, need to work hard to maintain their competitive power. There is a kind of circularity to their life: work hard for needs, show off superiority to others, and then work hard again to sustain that superiority. In time, they seem to develop a sense of and also an anxiety about the origins and destinations of their lives. Ironically, they also develop an almost outright adherence to sensual pleasures, a need for excitement and sensationalism from all-night outs. Night after night, they congregate around town after a hard day of work.

“Personally, I think I was indeed ‘poisoned’ unconsciously. I was born in a competitive society in China and I learned that the result of a task is much more essential than the process. For majority of the society, money comes along with a nice job. The diploma of a famous university, certifications and awards of competition are somewhat the boss of enterprises concern. The boss [in China] will consider whether you graduate from a famous university or got high GPA or not. I studied very hard for my undergraduate and master degrees with higher GPA. Now I have my job but it is not very stable. I usually go shopping twice per week. No one will see the effort you paid and pressure you suffered. That is indeed a vicious circle and I am sick of this sort of livelihood.....I don’t think we can do anything to improve this vicious circle...”  
**(Melody, 28, professional)**

The other interviewees pinpointed the contract-based nature of employment as the other reason to explain why the younger generations practice lavish consumption. The so called brand-named university and brand-named company are ingrained in the younger generations. This phenomenon makes people nowadays more utilitarian and pragmatic. They think that grades represent everything and employers only focus on their results and grades.

“The contract-based nature for my job makes me insecure. I always work for an unknown future. I was forced to work hard to enter to the brand-named primary school, secondary school and university. Now I need to work in a not too bad company so that I can maintain a good quality of life to feed my parents or even my grandparents. The society won’t pay much attention on the

process and endeavour they are somehow neglected. Then, even if I don't like my job, but with good prestige for my parents to show off in front of our relatives. This explains why I always have my crazy shopping of brand names.” (**Ivy, 26, professional**)

Society rapidly changes and most of the younger generation feel powerless and desperate to control their future. The contract-based job gives them a sense of insecurity (Liu 2008). Most of the younger generation have well-organized plans, but unconsciously feel that they cannot control their future. The market in China is burgeoning and soaring, it is impossible for them to have such a frugal life and they will spend lavishly as a means to reduce their stress and get rid of uncertainty.

As argued in Chapter 4, the younger generation knows that today's China is potentially moving to be more institutionalized and formalized. Initially laws and political policies allowed for a relatively more permissive or depoliticised enforcement of the *hùkǒu* and *dānwèi* systems. The reforms made it possible for the country to operate in a more deregulated mode and the younger generation perceive this to be changing. Dan, a PhD holder, informed me that it is very difficult to get a full-time teaching post though he wants to work in China. Currently, he can only find a part time job in one university in China. He says,

“Four and five years ago, if you graduate from abroad, no matter from Hong Kong or afar (the UK or the USA), your salary will be triple than the local Chinese. But now, all the academia has been saturated, I cannot get a full time teaching post in China after many failed attempts for job hunt. There are many PhD holders who study from the USA and the UK. They huge and enormous quantities make my PhD is futile..... Now I only get a part time job. I feel lost and have many uncertainties in my future...” (**Dan, 29, professional**)

Higher external competition and the ever-growing competitive nature of modern Chinese life meant that social connections and the ability to use social networks

for non-political purposes are both less effective and perceived to be of great significance. Fai informed me that he belongs to the so-called post 80 generation group (was born after 1980s). In China this group is well-planned, flexible to change, individualistic, ambitious and aspiring in their career planning. He reasonably cares about his future, therefore, he is reasonably stressed. The post 80 generation groups need to be well-equipped themselves to face the challenges, both from their careers and political development in the future. He says,

“I need to be tough and independent. I got used to this sort of livelihood when I was a customer officer two years ago. The job market is daunting in today’s China. This explains why I want to be a boss [author’s clarification. He resigned after working 2 years at one Service Company and becomes entrepreneur since 2006]. Most of the university students can only live in a container house (tiny house like a container (*wōjū* 蜗居, *huòguìwū* 货柜屋<sup>32</sup>)) in Guangdong. Although they get a job, their low-paid salaries cannot maintain their living standard here [Guangdong]. This is extremely hard to get a post in today’s China. For myself, I need to have mortgage every month. I don’t dare to have children yet. All make me stressed and unsecured.” (Fai, 28, entrepreneur)

Fai’s conversation reasonably explains how the younger generation put great emphasis on the self and one’s ‘interior’ life (Faure 2008: 476): on the individual level there is actual effort to enhance personal development and achievement. In other words, members of the younger generations think only on a personal interest level rather than on a higher level of contributing personal successes back to general society.

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<sup>32</sup> *wōjū* (蜗居) or *huòguìwū* (货柜屋). It means the tiny house like a container. This is a very popular phenomenon in Guangdong. Most of the university graduates hardly get a job, but once they get the job which is low-paid. It is very difficult for them to maintain high living standard in Guangdong. They rent the house called container house which costs around RMB¥6 per day. Details refer to <http://www.cna.com.tw> <大陸底層工蟻抗漲深圳打工族「蜗居」> 18 March 2010. Retrieved 21 April 2010.

### **A Chinese middle-class culture in the making?**

The transition to a market economy has allowed a Chinese new middle class to emerge but it has yet to develop its own identity as a politically significant group. For the younger generation, their very consumption orientation seems to be an obstacle to such an identity being formed. At least part of the problem is that many respondents compared themselves to what they supposed (unrealistically) were the lifestyles and circumstances of their counterparts in Western societies. Mary is a twenty-five-year-old Guangzhou native who works for an advertising agency. She is overseas educated at a renowned tertiary institution and holds a master's degree from the United Kingdom. She makes around RMB¥100,000 (US\$14,631 or £10,004) a year, owns an eighty-square-metre flat and an imported car, and is artistically accomplished.

“All my salary will be gone to pay for my mortgage (flat and car). The mortgage period lasts for more than 10 years. Holiday is a luxury to me. But anyway, I relax myself whenever I can. The name of middle class is something high sounding but nothing for me [*zhōngchǎn, duō hǎotīng de míngzì* 中产，多好听的名字]. If I only get the name, but I don't have the real lifestyles like the western one, I don't want to exploit the name of the middle class.” (Mary, 25, professional)

Mary is handsomely paid in her work by most mainland Chinese standards and her parents enjoy high social prestige. However, high income is not necessarily equated with the kind of life that she believes similarly highly paid individuals have in the West. Like most people of the Chinese new middle class, pace of life for Mary is hectic and intense, with very large daily costs. To upkeep her high quality of lifestyle, she perceives herself as having to work harder and harder all the time.

Some members of the older generation make similar statements. Uncle Man is a professional and cadre, and Chinese new middle class identity seems too abstract to him. He says,

“Do I belong to the Chinese new middle class? I doubt it. I can’t afford to buy a [residential] unit or a flat with my savings so far. I bought a house of about 80 square metres and that cost me about RMB¥800,000 [US\$117,154 or £80,938]. I need to mortgage it for thirty years. Now I have my own flat and car, but I find myself in heavy debt.....” (**Uncle Man, 40, professional and cadre**)

Of course, a mortgage is the typical pattern of the emerging culture of the Chinese new middle class shared with the western middle class. Equally, many members of the Western middle class regard themselves to be ‘time poor’. Many of the Chinese new middle class grumble about their stressful life and always being under great pressure. That China today is deficient in not having a comprehensive social-welfare policy accounts for quite a lot about the lack of leisure time or leisure activities for most people; many individuals are concerned about raising sufficient resources to secure their future in old age and possible ill health.

Lamont (1992) finds that the American middle class is far less willing than the French are to establish class boundaries on the basis of cultural factors such as taste. The Americans prefer to establish moral boundaries instead. By contrast, the cultural and moral boundaries of the Chinese new middle class are different from either the Americans or the French because it has yet to develop anything concrete in this respect (Mendez 2008). In Guangdong, most of its cities are in the early stages of adopting global forms of cultural appreciation and sophistication (Tsui *et al.* 2006: 666). Cultural activities for the Chinese new middle class are still in flux and still indistinct. When I conducted my fieldwork

in Guangdong, it was noted that the Chinese new middle class [except some intellectuals] as a whole rarely visit bookshops, libraries, museums or art galleries. I can suggest that the transition of China to a market economy shows a weakening of traditional Chinese and socialist culture without replacing it with anything distinctive (Jim & Chen 2009).

It appears from my interviews that the Chinese new middle class is still developing its moral boundaries. Ethics are weakly developed in China at present and that is largely caused by the weak development of civic education there. The rigid educational curriculum and syllabus make the Chinese new middle class themselves say there is room for improvement in moral development. They do not share any common imagery of the middle classes in advanced capitalist societies such as a stable lifestyle, mainstream values and active political participation (Bian 2002b: 297-298, Wright 1997: 23-26). Also absent are a developed middle-class identity value system (So 2001, 2003) and an internal political motivation to encourage the rise of a civil society (Pearson 1997).

The Chinese new middle class is still very unsure of its identity within the middle-income bracket. Strongly individualised endeavours as opposed to collectivistic efforts typify the social behaviours of the middle-income bracket (Wang X. 2008). However, some of the professionals believe that the role of the Chinese new middle class, like those in Western countries, should have the initiative and motivation to pursue democracy and freedom, human rights and civil society (Fewsmith 2007).

“.....I don't have any sense of cultural superiority to be the Chinese new middle class. I question that the Chinese new



middle class must have its own political advocacy, enjoying a distinct and unique social status and prestige. But I don't think we've got these functions and we still want to keep the status quo. We don't want to provoke any riots, protests or demonstrations to betray China....." (**Uncle Yang, 40, professional**)

Ken concurs with Uncle Yang. He believed that the Chinese new middle class is an integral part of a society of high stability, which might lapse into a state of chaos if there's no such social class.

"I don't have any feeling becoming the members of middle class in China. But I don't think that I am so powerful that we could keep the balance between the poor and the rich. Also, middle class are not capable of maintaining a stable political system in today's China. Middle class means nothing to me except I want to show off in front of my client....." (**Ken, 30, entrepreneur**)

Paradoxically, the Chinese new middle class is somehow quite self-conscious of its class identity even while that class identity is still quite fragmented in nature. Even so, the individuals who make up that class do indeed make a special point of distinguishing themselves from the rest of society—especially in terms of higher living standards and education (Brown 2003, Cao 2001, Chen 2006).

### **Debate on Chinese political development**

Up to now I have suggested that the Chinese new middle class is generally unable to contribute anything constructive to the political development of the country. It has almost no room to raise political democratisation under the current political arrangement of the country.

However, since the time China joined the WTO, the Party has gradually been repositioning itself as responsive to social demands instead of just shaping the social arena. This trend to reposition basically started around 1989 in the aftermath of the Tiananmen emergency. Broadly speaking, the voices for and

against political progress are manifold and conflicting. Cadres generally think China is heading in new political directions. Professionals and entrepreneurs are conservative and realistic about political progress. It seems that all groups accept the determining role of the Party and that cadres, professionals and entrepreneurs alike adapt to it, while cadres are required to be more positive in their endorsement.

Cadres follow rules set for them by the party and state. They cannot express anything that diverges from the party line and that is to be expected of party bureaucrats anywhere in the world. Yet, cadres are the most optimistic group about political developments in China. The majority of my cadre interviewees [9 out of 11] indicate that they are passionate public servants.

Why do cadres regardless of age admire the party and the glories of the People's Republic so much in their daily life? Like most other people in the country, cadres receive a fair dose of political indoctrination through their schooling in formative years. Most mainland Chinese history schoolbooks are replete with tales of the Eighth Route Army, that it was an army of, and for, justice for the common masses in the Sino-Japanese War and the Chinese Civil War, and the glorious achievements of Chairman Mao and other revolutionary heroes. It is quite easy to appreciate that the more politically disciplined individuals like cadres would tow the party line. Indoctrination becomes internalised and reinforced by key socialising agents in everyday life.

“The Communist Party I work for is the most democratic party in the world. China is improving in political development. I personally think that is pretty much enough for Chinese political development.” (**Uncle Hui, 60, cadre**)

The reality is that China has none of the human resources that allow it to

fast-track political developments in ways that Western countries did (2009). Jacques (2009) pinpointed that whether China is a developed or developing country “is a matter of fine print, depending on which side of the definition you want to define yourself with.” In fact, the physical standards of much of the infrastructure in China surpass that of many developed countries. The quality of the financial stimulus package that Beijing carried out in 2009 to save the national economy was better designed and better implemented than the one put out by Washington for the American economy (Bloomberg News 2009). In politics and human rights, China has some way to go (TVB Pearl News 2009).

Most of our entrepreneur and professional interviewees believe that political developments currently in China will see no major change anytime soon. The confused state of regulations mean that it becomes quite normal for a cadre to accept *laissez* money and gifts from citizens as part of official duties (Liu 1983). Indeed, our entrepreneurs [25 out of 31] and professionals [8 out of 11] are of the opinion that the Chinese bureaucracy is rife with nepotism, favouritism and corruption (Liu 1983). They see that the Chinese leadership has never claimed the country is actually carrying out different forms of capitalist activities, so in effect it is unwilling to legitimise capitalism in the country (Zheng 2004: 65). The party at an abstract level retains a prestige that is denied in terms of local implementation of its policies, but the new middle class is able to negotiate those local difficulties and secure advantages for itself in the process.

Many of our entrepreneurs and professionals see that the party-state still tends to be heavy-handed on the citizenry. Probably the best example is the violent ending of the 1989 student movement (Tiananmen Incident). Since then, there

have been open elections in some select provinces but only at the village level. The government still subdues separatist movements among ethnic minorities of the country. It performs censorship of the mass media and restricts Internet access. It is active in the management and monitoring of the educational sector. In all fairness, though, the Chinese government has also relaxed its control over the economy for the sake of general wealth-building of the nation, and this has allowed many people at all levels to have a chance at prosperity. China is still taking baby steps on the road to democratisation driven by a value change-induced legitimacy crisis (Zheng 2003). However, the legitimacy crisis is primarily internal to the Party in terms of its need to recruit and reproduce senior cadres, rather than between the Party and the emergent new middle class outside it. The dependence of entrepreneurs and professionals upon facilitation by local cadres keeps them tied to a system that secures their economic advantages. As long as the latter is secured, the new middle class appears happy to be de-politicised.

Cadres and their work are largely unregulated and unsupervised. Corruption and unlawful activities among officials are fairly widespread, but the central government has carried out countermeasures. Scandals and corruption of cadres often compromise the administrative and legal systems. No institutional organisation exists to monitor the integrity and alliances of cadres. No direct elections are held for the heads of towns and townships. Indeed, there is no such thing as an 'accountability system of principal officers' in China. This is the overwhelming consensus of opinion of the interviewees found by this study. They see there is much room for improvement on an everyday level that does not necessarily challenge the government in the mildest way.

For most members of the Chinese new middle class, the topic of human rights is a taboo. Most of them are more content to talk about current economic trends and how they can make money. The more widely read and intellectual members of the new middle class (like college professors) are guarded in speaking their minds on political reforms (Zweig & Chen 2007). In China, sometimes you pay with your life if you speak your mind, as exemplified by the PRC v. Ching Cheong 程翔 (2005) case<sup>33</sup>. However, those at risk do not belong to the particular categories of the new middle class that were the object of my study.

Indeed, they want nothing like the Hong Kong model of governance because that is so well organised that there are practically no exploitable loopholes. Zheng (2004) found that, after the strict measures of discipline after the 1989 student protests, the leadership deliberately constructed an interest-based social order for the country. This order had brought much stability and rapid development. People from all walks of life turned their main attention to the private economic arena when political passions were transformed into economic ones (Zheng 2004: 82). The result was political indifference. They prefer the status quo.

