

EDITED BY
Minglu Chen

and

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Middle Class China

IDENTITY AND BEHAVIOUR



CSC CHINA PERSPECTIVES



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University of Sydney, Australia

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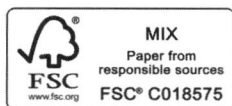
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Middle Class China

CSC CHINA PERSPECTIVES

Series Editor: David S.G. Goodman, *University of Sydney, Australia*

China is becoming an increasingly important influence on many countries across the globe, so that understanding China's society and culture, its history and development is a central intellectual challenge for the future. This valuable series introduces original studies that provide historical and comparative perspectives on China, as well as analyses of contemporary China under the pressure of economic growth.

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Preface

Discussion of China's middle class is almost ubiquitous, yet the idea is both poorly conceptualized and for the most part empirically untested. Within China there is a tendency to operationalize the notion of the middle class as though it were a Marxist class concept. Outside China there is a tendency to describe all changes of China's Reform Era as leading to the development of that country's middle class, and with it the inevitability of market capitalism and liberal democracy. Reform has certainly increased the size of China's middle class since 1978. At the same time, there is really no single middle class but a series of middle classes. These different middle classes clearly represent a variety of examples of social stratification with different identities and behavioural characteristics. There is, however, little in their behaviour to suggest a propensity for radical socio-political change, let alone a predisposition to either market capitalism or liberal democracy.

This volume concentrates on the behaviour and identity of different elements of China's middle classes in order to analyse the dynamic processes of socio-political change of which they are part. It follows Chinese practice in including entrepreneurs alongside managers, professionals, administrators, intellectuals and teachers as part of the growing middle class. It also follows the practices of analysis outside China in identifying the middle class as much by its consumption – notably of housing, education and lifestyle – as by its place in the class structure. The picture of China's middle class that emerges is one that is inherently complex, but it is one that places the middle class at the centre of the social and political establishment.

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*Minglu Chen and David S.G. Goodman
China Studies Centre
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Abbreviations

ACFIC	All-China Federation of Industry and Commerce
CASS	Chinese Academy of Social Sciences
CCA	China Consumer Association
CCP	Chinese Communist Party
CEE	Central and Eastern Europe
CPPCC	Chinese People's Political Consultative Conference
EAMC	East Asian Middle Class project
HPF	Housing Provident Fund
HRS	Household Responsibility System
ICC	Shanghai International Commerce Centre
IELTS	International English Language Testing System
NGO	non-government organization
PRC	People's Republic of China
RMB	Renminbi
S/COE	state and/or collective-owned enterprise
SHKP	Sun Hung Kai Properties
SOE	state-owned enterprise
SPEEC	Survey on Private Enterprises and Entrepreneurs in China
TOEFL	Test of English as a Foreign Language
TVEs	township and village enterprises

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Introduction: middle class China – discourse, structure and practice

Minglu Chen and David S.G. Goodman

Three decades of economic growth have dramatically altered China's social structure. There is a widespread understanding both inside and outside the People's Republic of China (PRC) that growth has resulted in an increase in numbers and a higher profile for the middle class (Li, Cheng, 2010a). There could of course be few greater contrasts between the last three decades and the pre-Reform Era in China. In the PRC's first three decades, public discourse was all about soldiers, peasants and workers. Consumption, let alone conspicuous consumption, could lead to political problems as well as social ostracization. Since 1978, however, entrepreneurs, managers and professionals have come to occupy the public limelight, and while consumption still remains a relatively small part of China's GDP there is a considerable trend towards a consumer society in urban China (Davis, 2000; Cartier, 2008).

Ideas about the middle classes were not noticeably part of Marx's analysis of social and political change, and Communist Party-states have historically had little to say about the phenomenon (Inkeles, 1971). In the PRC during the years of Mao-dominated politics (1956–76) the equation of the middle class with the bourgeoisie, and the associations of both with capitalism when capitalism was the focus of official criticism, effectively removed the concept of a middle class from both the political lexicon and the social sciences. The use of the term 'middle class' (*zhongchan jieji*) or 'middle strata' (*zhongchan jiecheng*) – the latter somewhat politically more secure – only started to (re)emerge publicly after the Chinese Communist Party (CCP) adjusted its attitude to entrepreneurs in and after 2000 (Zhou, 2005). Previously viewed negatively (Zang, 2008) and banned from CCP membership, entrepreneurs were socially and politically resuscitated when the then President of the PRC and General Secretary of the CCP, Jiang Zemin, announced his theory of the 'Three Represents' which, inter alia, highlighted the

positive role of the entrepreneur in national development. Most remarkably the CCP quickly came to embrace the concept, not simply of the possibility of a progressive middle class, but of the desirability of creating a middle class China (Guo, 2008a).

