

**SOCIAL REFORMS IN THE CITIES:
MODERNITY, TIME WARP AND MARKETING
AMONG DISPARATE URBAN SOCIAL STRATA**

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Introduction

It is now three full decades since China's post-Mao political elite set out to reshape the economy of the nation. Throughout this period, each new urban policy the leaders promoted—whether changes to the responsibilities and powers of the enterprises and their associated “units”; allowing for free-market pricing; legitimating the private sector; sponsoring housing ownership; opening up stock markets; creating insurance for health care and upgrading and expanding education; encouraging competition in and modernization of transportation and communications; and the development of an urban real estate regime, plus all the technologies that have arisen in the wake of these steps--has been presented to the populace as a “*reform*.”

Perhaps it is time to take stock of the literal denotation of the concept. According to one dictionary,¹ to reform is to “make changes for improvement in order to remove abuse and injustice; to bring, lead or force to abandon a wrong or evil course of life or conduct and adopt a right one.” This definition suggests not just betterment, but also a directedness toward the future, an amelioration of the past. What has been was incorrect and what is to be is rectification. In short, reform is movement toward the “*modern*.” And indeed, the thrust of urban reform has been along precisely this route for perhaps some eighty percent-plus of the urban populace. They, the majority, the ones who get all the press, stand in the forefront; they are the vanguard of modernity, the beneficiaries of all the reforms, as we will see. Their steps are upward, onward.

¹The definition comes from *Longman Dictionary of Contemporary English new edition* (New York: Longman, 1995) (3d ed.), 1188.

But marketization, which has also entailed enterprises being urged to push for profit, with the less well-endowed firms shunted into bankruptcy, their former workers abandoned to unemployment, and the privatization of benefits that had once been state-funded and guaranteed--meant that for the others, those who lost their jobs and with them their welfare and wherewithal, if not their homes and their health--the years since this set of alterations began to unfurl (especially over those years in the second half of the so-termed "reform period") have seen not forward motion but *time warp*, and their steps are downward, a descent. Again, to delineate the label I use, "time warp" specifies "a hypothetical discontinuity or distortion occurring in the flow of time that would move events from one time period to another or suspend the passage of time." Alternatively, the notion conveys a circumstance in which something has "not changed even though everyone or everything else has; an imaginary situation in which the past or future becomes the present."²

For these losers, in many (if not all) ways the positive impacts of the reforms have passed them by. For them, materially life appears to have returned to the pre-1978 times of old, to the days when all ownership was public (or so-called "collective") and poverty was pervasive and unexceptional, thus pretty much normalized. Today, by contrast, it is they alone who experience impoverishment in the midst of commonplace complacency, and who therefore depart from the mode. Moreover, whereas before their circumstances were firmly undergirded by state guarantees, they live now in destitution with no real security, and with the status loss that has come alongside the banality of comfort for their

² Longman, *op. cit.*, 1517.

neighbors. Looking at the “reform” measures that have metamorphosized the municipalities, this paper hones in on the variable impacts the changes have had upon different social strata.

In short, in depicting the reforms for society in China’s cities after the 30 years of development since Deng Xiaoping first became the country’s decisive politician, we face an opposition: on the one side we see prosperity, privatization and progress, on the other, regress, or, at best, stasis. The new poor live as if in a warp of time as the world of the global, the cosmopolitan, whirls around them on all sides, its partakers prancing into the future.

Another point to be underlined: While most mention of the income gaps that arose with reform in post-1978 China, made whether in the press (both Chinese and external) or in the scholarly literature, focuses on the now much more exaggerated *urban-rural* polarity (with urbanites on average receiving an income 3.3 times larger than that of the typical rural person in 2007,³ here I concern myself just with new splits that have opened up within urban society as that society is re-formed. One could attribute this polarization directly to the market reforms themselves, which I do not attempt here; it will be instructive, however, simply to examine the variable outcomes that reforms have occasioned for people at either ends of the income continuum.

³ N.a., "China warns on rural,urban income gap:report,"August 28, 2008, <http://afp.google.com/article/ALeqM5gccd91vGCODDUbzQmWrkfJJu8KQw>, accessed 2 October 2008.

The market itself (and the move to it, after 1980) can be used as metaphor to depict this antinomy of results. But what I refer to now is not the abstract market, writ large. I mean, instead, the practical, everyday market in which people in China now shop, where they spend in order to access the stuff of life and of livelihood, where they purchase in order to consume.⁴ Used in this sense, thinking of the march of middle- and upper-income Chinese toward the modern in terms of how this portion of the social formation can now spend its money, thanks to the marketization of the city economy and, consequently, of their daily lives--in contradistinction to how the new poor pays out its meager funds, now that their work unit provider has collapsed or quit its old provisioning--can illuminate much about social reform in the cities in the second "new China" now placed before our eyes.⁵

So this market metaphor lights up not just buying habits and capabilities. It also sets into relief the cast of the new class structure

⁴ Amy Hanser, *Service Encounters: Class, Gender, and the Market for Social Distinction in Urban China* (Stanford: Stanford University Press, 2008), 49, 51.