“I can safely say that the road to democracy in China is hopeless after I made unflinching attempts to participate in the June Fourth incident when I was a university student twenty years ago. I don’t want to improve the current tense situation and difference curbing the understanding of each Chinese. I only want to maintain status quo after the unflinching attempts to fight for democracy twenty years ago. To me, change may mean a challenge than an opportunity to my life.” (**Uncle Yang, 40, professional**)

“I wrote something to express my opinion about the June Fourth incident. I expressed my concern that the central government

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<sup>33</sup> Ching Cheong was a China-based journalist for The Straits Times of Singapore. In 2005, he was arrested in Guangzhou and held almost incommunicado for several years for reporting on ‘state secrets.’ He was released in 2007 on health reasons and with the help of the Hong Kong SAR government. See casenotes in Appendix 4 for details.

should stop censoring some websites in China. As people knew more about the facts of the June Fourth incident, then the Chinese could judge the nature of the event. This article appeared on my university homepage. When I was studying my undergraduate degree in Hong Kong in 1999, I got an ‘invitation’ from the China Liaison Office [Zhōngliánbàn 中联办. It is the organ of the PRC and its base is in Hong Kong. It is responsible for People’s Liberation Army Hong Kong Garrison and the Office of the Commission of the Foreign Ministry in Hong Kong. It is also responsible for liaisons with Chinese companies in Hong Kong]. I almost freaked out because I was now probably seen as an anti-communist. I couldn’t help picturing the awful consequences for my future. I blamed myself, too, for probably involving my family. At that time, I was all nervous and upset, and I told myself I shouldn’t do that kind of stupid thing again.”  
**(Ken, 30, entrepreneur)**

“Even we want to improve political freedom and democracy in China, the existing polices and system does not allow us to do. We see the truth that all activists advocate democracy and justice in China, all of them failed. They either put in the jail or lose their freedom. Who can against the CCP, we can only work for the CCP.” **(Uncle Lam, 40, entrepreneur)**

The excerpts (above) help explain why the Chinese new middle class in my study is less sensitive to politics as middle-class people in other countries are. The overall surveillance has become tighter since the Tiananmen events of 1989, and now extended from traditional media to the Internet. Under the current political set-up, our professionals cannot see themselves as having any influences on the decisions of the country, although many of them are in fact active party members. My interviews reveal that many of my respondents have foreign passports. While they live and work in China, their children live abroad. Many hold overseas bank accounts in their own names as well as in those of their children and relatives. They are well-prepared in case something drastically wrong occurs in China.

Capitalism has certain peculiarities in China. Tsai (2007) points out that

socialism with Chinese characteristics has become a structural constraint for democracy to develop—capitalism without democracy. Gallagher (2005) describes the situation in China as ‘contagious capitalism.’ If there is no legitimacy crisis, there is no democratisation in China (Welzel 2006). Many people (including the Chinese new middle class) will not advocate anything radically different from the status quo for fear of arrest by the authorities.

Indeed, quite a number of political or ideological reforms that took place in China even with the blessings of the government never actually took off. Such as was the case, public attention simply turned to economic matters, especially after 1989.

“This is no hope for Chinese politics. What is the meaning of *mín zhǔ* [民主 democracy]? The citizen is *mín* [民 people] and the state is *zhǔ* [主 master]. We need to obey in the footsteps of the state. I took part in the June Fourth movement when I was a university student. We couldn’t say the June Fourth incident was a massacre—otherwise we’d expect to spend the rest of our lives in gaol. It is extremely useless to advocate and democracy. If there is the promise from Chinese government to promote democracy, they are telling lies and the reality will never come true.” (**Uncle Yang, 40, professional**)

“I appreciated Zhū Róngjī<sup>34</sup>. He was so capable of getting rid of part of the corrupted official or syndicates in China. But we don’t have too many Zhū Róngjī in China, regrettably. Right? There are too many corrupted officers in our country. How to completely get rid of them? Only one Zhū Róngjī is not adequate enough.” (**Peter, 34, entrepreneur**)

For over twenty years, the Tiananmen shootings have been a no-talk zone for discussions about democracy in China (Zheng 2003). There is a noticeable pattern of ‘don’t tell, don’t ask’ about the event at all echelons of state organs as

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<sup>34</sup> Zhū Róngjī (朱镕基) became the vice-premier of the State Council in 1993-1998. Then, he was promoted to the fifth Premier of the People's Republic of China from March 1998 to March

well as in general society in China. The authorities divulge no details, admit no wrongdoing and expunge any references to the event. In the public eye, the government exercises a wilful loss of memory. Behind closed doors, participants and survivors from the event are just now starting to be released from incarceration. Two interviewees offer their views:

“...I think there is no hope for democracy taking roots in China before I die. I have never received cases on human rights and political issues in Guangdong. It's very hard to say but politics is a very dark area in China. But China won't let things become transparent and totally unveil them.....” (**Uncle Man, 40, professional and cadre**)

“Some foreigners think that we have lost freedom. I know what the government did and what they are trying to hide from us. But we won't break this peaceful atmosphere. We won't go against the government unless the government gives us no space to live. One ruling party—it is hard to make any actual change. We can do nothing but we had better to make own advantages [in this globalising China]...But I think China could achieve more in political development [now].” (**Sung, 30, professional**)

By all standards of the West, the Chinese new middle class has not come of age yet insofar as politics is concerned. The fact of the matter is, the new middle class is largely apolitical and unconcerned with appeals for the government to improve human rights and freedom of speech since, to them, the cold reality of life in China is to maintain the status quo. The new middle class poses no challenge, political or otherwise, to any level of government.

Uncle Yuen's conversation (below) lively concludes the three presidents in the PRC. Most of the Chinese new middle class get the impression that Mao Zedong was an uncorrupted leader. He could maintain justice and integrity since he

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2003. Details see glossaries.



aimed at egalitarian society or even communist society, but in fact it proved to be a utopia. Deng Xiaoping had loose policies to deal with outrageous corruption in China though he led China to the road of prosperity. Jiang Zemin has no particular political and economic contributions but he only followed the footsteps of his predecessors. The major contribution for Jiang was to close down many state-owned enterprises since the 1990s. Hu's regime mainly focuses on economic development but little progress in politics. Hence, the Chinese new middle class reiterated that they need to maintain the status quo in politics.

“I don't know how to say Chinese politics at this moment.....but I am not optimistic. I think Chinese politics like this: Mao Zedong (1st President of the PRC) likes the sun who shines the brighter future in China [*Mao Zédōng xiàng tàiyáng zhàodào nàlǐ nàlǐ liàng* 毛泽东像太阳，照到那里那里亮]. Deng Xiaoping [2nd President of the PRC] like the moon, who makes the society more extravagant and corrupted, people always go to karaoke lounges [*Dèng Xiǎopíng xiàng yuè liàng, kǎ lā OK dào tiānliàng* 邓小平像月亮，卡拉ok到天亮]. Jiang Zemin [3rd President of the PRC] likes the star who makes many laid-off or redundant workers since 1990s [*Jiāng Zémín xiàng xīngxīng xiàgǎng gōng rén shù bùqīng* 江泽民像星星，下岗工人数不清]. How about Hujiantao? I have no more fantasies and hope in politics.....”  
(**Uncle Yuen 56, entrepreneur**)

Uncle Moss concurs with Uncle Yuen. He says,

“Mao Zedong advocated everyone need to be self-reliant. He also advocated the integrity in society. I remember one famous proverb like ‘*wǒyǒu yīshuāngshǒu; bùzài chéng lǐ chī xiánfàn* 我有一双手，不在城里吃闲饭’ [Literally, I have my own hands. I can work and don't want to wait for government subsidies. Everyone needs to work and find a job to make their own living]. We had a strong sense of integrity in Mao period. At Mao time, everyone even doesn't bother to bribe their supervisor to have free lunch. The society at that time was so poor but egalitarian, equal and justice. But the corruptions get worse when Deng [Xiaoping], Jiang [Zemin] and Hu [Jiantao] become the President in PRC.” (**Uncle Moss, 48, entrepreneur**)

Stockman (1992) says ‘the power of the Communist party-state is weakening’ in

its control over Chinese society during the reform era, while Nee (1989) suggests that the power of cadres is declining. Stockman's (1992) contention rests mainly on economic reasons: devolution of power to managers; encouragement of foreign investments over which the party has minimal control; declining capacity of the state to restrain corruption; the reduced capability of the state to extract financial resources in a market-led economy; the commercialisation of the state coercive apparatus; and the general rise in crime across the country. This does not quite seem to be the case in China today. In fact, less than 5% of the research sample indicates any remotest inclination to challenge the central or local authorities. Indeed, there is a desire for a stable, safe and secure life within the status quo in a booming economy and prosperity. A few intellectuals and professionals might go so far as to espouse ideas about freedom of expression and association, but, all in all, they are still comparatively more enthusiastic about enhancing their economic and occupational potential than about democratic pursuits (Li 2006). There is no loss of power of the Communist Party in modern Chinese society.

Bruce Dickson (2003: 134) seems to be closer to the mark: "the priority given to political stability is one of the strongest and most enduring features of the Chinese political culture, and seems to be shared by both state leaders and members of society." The leadership and the average person are unwilling (at least at present) to be advocates of radical political changes; instead they prefer incremental democratisation.

In the Chinese context, there is at least some logic to the argument that some kind of authoritarian rule is required to prevent massive chaos and disintegration

during periods of rapid economic growth (Li 2006). Bluntly speaking, prudent progress is difficult enough with the support and encouragement of the government, let alone dramatic progress. Democracy is a fearsome prospect for China. For the local party authorities, alignment with the rich has long been a reality: for instance, local governments typically take the side of capital in labour disputes. It is a hardly veiled symbiosis in which the business world provides much of government revenue through tax and employment and contributing to local economic development that is one of the key criteria for cadre promotion. In return, cadres offer tax breaks and government contracts or loans, often deriving from them not only career boosts but actual shares of private profit (Chen 2003: 58).

The Chinese new middle class wants to get rich and not meddle in politics. It tries to profit from the economic reforms of the country by cooperating with, not challenging, the government (Li 2003: 77). As that class is roundly seen to be the biggest winners of the economic reforms of the past thirty years, it desires the status quo and is very unlikely to speak or do anything that might jeopardise its position in society and its interests. Therefore the Chinese new middle class will be unlikely to be the communication bridge between powerless groups in society and the government.

### **Summary**

The Chinese new middle class is a small fraction of Chinese society. It forms only 12% of the Guangdong province and less than 7% of the national population of China (CASS 2007, Zhou 2005). The class is far tinier than is the middle class in Western countries. As such a very tiny community, the Chinese

new middle class does not have a well-formed recognition of its own self-image and cultural identity (Tomlinson 1990, 1999). The Chinese new middle class is a new concept and it takes time to establish the Chinese new middle class culture. Despite three decades' worth of economic reforms and economic growth of the country, the Chinese new middle class is still heavily geared to gain the maximum possible economic benefit from society. This causes a shift in focus away from politics and general social responsibility and towards educational qualifications to secure better careers (Fladrich 2006, Flew 2006, Hannum 2005). The result is that the Chinese new middle class as a whole has a low sense of obligation to contribute back to the social development of the country.

I could hazard a prediction that China will be an icon of capitalism under the official name of 'socialism with Chinese characteristics.' China will remain open and progressive economically but closed in political, cultural and ideological matters to the world. Political connections are not diminishing in significance as they are becoming more opaque. The problem of corruption and nepotism within *guānxi* networks are still dominant in the foreseeable future. The *guānxi* network is the formal institution in society for people to get help in most cases. Of course, it is also a fact that the Chinese new middle class is a flexible lot and its attitude may change with time. However, the most likely against of political democratisation lies with the Party itself and its expedient policies, or in social forces other than those represented by the new middle class. The latter are indeed 'laggrds in politics' and likely to remain so for the foreseeable future, and especially if Chinese consumer society retains its upward trend.

## Chapter 8

### Conclusion

THE PURPOSE OF THIS STUDY has been to apply a sociocultural perspective to the rise of the new middle class in post-reform China.

In Chapter 1, I argued that the established class theories or class analyses from the West address class as an economic formation and are not directly helpful to understand the transition from communism to capitalism evident in China. In many ways, China provides a new twist to the meaning of class. The transition seen in Chinese society diverges from Marx's trajectory of societal development. However, Weberian and neo-Weberian (John Goldthorpe) approaches can be applied to China more readily.

The Chinese new middle class brings together the concepts of class, status, party and political determinism in ways that allow us to think about the special nature of market situation that applies to 'socialism with Chinese characteristics.' At the same time, I suggested that Bourdieu's sociocultural approach is also applicable to China (Jacksons 2008, Robbins 2000, Webb *et al.* 2002), albeit the situation with the Chinese new middle class goes beyond taste, habitus and field in Bourdieu's French-centred work. In China, class positions are tied to economic, cultural, political and social capitals. All these capitals follow the mode of consumption that acts as a normative mechanism and also demarcates the tastes shared by the same group inside a relatively similar class boundary.

In Chapter 2, I developed this sociocultural approach further, applying it specifically to the nature of the transition undergone within China and the role of

residues from the state-centred period of Chinese economic development. This sociocultural approach contributes to the originality of this study (Ryan & Musiol 2008). There are not many studies in the literature about Chinese class dynamics, and almost none take a sociocultural line. Post-reform China is no longer solely reliant on production. Producing for consumption has become one of the more lucrative means of profitmaking (Fraser 2000), particularly when inflows of international capital into China are now ever more numerous today. These developments are working to start a new chapter in the cultural globalisation of China. The everyday social and cultural practices seen in China today exhibit the form of heterogeneity as opposed to homogeneity. Such a heterogeneity (or fragmentation, if you will) challenges the traditional concept of class. Class should now be included in the repertoire of sociocultural terminology because the case of China shows that lifestyles and consumption patterns function to define the class boundary of the Chinese new middle class.

In Chapter 3, I explored how to do research with the Chinese new middle class by using existing understandings of methodology within a Western context to guide the interpretation of qualitative data which is primarily based on in-depth structured interviews, participant observations and informal but in-depth conversations. Since it was the objective of this study to provide inside information on the Chinese new middle class, this study in effect becomes an insider research with Chinese characteristics (in keeping with a society of ‘socialism with Chinese characteristics’). Therefore, research ethics are particularly important in doing the research with the Chinese new middle class. Collecting qualitative data in the field reveals the need to consider some sociocultural practices when working as an ‘insider’ researcher. *Guānxi* social

networks and personal connections are keys to success when using in-depth interviews and other qualitative methods. Research ethics with the Chinese new middle class are important, especially for the cadres. This field study done in Guangdong province shows that both a cultural sociology approach and a qualitative methodology with high local specificity are required when investigating the lifestyles, consumption patterns, cultural identity and social networking of the Chinese new middle class.

In Chapter 4, I presented the older generation as largely pragmatic, politically apathetic, and conservative in personality and desiring of the status quo (as vested in the ambiguities and incompleteness of institutional changes and political reform in urban China). The older generation has often been seen as the biggest winner in post-reform China. Part of its ‘winnability’ is in being able to collaborate with others inside class boundaries. The fact that the old generation is able to exploit the system is in itself indicative of the resourcefulness to operate in transitional conditions. The sharing of past memories help the older generation to build up a sentiment (*gǎnqíng* 感情) of being in the same group (*zìjǐrén* 自己人 ‘our own people’). Gatherings and leisure activities act as important socialising agents for them to form class boundary and class admission within the same circle of ‘insideness’ and identity.

In discussing the ongoing consumer revolution in China and the emergence of the younger generation in post-socialist China, Chapter 5 demonstrated that the younger generation practises conspicuous consumption patterns owing to the fast pace of impacts brought on by globalisation forces and the ‘spaces’ of consumption in Guangdong. They are gradually moving toward late marriage,

independence, a lack of leisure time, and being individualized, egocentric, and westernized in their everyday life practice.