Much is clearly expected from China's growing middle class. The CCP looks to the creation of a substantial middle class not simply for a source of legitimacy bought through economic prosperity, but also as the foundation of social harmony (Guo, 2012). China's urban population sees the development of a middle class that they may emulate as fulfilment of a promise of increasing prosperity (Liang, 2011). The outside world looks to this growing middle class as a driver for greater democracy in China (with which it believes it will feel more comfortable) and the PRC's greater global integration (Santoro, 2009).

There is, however, a paradox in all this excitement about social change in China. The middle class is a powerful and mobilizing idea but it is a relatively weak analytical tool. The idea of the middle class implies a comfortable standard of living, social and political stability and majority politics. On the other hand, the constituent social base of the group identified as the Chinese middle class is far from clear. The middle class may be taken to include a wide range of people engaged in a wide range of activities: entrepreneurs, managers of economic enterprises, professionals, officials, teachers and administrators are all often described as part of the middle class. It would clearly be a mistake to think that there is or could be a single middle class, let alone that there are ready commonalities or shared interests amongst all these different elements. It is extremely possible that there may be conflicting interests within these different elements of the middle classes: professionals and entrepreneurs, or entrepreneurs and their managers, may well, for example, exist in various creative tensions. Disaggregating the focus of analysis would seem like a necessary first step before considering the ways in which the emergence of middle classes may have effected or presaged change.

LOCATING THE MIDDLE CLASS

The middle class has long been an elusive concept. Though clearly related to theories of class, it is not strictly speaking part of the more detailed system of thought developed by Marx and Weber about the material wealth, roles in processes of production, exploitation and social status of various classes (Wright, 2005). Outside the pages of academic analysis the middle class is, more often than not, statistically defined in terms of its wealth, income or consumption rather than in terms of less

tangible indicators such as class, status and power. There is a certain logic to a statistical identification of the middle class. From this perspective the behaviour of those occupying the middle percentiles (whatever percentage is adopted) has at least a quantifiable basis that might otherwise not be so readily available (Pizzigati, 2010).

At the same time there are both theoretical and practical problems that attend this otherwise straightforward approach to understanding the political economy. Theoretically, class is not just a matter of wealth, income or consumption. Complex societies have multiple hierarchies of different kinds of power. It is the interaction between these hierarchies that commands attention. In any case, wealth, income and consumption may not always be visible and straightforward in practice. These practical problems are particularly acute in the case of the PRC where much wealth and income may be concealed for a variety of reasons. Income is often taken as a proxy for wealth, but in the PRC many positions have long had benefits of housing and health services included as 'hidden income'.

Almost universally, consumption and lifestyle are regarded as markers of the middle class (Fussell, 1992; Savage et al., 1995). Secluded housing estates, the best schools for their children – including private and restricted-access schools where these are available – and access to privileged and often private health services are obvious characteristics, as is the consumption of relatively expensive clothing, automobiles, personal decoration and holidays. The consumerism and lifestyle aspirations of the middle classes are both mapped and promoted by marketers, and China has been no exception in the trend for ubiquitous advertising of the latest brands and products, especially in the last decade (Hanser, 2008; Lu, 2008; Sun, 2008; Zhang, Li, 2010).

In the PRC during the last decade a wide range of different groups of people have laid claim to middle class identity. These include social categories that have emerged only with the recent period of dramatic economic growth, such as entrepreneurs, lawyers and real estate agents. There are also large numbers of professions that existed before, but have changed their manner of operation and increased dramatically in numbers as a result of the introduction of economic restructuring, such as accountants, enterprise managers and architects. Finally, there are those in service positions that have long existed in the PRC and who might also be considered middle class, such as teachers, welfare workers, administrative staff and minor officials of the Party-state. Some elements of the PRC's middle class may be new, but clearly the PRC has long had a middle class, as one would expect from a modernizing regime (Goodman, 2008b).