⁵The first "new China" was, of course, the one constituted by the victory of the Communist Party, in and over the 29 years after 1949. Hanser, *op. cit.*, 51 speaks of consumption practices supplying "a way to feel included in a modern, urban culture"; Kevin Latham, "Introduction: Consumption and cultural change in contemporary China," in Kevin Latham, Stuart Thompson and Jakob Klein, eds., *Consuming China: Approaches to cultural change in contemporary China* (London: Routledge, 2006), 4 links "consumerism, materialism and commodification" marking everyday life throughout Greater China and on 6 he writes that the reform period has brought social divisions "not least through differential access to consumption." Pun Ngai, *Made in China: Women Factory Workers in a Global Workplace* (Durham: Duke University Press, 2005), 158 speaks of female rural-origin factory workers' "desire to consume" as being "driven by their urgent desire to live up to the calling of [a] modern model of female beauty."

under construction in the metropolises, a structure in which the victors are visible, the defeated, however, mostly out of sight. Besides, one could argue, that very invisibility is a prominent component of the model of modernity both envisioned and fashioned by the Party elite. In the paper that follows I set out this trope of the “market,” one simplified through positing two modal, contrasting modes of procurement and consumption in relation to new possibilities in the search for comfort created—or, alternatively, necessitated—by social reforms—either for luxury, pleasure and extravagance, on one side, yet only for bare sustenance, on the other. In the course of this recital I refer to the chief economic-cum-social reforms that fashioned these alternatives. My goal is to expose the divergent range of experiences, behaviors and impacts that these so-famous economic reforms unfolding since 1978 in China’s municipalities have manufactured for different sets of folk.

After briefly offering some numbers that can describe the respective situations of opposing social elements associated with the social reforms of the past 30 years, I touch on these topics associated: buying to eat, housing disparities, stances toward clothing and other commodities of common usage, dissimilarities in styles of life (as in recreation and culture), the acquisition and the nature of education and health care that the two social sectors, respectively, can command today; and their dissimilar modes of communications and travel. I also take a look at the quite unlike effects of the reform-era birth of stock markets and real estate markets, and of recent rises in prices—all a function of marketization—upon separate segments of society. In conclusion, I make the case that even a quick glimpse of these parallel but mirror-image postures toward what could be called “marketing” or “shopping,” and the

conflicting scenarios in which such action takes place help to uncover the split urban society that is accompanying the urban reforms much more richly than the oft-publicized naked numbers on income gaps alone can do.

Two Variable Forms of Life in the New Urban Marketplace

By the late 1990s, *average* statistics reflecting improvements in urban livelihood were remarkable. At that point China's gross domestic product (GDP) had expanded by five times over just two decades, and its index of GDP per capita in real terms had risen to 460 (in 1997) if the year 1978 is taken as 100. During this same period, the level of consumption per capita tripled, with the index of consumption in real terms growing from 100 in 1978 to 381 nineteen years later.⁶ Put otherwise, adjusted for inflation, per capita income doubled between 1978 and 1990,⁷ while consumption increased at an *average* rate of seven percent each year during both the 1980s and 1990s.⁸ In the words of one observer, consumption and income "soared" in the 1990s.⁹

By 2006, the index of per capita annual disposable income had gone to just over 670, with 1978 again taken as the base.¹⁰ Total retail sales of consumer goods in current prices shot up 49 times between those two

⁶ Wu Yanrui, *China's Consumer Revolution: The Emerging Patterns of Wealth and Expenditure* (Cheltenham, UK: Edward Elgar, 1999), 17-18.

⁷ Deborah S. Davis, "Introduction: A Revolution in Consumption," in *The Consumer Revolution in Urban China*, ed. by Deborah S. Davis (Berkeley: University of California Press, 2000), 1.

⁸ Beverly Hooper, "Consumer Voices: Asserting Rights in Post-Mao China," *China Information*, XIV, 2 (2000), 92.

⁹ Latham, *op. cit.*, 1.

¹⁰ Zhonghua renmin gongheguo guojia tongjiju, bian [Chinese People's Republic National Bureau of Statistics, ed.] 2007, *Zhongguo tongji nianjian 2007* [Chinese Statistical Yearbook 2007] (Beijing: Zhongguo tongji chubanshe [China Statistics Press], 2007), 345.

year.¹¹ By the end of the third quarter of 2007, deducting price factors, there was a real increase in urban residents' per capita disposable income of 13.2 percent, a higher increase than in the same period the year before by 3.2 percentage points.¹² Through the first half of 2008, before the global meltdown hit, it seemed that these surges were swelling unstopably, with urban workers' per capita salary averaging over 2,000 yuan per month, up 18 percent on a year-on-year basis, according to the National Bureau of Statistics.¹³

At the same time, retail sales continued to climb, shooting upward by 13.2 percent in July 2008, again on a year-on-year comparison.¹⁴ Per capita expenditure had leapt up 13.7 percent over the first half of 2007, or 5.7 percent if adjusted for inflation.¹⁵ But to put these numbers into real-life perspective, the averages masked massive disparities: the 2008 United Nations' China Human Development Report announced in late 2008 that, "In 2006 the per capita disposable income of the richest 10 percent of families was 8.06 more than that of the poorest 10 percent" in cities.¹⁶

As of 2005, 4.5 million Chinese were estimated to have disposable annual incomes over US \$30,000;¹⁷ one scholar reckoned that the social elite, whom she characterized as those with high incomes and luxurious

¹¹ *Ibid.*, 666.

¹² Lu Qingzhe, "Zhongguo dangqian chengxiang jumin shenghuo xiaofei zhuangkuang" [Livelihood and Consumption of Urban and Rural Residents in China], in Ru Xin, Lu Xueyi, Li Peilin, zhubian [chief editors], *2008 nian: Zhongguo shehui xingshi fenxi yu yuce* [2008: Analysis and forecast of China's social situation] (Beijing: Social Sciences Academic Press, 2008), 16.

¹³ Chinaview July 28, 2008.

¹⁴ *China Daily* (hereafter, *CD*), August 14, 2008.

¹⁵ *CD*, July 26, 2008.

¹⁶ China Institute for Reform and Development, "China Human Development Report 2007/08: Access for all, Basic public services for 1.3 billion people" [hereafter Human Development Report] (Beijing: China Translation and Publishing Corporation, 2008), 34.