In Chapter 6, I presented different types of collaborations and utilisations of *guānxi* network within the middle class groupings of entrepreneurs, professionals and cadres. When the current economic reforms began a quarter of a century ago in China, everything was done through *guānxi* network. Sociologists such as Weber (1951), Faure (2008) and Shirk (1993: 346-350) argued that the transaction costs of finding a reliable party and negotiating a contract are extremely high in China where social capital (based on personal links, reciprocity, moral obligation and duty towards the community) remains highly significant. In economic activities, a shared insider identity can enhance trust among persons. This then results in reducing the cost of negotiating and enforcing contracts (Shirk 1984, 1993). The ‘insider categories’ (same group) within the new class boundary develop reciprocal relationship through the same tastes in lifestyles and consumerism (Sulkunen & Holmwood 1997).

A defective and deficient monitoring system of governance in China drives many professionals and entrepreneurs to put more weight on social connections with cadres and vice versa. Institutional structures conducive to the existence of *guānxi* networks are flourishing in China. Gifts and mutual reciprocities are culturally deep-rooted in Chinese society and are employed as pragmatic survival tactics to build interpersonal connections for defending or advancing economic interests. Altogether, they impede the progression of a civil society in China.

In Chapter 7, I argued there is no real and definite middle-class culture in China



yet. The younger generations are gradually more individualized, westernized, and independent. The older generation are more collective in nature. But they both show no strong class awareness and culture as the members of the Chinese new middle class. Instead, they both show a high degree of anxiety and uncertainty about the future. The political landscape is unlikely to change, even minimally given that, firstly the current regime provides for the best-possible climate to maximise profitmaking and maintain social stability. Secondly, the second is there is a substantive need to associate with government officials in fostering economic benefits. Thirdly, there is a need to cultivate *guānxi* network because mutual relationships are important in a society that is often described empirically as a 'low-trust society.' Finally the new middle class mostly prefers to maintain the status quo because it works to its own advantage.

The theoretical framework incorporates a spatial-temporal dimension to current Western-oriented approaches to debates on class analysis, consumption patterns and institutional changes in post-socialist China. Up to now, most research on class structure and formation has been based on Western European concepts originating within a classically conceived Western experience of modernity. This is because Europeans were the first to write about the development of modernity and, therefore, took their own experiences as 'normal' from which others provided 'deviant' cases.

For this reason, as I have set out at the start of this thesis, the classical Marxist point of view is conventionally the starting point for analyzing class formation. However, notwithstanding the role of Marxism in the ideological self-understanding of Chinese (socialist) modernity, Marxism provides a poor

resource for understanding a society in transition from state-centered socialist modernity to market-based modernity. The Chinese transition complicates the Marxist analysis by including a trajectory not recognised by Marx. Moreover, if market capitalism tends to be a class society, it is not a class society in the Marxist sense. I argued that Weberian and neo-Weberian approaches will provide a better fit, albeit by drawing on different aspects of the Weberian legacy than those normally utilised in Western sociology. It is not only that the Chinese Communist Party remains important in determining class relations, perhaps especially those within the new middle class given the continued significance of cadres and professional employment within the state sector, but also that significant political and cultural ‘formations’ remain from the state socialist era.

Thus, I have referred to how residency status or *hùkǒu* continues to structure not only the labour market for unskilled labour, but also structures the new middle class. In addition the *dānwèi* remains a significant institution providing opportunities (eg in terms of access to development land) for the new middle class. There were few members of my sample who were entrepreneurs outside those structures; moreover, all entrepreneurs required access to what those structures provided and, therefore, were embedded within them in terms of how their business affairs were conducted. In post-reform China, the same occupation (in class terms) is rewarded differently in different regions because of how *hùkǒu* and *dānwèi* operate. *Hùkǒu* creates spatially distributed inequality. *Dānwèi* continues to be significant on class and class distinction in urban China. Both *hùkǒu* and *dānwèi* create differences in work situations by forming *guānxi* networks inside the boundary of the new class.

The received wisdom of traditional class theories, then, requires adaptation when we try to analyse contemporary Chinese society. The emerging 'Chinese new middle class' departs from the standard developmental pathways explained in Western-oriented middle-class theories. The new class emerging in China is more diversified and heterogeneous than would be its equivalent in most Western societies. The culture and social identification of the Chinese new middle class operates mainly through cultural practices and consumption patterns.

The work of Bourdieu also has an important bearing on how the new middle class is formed as a cultural entity alongside its economic formation. He extended the traditional studies by including first cultural capital and then social capital into the accounts of economic inequality and social stratification. In the West, education is a key institution by which the established order is maintained and reproduced. There is evidence that a similar pattern is emerging in China. However, in the meantime class formation is as much an issue of cultural factors such as lifestyles and consumption patterns. With the rise in standards of living, it is argued, Chinese people's consumption and lifestyles rather than simply occupation and ownership play an increasingly important role in shaping one's social attitudes and behaviour.

In the consumer revolution that is happening in China today, using branded products, wining and dining and various other entertainment practices are a distinctly public phenomenon. Consumption of fashionable commodities is the key element whereby the Chinese new middle class creates new public spaces for the images of the Chinese new middle-class membership. The new public

space is a consumer space of commoditised objects, services and information.

The Chinese new middle class is embracing the global marketplace as eager consumers. Consumption serves as a very important cultural aspect of class analysis in post-reform China. Consumer goods are the new social currency. For the Chinese new middle class, consumer goods are necessary both as an element of claim and a new communicative medium. Consumption and trend-chasing are no longer options but now necessities in China today. Mutual tastes, lifestyles and consumption practices form the new class boundary and the means of admission thereof. Consumption practices form a circle of class distinction by incorporating class privilege into the cultural spaces. However, as I have argued, this consumption ethos does not constitute a form of class conscious in the western sense and I found no evidence of the internal differentiations of distinction that was such an important feature of Bourdieu's own account of class reproduction of the middle class.

### **Contributions of the study**

To be the author of an unusual thesis is something quite exciting. There are plenty of research studies done about the Chinese new middle class but most are piecemeal efforts and not particularly well organised. Indeed, quite a number of people in China are inclined to think that there is no middle class in China, only the rulers and the ruled. The goals of this study were to provide a conceptual approach to theorizing class analysis in post-reform China. I have chosen to rely on first-hand field data more and theoretical inferences from class-theoretic models less. Then I have taken a sociocultural perspective to explain the whys and wherefores of that class because it is so patently obvious that the

sociological literature on this particular class is in need of an alternative perspective. The current data on the middle class of China is overwhelmingly from quantitative research methods. The data and findings of this study help to narrow the gap somewhat and provide an alternative kind of approach for subsequent research on the middle class (or *classes*?) of China.

What are the roles of the Chinese new middle class in the foreseeable future? Undoubtedly, the Chinese new middle class is at the vanguard for consumption in urban China. At the same time, they are laggards in politics. They do not function as a bridge between the government and the citizen and promote democracy and civil society. The present political set-up leaves little if any room for the new middle class to flex political muscle. The chief reason is that the CCP puts economic performance as the top priority and that is unlikely to change anytime soon. Indeed, the new middle class relies on and puts a great deal of trust in the party-state like nothing seen anywhere in the rest of the world. For that class, the status quo is paramount.

China is now at a crossroads on its road to prosperity. Present-day consumption in China sways between the traditional and modern ends of the consumption spectrum—that is to say, it is moderate and extravagant in the same breath. In terms of cultural and social identity, the new middle class mostly have yet to recognise themselves as a class. Compared with Western middle classes, the Chinese new middle class are nowhere near a Western level of formation. Yet, cultural appreciation and a leisured life are what these people like the most about Western life. To many of them, the Western middle classes appear mostly blessed with internal assets like cultural capital nurtured and accumulated over

time. The Western middle classes appear to involve themselves with activities that carry a strong flavour of cultural appreciation and social etiquette. However, that is not the story for the Chinese new middle class. The Chinese class model is still missing a system of true middle-class values (So 2001). Politically very conservative, it is very ambitious and assertive about career building prospects and economic status. Its unambiguously utilitarian and pragmatic traits may or may not cause it to have any commitments or missions as regards a civil society in China, depending perhaps on whether a civil society serves the needs and interests of that class. Still without a clear-cut class culture to define standards of ethical behaviour, the Chinese new middle class personifies the Chinese model as lacking the political motivation to sow the seeds of civil society (Pearson 1997). China is on the road to becoming a nation of middle-class people. The current state of politics in China hinders the Chinese new middle class from forming the real and full-fledged middle class culture (TVB Pearl News 2009).

My research journey is at an end for the time being. Other, hopefully more exciting, journeys will come. The work here has truly turned out to be a learning process—about the subject matter and also the actual research work and, most certainly, the trials and tribulations of writing it. To paraphrase Ceglowski (1997: 188-201):

If I could redo the study, I might well have done it differently—or not, as the case may be. Everything could be done differently in hindsight. Be that as it may.

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**Note:** For legal citations, simplified Chinese characters are used by default unless otherwise indicated. Traditional Chinese characters are in round brackets.

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## Organisations

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## Glossaries and abbreviations

### Instruction

This glossary is provided for the convenience of the reader and does not form part of the professional content of this thesis. Sources are at the bottom of each entry. Any unattributed entry is an original contribution by the author. Information herein this part of the thesis is believed to be accurate at the time of production but may change at the time of going to submit.

### Note

Words in boldface have separate entries in this glossary. This glossary uses simplified Chinese characters as the default. Round brackets give traditional Chinese characters for terms that have applicability or understanding in Hong Kong or countries that uses traditional characters. Those not indicated are identical in both written forms. Pronunciation is according to Putonghua (Mandarin). Other dialectal pronunciations are included where appropriate.

### 3S

**Single** (单身 (單身, ‘dānshēn’), **Seventies** (多生於上世紀七十年代 ‘duōshēng yú shàngshìjì qīshí niándài’), **Stuck** (被卡住了 ‘bèi kǎzhù le’). **Single** refers to those ladies who still not yet get married; **Seventies** means those ladies who born in 1970s; **Stuck** refers to those ladies who cannot find boyfriends or husbands.

### báixié 白鞋

White shoes, i.e. plimsolls

### balùjūn 八路军 (八路軍)

Eighth Route Army

An army of, and for, justice for the common masses in the Sino-Japanese War and the Chinese Civil War, and the glorious achievements of Chairman Mao and other revolutionary heroes. It is quite easily to appreciate that the more politically disciplined individuals like cadres would toe the party line. The army needs to absolutely comply with the obedience of the **CCP** and **PRC**.

### bāshíhòu 八十年后 (八十後)

This term refers to those younger generation who born after 1980s.

### Basic Law

Usually in reference to the Basic Law of the Hong Kong Special Administrative Region of the People’s Republic of China (中華人民共和國香港特別行政區基本法), or simply the Hong Kong Basic Law (香港基本法). The Basic Law serves as the constitutional document of Hong Kong. It was adopted on 4 April 1990 by the Seventh **National People’s Congress**, and went into effect on 1 July 1997 (replacing the Letters Patent and the Royal Instructions) when the former

colony of United Kingdom was handed over to China. Technically, any law passed by the National People's Congress is called a 'basic law.'

**běnkēshēng 本科生**

It means bachelor degree.

**biānzhì 编制 (編製)**

[personnel/manning quota + authorised strength or establishment]

The Chinese term for the *nomenklatura* mechanism.

**biāozhǔn 标准 (標準)**

It refers to standard price. It means the price bases on market equilibrium price when there is land auction or tendering.

**bìguìyuán 碧桂园 (碧桂園)**

**Country Garden**

It is a very well-known private developer in Guangdong.

**bóshìshēng 博士生**

It means PhD candidate.

**bù 部**

[ministry, department, section, division, part]. A suffix to indicate the regional administrative level of the government.

**bù xíng jiē 步行街**

[pace + walk + street]

A 'shopping street,' typically a commercial and residential complex with a number of retail outlets in food, fashion, computers and entertainment.

**CCP**

Chinese Communist Party [中国共产党 *Zhōngguó Gòngchǎndǎn*]. Also known as the Chinese Communist Party (CCP). It is the founding and ruling political party of the People's Republic of China and the world's largest political party with over 70 million members. While the country's constitution does not recognise it as a governing body, the party's position is supreme in political authority, which is realised through its control of the entire state apparatus and of the legislative process. The party was founded on 1 July 1921 (official) or 23 July 1921 (*de facto*).

In the context of describing official positions of people, the term 'CCP' usually denotes party positions and 'PRC' to denote state (government) positions since many top cadres hold state and party positions at the same time. For example, Hu Jintao is president of the PRC (state) and secretary-general of the CCP (party), and is also chairman of the PRC Central Military Commission (state) and chairman of the CCP Central Military Commission (party).

(Saich 2001)

**CEPA**

The Closer Economic Partnership Arrangement 更紧密经贸关系 (更緊密經貿關係) [*Gēng Jǐnmì Jīngmào Guānxì*].

A series of economic and trade treaty implemented in 2003 between the two separate customs territories within the People's Republic of China. There are two separate arrangements in effect under CEPA, one with Hong Kong and the other with Macau. The one with Hong Kong is statutorily called the Mainland and Hong Kong Closer Economic Partnership Arrangement (內地與香港建立更緊密經貿關係的安排) [2003]. It was implemented with the aim of lessen the effects of Hong Kong's economic recession following the SARS outbreak in the same year.

**chāo A huò 超 A 货 (超 A 貨)**

It means counterfeits with nearly 99% genuine to the real product.

**chéngběn (成本)**

Cost price

It means the price that someone pays for something that they are going to sell.

Source: Longman Dictionary of contemporary English

**chéng zhèn hé xiāng cūn qǐ yè 城镇和乡村企业 (城鎮和鄉村企業)**

Township and Village Enterprises (TVE)

TVEs are market-oriented public enterprises under the purview of local governments based in townships and villages. They initially built on commune- or brigade-run industries that had been set up to serve the rural areas during the **Great Leap Forward**. During that time, TVEs had a limited role and were restricted to the production of iron, steel, cement, chemical fertiliser, hydroelectric power and farm tools (Saich 2001). However, the reforms of 1978 changed this and TVEs became the most vibrant part of the Chinese economy as they experienced significant expansion in the 1980s and early 1990s. Farmer income was stagnating by the mid-1980s and TVEs provided an excellent means to stimulate non-grain and non-agricultural production. The development of these enterprises also meshed with the political requirements of local governments, which saw TVEs as a regular source of revenue in an environment of constrained resources. TVE employment grew from 28 million in 1978 to a peak of 135 million in 1996 (Naughton 2007). In provinces such as Jiangsu and Shandong they employed some 30% of the rural workforce (Saich 2001, Park & Shen 2003).

TVEs were notable for their unique ownership and corporate governance set-up (Naughton 2007). Many of these firms were 'collectively owned' in the sense that theoretical ownership rested with the collectives, either as a legacy of earlier sponsorship, or because township and village governments took the lead in establishing new TVEs after the breakup of the agricultural collectives. Ultimate 'ownership rights' stayed with the collective, while 'use rights' were delegated to managers. The complexity of this arrangement led to the labelling of TVE property rights as 'fuzzy.' This system of property rights was able to accommodate numerous stakeholders, adapt to a wide range of situations, and produce effective organisations.



TVEs were very flexible in organisational structure. While local governments ran some, others were more genuinely independent in nature. Throughout the 1980s, most of the supposedly collective TVEs operated as private enterprises in practice (Wong 1988). In this sense, the use of the term ‘collective’ masked the privatisation of rural enterprise at a time when it was ideologically subversive (Kung & Lin 2007).

