Introduction: middle class China – discourse, structure and practice

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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 jieceng*) – 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).

The explanation of why there is an exceptionally wide range of identities and an apparent inherent variability in the concept of the middle class is largely historical (Robison and Goodman, 1992). At the beginning of the nineteenth century in North West Europe, the driving force of change was the new bourgeoisie, the entrepreneurs and owners of capital who led the Industrial Revolution. They were regarded as the 'middle' class because they were in between the court and the aristocracy of Europe's *ancien régime* on the one hand, and the burghers and the townspeople on the other (Pilbeam, 1990; Mooers, 1991). With time these captains of industry, though clearly not all entrepreneurs by any stretch of the imagination, became an integral part of the ruling class in many different ways, gaining access not only to public and political leadership, but also (in the case of the United Kingdom) ennoblement.

With time too the state became more dominant both through its role towards the end of the nineteenth century in the later industrializing countries, such as Germany and Japan, and generally through the development of the liberal welfare state (Kurth, 1979). A key result of the developmental history of capitalism was the emergence of new social categories of professionals and managers who served the needs of both economic development and the state. These were middle class because they were between economic and political leadership on the one hand, and 'the masses' on the other. They included accountants, lawyers and managers who serviced and supported economic activities, public servants and other direct state employees who administered the operation of the state and its activities, and doctors, nurses, dentists, teachers and university staff who developed and looked after the individual needs of the population. By the middle of the twentieth century, this manifestation of the middle class had become known as the managerial revolution (Burnham, 1941; Galbraith, 1968).

Clearly it is possible to find echoes of all these different dimensions of middle class identity in the PRC's recent experience. Most obviously there is little problem in identifying China's increasing numbers of professionals and managers with the middle classes of other countries and other periods. From the perspective of North America or Europe in the early twenty-first century, however, it is difficult to regard entrepreneurs as middle class *per se*. Indeed, in the current development of the PRC it is equally clear that many of the more successful early entrepreneurs are rapidly becoming part of the political as well as the economic establishment (Chen and Dickson, 2010). At the same time, the social and economic function of the entrepreneurial class in the contemporary PRC has certain close resonances with their early nineteenth-century counterparts in North West Europe. While not quite as excluded

from the political process as their European precursors, the PRC's entrepreneurs did emerge, to some extent, in a social and political space between the earlier political and (under state socialism, by definition) economic establishment on the one hand, and the then political nation of workers and peasants on the other.

THE IMPACT OF THE MIDDLE CLASS

The parallels between the emergence of the Chinese middle class with the emergence of an entrepreneurial class in nineteenth-century Europe is an obvious place to start any assessment of its impact on social change. There is a ready assumption that the emergence or growth of the middle classes everywhere, including in the PRC, will lead almost automatically to democratic change (Robison and Goodman, 1996). A substantial proportion of the research on the development of the middle class in the PRC during the last three decades, inside as well as outside the country, has been dedicated to investigating the prospects for regime change.

There was some early research – after only the first decade of economic restructuring – which concluded that democratic change would follow from the emergence of new entrepreneurial classes in the PRC (Glassman, 1991). Interestingly, most of the subsequent research on the topic has advised strongly against this possibility, stressing instead the close relationship between the new entrepreneurs and the Party-state, as well as the focus on the maintenance of the political status quo (Pearson, 1997; Goodman, 2001; Dickson, 2003a, 2003b, 2004, 2008). The explanation of this apparent difference lies in the genesis of the new entrepreneurs and the subsequent reactions of the political establishment. In the history of nineteenth-century Europe there is at least the myth that the new entrepreneurs were excluded from political power, and therefore needed to widen the franchise and organize as a class to obtain a place in the establishment. In China, many of the new entrepreneurs did not emerge completely from outside the establishment of the Party-state, and where they did they were rapidly incorporated into it.