¹⁷ Latham, *op. cit.*, 2.

lifestyles constituted a mere 2.2 percent of the country's total population.¹⁸ The *China Daily*, the official English-language paper, had a piece in late July 2008 summarizing research of the expenditures and lifestyles of over 100 super rich people by a Rupert Hoogewerf. His report noted that what he called a "super aristocrat" typically spends at least 4.5 million yuan (\$672,000 US) per year, mostly on financing "a premium standard of living"; the author surmises that only about 50,000 people nationally can sustain the level of high living that marks such aristocrats, replete with a villa plus an apartment, four cars (including a Rolls-Royce), and chartered planes to play golf in Hainan. Despite the fascination with this subset of Chinese in recent months, this researcher speculated that approximately 50,000 people, which would amount to .0038 percent of China's total population comprise it.¹⁹

Even if one moves to a larger grouping, that of reasonably comfortable people, the numbers might not be terribly sizable. A count by the official *China Daily* figured that perhaps some 100 million, or seven percent of the total Chinese populace (both urban and rural), belonged to "middle class."²⁰ Just a couple of years earlier, however, the Asian Development Bank announced that there were somewhere in the range of 14.7 million urban poor if per capita *income* were counted, but perhaps as many as 37 million (or 12 percent) of the urban populace if per capita *spending* were the measure.²¹

¹⁸ Elisabeth Croll, *China's New Consumers: Social development and domestic demand* (London: Routledge, 2006), 81.

¹⁹ N.a., "How super rich live in China," *China Daily*, July 25, 2008; Alan Wheatley, "Confronting income inequality in China," *International Herald Tribune*, July 22, 2008.

²⁰ Croll, *op. cit.*, 103.

²¹ *Ibid.*, 123.

In 2006, high-income households' disposable income was equal to 2.26 times the national average level, while per person consumption level was the equivalent of nearly two times (1.96 times) the national average level. Simultaneously, the 10 percent of the urban populace having the lowest income per capita took in an average income that was just 38.8 percent of the national average income; their per capita expenditure on consumption amounted to 47.2 percent of the national average.²²

The marketization of urban society has not only allowed the wealthy to take in comparatively huge sums of income every year, but it has also bestowed upon them an ability to absorb wealth from non-salary sources—including personal investments in stocks and real estate, access to bribes, and new powers over public funds and assets.²³ Meanwhile, those left behind have been forced to resume features of the dailiness not identical to, but familiar enough from, life in the cities in pre-Deng times: austerity, characterized by miniscule if any disposable income, few or no discretionary purchases, and generally cautious spending undertaken just to satisfy basic livelihood demands.²⁴

I turn now to examine how these figures affected the spending and consumption habits and inclinations of these two sorts of citizens in relation to various urban reforms. I speak just of the urban registered; material on the lives in the cities of the great bulk of the incoming rural

²² Lu, *op. cit.*, 24-25.

²³ Wu, *op. cit.*, 10; Croll, *op. cit.*, 82; Christopher Buckley, "How a Revolution Becomes a Dinner Party: Stratification, Mobility, and the New Rich in Urban China," in Michael Pinches, ed., *Culture and Privilege in Capitalist Asia* (London: Routledge, 1999), 208-29.

²⁴ Buckley, *op. cit.*, 17; Deborah S. Davis and Julia S. Sensenbrenner, "Commercializing Childhood: Parental Purchases for Shanghai's Only Child," in *The Consumer Revolution in Urban China*, ed. by Deborah S. Davis (Berkeley: University of California Press, 2000), 77; Lu, *op. cit.*, 25.

migrants, I suspect, has not been altered greatly from the generalized deprivation that I described about them in my 1999 book²⁵

Food and Eating

One of the very first economic reforms to affect urban residents was the opening of the retail sector, allowing stores to set their prices and fill their shelves in accord with demand (instead of having the prices dictated by the State Price Commission, as under the planned economy, and in lieu of having to stock only what the state plan dictated should be offered; allowing prices of daily-use commodities to fluctuate in line with supply and demand; legitimating advertising; and, most prominently and visibly at the start, allowing farmers to vend their produce in open-air markets within city boundaries.²⁶ For my purpose here—which is showing the repercussions of these permissions for different parts of the populace—I focus on the nutritional divergence between the monied and the needy. A first-cut means of accomplishing this is by using the Engels coefficient, a measure of the proportion of income spent on food.

The theory behind the coefficient states that a decline in the proportion of expenditure on food is expected as incomes increase, with the proportion used on consumer goods, recreation, and health care rising.²⁷ Though this percentage had dropped from 57.5 percent in 1978 nationally on average down to only 35.8 percent in 2006, the poorest five

²⁵ Dorothy J. Solinger, *Contesting Citizenship in Urban China* (Berkeley: University of California Press, 1999).

²⁶ *Idem.*, “Commerce: The Petty Private Sector and the Three Lines in the 1980,” in Dorothy J. Solinger, ed. *Three Visions of Chinese Socialism* (Boulder: Westview Press, 1983), 73-111; *idem.*, *Chinese Business Under Socialism* (Berkeley: University of California Press, 1984); *idem.*, “Commercial Reform and State Control: Structural Changes in Chinese Trade, 1981-83,” *Pacific Affairs* (Summer): 197-215.