TVEs thrived from 1978 to 1996 and there are a number of reasons given for their success (Kung & Lin 2007). The political institutional environment favoured these ‘public’ enterprises during the early reform years, since private businesses faced severe restrictions and discrimination in terms of resources and regulations. Also, the fiscal decentralisation of the early 1980s gave greater decision-making power to local governments and linked fiscal revenue to the career potential of local officials, creating strong incentives for them to promote these enterprises (Oi 1992). The pent-up demand in China for a host of products provided ample profitmaking opportunities for enterprises operating at this early juncture. Moreover, the state banking system helped TVEs with massive loans.

Massive changes in TVE sector took in 1995-1996. Retrenchment of the economy caused many TVEs to go out of business, with some estimates suggesting that about 30% have gone bankrupt. In addition, there has been a massive trend toward privatisation (Park & Shen 2003). After the mid-1990s, TVEs were forced to restructure substantially. With increased market integration and competition, TVEs lost their protected position; the changes in the economic environment gradually reduced the benefits of public ownership and increased its costs. As competition intensified and credit became harder to obtain, the collectively owned TVE sector shrank. Rural industries today are less tied to their local government and community and have taken on new forms and roles. One of the most striking developments has been the rise of ‘industrial clusters’ of small firms both competing with one another and cooperating to form a relatively complete industrial chain (Naughton 2007). Similar industrial clusters have also emerged in places such as Brazil and Italy.

(Source: Kung and Lin 2007)

### **Chinese Communist Party (CCP)**

See CCP.

### **City Planning Bureau 市规划局 (市規劃局)**

[*Shì Guī Huá Jú*]

In Guangdong province, the City Planning Bureau enforces land-use regulations with the assistance district-level governments.

### **City Planning Law of the People’s Republic of China 中华人民共和国城市规划法 (中華人民共和國城市規劃法)**

It promulgated (enacted) on 26 December 1989. That statute delegates (rather than devolves) responsibility to the local government in urban planning, general enforcement of development control and land-related administrative matters such as issue of construction and land-use permits.

**Cultural Revolution 文化大革命**

Formally the Great Proletarian Cultural Revolution 无产阶级文化大革命 (無產階級文化大革命) [*Wúchǎn Jiējí Wénhuà Dà Géming*; literally Proletarian Cultural Great Revolution; often 文化大革命 *wénhuà dà géming*, Great Cultural Revolution, or 文革 *wéngé*, Cultural Revolution).

The Cultural Revolution was the nationwide political upheaval, social chaos and economic disarray that engulfed Chinese society between 1966 and 1976. Launched by Mao Zedong on 16 May 1966 to a bid to remove rogue liberal bourgeoisie elements through class struggle by mobilising the thoughts and actions of China's youth, who formed bands of Red Guards that roam around the country. After Mao's death in 1976, forces within the Chinese Communist Party that were antagonistic to the Cultural Revolution gained prominence. The political, economic, and educational reforms associated with the Cultural Revolution were terminated. The Cultural Revolution has been treated officially as a negative phenomenon ever since. In its official historical judgment of the Cultural Revolution, the Party in 1981 assigned chief responsibility to Mao, but also laid significant blame on Lin Biao 林彪 (1907-71) and the Gang of Four (most prominently its leader, Jiang Qing) for causing its worst excesses. Prior to the Cultural Revolution, most of the intimidation tactics were already established from the earlier Yan'an Rectification Movement (延安整风运动). The political changes after the 1949 Communist takeover also resulted in sweeping social changes, particularly the labelling of much of the former ruling class and intelligentsia as rightists and 'revisionists,' 'black elements' or 'black gang elements.' (Meisner 1999, Andreas 2009)

**dǎngyuán 党员 (黨員)**

It means party member. In mainland Chinese context, *dǎngyuán* means member of the **Chinese Communist Party**, usually but not necessarily a party cadre.

**dānwèi 单位 (單位)**

Work unit. A 'work unit' is the name given to a place of employment. The term *dānwèi* remains in use today, though it is more properly used to refer to a place of employment in the context of state-owned enterprises. The term is also used equally properly in the context of the pre-reform period when the Chinese economy was still more heavily socialist. Prior to the 1978 economic reforms, a work unit acted as the first step of a multi-tiered hierarchy linking each individual with the central party infrastructure.

Work units were the principal channels for implementing party policy. Workers were bound to their *dānwèi* for life. Each *dānwèi* created its own housing, schools, shops, childcare, healthcare and other services. The *dānwèi* system was crucial to the implementation of the misnamed 'one-child policy' as the reproductive behaviour of workers could be monitored through work units. Workers not complying with policy could have their pay docked, incentives withheld or living conditions downgraded. Increasing liberalisation of the Chinese economy led to state-owned enterprises being put into competition with private enterprises, thereby altering the role of *dānwèi*. Much of the work unit's power had been removed or lost by 2000 (Source: Saich 2001).

**dàzhuān 大专 (大專)**

[大 major, great + 专 monopolise, specialist, professional]

Polytechnic or higher-level university studies. The term is often associated with the three-year *dàzhuān* diplomas in China. *Dàzhuān* diplomas are equivalent to non-honours bachelor degrees in the British system whereas the Chinese four-year ‘degrees’ are equivalent to honours bachelor degrees.

**dàzìbào 大字报 (大字報)**

Big-character posters

Literally, it refers to ‘big-character report’. These are wall-mounted posters handwritten in large Chinese characters, used as a means of protest, propaganda and popular communication. They have been used in China since imperial times, but became more common when literacy rates rose after the 1911 revolution. They often incorporate limited-circulation news-papers, excerpts of press articles and pamphlets intended for public display.

A key trigger in the **Cultural Revolution** was the publication of a *dàzìbào* on 25 May 1966 by Nie Yuanzi 聂元梓 and others at the Beijing’s Tsinghua University Middle School, claiming that the university was controlled by bourgeois anti-revolutionaries. The poster came to the attention of **Mao Zedong**, who had it broadcast nationally and published in the *People’s Daily*. *Dàzìbào* were soon ubiquitous, used for everything from sophisticated debate to satirical entertainment to rabid denunciation; being attacked in a big-character poster was enough to end one’s career. One of the ‘four great rights’ in the 1975 State Constitution was the right to write *dàzìbào* (Meisner 1999, Andreas 2009).

Big-character posters sprouted again during the Democracy Wall Movement, starting in 1978; one of the most famous was The Fifth Modernisation, whose bold call for democracy brought instant fame to its author, Wei Jingsheng. (Source: Saich 2001)

**DINK**

It refers to the married couple who are double income, no kids.

**díquèliáng 的确凉 (的確涼)**

Literally, ‘really cool.’ Chinese name for Dacron, the synthetic substance similar to polyester. Dacron during the Cultural Revolution was a fairly costly material.

**dìxià lǚshī 地下律师 (地下律師)**

**Underground lawyers**

It means some of the lawyers are not formally operated in China, they are be regarded as corrupted in China.

**Dongmen Walk 东门街 (東門街)**

It is located at Shenzhen and famous for selling cheap and counterfeit products.

**Down to the Countryside Movement 上山下乡运动 (上山下鄉運動)**

[*Shàngshān Xiàxiāng Yùndòng*]

[上 *shàng*, up + 山 *shān*, mountain + 下 *xià*, down + 乡 *xiāng*, hometown, village + 运动 *yùn dòng*, movement, exercise]

Literally, ‘up to the mountains and down to the villages.’ This was the nationwide ‘sending-down’ policy or campaign in the late 1960s and early 1970s during the Cultural Revolution that mobilised millions of youth to go ‘up to the mountains and down to the villages’ in an effort to alleviate urban unemployment and boost rural development (Bernstein 1977). As a result of the anti-bourgeois thinking prevalent then, **Mao Zedong** declared certain privileged urban youth would be sent to mountainous areas or farming villages in order that they could learn from the workers and farmers there. Mao’s policy differed from Liu Shaoqi’s (early 1960s sending-down policy for its political context. Liu instituted the first sending-down policy to redistribute excess urban population following the Three Bad Years and the Great Leap Forward. Mao’s use of the policy sent down the Red Guards who had risen up at his beck and call, sending China into chaos. Essentially, Mao used the ‘up to the mountains and down to the villages’ to quell unrest and remove the embarrassment of the early Cultural Revolution from sight. As a result, many fresh secondary-school graduates were forced out of the cities and effectively exiled to remote areas of China. Some commentators consider these people China’s ‘lost generation’. (Source: Bernstein 1977, Meisner 1999)

See also Lǎo sān jiè.

#### **Existing Housing Stock Subsidy (EHSS)**

EHSS refers to the lump sum housing subsidy which is provided to the cadres before 1998. Details see Li (2009).

#### **extra legal functions, ~ activities**

English umbrella legal term or euphemism for illegal, illicit, non-legal, semi-legal, quasi-legal, non-legitimate or pseudo-legitimate activities or any activities contrary to law or in legal limbo. The phrase ‘extra legal functions’ additionally means bribery. See **zǒusī**.

#### **fāngbiàn 方便**

Convenience

It means some of the Chinese people are requested to have some networks with some cadres at local level, so that they can be easily to get something done.

#### **FDI**

Foreign direct investment, otherwise direct foreign investment.

#### **gànbù 干部 (幹部)**

Cadre

This French word means the backbone of an organisation, usually a political or military organisation. Generally, the expression is applied to a small core of committed and experienced people who are capable of providing leadership and of training newer members. Because cadres are well-developed in terms of knowledge, experience and agreement with the organisation’s goals, they should be able to adapt and rebuild the organisation’s structure and ideological direction

even if the organisation has been weakened (e.g. through other members being killed or imprisoned). In the socialist party-state context, cadres are professional revolutionaries and are subject to the discipline and self-discipline of a political vanguard party model. The concept of professional revolutionaries is in origin a Leninist concept used to describe a body of devoted communists who spend the great majority of their time organising their party towards proletarian revolution. This core is usually very small, and as a consequence is sometimes cited for being the cause of the return to capitalism of the so-called ‘Communist states.’ In Lenin’s original work, the purpose of the cadre is to educate the masses and essentially bring the entire population to the level of ‘professional revolutionaries.’

**Gang of Four 四人幫 (四人幫)**

[sìrénbāng]

The Gang of Four was the name given to a leftist political faction composed of four principal Chinese Communist Party officials. They came to prominence during the Cultural Revolution and were subsequently charged with treason and other offences. The members consisted of Jiang Qing, Mao’s last wife and leading figure of the group, and her close associates Zhang Chunqiao, Yao Wenyuan and Wang Hongwen.

(Source: Lu & Perry 1997, Saich 2001, Meisner 1999)

**gǎnqíng 感情**

Sentiments or feelings in the sense of compassion.

**GDP**

Gross domestic product. The total or aggregate value of goods and services of a nation less elements connected with foreign trade. Each nation calculates its GDP differently.

**gètǐhù 个体户 (個體戶)**

[individual + body + account, standing]

Service or production workers who do not employ others and have a small amount of capital assets.

**GNP**

Gross national product. The total or aggregate value of goods and services of a nation including elements connects with foreign trade. Each nation calculates its GNP differently.

**gōngfū 功夫**

Martial arts in China.

**Great Leap Forward 大跃进 (大躍進)**

[dàyuèjìn]

An economic and social programme in 1958-61 aimed at using the China’s vast population to rapidly transform the country from a primarily agrarian economy of peasant farmers into a modern communist society through the process of agriculturalisation and industrialisation. Mao based this programme on the

**Theory of Productive Forces.** It ended in catastrophe as it triggered widespread famine and (most historical accounts put it) 24-30 million deaths (Meisner 1999).

**guānxi 关系 (關係)**

Literally, ‘relationship’ or ‘connection.’ A combination of business and personal relationships in which the parties enhance their ability to do business by building a bond with personal favours. *Guānxi* is the basic dynamic driving personalised networks of influence in Chinese society. Sociologists have linked *guānxi* with the concept of social capital (it has been described as a *Gemeinschaft* value structure). *Guānxi* has been exhaustively described in studies of Chinese economic and political behaviour. Concepts similar to *guānxi* exist in other cultures, such in Italy (*raccomandato, raccomandazione*), the Middle East (*wasta*) and the Philippines (*utang na loob*, ‘inner debt’ or ‘debt of gratitude’).

Chinese social relations are social relations typified by a reciprocal social network. Often social obligations within the network are characterised in familial terms. The individual link within the social network is known by *guānxi* and the feeling within the link is known by the term **gǎnqíng**. An important concept within Chinese social relations is the concept of *face*, as in many other Asian cultures. A Buddhist-related concept is *yuanfen* 缘分.

As articulated in the sociological works of leading Chinese academic Fei Xiaotong, the Chinese—in contrast to other societies—tend to see social relations in terms of networks rather than boxes. Hence, people are perceived as being ‘near/far’ rather than ‘in/out.’

(Saich 2001)

**hēi lǜshī 黑律师 (黑律師)**

black lawyers

‘Black lawyers’ are not formally operated in China. They are usually regarded as corrupted and receive profits from their clients.

**Home Return Permit**

Home Return Permit constitutes Chinese citizenship as shown in the case of *PRC v. Ching Cheong* (2005).

**hóng 红(紅)**

Political affiliation, focus on political capital. They have close connection with the CCP. (See CCP)

**hóngbāo 红包 (紅包)**

Literally, ‘red packet.’ In Hong Kong and most of the world, the usual term is the Cantonese *laisee*.

See also SÒNG HÓNGBĀO.

In Chinese and other East Asian societies, a red envelope or packet is a monetary gift that is given at social and family gatherings (such as weddings) or on holidays (such as the Chinese New Year). Red packets can also be used in

delivering bribes. While bribery is illegal in Asian countries, government employees, doctors and religious practitioners continue to receive red packets in exchange for favourable service.

The red colour symbolises good luck and is supposed to ward off evil spirits. The amount of money contained in the packet usually ends with an even digit, in accordance with Chinese beliefs; for instance 88 and 168 are both lucky numbers, as odd-numbered money gifts are traditionally associated with funerals. But there is a widespread tradition that money should not be given in fours (or the number 4 should not appear in the amount) as the pronunciation of ‘four’ resembles that of the word ‘death,’ and it signifies bad luck for Chinese.

At weddings, the amount offered is usually intended to cover the cost of the attendees as well as goodwill to the newlyweds. During Lunar New Year, mainly in South China, red packets (in the North, just money without any cover) are typically given to the unmarried by the married. The amount of money is usually a single note to avoid heavy coins, and to make it difficult to judge the amount inside before opening.

The origin of the red packet tradition has no clear literary sources. In China, during the Qing (Ch’ing) Dynasty, the elderly would thread coins with a red string. The money was called *yāsui qián* 压岁钱 (壓歲錢), meaning ‘money warding off evil spirits,’ and these traditional gifts of money were given to children during the Spring (Ching Ming) Festival and was believed to protect the elderly from sickness and death. Red packets replaced *yāsui qián* when printing presses became more common. Red packets are also referred to as *yāsui qián*.

Similar customs also exist in other countries in Asia.

In Vietnam, red packets are called *lì xì* (similar to the Cantonese pronunciation *laisee*) or, in some cases, *phong bao mừng tuổi* (‘happy new age envelope’). *Lì xì* are given to those who are younger as long as they do not have children. When the couple have children, all the *lì xì* go to the children.

In Thailand, they are known as *ang paw* (the pronunciation of the Chinese characters for ‘red packet in the Hokkien/Fujianese dialect) or *tae ea* among the Thai Chinese.

In Myanmar (Burma), the Burmese Chinese call them as *an-pao*, and South Korea’s packets are called *saebae-ton* (‘bowing money’) and are white, not red.

In Japan, a monetary gift called *otoshidama* is given to children by their relatives during the New Year. However, the Japanese use white envelopes instead, with the name of the receiver written on its obverse. A similar practice is observed for Japanese weddings, but the envelope is folded rather than sealed, and decorated with an elaborate bow.