Private ownership was not the cornerstone of the PRC model of enterprise development. In the first place there was no property law guaranteeing the ownership rights of private entrepreneurs until 2006. There certainly were some private entrepreneurs who decided to go it alone once economic restructuring away from state socialism started in the mid-1980s. At the same time these entrepreneurs' activities were mainly small scale, and across the country many had to remain so if they wanted to stay private. Private entrepreneurs – owner-operators of

businesses – who wanted to grow were essentially often required to surrender equity, though not necessarily managerial control, to local government. Without links to local government they were unable to access the elements of production – land, labour and capital – that they need in order to expand.

As these comments about the development of the private sector suggest, the larger-scale and usually more successful enterprises were hybrid public–private enterprises in a somewhat bewildering array of forms (Naughton, 2010). The township and village enterprises (TVEs) that started to emerge in the early 1980s were the first of the type and characteristic of this approach to enterprise development. Under state socialism rural China was organized into People's Communes and their economic activities were not part of the state but rather part of the collective sector. While their output was part of the State Plan, their inputs were not provided by government, and responsibility for production and income generation rested with the owners of the collective: the local peasants. With the start of the Reform Era many rural collectives, especially those in peri-urban areas, found themselves able to develop small industrial concerns, often under the leadership of entrepreneurial types. The issue of ownership was not so much negotiated as ignored.

The final piece in the enterprise development jigsaw was the restructuring of the former state-owned enterprises (SOEs) of the state-socialist era. Here the initiative came from the top-down and the entrepreneurs in question were state managers volunteering or being pushed into new entrepreneurial positions. Many SOEs have continued to operate but with changes that have rendered them more economically efficient. Under the socialist system, large-scale SOEs not only had a core economic activity but would provide housing, canteens, schools, hospitals and other aspects of social welfare to their staff and their families. Since reform, all these operations have been commercialized, along with non-core economic activities that might be commercialized. For example, a factory's truck workshop might have become a new freight company. The staff would have been provided with the original workshop's equipment and assets, and the former SOE parent company would have retained some equity (often half) as the new enterprise developed. In the same process new entrepreneurial managers emerged to lead what remained of the old SOE.

In sum, the relationship between the new entrepreneurs and the Party-state is close, regardless of whether they are former Party-state managers who became new entrepreneurs in a continuing SOE, those who formed new public–private hybrid companies, or private entrepreneurs who quickly learnt the rules of the new game. While it is reasonable to expect all the former SOE managers to be members of the

CCP, many of the so-called private entrepreneurs were also members even before they became entrepreneurs. Surveys from the late 1990s and early 2000s indicate that about a third of private entrepreneurs were CCP members before establishing their new enterprises (Goodman, 2001; Dickson, 2003a). Many of the new entrepreneurs, then, either came from within the Party-state or were CCP members. For those with no such background, the CCP has gone out of its way to bring the new entrepreneurs into the fold of the Party-state, either as CCP members – which accounts for a further quarter of private entrepreneurs (Goodman, 2001; Dickson, 2008) – or by appointing them to positions in People's Congresses and People's Consultative Conferences.

Under these circumstances it is no surprise that there is little evidence of the entrepreneurial middle classes initiating political change. Nonetheless, it may still be the case that other sections of the expanding middle classes – especially intellectuals and other related professionals – may take the lead in this regard. Here the evidence is more mixed but, even so, it suggests not so much the advocacy of fundamental regime change but a greater concern with effecting adjustments to the existing system, particularly with respect to social concerns such as poverty or the environment, or the protection of individual rights. Water usage and environmental degradation have been topics for mobilization on several occasions (Mertha, 2011). Gender issues and women's rights have also had a fairly high profile in urban China, as well as public health issues (Edwards, 2008; Hood, 2012; Rofel, 2012). However, the concept of a non-government organization (NGO) in a system that does not allow for the possibility of a separate sphere of non-governmental activity leads to some interesting situations, including the need (from the Party-state's point of view) for officially recognized and sanctioned NGOs. All the same there have been active NGOs and specific campaigns led by academics, lawyers, doctors and others, across a range of issues.