²⁷ Hooper, *op. cit.*, 93; Lu, *op. cit.*, 22.

percent of city households still spent 47 percent of their total consumption on eating that year, while the top 10 percent used just 27 percent.²⁸ True, by as early as 1983, vibrant outdoor produce marts, disallowed under the Maoist economy, did indeed break out onto the streets and alleyways and they remain as a prime visual symbol of marketization through to the present. But with the enterprise layoffs of the late 1990s that rendered millions without steady jobs, shoppers in these fairs were apt to be people looking for a bargain. The wealthy, by contrast, have their private groceries, supermarkets stocked with imported goods, and other specialty food outlets to meet their higher class demands and desires.²⁹

A poignant comparison of the eating conventions of the two classes in and after the end of the millennium becomes clear when contrasting, on one side, two reports on the conditions of minimum livelihood guarantee (the *dibao*, or *zuidi shenghuo baozhang*) recipients (one based on 1998-99 interviews and the other on research conducted in poor households in 2007),³⁰ with an essay on exotic meals enjoyed by the elite,

²⁸ Calculated from Zhonghua renmin, op. cit., 348-49; Lu, op. cit., 22.

²⁹ Ann Veeck, "The Revitalization of the Marketplace: Food Markets of Nanjing, in *The Consumer Revolution in Urban China*, ed. by Deborah S. Davis (Berkeley: University of California Press, 2000), 109.

³⁰ The *dibao* program, instituted formally on a nationwide scale in 1999, supplies the destitute with the subsidies locally deemed necessary to bring their monthly income up to the level calculated by each city to be necessary for a minimal subsistence there. See Tang Jun, "The Report of Poverty and Anti-Poverty in Urban China--The Poverty Problems in Urban China and the Program of Minimum Living Standard," ms., 2002. Portions were translated and published as Dorothy J. Solinger, guest editor: Tang Jun, "Selections from Report on Poverty and Anti-Poverty in Urban China," *Chinese Sociology & Anthropology* Winter 2003-4/Spring 2004; and Dorothy J. Solinger, "Dibaohu in Distress: The Meager Minimum Livelihood Guarantee System in Wuhan," Paper prepared for Provincial China Workshop 2008: "Social Problems and the local welfare mix in China: Public policies and private initiatives," Nankai University, Tianjin, 27-31 October 2008.

on the other.³¹ The late 1990s research of Tang Jun, a sociologist at the Chinese Academy of Social Sciences, and his group found the poverty-stricken surviving on wilting vegetables and scant protein in the late 1990s; I also found even eggs to be a precious food reserved on the rare occasions it was purchased for growing children in similar homes a decade later. Among the poorest sector of the population, grain accounted for 15.4 percent of their diet, while those at the other end of the income scale depended upon grains for a mere 4.7 percent of theirs. Disadvantaged people, thus, have returned to what sociologist Deborah Davis alluded to as "the monotonous diets of the 1970s."³²

But simultaneously, across town, snakes, tiger frogs, porcupines, and African ostriches to be swallowed as delicacies purely for the thrill of novelty, decorated the upscale restaurant plates of the well-to-do, meant to symbolize the eaters' pretensions of worldliness and sophistication;³³ elsewhere banquets of a dozen courses allowed wealthy patrons to gorge and waste. One might also point to the globalized consumption enjoyed by the economically comfortable, who frequent fast-food eateries, viewed in China as, in Davis's words, "a bridge to affluent, industrial Western modernity."³⁴ Establishments in this category are patronized with far less

³¹ Mei Zhan, "Wild Consumption: Relocating Responsibilities in the Time of SARS," in Li Zhang and Aihwa Ong, eds., *Privatizing China: Socialism from Afar* (Ithaca: Cornell University Press, 2008), 151-67.

³² Davis, *op. cit.*, 6.

³³ Zhan, *op. cit.*, 151, 156, 159

³⁴ Davis *op. cit.*, 14; Yan Yunxiang, "Of Hamburger and Social Space: Consuming McDonald's in Beijing," in *The Consumer Revolution in Urban China*, ed. by Deborah S. Davis (Berkeley: University of California Press, 2000), 201-25.

frequency among the middling-income group than among the better-off³⁵; the poor cannot afford any visits to such spots.

Housing

Shelter makes for a second sort of divider in the cities of China in the present era. In this domain, like those in the business of marketing foodstuffs, reforms appeared in the beginning of the 1980s, with the commercialization of housing, starting with the sale of once-publicly-owned homes to enterprise employees at greatly subsidized prices.³⁶ Early state initiatives, however, did not sanction the widespread privatization of public housing, an event not set off in force until a State Council decree of 1998. That measure not only fully opened up the market for housing, but also set up a genuine mortgage market, through which banks offered loans for buying apartments.³⁷ Following on this policy, urban home ownership shot up beyond 80 percent by 2002 and to 87 percent by 2007.³⁸

³⁵ Yan writes that “most customers are middle-class professionals, trendy yuppies and well-educated youths,” but that “many people, especially those with moderate incomes, visited McDonald’s only once, mainly to satisfy their curiosity.” See Yan *op. cit.*, 215.

³⁶ Luigi Tomba, “Creating an urban Middle Class: Social Engineering in Beijing,” *The China Journal* 51 (January 2004), 16; Deborah Davis, “From Welfare Benefit to Capitalized Asset,” *The Recommodification of Residential Space in Urban China*, in R. Forrest and J. Lee, eds., *Chinese Urban Housing Reform* (London: Routledge, 2003), 183-96.

³⁷ Li Zhang, “Private Homes, Distinct Lifestyles: Performing a New Middle Class,” in Li Zhang and Aihwa Ong, eds., *Privatizing China: Socialism from Afar* (Ithaca: Cornell University Press, 2008), 27; Tomba *op. cit.*, 2-3; Davis 2003.

³⁸ Deborah S. Davis, “Urban Chinese Homeowners as Citizen-Consumers,” in *The Ambivalent Consumer: Questioning Consumption in East Asia and the West*, ed. by Sheldon Garon and Patricia L. Maclachlan (Ithaca: Cornell University Press, 2006), 283; Lu *op. cit.*, 18.