In the Philippines, Chinese Filipinos exchange *ang pao* (from the Hokkien pronunciation, as most Chinese in the Philippines are of Hokkien descent) during the Chinese New Year. For non-Chinese Filipinos, *ang pao* is an easily

recognisable symbol of the Lunar New Year holiday and, in some places, the envelopes are also appropriated by non-Chinese in giving monetary gifts on other occasions such as Christmas and birthdays.

(Source: Lu and Perry 1997; Saich 2001)

**Hongtashan 红塔山 (紅塔山 ‘Red Pagoda Mountain’)**

This is a domestic brand of cigarettes from the southwestern province of Yunnan and highly popular in Guangdong

**Housing Monetization Policy (HMP)**

It had been announced in 1998 by the State Council. The *dānwèi* were not allowed to buy or build housing from the market for any rental or development purpose. Instead of, the cash subsidies will be given to the cadres to encourage the high income groups to buy private housing, while medium and low income groups to buy low-cost housing (Details see Lee & Zhu 2009: 39, Li 2009).

**Huáng-róng 黄蓉 (黃蓉)**

She is beautiful, intelligent and easy to communicate. Huáng-róng is the major character and comes from the Chinese gōngfū (功夫) novel 《射鵰英雄傳 shèdiāo yīngxióngzhuàn》.

**huàtí 话题 (話題)**

It means conversation. The same topics shared by the same class or similar background and lifestyles.

**hùjí 户籍 (戶籍)**

The formal name for the system of nationwide household registration and residency permits within the public administration structures of China. The system officially records and identifies a person (*a*) as a resident of a geographical area (i.e. domicile) and (*b*) by administrative category (rural or urban). It confers the residency status known as *hùkǒu*. The law requires every person and household to register. It is similar to systems still running in Japan, Vietnam, North Korea and (until recently) South Korea.

*Hùjí* was set up according to the Regulation on *Hùkǒu* Registration of the People’s Republic of China [1958]. The statute was designed to control internal population movement by binding a person to his or her native or indigenous geographical location, especially during pre-reform times when the *dānwèi* controlled practically all essential services and provisions such as food, education, healthcare and so on. *Hùjí* became entrenched by the early 1960s and is most associated with the nationwide famine that followed the failure of the Great Leap Forward.

The system dates back to ancient times in China. It is roughly similar to the system of family or genealogical registers that previously existed in some Western European countries, as *das Familienbuch* of Germany and *le livret de famille* of France.



The Soviet *propiska* (пропи́ска; full term Прописка по месту жительства, ‘the record of place of residence’) is closer to the Chinese *hùjǐ* (*hùkǒu*) in that both served nearly identical politico-administrative functions. The *propiska* was a registration in the place of living and designated the right to live in the locality (or the apartment in the case of the Soviet Union). Permanent registration in a state-owned apartment over time received the meaning close to that of property right. For foreigners, it was called ‘migration control’ and stamped on the migration card and/or coupon approximately one-third A4-size paper, which are returnable to officials before departure.

Hong Kong has never had any such system in its entire history and *hùjǐ* has not been applied to the territory after its 1997 retrocession to China.

(Sources: Lu & Perry 1997: 43)

### **hùkǒu 户口 (戶口)**

The official translation of this term is ‘registered permanent residence’ (i.e. domicile). This is the registered residency status required by law in China. It is given by *hùjǐ*. *Hùkǒu* is more commonly used in everyday speech. When Western media and governments first referred to this system, they chose the name *hùkǒu* by mistake to refer to both the system and the status. At the same time, a *hùkǒu* can refer to a family register in many contexts since the household registration record is issued per family, and usually includes the births, deaths, marriages, divorces and movement of all members in the family. (Saich 2001)

### **Individual Visit Scheme**

See **IVS**.

### **jí tǐ suǒ yǒu zhì qǐ yè 集体所有制企业 (集體所有製企業)**

#### **collectively owned enterprise**

An economic (i.e. business) unit whose assets are owned collectively by the workers or managers (or both) of that unit.

(Source: China Data Online 2005)

### **jiǎ lǜshī 假律师 (假律師)**

It means fake lawyers. Fake lawyers who are not formally operated, they are corrupted.

### **Jiang Qing 江青**

[Jiāng Qīng]

[Wade-Giles: Chiang Ch'ing]

Jiang Qing (14 March 1914 – 14 May 1991) was the pseudonym used by Mao Zedong's last wife and major Chinese Communist Party power figure. She went by the stage name Lan Ping 蓝苹 during her acting career, and was known by various other names during her life. She married Mao in Yan'an in November 1938, and is sometimes referred to as Madame Mao in Western literature, serving as Communist China's first lady. Jiang Qing played a major role in the 1966-76 Cultural Revolution and for forming the radical political alliance known as the Gang of Four. She was named the ‘Great Flag-carrier of the Proletarian Culture’ 无产阶级文艺伟大旗手.

(Source: Lu and Perry 1997; Saich 2001)

**jiǎqī tānwū] 假期贪污 (假期貪污)**

holiday corruption

Holiday corruption usually takes place in holiday like the lunar Chinese New Year, Mid-autumn festival, Labour Day and National Day. Holiday corruption is the *hongbao*, red envelopes that traditionally contain gifts of money.

**jìnguò xiánshuǐ 浸过咸水 (浸過咸水)**

It means students who study from abroad and earn degree from abroad.

**Jīnyōng 金庸**

Well-known Chinese gōngfū (功夫) novel writer in Hong Kong and China.

**jiǔshíhòu 九十后 (九十後)**

This term refers to those younger generation who born after 1990s.

**Kuomintang (KMT 中国国民党 (中國國民黨))**

The Kuomintang, translated as the Chinese Nationalist Party, commonly known as the Nationalists of the Republic of China. It is the political counterpart and rival to the Chinese Communist Party. The KMT was founded as a moderate democratic socialist party in Kwangtung (Guangdong) province on 25 August 1912 (New Style) from several revolutionary groups that had successfully overthrown the Qing (Ch'ing) Dynasty in the Hsinhai (Xinhai) Revolution (辛亥革命 *Xīnhài Gémìng*) (also known as the 1911 Revolution or the Chinese Revolution). The party traces its roots to the Revive China Society founded in 1895.

Note that *Guómíndǎng* 国民党 is the Pinyin spelling and a localised usage in the People's Republic of China. It is sometimes used in reference to the Revolutionary Committee of the Chinese Nationalist Party, a splinter KMT group that sided with the Communists in the Chinese Civil War and now part of the United Front Work Department of the Communist Party of China.

(Sources: Lu and Perry 1997; Saich 2001)

**kù 酷**

It means cool and gorgeous. It usually refers to physical appearance, facial expression, dress codes and feelings.

**laisee 利是 or 利事**

[lucky, auspicious, , providential, good for business]

This is Cantonese term always used in Hong Kong (and most of the world) for 'red packet,' which is otherwise called *hóngbāo* in mainland China.

**Lányìn 蓝印 (藍印)**

blue-stamped

This is the new type of *hùkǒu*. It was instituted in 1992 and quite widespread throughout the 1990s. It provides a migrant with a right of abode in city areas

and a particular set of welfare provisions. The applicant making a large investment or a high-priced home purchase, in addition to the usual criteria like age, education and skills. Most rural migrants are ineligible for this type of *hùkǒu* and basically cannot afford one.

### **lǎopáizi 老牌子**

It means ‘the old brands’ like Kent, followed by Winston, Marlboro and other brands such as 555 (Davis 2000: 275).

### **lǎo sān jiè 老三届 (老三届)**

[老 old + 三 three + 届 period]

‘Three old classes.’ Collective moniker for those secondary-school graduates in mainland China in the three years of 1966, 1967 and 1968 during the Cultural Revolution. At the height of the revolution in 1966-68, universities stopped enrolments and senior secondary-school graduates of those three years were collectively branded as the ‘youth intelligentsia’ (知识青年 ‘intellectual youths’) and sent down to villages under the Down to the Countryside Movement 上山下乡运动 (Yang 2003).

Essentially, Mao used the movement to quell unrest and remove the embarrassment of the early Cultural Revolution from sight. As a result, many secondary schoolers were forced out of the cities and effectively exiled to remote areas of China. When national university entrance examinations were restored in 1977, these secondary schoolers were too old to be eligible as examination candidates. It was not until 1979 that these people were allowed to sit the examinations. Therefore, they were dubbed ‘the three old classes.’ Likewise, those who entered university between 1977-79 were dubbed ‘the three new classes’ 新三届 [*xin sān jiè*]. Some commentators consider the *lǎo sān jiè* (many of whom lost the opportunity to attend university) as China’s ‘lost generation.’ Famous authors who have written about their experiences during the movement include Jiang Rong and Zhang Chengzhi, both of whom went to Inner Mongolia. (Source: Hung & Chiu 2003)

### **liǎn 脸 (臉)**

A more literary term for ‘face’ or ‘front’. It may also refer to face party to the influential people like cadres in Chinese society.

### **liáng piào 粮票 (糧票)**

Food coupons or tickets. *Liáng piào* were a feature of urban life in Maoist times. Food coupons were issued to people by their work units (**dānwèi**) or workplaces because even people with money in those days were unable to buy food or other necessities without coupons. Rural domiciliaries had no need for *liáng piào* as they were self-sufficient in food provisions.

### **Liang You 良友**

It is a kind of cigarettes. It means Good Companion, a Hong Kong-made premium brand made from blended American tobacco and priced around RMB¥5 [less than £1] a packet, was popular with entrepreneurs in the 60s. But now it sells around ¥20 [less than £2] a packet in China today.

**Lǐ Mò-chóu 李莫愁**

Lǐ mòchóu is the major character comes from the Chinese gōngfū (功夫) novel called 《shéndiāo xiá lǚ 神雕俠侶》. She is intelligent but quite difficult to get along with other people.

**Mao Zedong 毛泽东 (毛澤東)**

[*Máo Zé Dōng*]

Pinyin transliteration of the Wade-Giles spelling Mao Tse-tung, which is the spelling most commonly used in Western literature.

**Maozédōng xiàng tàiyáng, zhàodào nàlǐ nàlǐ liàng; Dèngxiǎopíng xiàng yuè liàng, kǎ lā OK dào tiān liàng; Jiāng zé mín xiàng xīngxīng, xiàgǎng gōng rén shù bùqīng** 毛泽东像太阳，照到那里那里亮，邓小平像月亮，卡拉 ok 到天亮，江泽民像星星，下岗工人数不清  
(毛澤東像太陽，照到那裏那裏亮，鄧小平像月亮，卡拉 ok 到天亮，江澤民像星星，下崗工人數不清)

This was the slang used by some older generation of the Chinese new middle class. They are most likely having nostalgic feelings to the past, particularly in Mao China. Mao Zedong (1st President of the PRC) likes the sun who shines the brighter future in China. Deng Xiaoping (2nd President of the PRC) like the moon, who makes the society more extravagant and corrupted, people always go to karaoke lounges. Jiang Zeming (3rd President of the PRC) likes the star who makes many laid-off or redundant workers since 1990s.

**miàn 面, miànzi 面子**

These are the more common terms for ‘face’ that also covers ‘surface,’ ‘outside,’ ‘feelings,’ ‘self-respect’ and ‘honour.’

See also LIǎN.

**Mièjué shī tài 灭绝师太 (滅絕師太)**

Mièjuéshī tài is the major character and comes from the Chinese gōngfū (功夫) novel called 《倚天屠龍記 yǐ tiāntúlóng jì》. She is very good at gōngfū (see gōngfū) but she is weird. She is superbly terrible to talk and communicate.

**National People’s Congress (NPC)**

全国人民代表大会 (全國人民代表大會)

[*Quánguó Rénmín Dàibiǎo Dàhuì*]

Abbreviation: NPC 人大 [*Rén-Dà*]

The NPC is the highest state body and the only legislative house in the People’s Republic of China, although the NPC is not the only lawmaking body of the country. Often dubbed by the Western media as the rubberstamp parliament of China, in reality it is neither a parliament nor a rubberstamp body that endorses decisions of the nation’s leadership. The NPC meets yearly in Beijing’s Great Hall of the People, along with the People’s Political Consultative Conference (CPPCC) whose members are from a broader background. NPC and CPPCC together are often called the *lianghui* (‘two meetings’) and make important national-level political decisions.

The core of the NPC is the Standing Committee of the National People's Congress (NPCSC) 全国人民代表大会 常务委员会 (全國人民代表大會常務委員會 [Quánguó Rénmín Dàibiǎo Dàhuì Chángwù Wěiyuánhuì]. The NPCSC is a 150-member committee of the NPC that convenes between plenary sessions (i.e. full or general assembly) of the NPC. The NPCSC has the constitutional authority to modify legislation within limits set by the NPC, and thus acts as a *de facto* legislative body. It is led by a chairman (and, therefore, China's top legislator) who is conventionally the third-ranking person in China's political ranking system (after the General Secretary and President, which is usually one person). The current (2009) chairman of NPCSC is Wu Bangguo, a **Politburo** member (Saich 2001).

**nóng zhuǎn fēi 农转非 (農轉非)**

[农 *nóng*, agricultural + 转 *zhuǎn*, shift + 非 *fēi*, not : lit., 'agricultural shifts to not,' i.e. from agricultural to non-agricultural sector]

The bureaucratic programme tightly controlled by quotas to convert a rural *hùkǒu* to an urban *hùkǒu* (Lee & Yang 2007a: 13).

**NPCSC**

Standing Committee of the National People's Congress. See **NPC**.

**pāi mài 拍卖 (拍賣)**

It means public auction.

**pǎobùjī 跑步机(跑步機)**

It also refers to 'walking machine' and it means no progress in study or other things.

**pīdòu 批斗 (批鬥)**

Red Guards fess up family members who were regarded as rebellious and against PRC or Mao Zedong.

SEE also *hóngwèibīn* **Red Guards 红卫兵 (紅衛兵)**

**Politburo 中国共产党中央政治局 (中國共產黨中央政治局)**

[Zhōngguó Gòngchǎndǎng Zhōngyāng Zhèngzhìjú]

The Politburo of the Communist Party of China. Also Political Bureau of the Central Committee of the Communist Party of China. Formerly as Central Bureau (中央局) before 1927. The Politburo is a group of 19 to 25 people who oversee the party. Unlike politburos (political bureaus) of other communist parties, power within the Chinese Politburo is centralised in the Politburo Standing Committee. The party's Central Committee nominally makes politburo appointments. The practice since the 1980s has been that the Politburo is self-perpetuating.

The power of the Politburo resides largely in the fact that its members generally simultaneously hold positions within the nation's state positions and with the control over personnel appointments that the Politburo and Secretariat have. In addition, some Politburo members hold powerful regional positions. How the Politburo works internally is unclear, but it appears that the full Politburo meets

once a month and the standing committee meets weekly. This is believed to be much more infrequent than the former Soviet Politburo had been. The meeting agendas appear to be controlled by the General Secretary and decisions are made by consensus rather than by majority vote.

The Politburo was eclipsed by the Secretariat of the CCP Central Committee in the early 1980s under President Hu Yaobang, but has re-emerged as a dominant force after Hu's ousting in 1987.