Housing is one area where the expanding professional and middle classes have become particularly active in pursuit of individual rights. However, this may not be just a middle class preoccupation since, with the commercialization of urban housing, almost everyone has become mindful of their rights and entitlements. On the other hand the middle classes have demanded, and largely obtained, housing that meets the standards of their newly acquired sensibilities. Often this means gated communities, excellent transport facilities and local schools. Sometimes compromises with local government – such as the supply of a certain proportion of social housing alongside or within new developments – are required in order to ensure the delivery of conditions now considered appropriate (Tomba and Tang, 2008).

UNDERSTANDING THE MIDDLE CLASS

Identifying the social space occupied by the growing middle classes is of course not the same as identifying the social backgrounds, attitudes and propensity to action of the individuals themselves. The purpose of the chapters in this volume is to take the discussion of China's middle classes further in those regards. The aim is not simply to produce a more nuanced understanding of the structure of the middle class in the PRC, but to identify the dynamic elements in their behaviour.

Li Chunling (Chapter 1) is a sociologist in the PRC whose starting point is to question her colleagues' insistence that the emergence of a larger middle class will have significant sociopolitical consequences. In her view they argue too much about whether the middle class is a stabilizing or a destabilizing force in society, and whether it will promote a democratic transition or act to preserve the existing order; as a result they advise Central Government either to control the middle class or to enlarge it. Through an examination of the sociopolitical attitudes of the middle classes as reported in survey data, Li concludes that these views are too simplistic in their explanation of complex processes, and too extreme in their analysis of consequences. The views of middle class professionals, as reflected in survey data, are somewhat contradictory: They are not in favour of state authoritarianism but they are the most satisfied with their current living standards and so wish to avoid sociopolitical change. The new entrepreneurs and the managerial class are the most conservative: accepting of both state authoritarianism and social inequality. Intellectuals and the marginal members of the middle class are, Li finds, the least accepting of social inequality and state authoritarianism.

Carolyn Cartier (Chapter 2) is concerned with the development of a consumer society, with consumption as the defining feature of middle class China. In particular, her chapter is concerned with understanding the development of the middle class urban environment. Beijing is in the process of turning to household consumption to transform the country from a production-led to a consumption-led domestic economy, in which private household consumption – rather than continued state investment – drives annual GDP growth. In the process of this planned transition, consumption is proving to be a key context for debate over diverse issues of social and economic change. Cartier examines several conjunctures between consumption and class formation in urban China, and concludes that the rapidity of urban development and economic restructuring has compressed the trajectory of the production–consumption transition and limited middle class hopes and possibilities.

Housing is the subject of Beibei Tang's analysis of middle class consumerist behaviour in Chapter 3. With commercialization of the housing market, home purchase has become a family's major investment. It is a process that has created new social groups and class subjects who are defined by their capacity for consumption and their pursuit of specific lifestyles and social distinctions. This has been argued as being particularly the case for gated communities, high-status accommodation characterized by its provision of privileged lifestyles, privacy, private property and high-level services, and which keeps other social groups, such as the urban poor and migrant workers, out. Through a study of gated communities in Shenyang, Tang presents a different argument. She accepts that these gated communities have led to the formation of new privileged social groups but defines these as housing status groups that play a different role from, and are not the same as, class. She identifies two different paths to gated community residence, only one of which is wealth. (The other is through allocation from an administrative hierarchy.) While these housing communities may eventually contribute to class formation, at present this is not the case, with class consciousness and housing community consciousness each having its own separate existence and manifestation.

Jieyu Liu in Chapter 4 moves the discussion from considerations of class and consumption in the urban environment into the workplace and considerations of the relationships between gender and class. As she points out, gender is often sidelined by discussions of class, though the two are clearly mutually constitutive. Through an ethnographic study of a specific workplace she demonstrates how gender is a major determinant to career and life chances. In the words of one of her interviewee sales staff: 'We are not white-collar workers; actually we are just blue-collar workers that happen to work in the offices'. Gender is not, however, simply a marker of work difference. As Liu points out, it is a major determinant of class formation.