But it was not just the fact of being a new title-holder that distinguished the wealthy from those who lived on the brink. It was also the style of living. By today, the rich can be found in possession of multiple dwellings, including villas on the outskirts of cities along with town houses in the city center, spacious apartments, and condominiums in new developments, all of which are decked out in designer-interior decor. The grounds of their compounds are frequently fitted out with artificial lakes, fountains and gardens; security gates, surveillance cameras and guards mark off the entrances, while exclusive mini-malls and service centers surround their buildings.³⁹ Serenity, lush greenery and beauty grace such elitist neighborhoods.⁴⁰

At the other end of the spectrum, the laid-off and penurious yet huddle in cramped, often one-room, run-down apartments left over from the days of the state-sponsored, industrial *danwei*, yet “crowded into the tiny flats” of the Maoist era that David Fraser has described as relics of the past.⁴¹ There they subsist to this day, even as their original units have disappeared, praying that their tiny space will not soon be demolished by the ubiquitous urban developers and rezoning projects pervading more and more urban space.⁴² And even as massive new construction spurred by reforms in zoning allowed average living space to double just between 1978 and 1992 (from 3.6 square meters per resident to 7.1 square meters,

³⁹ Croll, *op. cit.*, 83-84, 87; Davis, “Urban Chinese Homeowners,” 294; David Fraser, “Inventing Oasis: Luxury Housing Advertisements and Reconfiguring Domestic Space in Shanghai,” in *The Consumer Revolution in Urban China*, ed. by Deborah S. Davis (Berkeley: University of California Press, 2000), 31; Lei Guang, “Rural ‘guerrilla’ workers and home renovation in Urban China,” in Ching Kwan Lee, ed., *Working in China: Ethnographies of labor and workplace transformation* (London: Routledge, 2007), 59; Latham, *op. cit.*, 2; Zhang, *op. cit.*, 24-28; Tomba *op. cit.*

⁴⁰ Fraser, *op. cit.*

⁴¹ *Ibid.*, 30.

⁴² Croll, *op. cit.* 120.

then rising to 8.5 in 1996, and then to 22 square meters by 2006),⁴³ this was far from a universal change. One prime example is the statement of a household head with whom I am familiar who worried that if his 16-square-meter room, shared by four family members, were to be torn down, he “would never again be able to acquire so much space.” These are the people who, serving as the security guards and domestic help, ease the cares and take charge of the chores that beset the people of means.⁴⁴

The state did initiate a form of housing under a “stable living project” in the late 1990s meant to foster homes that lower-income families could afford. Yet only those with jobs of some sort (whether factory work, clerks in the service sector, teachers or university staff) can manage to purchase these.⁴⁵ And among those who acquired these units, some were able to rent them out, while going on to buy larger dwellings for themselves. Low-income apartments, first brought into being under state order in 2007 in the midst of a bout of serious inflation⁴⁶ serve only a tiny proportion of those in need.⁴⁷

⁴³ Davis, “Introduction,” 8; Wu, *op. cit.*, 119; Lu, *op. cit.*, 19.

⁴⁴ Yan, *op. cit.*

⁴⁵ Zhang, *op. cit.*, 31; Tomba, *op. cit.*, 18.

⁴⁶ “Caijingbu chutai liuxiang jucuo jie jue di shouru jiating zhufang wenti” [Ministry of Finance mounts six acts to solve low-income families’ housing problem] (2007) http://china.com/cn/news/txt/2007-09/15/content_8887029.htm, accessed on 17 September.

⁴⁷ The roominess and surprisingly sumptuous appointments in one such home in Jingzhou, Hubei that I was led to visit during an official interview in August 2008--combined with the fact that I was never shown any other such place in visits to a fair number of communities in 2007 and 2008--convinced me that it was a rarity.

Commodities, stores, and leisure spending

As privatization of commerce and the legitimatization of conspicuous, even lavish, consumption progressed, it was not long before there flourished a vibrant business culture in the municipalities. Over time, these developments led not just to what has been labeled a “consumer revolution,”⁴⁸ which surely budded over the first decade and a half after the economy was liberalized and bloomed thereafter. They also contributed--especially with the sudden impoverishment of many of those thrown out of work after the mid-1990s--to a widening split between those who could splurge extravagantly and those who could only continue to wear old clothing, shop cheaply if at all, and try to make do with old products that had worn out their wear.

Indeed, the shake-up in spending habits was far from universal. Thus, while articles of wear such as name-brand shoes, sportswear and dresses had become common for middle-class children, and while parents purchased multiple sets of clothing per season for them--garments which they themselves even assisted in choosing⁴⁹--the offspring of the new poor persisted in dressing as they had under Mao, in hand-me-downs.⁵⁰ The latter, in fact, as their parents before them, never went shopping. The impoverished, in fact, continue, as they had pre-1980, buying only books, food supplements and medicines for their young, never extras.⁵¹

Meanwhile, those whose parents could afford to spend lavishly on their behalf for them were the recipients of piano, martial arts, calligraphy,

⁴⁸ Davis, ed., *The Consumer Revolution*..

⁴⁹ Davis and Sensenbrenner, *op. cit.*, 63, 67, 77.

⁵⁰ *Ibid.*, 58.

⁵¹ *Ibid.*, 72.

and swimming lessons, video games and other high-quality toys.⁵² And whereas the poor never left their hometowns, unable to afford either train fare or lodging, just as their parents could not in their own youth, the young of the rising classes were treated to amusement parks, seaside resorts and boating trips.⁵³ And while wealthy and middle-class kids got the benefit of private after-school tutors, their poorer peers languished in neighborhood ordinary schools, unable to advance competitively.⁵⁴

For adults, privatization of commerce spawned private retail stores and shops by the early 1990s targeting especially the newly rich. These establishments specialized in foreign imports and designer goods, whether clothing, perfume, or expensive jewelry and accessories.⁵⁵ Just as supermarkets appeared in the sphere of food, huge hypermarkets served those with the funds for discretionary spending, and Western-style specialty retailers began to be prevalent even in middling-sized cities, while international top-of-the-line shops dotted the avenues of the major metropolises.⁵⁶ Those with the assets to do so amused themselves with high-cost sports, such as golf, with night clubs, dance halls, discos and karaoke bars, health clubs and gyms.⁵⁷

⁵² *Ibid.*, 58, 62, 67, 74.