Members of the current (17th) Politburo in 2009 are (alphabetic order of surnames):

- Bo Xilai, party chief of Chongqing.
- Guo Boxiong, executive vice-chairman of the Central Military Commission.
- He Guoqiang, (PSC member), Secretary (i.e. head) of CCP Central Commission for Discipline Inspection.
- Hu Jintao (PSC member), PRC President, General Secretary of CCP Central Committee, and chairman of the PRC and CCP Central Military Commissions.
- Hui Liangyu, PRC Vice-Premier.
- Jia Qinglin (PSC member), head of the PRC People's Political Consultative Conference.
- Li Changchun (PSC member), 'propaganda chief.'
- Li Keqiang (PSC member), PRC Executive Vice-Premier.
- Li Yuanchao, head of the CCP Organisation Department.
- Liu Qi, party chief of Beijing, head of Beijing Olympics organising committee.
- Liu Yandong, state councillors.
- Liu Yunshan, Media and Communications Minister, secretary of CCP Central Secretariat.
- Wang Gang, Vice-Chair of CPPCC.
- Wang Lequan, party chief of the Xinjiang Autonomous Region.
- Wang Qishan, PRC Vice-Premier.
- Wang Yang, party chief of Guangdong.
- Wang Zhaoguo, Vice-Chairman of the NPC.
- Wen Jiabao (PSC member), PRC Premier.
- Wu Bangguo (PSC member), Chairman of the NPCSC.
- Xi Jinping (PSC member), PRC Vice-President, top-ranking member of the CCP Secretariat in charge of Hong Kong and Macau Affairs.
- Xu Caihou, Vice-Chairman of the Central Military Commission.
- Yu Zhengsheng, party chief of Shanghai.
- Zhang Dejiang, Vice-Premier.
- Zhang Gaoli, party chief of Tianjin.
- Zhou Yongkang (PSC member), head of the Political and Legislative Affairs Committee.

The Politburo's core is the Politburo Standing Committee (PSC) of the Communist Party of China 中国共产党 中央政治局常务委员会 (中國共產黨 中央政治局常務委員會 *Zhōngguó Gòngchǎndǎng Zhōngyāng Zhèng-zhìjù*

*Chángwù Wěiyuánhuì*, abbreviated 政治局常委 *Zhèngzhìjú Chángwěi*). The PSC is a committee whose membership varies between 5 and 9 people, usually men, and includes the top leadership of the party. The inner workings of the PSC are not well known, although it is believed that decisions of the PSC are made by consensus. Formally, the Central Committee approves the membership of the PSC. In practice, PSC membership is the result of negotiations among the top leadership of the party.

Currently the PSC acts as the *de facto* highest and most powerful decision-making body (i.e. cabinet) in China. Both the national media as well as political watchers abroad closely follow its membership. Historically, the role of the PSC has varied and evolved. During the Cultural Revolution, for example, the PSC had little power.

PSC members in 2009 are (in order of protocol):

1. Hu Jintao.  
*Party positions:* General Secretary of the CPC Central Committee, Chairman of the CPC Central Military Commission.  
*State positions:* President of the PRC, Chairman of the PRC Central Military Commission.
  2. Wu Bangguo.  
*Party position:* nil.  
*State position:* Chairman of the Standing Committee of the National People's Congress.
  3. Wen Jiabao.  
*Party position:* nil.  
*State position:* Premier of the State Council.
  4. Jia Qinglin.  
*Party position:* nil.  
*State position:* Chairman of the People's Political Consultative Conference.
  5. Xi Jinping.  
*Party position:* Vice Chairman of the CPC, Principal of the Central Party School, top-ranked member of the Secretariat of the CPC Central Committee.  
*State position:* Vice President of the PRC.
  6. Li Keqiang.  
*Party position:* nil.  
*State position:* First Vice Premier of the State Council.
  7. Li Changchun.  
*Party position:* "Propaganda Chief."  
*State position:* nil.
  8. He Guoqiang.  
*Party position:* Secretary of the Central Commission for Discipline Inspection.  
*State position:* nil.
  9. Zhou Yongkang.  
*Party position:* nil.  
*State position:* nil.
- (Source: Saich 2001)

**PRC**

The People's Republic of China (中华人民共和国). In the context of describing official positions of people, the term 'PRC' usually denotes state positions and 'CCP' or 'CPC' to denote party positions since many top cadres hold state and party positions at the same time. For example, Hu Jintao, president of the PRC (state) and secretary-general of the CCP (party), is also chairman of the PRC Central Military Commission (state) and chairman of the CCP Central Military Commission (party).

**PSC**

Standing Committee of the **Politburo**, the *de facto* cabinet of the Chinese government.

**Red Guards 红卫兵 (紅衛兵)**

[*Hóng Wèi Bīng*]

Red Guards were a mass movement of civilians (mostly students and other young people in China) who were mobilised by Mao Zedong in 1966 and 1967 during the Cultural Revolution. The first people to call themselves 'Red Guards' were a group of students at the Tsinghua University Middle School who used that name to sign two 'big-character posters' issued on 25 May and 2 June 1966. The students believed that the criticism of the play *Hai Rui Dismissed from Office* was a political issue and needed greater attention. The students, led by Zhang Chengzhi 张承志 (張承志 born 10 September 1948) and Nie Yuanzi 聂元梓 (聶元梓 born 1921), originally wrote the posters as a constructive criticism of Tsinghua University's administration, which was accused of harbouring 'intellectual élitism' and 'bourgeois' tendencies. However, the school administration and fellow students denounced the student writers as 'counter-revolutionaries' and 'radicals' and forced them to meet secretly among the ruins of the Old Summer Palace. Nevertheless, Mao ordered that the manifesto of the Red Guards be broadcast on national radio and published in the *People's Daily* newspaper. This action gave the Red Guards political legitimacy and student groups quickly began to appear across China and caused massive havoc, denunciations of persons and destruction of many historical relics in the name of *pidou* 批鬥 ('struggle'). (Source: Lu and Perry 1997; Saich 2001)

**rénqíng 人情**

Human emotions or compassion. Also means social relationship or 'favour' or 'a good turn.'

**restraint of trade**

The WTO euphemism for market-cornering or illegal or illicit manoeuvres in times of market chaos.

**rule of law**

The term means the supremacy of law, a feature attributed to the UK constitution by Dicey (*Law of Constitution*, 1885) that embodied three concepts: (a) absolute predominance of regular law, so that the government has no arbitrary authority over the citizen; (b) the equal subjection of all (including officials) to the ordinary law administered by the ordinary courts; and (c) the fact that the



citizen's personal freedoms are formulated and protected by the ordinary law rather than by abstract constitutional declarations.

In Chinese, the usual translation is *fǎ zhì* 法治 (literally, legal rule) but that has different nuance in meaning. There is no analogous equivalent for 'of' in the Chinese language since 'rule of law' and 'rule by law' are both the same in Chinese (*fǎ zhì*). Even law lecturers and students in China are still apt to say or write in English 'rule *by* law' (which has a completely different, negative meaning) under the impression that 'of' is somehow a grammatical defect in the English language.

Meanwhile in Hong Kong, 'rule of law' is statutorily translated as 法律原則 (pronounced *faat lut yuen tsak* in Cantonese) and that is the prevailing legal Chinese term in common currency. However, the legal term is not exactly Standard Chinese (because the Chinese words literally mean 'the principle of law') and more like English legalese shoehorned into old-fashioned Chinese using anglicised Hong Kong Cantonese. Therefore we have the bizarre and unsatisfactory situation of the prevailing Chinese translation for 'rule of law' making little if any impact in linguistic or legal or even an everyday meaning to most Chinese mainlanders.

Paradoxically, the answer might be recourse to an ancient Chinese axiom that 'no man or Son of Heaven is excepted from the law of the land'. (Source: Oxford Dictionary of Law 1997).

**shàng de xià de, zuǒ shǒu yī de de, yòu shǒu yī gè qīn ài de de** 上‘的’下‘的’，左手一‘的的’，右手一个亲爱‘的’(上的‘下’‘的’，左手一‘的的’，右手一个親愛‘的’)

This was the slang used by some older generation to have nostalgia to Mao China. That which is on top and bottom, that which is on the left hand, and that which is a loved one on the right hand'. The 'truism' (actually a running joke making the rounds in Chinese society in the 1960s and 1970s) has it that, if a person had the means to own good clothes, it would have been made of Dacron. And if one had Dacron clothes, then it would be quite easy for one to find a good and good-looking wife (or husband!).

**shānghén wénxué** 伤痕文学 (傷痕文學)

Trauma literatures about our harsh childhood

**shānghuì** 商会 (商會)

Chamber of commerce or trade association.

**Shàngshān xiàxiāng yùndòng** 上山下乡运动 (上山下鄉運動)

See DOWN TO THE COUNTRYSIDE MOVEMENT.

**Shataukok** 沙头角 (沙頭角)

The cross-border town on the Hong Kong side.

**shìyè gàn bù 事业干部 (事業幹部)**

It means business cadre.

Cadres are not in the principal government organs. Perhaps best translated as ‘executive cadre’ or ‘operational cadres’ or ‘line cadres,’ these are bureaucrats in other ‘minor’ or ‘sub-branch’ sectors related to (but not strictly within) the government hierarchy, such as the courts, hospitals, clinics, schools, public utilities and accounting departments at the municipal and city levels. This term is not an official one.

See also ADMINISTRATIVE CADRE and CADRE.

**shuòshìshēng 硕士生 (碩士生)**

It means master students.

**sònghóngbāo 送红包 (送紅包)**

The practice or custom of giving hóngbāo. The literal translation of this Putonghua (Mandarin) expression is ‘to deliver red packets.’ In Cantonese, it is called *bei laisee* (‘to give auspiciousness’) or *pai laisee* (‘to issue auspiciousness’).

**special business**

See TÈ ZHǒNG HÁNG YÈ.

**tèzhǒng hángyè 特种行业 (特種行業)**

Literally, ‘special-nature trades.’ Usually translated as ‘special business,’ this term refers to those industries, businesses or trades whose business licences are issued on the basis of their having both ‘general industries’ and ‘special industries.’ Special businesses include hotels, tour agencies, fitness centres or salons, karaoke bars, massage parlours, sauna baths and various entertainment establishments.

**Theory of Productive Forces**

The term ‘Theory of Productive Forces’ is a widely used concept in communism and Marxism, but should not be confused with the Marxist ‘analysis of productive forces’ that is a cornerstone of Marxist theory. (The theory is sometimes referred to pejoratively by opponents as ‘productive force determinism.’) The Theory of Productive Forces places primary emphasis on achieving abundance in a nominally socialist economy before there can be any hope of achieving genuine communism (or genuine socialism). The concept has been used in all examples of state-supervised socialism to date. The most influential philosophical defence of this idea has been by Canadian-born Marxist political philosopher Gerald A. Cohen (1941-2005) in his 1978 book *Karl Marx’s Theory of History: A Defence*, in which Cohen defends an old-fashioned interpretation of Marx’s historical materialism often referred to as ‘economic determinism’ or ‘technological determinism’ by its critics. According to this view, technical change can bring about social change, i.e. changes in the means (and intensity) of production causes changes in relations of production. So changes in productive means causes changes in people’s ideology and culture, their relations with one another, and their social relationship to the wider world.

In other words, actual socialism or communism (being based on the

‘redistribution of wealth’ to the most oppressed sectors of society) cannot come to pass until that society’s wealth is built up enough to satisfy whole populations. When using this theory as a basis for practical programmes, this means that communist theoreticians and leaders (while paying lip service to the primacy of ideological change in individuals to sustain a communist society) actually put productive forces first and ideological change second. The Theory of Productive Forces is behind Joseph Stalin’s five-year plans, Mao’s Great Leap Forward and most other socialist attempts around the world to refine communism in the 20th century. However, Maoism’s subsequent concept of the need for a Cultural Revolution did signal some limited steps away from relying on the theory. The philosophical perspective behind the modernising zeal of the Russian and Chinese communists seeking to industrialise their countries is perhaps best captured by this thought in *Die Deutsche Ideologie* (‘The German Ideology,’ 1932, originally April/May 1845) by Karl Marx and Friedrich Engels.

Marx and Engels never found a publisher for *Die Deutsche Ideologie*, which they wrote in April or early May 1845. However, the work was later retrieved and published for the first time in 1932 by David Riazanov through the Marx-Engels Institute in Moscow. The multi-part book consists of many satirically written polemics against Bruno Bauer, other Young Hegelians and Max Stirner’s *The Ego and Its Own* (1844). Part I, however, is a work of exposition giving the appearance of being the work for which the ‘Theses on Feuerbach’ served as an outline. The work is a restatement of the theory of history Marx was beginning to call the ‘materialist conception of history.’ Since its first publication, Marxist scholars have found the work particularly valuable since it is perhaps the most comprehensive statement of Marx’s theory of history stated at such length and detail.

**tiěfǎnwǎn 铁饭碗 (鐵飯碗)**

iron rice bowl

‘Iron rice bowl’ is a Chinese idiom referring to employment that offers very good or guaranteed job security, along with steady income, benefits and sometimes extra perks as well. In China, it refers to the system of guaranteed lifetime employment in state enterprises. Job security and wage levels are not related to job performance but adherence to organisational rules or party doctrine. The meaning derives from the traditional porcelain rice bowl, which breaks when dropped. An iron rice bowl can be dropped multiple times without fear of breakage, much like how employees in certain positions can make numerous mistakes before being fired.

The idiom is widely used in both China and Taiwan to refer to employment with the government or military, and the idea of the iron rice bowl has spread to other nations with large Chinese communities. Traditionally, people considered to have iron rice bowls included military and civil service personnel as well as employees of various state-run enterprises (through the mechanism of the *dānwèi*). When Deng Xiaoping began labour reforms in China in the 1980s, the iron rice bowls of government jobs were some of the first to go. Almost overnight, fully one-third of China’s workforce was unemployed (although there are no authentic literary sources to confirm this). A large majority of these people became migratory workers, moving from job to job in great masses. The

effects of the labour reforms are still felt today in China. Shifts in China's economy have changed the nature of jobs that were traditionally viewed as iron rice bowls, leading to instability and uncertainty for employees.

Getting an iron rice bowl position is often a matter of working connections, and using help from family friends, former classmates and relatives to get in on the lower levels with the goal of being promoted to a higher-ranking position with better pay. This can make it challenging for Chinese without connections to get into positions with the government or to receive promotions when they do catch government jobs. Critics of iron rice bowls have pointed this out as another argument against the idea of being allowed to hold jobs for life.

Foreign investment in China has also threatened these traditional jobs for life, as many foreign companies prefer to hire and fire on the basis of merit, feeling that they are well within their rights to get rid of non-performing employees. This mindset is trickling over into Chinese society, especially among the young, undermining the traditional iron rice bowl. These positions are unlikely to disappear entirely, however, since they are backed by longstanding tradition and people already in iron rice bowl jobs wish to keep them.

The pre-eminent symbol of the Chinese Communist Party's economic policies has been an unbreakable iron rice bowl, standing for cradle-to-grave social security. But with Beijing unable to keep its state enterprises (behemoths that employ some 76 million workers) afloat, China is teetering between economic reform and social unrest. At last count, 15 million workers were officially estimated to be redundant, and the real number may be higher. Beijing must cushion their fall to avoid a second Tiananmen Square uprising. The iron rice bowl is cracking and may soon shatter.

(Sources: BBC 1999; Hughes 1998; Wisegeek.com 2009)

### **tōudù 偷渡**

The act (and offence) of stowing away, that is, secreting oneself upon a ship and goes to sea. In Hong Kong and China, *toudu* is rebranded as 'illegal immigration,' usually involving mainlanders trying to enter into Hong Kong. Main-land stowaways to Hong Kong was very common in the 1960s, 1970s and 1980s and usually accompanied by **zǒusī**.

### **Tram guy 电车男 (電車男)**

[*dìànchēnán*]

It refers to those guys who always stay at home to play for computer game. The apparels of these guys are old-fashioned. They usually wear glasses and they are not good at social skills. They don't know how to get along well with other people either.

### **tǔgǎnjué 土感觉 (土感覺)**

It means 'village provincialism.' The undertone of being associated with a village or backwater community or upbringing or style that a person is perceived to have. It is arguably from the bad sense of dress that many mainland Chinese think they have in the eyes of foreigners. Those who have the money try to steer them-selves away from the air of provincialism by getting that quintessential

imported or foreign look.