As Beibei Tang and Jonathan Unger point out in their chapter examining the urban educated middle class (Chapter 5), the numbers of lawyers, IT consultants, teachers and other professionals is now so large that they set the tone and tastes for 'respectable' society. Given that the PRC remains an authoritarian political system, it might be thought most likely that this group would be at the forefront of voices arguing for change. In fact the opposite appears to be the case: the urban educated middle class is solidly behind the maintenance of the status quo. The authors conducted a series of interviews with academics at universities and research institutes in Shenyang and Guangzhou between 2007 and 2009. Those interviewed covered several generations of intellectuals. The

chapter reports on the changes in the circumstances of these intellectual professionals as reported through these interviews. In particular they were asked about their material wealth and attitudes towards the regime. Given that in the 1980s there was much resistance to the regime and its policy of economic restructuring from precisely these urban educated intellectuals, one important aim was to see how later policy may have been adapted to ensure greater loyalty from this social category. The authors conclude that the Party-state has certainly succeeded in this regard.

Jean-Louis Rocca (Chapter 6) is also concerned with the potential for the development of a Chinese middle class to lead to political change, and he too is wary of jumping to any such conclusion. Through a study of homeowners' movements, he questions whether the role of the white-collar, managerial and professional middle classes in the democratization process is so clearly established, and whether the political behaviour of the Chinese middle class is indeed comparable to that of its counterparts in Western and East Asian countries. He chooses homeowners as his focus because they are often identified as representing the politically conscious vanguard of the Chinese middle classes. Certainly there have been a growing number of social conflicts that have mobilized homeowners to defend their property rights. He examines the work of scholars and journalists in China on this topic, and draws on research that has been undertaken at Tsinghua University. Rocca has also interviewed homeowners throughout Beijing about conflicts in housing communities, as well as activists in homeowner movements. He concludes that while the homeownership middle classes may be able to mobilize and fight on specific issues, there is neither much thought for or desire to engage in wider attempts at political action, whether liberalization or anything else.

Hans Hendrichske's approach in Chapter 7 to the question of the possible political interaction between the Party-state and the entrepreneurial middle classes bears heavily on the new institutional economics and, like Rocca, he is wary of drawing too close a comparison with European antecedents. Hendrichske carefully disaggregates the environment within which entrepreneurs must now act, and draws a significant distinction between the local Party-state, within which the entrepreneurs are and must be embedded, and the central Party-state, with its control of regime maintenance and which for most is almost another country. There clearly is change and accommodation in both politics and economic management at local level, but regime change is not on the agenda. At the same time, as Hendrichske points out, there is an aspect of economic development to these concerns. Entrepreneurs in the more developed areas of China are more likely in many senses to be

politically active, and to be able to positively influence, if not capture the institutions of the local Party-state.

In the book's final chapter, Yang Jing and Dai Jianzhong undertake a social analysis of the PRC's private entrepreneurs, based on surveys undertaken for the Chinese Academy of Social Sciences (CASS) over two decades. This is the largest and most comprehensive survey of entrepreneurs undertaken in the PRC. They are concerned to identify where these new entrepreneurs came from and why they chose to become guinea pigs in economic reform at a time when the future was so uncertain. They seek to establish whether the new entrepreneurs share a series of distinctive features and whether the ways they run their businesses have anything in common. In particular they also want to know if the pattern of enterprise development and the characteristics of enterprise management develop over time. The examination of risk-taking is a large part of their study. Dramatically, they highlight a major change in the emergence of enterprises and the development of enterprise management and managers around the year 2000. Up to that time, more private entrepreneurs were from lower social status families and were greater risk-takers. After 2000, entrepreneurs were more likely to be better educated, and considerably more socially and politically networked.

There is a common view that the middle classes are homogeneous, and that this homogeneity is not only true within a particular society, but also globally. Certainly, the assumption of middle class homogeneity and stability links policy-makers in Beijing with policy-makers in other world capitals. The myth of 'people like us' is very powerful. The world is not, however, that simple and there are national and local variations in middle class formation and impact, as this collection demonstrates. There is also, again as this collection demonstrates, considerable debate over the identity and behaviour of China's middle classes. The authors hope that this volume contributes to a more nuanced assessment of China's middle classes, an assessment that may facilitate a more accurate assessment of their very specific concerns, social positioning and aspirations.