⁵³ *Ibid.*, 75, 76.

⁵⁴ All of my remarks about the poor come from my close involvement with one poor family over a period of nine years as well as 65 interviews in poor households in August 2007 and August 2008 in Wuhan.

⁵⁵ Jonathan Garner, *The Rise of the Chinese Consumer: Theory and Evidence* (Hoboken, NJ: John Wiley & Sons, Ltd., 2005), 209 notes that over the years 2001 to 2004, 27 percent of his survey sample had bought luxury goods, and 41 percent of those who had done so bought premium perfumes and cosmetics. See also Amy Hanser, "A tale of two sales floors: Changing service-work regimes in China," in Ching Kwan Lee, *Working in China: Ethnographies of labor and workplace transformation* (London: Routledge, 2007), 79-81; Garner, *ibid.*, 2005; Croll, *op. cit.*, 97.

⁵⁶ Garner, *op. cit.*, 84.

⁵⁷ Davis, "Introduction," 14; Croll, *op. cit.*, 95.

In a 2004 survey of 2,700 respondents' spending patterns and general lifestyle in eight major cities, in which only those with monthly incomes over 1,000 per month in four smaller cities and those with incomes over 1500 per month in four larger ones were included, the subjects' personal budgets for spending on luxury goods averaged over 8,000 yuan for the coming year; during the years 2001 through 2004, 27 percent of such people purchased luxury commodities.⁵⁸ Their entertainment, styled "hedonism" by one commentator, included such props as karaoke video-disc players, wide-screen televisions, luxury stereos, cable and satellite television and CD-ROMs.⁵⁹ By 1999, 85 percent of members of the urban elite who responded to a *Far Eastern Economic Review* survey were the owners of microwaves and VCD players.⁶⁰

At the same time, unemployed former workers stared hopelessly at old small-screen TV's, and poor factory hands spent their one day off per month purchasing such simple items as cheap lipsticks, jeans and T-shirts, by way of contrast.⁶¹ And, just as city parks served as the principal venue for amusement and pleasure for the populace as a whole in the pre-reform days,⁶² so they continued to do so for those among the destitute who had the spirit and the energy to venture out of their homes at all.

Another differentiating factor is the use of credit in stores: while the less well-endowed and, even more so, the impoverished shoppers still trade in cash as ever they did in the now-distant past, the elite and

⁵⁸ Garner, *op. cit.*, 84, 107-110, 209, 215.

⁵⁹ Latham, *op. cit.*, 1, 4; Croll, *op. cit.*, 86, 95.

⁶⁰ Croll, *op. cit.*, 90.

⁶¹ Ngai, *op. cit.*, 157-63.

⁶² Davis, "Introduction," 12.

growing numbers of the middle-income group have obtained credit cards and can be seen at the windows of automatic teller machines, both of which remain unknown to the poor.⁶³ In a survey of upper-income urban subjects carried out in 2002, 84 percent of those under the age of 35 owned credit cards, while as many as 64 percent of those older also had them.⁶⁴

Education and health care

Education

As China's planned economy fell away--or, as economist Barry Naughton characterized the process in his 1995 book, as China "outgrew the plan"⁶⁵—and decentralization of finances became one more economic reform, the central government began to charge local governments with funding education. With the devolution of educational responsibility, like all public services, to lower administrative levels, local governments shunted off much of the burden to the users' families. In the 1990s, primary and secondary schools began to require that families pay substantially increased tuition charges as well as many new miscellaneous fees, for the use of school equipment, for school uniforms, for books, and for school trips, among other charges, even at ordinary neighborhood schools.⁶⁶ Fees mounted as the student progressed to higher grades. And, as an additional barrier against the poor, if a student wishes to switch from his or her original neighborhood school to a better local

⁶³ Veeck, *op. cit.*, 109; informal observations in the 2000s in urban China.

⁶⁴ Croll, *op. cit.*, 99.

⁶⁵ Barry Naughton, *Growing out of the Plan* (New York: Cambridge University Press, 1995).

⁶⁶ Mok Ka-ho and Yu Cheung Wong, "Regional Disparity and Education Inequality: City Responses and Coping Strategies in China," presented to Provincial China Workshop 2008, Nankai University, Tianjin, October 27-30, 2008.

school (or, unlikely though that may be, to attend a so-called “keypoint school”), the fees would be higher still.

The 2008 U.N. “Human Development Report” demonstrated in a graph the switch in the share of provisioning for schooling borne by the state and the private sector over a span of 26 years. The figure shows that governmental input accounted for just one third of education spending in 2002, with private consumers underwriting nearly twice that much.⁶⁷ I have not even mentioned yet that, as competition mounted among pre-college students, only those students whose households could afford to pay for outside tutors could hope to rise to the top of the class.⁶⁸

These new charges are considered minor and are barely noticed by families where at least one parent is employed; in many urban households, as incomes rose, the new policies and practices were insignificant. Research published by Wu Yanrui in 1999 found a “boom of private or ‘elite schools’” by that point.⁶⁹ According to a recent study by Elisabeth Croll, parents among the elite--whether members of the official bureaucracy, participants in the private sector, or new high-income white-collar workers--spent a high proportion of their income on education for their children.⁷⁰ When family funds permitted, among the wealthiest the choice was often for private schools, costly kindergartens and even overseas education.⁷¹

⁶⁷The pie slices are personal funding accounting for 62.7 percent of all educational funding and governmental input being just 33.6 percent, with “social” layout accounting for 3.7 percent. See China Institute for Reform and Development, “China Human Development Report 2007/08: Access for all, Basic public services for 1.3 billion people” [hereafter Human Development Report] (Beijing: China Translation and Publishing Corporation, 2008), 12.