**wōjū 蜗居 (蜗居) 或 huò guìwū 货柜屋 (貨櫃屋)**

It means the tiny house like a container. This is a very popular phenomenon in Guangdong province. Most of the university graduates either hardly get a job, or the job itself is low-paid. It is very difficult for them to maintain the high living standard in Guangdong. They rent the house called container house which costs around RMB ¥6 per day [less than £1].

Details refer to <大陸底層工蟻抗漲深圳打工族「蜗居」> 18 March 2010  
<http://www.cna.com.tw>. Retrieved 21 April 2010.

**wǒyǒu yīshuāngshǒu; bùzài chéng lǐ chī xiánfàn 我有一双手，不在城里吃闲饭 (我有一雙手，不在城裡吃閒飯)**

This is the slang used by some older generation of the Chinese new middle class. It means “I have my own hands. I can work and don’t want to wait for government subsidies. Everyone needs to work and find a job to make their own living. Everyone even doesn’t bother to bribe the supervisor to have free lunch.” The older generation preferred the egalitarian life in Mao China. They thought strong sense of integrity did exist in Mao China.

**WTO**

The World Trade Organisation. An international organisation designed by its founders to supervise and liberalise international trade. The WTO officially commenced on 1 January 1995 under the Marrakech Agreement, replacing the General Agreements on Tariffs and Trade (GATT) that started in 1947. The WTO deals with regulation of trade between participating countries and provides a framework for negotiating and formalising trade agreements. It also provides a dispute resolution process aimed at enforcing adherence to WTO agreements by member states.

Most of the issues that the WTO focuses on come from previous trade negotiations, especially from the Uruguay Round (1986-1994). The WTO is currently trying to continue with a trade negotiation called the Doha Development Agenda (or Doha Round), which was launched in 2001 to enhance equitable participation of poorer countries that represent a majority of the world’s population. However, the negotiation has been dogged by “disagreement between exporters of agricultural bulk commodities and countries with large numbers of subsistence farmers on the precise terms of a ‘special safeguard measure’ to protect farmers from surges in imports. At this time, the future of the Doha Round is uncertain.”

The WTO has 153 members, representing more than 95% of total world trade and 30 observers, most of which are seeking membership. The WTO is governed by a ministerial conference that meets every two years; a general council that implements the conference’s policy decisions and is responsible for day-to-day administration; and a director-general, who is appointed by the ministerial conference. Headquarters is in Geneva, Switzerland.

(Source: World Trade Organisation, Website: [www.wto.int](http://www.wto.int))

**Wuliangye 五粮液 (五糧液)**

‘The Five Nights’

The top-selling brands of alcohol in China.

**xiàgǎng gōngrén 下崗工人 (下崗工人)**

The so-called lost generation of workers who were made jobless when many Chinese state enterprises closed down around the mid-1990s because of economic streamlining measures.

See also TVE.

**xiàhǎi 下海**

It means ‘to dive into the sea’, particularly in China, it means some of the regional cadres or Chinese working class in state enterprises switch to doing business.

**Xiaohutuxin 小葫塗仙 (小葫塗仙)**

‘Fairy of the Little Lake’

The top-selling brands of alcohol in China.

**xiéyì cuōshāng 协议磋商 (協議磋商)**

It means negotiation the price with the land developers through the whole process of land tendering.

**xíng zhèng gàn bù 行政干部 (行政幹部)****administrative cadre**

Cadres are in government bureaucracy at the municipal, village and township levels. For want of a better term, administrative cadres are civil servants or government employees. The term is not an official one. See also BUSINESS CADRE and CADRE.

(Sources: In-depth interview 2008; Tan 2007).

**yìkǔ sī tián 益苦思甜**It means ‘trying to come up sweet’ of the trauma literature. This so-called *yìkǔ sītián* is a good healing medicine to pacify my emotion.**zhāo biāo 招标 (招標)**

It means public tender.

**zhòng diǎn dà xué 重点大学 (重點大學)**

It means brand name university in China.

**zhòng diǎn zhōng xué 重点中学 (重點中學)**

It means brand name secondary schools.

**zhōng nǚ 中女 or shèng nǚ 剩女**

This slang is very popular in China or even in Hong Kong. Those ladies who are over 30 are highly educated and economically independent, but they still not yet get married. They may be regarded as picky in choosing their boyfriend. They are also regarded as difficult to communicate and get along with other people,

men in particular.

**zhōngchǎn, duō hǎotīng de míngzì** 中产，多好听的名字 (中產，多好聽的名字)

The name of middle class is something high sounding but nothing for the Chinese new middle class.

**zhōngliánbàn** 中联办 (中聯辦)

China Liaison Office

This is an organ of the PRC and its office is set up at Central of the HKSAR. It is responsible for People's Liberation Army Hong Kong Garrison and the Office of the Commission of the Foreign Ministry in Hong Kong. It is also responsible for liaisons with Chinese companies in Hong Kong.

**Zhū Róngjī** 朱镕基 (朱鎔基)

Zhu became the vice-premier of the State Council in 1993-1998. He was promoted to the fifth Premier of the People's Republic of China from March 1998 to March 2003. He was famous for being a strong, strict administrator, intolerant of nepotism and corruption.

**zhuān** 专(專)

It refers to expert, professional or technical knowledge.

**zìjǐrén** 自己人

Literally, 'our own person,' sometimes with the additional meaning of 'you are among friends.' Perhaps best translated into plain English as 'one of our own' or 'one of us' or 'those on our side.'

**zìyóuháng** 自由行

IVS Individual Visit Scheme

A travel control mechanism implemented by the Hong Kong government on 28 July 2003 in cooperation with mainland Chinese authorities. The main reason for launching the IVS was to boost the economies of Hong Kong and Macau. Essentially, the IVS aims to increase cross-border visitor traffic by allowing mainland residents to visit Hong Kong on an individual basis through simplified visa application. Prior to IVS, mainland residents could only travel to Hong Kong on business visas or on group tours. Under the initial stage of the scheme, people of Beijing, Shanghai and eight Guangdong provincial cities (Dongguan, Foshan, Guangzhou, Hui-zhou, Jiangmen, Shenzhen, Zhongshan and Zhuhai) could apply for visas to visit Hong Kong individually. The scheme was extended in July 2004 to apply to all 21 cities of Guangdong plus nine other cities in Jiangsu, Zhejiang and Fujian provinces. Visas are issued by the Public Security Bureau in mainland China, valid for seven days and could be reapplied for on return from Hong Kong to the mainland. In first four months of the scheme's implementation, more than 600,000 individuals in the mainland applied for visas, and 450,000 were issued. By 2004, visitors under the scheme reached two million. IVS is known in Hong Kong and Macau as 自由行 (*zì yóu xíng*, Cantonese: *tsee yau heng*, literally 'free walking'). In mainland China, it is called *ge ren yau* 个人游 (個人遊 'individual travel').

(Source: China Daily 2004)

**zǒusī 走私**

It means ‘smuggling’ but the Chinese meaning is wider than just ‘the offence of importing or exporting specified goods that are subject to customs or excise duties without having paid the duties’ (*Oxford Dictionary of Law* 1997). The Chinese meaning encompasses illegal or illicit activities that are not necessarily connected with the misappropriation or translocation of goods. Smuggling was very prevalent in the coastal regions, during the 1980s and 1990s.



## **Appendices**

### **Appendix 1: Research questions to interview the Chinese new middle class**

#### **A. The interviewee**

- A1. Occupation of the target interviewee
- A2. Background information
- A3. Personal life experiences and encounters
- A4. Food
- A5. Clothing
- A6. Accommodation
- A7. Means of travel
- A8. Accommodation or residence
- A9. Model of mobile phone, mp3, other electronic/electrical devices
- A10. Are you a frequent credit-card user? Which bank credit cards do you hold and why?
- A11. Electronic products, PDAs, hi-fi system, etc.
- A12. Engagements in investments, funds or real-estate dealings?
- A13. Purchases of investment portfolios for children
- A14. Plans or arrangements made for children's education

#### **B. Places to go for shopping / Mode of consumption**

- B1. What activities are you into after work or on a day off?
- B2. How do you spend your holidays?
- B3. What do you think about yourself?
- B4. Are you proud to be a middle class in China?
- B5. Do you think you are in any way superior or more privileged than others?
- B6. How do you teach or instruct your children? Do you buy more books for them or take them to the library? Have you ever thought of sending them to international schools? Have them study abroad?
- B7. In your opinion, what roles will your children play in China's social mobility in future?

**C. Work partners**

- C1. Who or what are your major work partners?
- C2. How do you keep in touch with your work partners? What factors do you find to contribute to your choices for work partners?
- C3. Do you have more social connections with businessmen and professionals because of your job needs? How often do you usually change your work partners? What are the reasons for changing?
- C4. How do you form the mutual trust relationships with others? What are those relationships based more on—schoolmates, fellow villagers, shared experiences, collective memories or academic qualifications?

**D. Changing work partners**

- D1. How often do you change work partners?
- D2. How do you get new work partners?
- D3. How do you maintain your social connections with businessmen, professionals and self-employed individuals? By way of dinner gatherings? Entertainment activities? Have you had these experiences before?
- D4. Regarding academic qualifications, what do you think are the advantages of outstanding academic achievements?
- D5. In the social context of China, are social connections and political capital more important than academic achievements?
- D6. What is the significance of social connections?
- D7. What is the significance of being a government official or cadre?
- D8. What about the significance of studying at school?
- D9. Out of various factors ranging from political, economic, academic and cultural factors, which one (and only one) do you think is more important than the rest?
- D10. What do you think about the current patterns of social mobility in China? Or what conclusion can you draw from your observation?

**E. Globalisation, economic reforms and WTO**

- E1. To you, what is significant about globalisation, the economic reforms and China's accession to the World Trade Organisation?
- E2. More opportunities?
- E3. Is there more or less convenience or ease for social mobility?
- E4. What is the general pattern of the current social mobility? What is the impact for the next generation?

E5. How do you pass social class onto the next generation? What are your strategic plans for the well-being of your children?

E6. As a new middle class, what difficulties do you have in your daily life in China? What is your opinion about the government's plans and arrangements on medical service, education, social welfare and retirement schemes?

**F. Parent children relationship**

F1. How to describe your relationship with your parents/children

F2. How do you keep in touch with parents/children?

F3. How to communicate with your parents/children? Indicators? Examples?

**G. Marriage pattern**

G1. What are the criteria for you to select your boyfriend/girlfriend? What are your expectations?

G2. Do you find it difficult to find boyfriend/girlfriend in Guangdong?

G3. Do you think late marriage is serious in Guangdong? Will you have tendency to delay your marriage?

G4. What do you think about the highly-educated men/women in Guangdong? Will you choose these women as your girlfriend? Why or Why not?

G5. Do you think men and women have great different in marriage in today's China?

G6. Do you accept late marriage for some men/women?

## Appendix 2: Details profile of the Chinese new middle class

## Older generation of regional cadres

Name (Pseudo)	Sex	Age <sup>35</sup>	Marital status	Education	Present job	Former job	Monthly income (¥RMB)	Other income or investment
Chan (Uncle)	M	1948 60	Married	University graduated	Professional at one state-owned enterprise (SOE) ('xíngzhèng gàn bù' 行政干部)	Carpenter, worker and engineer	¥5,000 or above for basic salary ONLY	Part time jobs. Investment in elevator company, garment and air-conditioner company
Fang (Uncle)	M	1959 49	Married	Senior high school. He finished his bachelor degree through part time study	Administrative cadre ('xíngzhèng gàn bù' 行政干部)	Cadre	¥5,000 or above for basic salary ONLY	Part time job. Investment in transportation, trading company and air conditioner company
Hui (Uncle)	M	1948 60	Married	Senior high school	Administrative cadre ('xíngzhèng gàn bù' 行政干部)	Cadre	¥5,000 or above for basic salary ONLY	Part time job. Lychee orchards, share and fund, land and property investment
Jane (Aunt)	F	1968 40	Married	University graduated	Doctor at one government hospital ('shìyè gàn bù' 事业干部)	Cadre (doctor)	¥8,000 or above for basic salary ONLY	Extra income from part time job, partnership to run private clinic, medical consultant, share and fund investment
Jennifer (Aunt)	F	1955 53	Married	Senior high school	Administrative cadre ('xíngzhèng gàn bù' 行政干部)	Cadre	¥5,000 for basic salary ONLY	Lychee orchards, share and fund, special business like entertainment centre, travel agencies and property investment
Leung (Uncle)	M	1968 48	Married	Bachelor degree and MBA through part-time study	Administrative cadre ('xíngzhèng gàn bù' 行政干部)	Worker at one SOE	¥5,000 for basic salary ONLY	Part time job. Land and property tendering
Man (Uncle)	M	1968 40	Married	Senior high school	Lawyer ('shìyè gàn bù' 事业干部)	Managerial position at one foreign venture enterprise	¥9,000	Part time job. Share, property investment

<sup>35</sup> The base year for accounting age was 2008.

Name (Pseudo)	Sex	Age <sup>35</sup>	Marital status	Education	Present job	Former job	Monthly income (¥RMB)	Other income or investment
Monica (Aunt)	F	1958 60	Married	Senior high school	Business cadre ('shìyè gānbù' 事业干部)	Cadre	¥5,000 for basic salary ONL	Property investment
Tang (Uncle)	M	1959 49	Married	Senior high school	Business cadre ('shìyè gānbù' 事业干部)	Worker and vice director at one SOE or collectively owned enterprise	¥5,000 for his basic salary	Investment in private property, hotel, entertainment centre, resort centre, massage saloon and karaoke lounge
Yip (Uncle)	M	1960 48	Married	Senior high school	Administrative cadre ('xíngzhèng gānbù' 行政干部)	Worker at one SOE	¥5,000 for his basic salary	Investment in property, commercial building, entertainment centre and shopping mall

Total number of the old generation of regional cadres: 10

#### Younger generation of regional cadres

Name (Pseudo)	Sex	Age	Marital status	Education	Present job	Former job	Monthly income (¥RMB)	Other income or investment
Raymond	M	1978 30	Single	University graduated	Doctor ('shìyè gānbù' 事业干部)	Nil	Around ¥8,000 (excluded bonus)	Share and fund

Total number of the young generation of regional cadre: 1

## Old generation of entrepreneurs ('getihu' 个体户)

Name (Pseudo)	Sex	Age	Marital status	Education	Present job	Former job	Monthly income (¥RMB)	Other income or investment	
Beck (Uncle)	M	1952 56	Married	Senior school	high	Entrepreneur at one entertainment centre	Worker and vice director at one SOE	¥30,000 or above	Land and property investment
Billy (Uncle)	M	1952 56	Married	Senior school	high	Entrepreneur at one mobile phone company	Supervisor at one foreign venture enterprise, attempted different businesses	At least ¥100,000	Land and property investment
Bryan (Uncle)	M	1968 40	Married	University graduated		Entrepreneur at one gold retailing company	Cadre, director at one SOE	At least ¥100,000	Investment in gold and jade. Share and property investment
Cheng (Uncle)	M	1968 40	Married	Senior school	high	Entrepreneur at one embroidery company	Managerial position at one foreign venture enterprise	At least ¥40,000	Land and property investment
Chris (Uncle)	M	1959 49	Married	Senior school	high	Entrepreneur at one fabric factory	Worker at one SOE, sales and librarian	At least ¥50,000	Land and property investment
Chung (Uncle)	M	1952 56	Married	Senior school	high	Entrepreneur at one grocery shop	Worker and vice director at one collectively owned enterprise	¥10,000 or above	Part time job
Fong (Uncle)	M	1960 48	Married	Senior school	high	Entrepreneur at one garment factory, entertainment and resort centre, construction and building company, electronic and air-conditioner company	Worker at SOE. He was a butcher, sales and teacher	At least ¥200,000	Entertainment centres, air conditioner company and resort centre. Land and property investment
Henry (Uncle)	M	1958 50	Married	Senior school	high	Entrepreneur at one cement factory	Worker and vice director at one SOE/joint venture enterprise	At least ¥100,000	Part time job. Investment in commercial centre, land and property investment

Name (Pseudo)	Sex	Age	Marital status	Education	Present job	Former job	Monthly income (¥RMB)	Other income or investment
Ho (Uncle)	M	1959 49	Married	Senior high school	Entrepreneur at one handbag factory	Worker at one SOE, teacher, attempted different businesses	At least ¥50,000	Part time job. Property investment
Jimmy (Uncle)	M	1959 49	Married	Senior high school	Entrepreneur at one multinational enterprise	Supervisor at one foreign venture or multinational enterprise	At least ¥50,000	Share and property investment
Kwok (Uncle)	M	1968 40	Married	Senior high school	Director at one property company	Manager at one foreign venture enterprise	At least ¥30,000	Share and fund
Lam (Uncle)	M	1968 40	Married	University graduated	Entrepreneur at one printing company	Cadre at one SOE and manager at one foreign venture enterprise	¥30,000 or above	Property investment
Lee (Uncle)	M	1968 40	Married	University graduated	Entrepreneur at one garment factory	Worker at one SOE; farmer	At least ¥40,000	Share and property investment
Lisa (Aunt)	F	1968 40	Married	University graduated	Entrepreneur at one garment factory	Workers at one SOE	At least ¥100,000	Share and property investment
Moss (Uncle)	M	1960 48	Married	Senior high school	Entrepreneur at one garment factory	Cadre at one SOE. Worker at one collectively owned enterprise	¥50,000 or above	Property investment

Name (Pseudo)	Sex	Age	Marital status	Education	Present job	Former job	Estimated monthly income (¥RMB)	Other investment
Pan (Uncle)	M	1968 40	Married	Senior high school	Entrepreneur at one property company	SOE worker and farmer	¥50,000	Share and property investment
Robert (Uncle)	M	1958 50	Married	University graduated	Entrepreneur at one mobile phone company	Worker/manager at one SOE, accountant	¥50,000	Share and property investment
Sam (Uncle)	M	1959 49	Married	Senior high school	Entrepreneur at one underwear factory	Cadre at one SOE	At least ¥10,000	Share and fund
Tony (Uncle)	M	1958 50	Married	Senior high school	Entrepreneur at one infrastructure company	Worker and vice director at one collectively owned enterprise	At least ¥100,000	Investment in commercial centres and residential buildings
Victor (Uncle)	M	1958 50	Married	Bachelor and MBA (part time mode)	Entrepreneur at one listed garment company	Managerial position at one SOE, entrepreneur	At least ¥100,000	Part time job, land and property investment, share and fund
Yuen (Uncle)	M	1952 56	Married	Senior high school	Entrepreneur at one machine factory	Worker at one joint or foreign venture enterprise and entrepreneur	At least ¥100,000	Land and property investment

Total number of the older generation of entrepreneurs: 21



## Young generation of entrepreneurs ('getihu' 个体户)

Name (Pseudo)	Sex	Age	Marital status	Education	Present occupation	Former occupation	Estimated monthly income (¥RMB)	Other income or investment
Ada	F	1976 32	Married	University graduated	Entrepreneur at one garment factory	Manager at one foreign owned enterprise	At least ¥50,000	Share and fund, property investment
Ben	M	1973 35	Married	Bachelor and MBA	Entrepreneur at one air conditioning company	Manager at one multi national enterprise	At least ¥100,000	Share and property investment
Chiu	M	1970 28	Married	Senior high school	Entrepreneur at one automobile factory	Manager at one foreign venture enterprise	At least ¥10,000	Share and fund
Fai	M	1980 28	Married	University graduated	Entrepreneur at one embroidery factory	Customer service at one foreign-venture enterprise	At least ¥20,000	Share
Ken	M	1978 30	Married	University graduated and MBA	Entrepreneur at one engineering company	Nil (student)	At least ¥50,000	Part time job. Share and property investment
King	M	1972 30	Married	Senior high school	Entrepreneur at one garment factory	Manager at one foreign venture enterprise	At least ¥50,000	Share and property investment
Mark	M	1973 35	Married	University graduated	Entrepreneur at one automobile factory	Manager at one foreign venture enterprise	At least ¥30,000	Share and property investment
Peter	M	1974 34	Single	University graduated	Entrepreneur at one garment factory	Waiter, designer, bartender and worker at one private garment factory	About ¥80,000-¥90,000	Share, fund and property investment
Sunny	M	1974 34	Single	University graduated	Entrepreneur at one garment factory	Supervisor at one joint venture enterprise	¥80,000-¥90,000	Share and property investment
Tsang	M	1971 37	Married	Senior high school	Entrepreneur at one garment company	Manager at one foreign venture enterprise	¥60,000-¥70,000	Share and fund, property investment

Total number of the younger generation of entrepreneurs: 10

Total no. of entrepreneurs: 31

**Old generation of professionals**

<b>Name (Pseudo)</b>	<b>Sex</b>	<b>Age</b>	<b>Marital status</b>	<b>Education</b>	<b>Present job</b>	<b>Former job</b>	<b>Estimated monthly income (¥RMB)</b>	<b>Other income or investment</b>
Tom (Uncle)	M	1963 45	Married	University graduated	Managing director at one service company	Cadre, managerial position at one SOE	¥80,000- ¥9,000	Part time job
Vicky (Uncle)	M	1963 45	Married	University graduated	Managerial director at one service company	Cadre and manager at one SOE	¥80,000- ¥9,000	Buying share, fund and property investment
Wah (Uncle)	M	1958 50	Married	University graduated	Deputy director at one property company	Worker at one SOE, reporter, writer and editor	¥70,000- ¥8,000	Share and property investment
Yang (Uncle)	M	1968 40	Married	PhD	Associate professor	Assistant professor	¥15,000- ¥20,000	Share and property investment

Total numbers of the old generation of professionals are 4.

## Younger generation of professionals

Name (Pseudo)	Sex	Age	Marital status	Education	Present job	Former job	Estimated monthly income (¥RMB)	Other income or investment
Alex	M	1973 35	Married	University graduated	Managerial position at one tele communication company	Engineer	Around ¥7,000	Part time job, share, fund, property investment
Andy	M	1973 35	Married	University graduated	Professional	Teacher and sport trainer	Around ¥30,000	Property investment
Betty	F	1978 30	Single	Master	Professional	Student	Around ¥8,000	Share
Dan	M	1979 29	Single	PhD	Professional	Student	Around ¥5,000 (part time)	Share and fund
Kong	M	1978 30	Single	University graduated	Website designer at one multinational enterprise	Fashion designer, secondary teacher	About ¥5,000 for his basic salary	Part-time jobs, share, fund and property investment
Ivy	F	1982 26	Single	University graduated	Professional	Student	Around ¥9,000	Share
Jacky	M	1978 30	Married	University graduated	Taekwondo trainer	Teacher and sport trainer	Around ¥8,000	Share and fund
Jiang	M	1977 31	Married	PhD	Assistant Professor	Student	Around ¥15,000	Share
Lily	F	1978 30	Married	Senior high school and technical school of Taekwondo	Taekwondo trainer	Teacher and sport trainer	Around ¥8,000	Share and fund
Mary	F	1983 25	Single	MBA	Accountant	Student in France	Around ¥9,000	Share and fund
Melody	F	1980 28	Single	Master degree	Professional	Student	Around ¥8,000	Share
Sung	M	1978 30	Single	University graduated	Freelance designer	Professional	Around ¥8,000	Share and fund
Tong	M	1976 32	Single	University Graduated	Engineer at one private company	Trainee	¥8,000 above for his basic salary ONLY	Share, fund, bonus and commission from his job

Total numbers of the younger generation are 13

**Total of interviewees: 59**

**Regional cadres: 11**

**Entrepreneurs: 31**

**Professionals: 17**

**Appendix 3: Casenotes of Chen Xitong (陈希同)**

[Criminal; Corruption; Embezzlement; China]

**CASENOTES****People's Republic of China v. Chen Xitong (陈希同) (1995)**

(Extant reporting)

Defendant was a city mayor and a well-connected Politburo member accused of corruption, embezzlement and dereliction of duty in an anti-corruption drive instigated by political rivals. His colleague, the vice-mayor, committed suicide in the wake of the corruption charges. D was sentenced to 16 years in prison but released after serving half the term. The small amount of money said to be involved in the embezzlement suggests that D political downfall and removal from public office may have been politically inspired. D downfall was not helped by his hardline political stance during the Tiananmen Square protests several years previously.

**FACTS:**

- (1) Chen Xitong (simplified Chinese: 陈希同 ; traditional Chinese: 陳希同; pinyin: *Chén Xītóng*), born June 1930, was a member of the Politburo of the Communist Party of China and the Mayor of Beijing until he was removed from office on charges of corruption in 1995.
- (2) In 1995, Chen was removed from mayoral office on charges of corruption and dereliction of duty. It was later revealed that Chen had embezzled RMB¥5,000,000 (renminbi five million yuan).
- (3) Details not known or unreported: arrest date, place of questioning, formal charges, prosecuting body, trial dates, trial court, prosecution, defence and judges/adjudicators.
- (4) In 1998, Chen was given a 16-year prison sentence. Place of incarceration are not known or unreported.
- (5) In 2006, Chen was released early from prison, officially on reasons of ill health, after serving eight years of his 16-year sentence.

**UNRELATED FACTS:**

- (6) His son, Chen Xiaotong, was also charged and sentenced contemporaneously.
- (7) In the wake of the corruption charges, Beijing Vice Mayor Wang Baosen committed suicide.
- (8) A graduate of Peking University, Chen had close ties to Deng Xiaoping and his family. Chen was once considered a possible successor to Deng Xiaoping.
- (9) A onetime rival to Jiang Zemin, Chen's downfall came in 1995 during an anti-corruption campaign led by Jiang's Shanghai clique. Clique members Zeng Qinghong and Jia Qinglin played key roles in the campaign that eventually led to Chen's arrest.
- (10) Some observers viewed Chen's fall as a political struggle between him and Jiang because it was only revealed later that Chen had embezzled RMB¥5,000,000 (five million yuan).

Observers considered it to be a relatively small amount compared with the higher amounts of other corrupt cadres who were left unscathed in the anti-corruption campaign.

- (11) Beijing residents were apparently pleased to see Chen fall from grace. Chen was mayor of Beijing at the time of the Tiananmen protests. He was advocating use of force to quell protestors and was responsible for declaring martial law in the city that led to shootings of the protesters.
- (12) During the 1980s, Chen became a fan of American TV series *Hunter* when it first aired in China. In his speeches, Chen made various references to the TV series.
- (13) In December 1996, a fictionalised account of the case was published in novel form and quickly banned in China. It was written from the point of view of an investigator and many pirate copies were printed or available.

“The Wrath of God: The Anti-Corruption Bureau in Action”

[天怒：反貪局在行動 *Tiān Nù: Fǎntānjú Zài Xíngdòng*]

By Fang Wen [pseudonym]

Published by Yuanfang Chubanshe of Hohhot, Inner Mongolia

Year of publication: December 1996

ISBN 7-80595-271-X/1 120

Printed January 1997 (press run of 5,000 copies)

Hearsay source:

<http://web.archive.org/web/20030308005126/http://www.usembassy-china.org.cn/sandt/wrath.htm>

Casenote prepared on 1st September 2009

**Appendix 4: Casenotes of Ching Cheong(程翔)**

[Criminal; Espionage; China]

## CASENOTES

**People's Republic of China v. Ching Cheong (程翔) (2005)****Full citation**

People's Republic of China (Beijing People's Procuratorate Branch No. 2) v. Ching Cheong (程翔) [2005] 31 August 2006 Reuters (Financial Times) [Beijing Second Intermediate Court, Criminal Case No. 862]

Defendant (D) was the first Hong Kong journalist to be detained by China for espionage since the Hong Kong sovereignty handover. D accused of receiving a manuscript containing secret memoirs of the country's ex-president. Formally charged with passing state secrets to Taiwan for monetary reward over a five-year period. D alleged entrapment by authorities. Authorities regarded the Home Visit Permit on which D travelled into China was a form of Chinese citizenship. Sentenced to five years' imprisonment but released after having served half the term.

**FACTS:**

1. Ching Cheong (Chinese: 程翔; pinyin: *Chéng Xiáng*) was a journalist and the Chief China Correspondent of The Straits Times of Singapore at the time of his arrest.
2. In spring 2005, Ching entered mainland China on a Home Visit Permit to do research on former Chinese president Zhao Ziyang. Ching was going to receive or trying to obtain a manuscript that was believed to be memoirs of the ex-president based on secret interviews recorded by former Xinhua News Agency reporter Zong Fengming with the ex-president.
3. On 22nd April 2005, Ching was arrested in Guangzhou, Guangdong, and charged with spying on behalf of a foreign intelligence agency. The Foreign Ministry later reported that Ching had confessed to the accusations. Ching became the first Hong Kong journalist to be charged with spying since the 1997 sovereignty transfer of Hong Kong.
4. In June 2005, the Hong Kong Journalists Association and Reporters Without Borders organised and sent a petition of 13,000 signatures to President Hu Jintao calling for Ching's immediate release from 'unfair detention.'
5. The International Federation of Journalists and the Committee to Protect Journalists also protested Ching's detention.
6. The British government had also been asked to intervene as Ching held a British National (Overseas) passport.
7. On 5th August 2005, formal charges were drawn up by the Beijing People's Procuratorate Branch No. 2. The statute(s) under which the charges were filed were not known. The formal charges stated that Ching was passing state secrets to the Republic of China (Taiwan) over a period of five years in return for millions of dollars in reward and using funds provided by Taiwan to purchase political and military information.
8. Ching's wife (Mary Lau) said the charges were ludicrous and added that Ching had apparently been a victim of entrapment devised by an intermediary.

9. On 12th January 2006, thirty-five members of the Hong Kong Legislative Council signed an open letter to the Chinese authorities to release Ching unless there was sufficient evidence. Signatories to the open letter included ten pro-Beijing legislators, plus three from the Liberal Party, three from the DAB, one from the Alliance Party.
10. On 22nd February 2006, the prosecutor in charge of the case returned the casefile back to the State Security Department for further investigation, thereby delaying trial hearings for at least one month.
11. Trial hearings, *in camera*, were held in the Beijing Second Intermediate Court as Criminal Case No. 862.
12. On 31st August 2006, court found Ching guilty of spying and sentenced him to five years' imprisonment. Ching's family issued a statement on the same day, claiming the verdict was extremely biased because the court took in evidence only from the Procuratorate while setting aside almost all defence arguments/evidence.
13. On 1st September 2006, Ching said the verdict was "very unfair" and would appeal, according to a statement by Ching's wife.
14. On 5th February 2008, the Chinese government announced that it was releasing Ching from prison early, a few days before the Chinese New Year holidays, having spent around 1,000 days in prison.

**ADDITIONAL FACTS:**

15. Ching was born in Guangzhou (then Kwangchow), China, on 3rd December 1949. He was educated at St. Paul's College, Hong Kong, and graduated from the University of Hong Kong in 1973 with a bachelor's degree in economics.
16. In 1974, Ching joined the *Wen Wei Po* (文汇报), a pro-Beijing newspaper, of which he eventually became vice-editorial manager. After the Tiananmen Square shootings of 4th June 1989, Ching and around 40 other journalists resigned from the newspaper in protest. Ching, with Li Zhisong and others, founded *Commentary*, a magazine about China affairs.
17. In 1996, Ching joined the Singapore-based newspaper The Straits Times, assigned at first to the Taiwan desk. While on the Taiwan desk, Ching's articles showed a pro-unification stance and were collected in a book called *Will Taiwan Break Away: The Rise of Taiwanese Nationalism*. Ching was later named [Chief] China Correspondent of the newspaper.

Casenote prepared on 1st September 2009