⁶⁸This information comes from interviews with poverty households.

⁶⁹ Wu, *op. cit.*, 8.

⁷⁰ Croll, *op. cit.*, 85.

⁷¹ Garner, *op. cit.*, 84.

For the poor, however, education became affordable--as it had been for all children during the time of Mao--only when subsidized by the state. In this instance, however, not only did many impoverished families not receive the subsidies they were meant to get, but the difficulties that mandated these subsidies were severe. According to Tang Jun's 1998-99 study in five cities, poor families' hopes for their kids are even greater than are those in ordinary households, because the success of the next generation is such families' only hope of rising out of poverty. The commercialization of education has been a heavy assault on these families.⁷²

In the five cities where Tang's team conducted interviews and carried out investigations in the late 1990s (Shanghai, Wuhan, Tianjin, Lanzhou, and Chongqing), it found that from 64 to 93 percent of households could not afford to pay some or all of their children's miscellaneous fees, while between seven and 27 percent of the sample families had had to withdraw their children from school because of lack of money, in the various cities. Most often, however, parents simply cut down on their own food, pleaded with relatives for help, or borrowed if at all possible. And in Shanghai and Tianjin, though a policy of reducing fees for the hard-up was in force, household heads or their children shrank from applying for the funds from fear of being the object of discrimination should their schools, their teachers, or their classmates learn that they were the recipient of this charity.⁷³

My own research indicates that the situation had not changed appreciably 10 years later. Examples from my own interviews in Wuhan in 2007 bear this out. One mother, her husband off serving a sentence in labor reform, had

⁷² Tang, "The Report," Chapter 8, 23-24.

⁷³ *Ibid.*, Chapter 8, 24-30.

become resigned to her son's having dropped out of school: "He's 16, after finishing junior high he has discontinued his studies and is staying at home. There's no money for him to go on." Another parent of a 16-year-old boy is determined to put him through higher education. "Yes, there's no question that he'll go on, but when I think about college I get so worried that my scalp tingles. When the time comes if I can come up with a solution to this problem, that'll be good..I'm considering making him study at a free teachers' college, relying on the *dibao*, but that little money is far, far from being enough."

And these apprehensions are not found only in families where money must be tracked down for financing higher education. One woman, the mother of 10-year-old twins who were considered a precious blessing back at the time of their birth, when people such as their parents were all employed, at this point the bemoans her fate:

Now while they're at primary school it's okay, don't have to spend too much money..later if they both go on to middle school, expenditures will be too much, their father and I are very worried, can't not let kids go to school or in the future there will be even less of a way out. And both are boys; if they were girls, and found a good marriage we could be done with it, but with boys there are more considerations. These are things we ordinarily don't want to give too much thought to, as soon as we think about them we just worry, so we just pass our days like this and then we'll think about it.

So even as these parents agonize over finding the cash to cultivate their children, at the same time they imagine those very same children as their saviors for their own coming years. Because of the exigencies surrounding funding education, large numbers among the recipients of the *dibao*--if not every one of them-- appear as of this reading to be locked into an inter-generational trap whose long-term label must be "the underclass."

Health care

Marketization has also meant a considerable increase in the charges for health care;⁷⁴ again there is a huge switch in the proportions of spending done by individuals versus that undertaken by the state. The 2008 U. N. "Human Development Report" found that while families and individuals' outlays amounted to just over a fifth of spending in 1980 (21.2 percent), by 2006, more than 49 percent of the costs of this care were borne by individuals, while the state's contribution had plummeted from 78.8 down to 18 percent (78.8 percent if "social expenditure" referred to rural communes in 1980 and so could be combined with formal "government expenditure"; it is not clear what that category, comprising 32.6 percent of the total, is composed of today, the communes having long since disappeared).⁷⁵ What is certain, however, is that with the lifting of medical responsibilities from the shoulders of the enterprises, costs for health care have been transferred to urban areas and families often incapable of handling them fully.⁷⁶

Nancy Chen's 2008 paper on medicine details the hospitals, clinics and pharmacies conveniently located to serve the nouveaux riches and emerging middle class⁷⁷, certainly at prices far, far above the negligible costs that families bore under the days of the planned economy. At that time, workers themselves received full reimbursement for their health care, while their family members got deductions of 50 percent. But, as Chen goes on to note, these days the poor

⁷⁴ Lora-Wainwright, Anna, "Cancer sufferers and their health services seeking behaviour in rural China," presented to Provincial China Workshop 2008, Nankai University, Tianjin, October 27-30, 2008, 4.

⁷⁵ China Institute for Reform and Development, *op. cit.*, 12.

⁷⁶ *Ibid.*, 50-51.

⁷⁷ Nancy N. Chen, "Consuming Medicine and Biotechnology in China," in Li Zhang and Aihwa Ong, eds., *Privatizing China: Socialism from Afar* (Ithaca: Cornell University Press, 2008), 127.

"must choose between paying for medical care and medication or [for] other basic necessities, such as food, clothing or shelter."⁷⁸ Medical insurance has been instituted, but those capable of buying into it remain just among the well-off. When one reads that as of 2006 "per capita private spending (on health care), in real terms [had] increased .. to a level 35 times higher than in 1978,"⁷⁹ it is blatantly obvious that those living hand-to-mouth will have to do without much of the treatment involved.

There is some health-care assistance for the poor, as in education, but the help is only minimal. As Tang Jun's group discovered a decade ago, in general the situation was, and remains today, dire. In my translation of his words, "When a household's economic condition is poor, its health is poor too and the risk of serious illness is also great. Once it falls into poverty, there's a vicious cycle..small illnesses often turn into big ones with no treatment." When the indigent people he studied were questioned as to whether they could afford to see a doctor when ill, between 50 and 70 percent in the several cities replied that they could not. Thus, as before the reforms began, many families simply do not pay. But in the present era this is not because there are no costs, as before, but because there is no way for poor people to meet those that now exist. Either they go without proper treatment, or, as Tang Jun's group noted a decade ago, "When there was no other possibility, they went to friends and relatives to seek aid or to request a loan."⁸⁰

As in the case of education, my 2007 interviews indicate that much has remained the same as it was nine years before. In all the cases where someone was in poor health the patient stayed at home, lay on a

⁷⁸ *Ibid.*, 128.

⁷⁹ China Institute for Reform and Development, *op. cit.*, 16.

⁸⁰ Tang, "The Report," Chapter 8, 17-23.

bed nearly all of the time, was unable to work, and contrived to subsist, if barely, by swallowing a minimal amount of medicine, visiting a hospital only in times of dire emergency. Here are several typical examples: First the husband speaks:

My wife [aged 44] got uremia in 2002 [urine poison illness]; she's from the countryside and has never worked, for her medical funds she's completely dependent on me. Before, when she wasn't sick, she could do household chores, now she can only lie on the bed, can't do anything. The medical fees are very high, she sometimes gets dialysis. We basically despise this illness, everyday she stays home, takes a little medicine, and in this way drags on.

Soon the wife chimes in:

The doctors in the hospital would let you stay in the hospital for treatment, but we haven't so much money, basically we can't afford it. Each day I can take some medicine to control the illness, and that's very good, I can't hope to cure the illness, can just live a day and write it off [*huo yitian, suan yitian*], sometimes I think if I can only lie on the bed all day like this, unable to do anything, it's the family's burden, it's not as good as dying earlier.

As she speaks, there's a tear in her eye and the daughter quietly goes away.⁸¹

In another home, an old mother is prostrate, paralyzed on the bed, as she has been for half a year. "Now she's very old," explains her daughter-in-law, her health situation is very poor, her pension is all used up in seeing doctors and buying medicine." Yet one more futile scenario features a wife, aged 47, again confined to her bed. She contracted a thyroid disease nine years before. "At first, it wasn't serious and we didn't pay much attention to it," she recounted. "Afterward, it slowly got severe, and I took a lot of hormone-type medicine. Now you can see I got fat, it's really a side-effect of the medication. Each month, must take about 100 yuan worth of it to control the illness. The doctor can examine me every month and check the condition of my relevant body signs, but

⁸¹ My translation of my research assistant's notes on the scene.

a general check-up costs 300 to 400 yuan and we just can't afford it. .. Ordinarily I'm at home, and keep track myself, I can do what I can to control it, but I don't lightly go to the hospital."

Communications and transportation

Communications

With time, an information revolution coincided with the transformation of material life. This alteration came as more connections with the outside world were paired with a late 1970s encouragement to scientists to serve daily life, not just defense and heavy industry. Growing out of these developments, new modes of interpersonal connections appeared with the commercialization of urban society and the accompanying upgrading of technology available to its members, some of it having the potential to produce substantial transformations in relations among citizens, and over huge geographical spaces.

But, as with the other shifts of the post-Mao era, the strata with income to spare were the beneficiaries, while those who lacked means continued to live much as they--and their parents had--in the past. Here I refer not so much to the television--which by the 1990s could be found in the majority of households,⁸² though not, of course in the wide-screen form, and not using cable and satellite connections--but to the computer, with the capability it offers for sending electronic messages and accessing news, information and blogs and linking Chinese with people beyond their neighborhoods and families. Another important example is the mobile phone, which allowed residents of cities to send

⁸² According to *Zhonghua renmin gongheguo guojia tongjiju bian* [The People's Republic of China State Statistical Bureau, ed.], *Zhongguo tongji nianjian* [China Statistical Yearbook] 2004 (Beijing: Zhongguo tongji chubanshe [Chinese statistics press] 2004), 368, there were 98.4 color televisions per household among the poorest urban families at year-end 2003, and 165.2 among the richest. The national average was 130.5 sets per home.

instant messages to friends⁸³ and to keep contact with acquaintances all across the country and indeed the world. By late 2008 some 624 million Chinese people (or close to half of the total population of the country) worked a mobile phone and 253 million were using the Web,⁸⁴ while pagers and faxes had already joined the well-to-do to each other by the 1990s.⁸⁵ Wu Yanrui points out that by the mid-1990s it was possible to find “thousands of yuan spent to buy a phone number that was said to be lucky.”⁸⁶

For these items, the disparities among income groups are pronounced: as of the end of the year 2006, 47 urban households of every 100 was a computer owner, on average, just eight of every 100 households was among the poorest. For those with the greatest wealth, however, 91.4 homes were equipped with them, making computers more than 10 times as numerous among this sector of the populace as among the impoverished. Though the ratio was not as extreme in the case of mobile phones, the overall picture was similar: 153 phones per household was the average, but among the poor the average fell to 64.3, while 211 phones could be found, on average, per 100 wealthy homes.⁸⁷ Elisabeth Croll, drawing upon a *Far Eastern Economic Review* survey of elite consumers, notes that 98 percent of those investigated already had a mobile phone at year-end 2002, while the next year 85 percent of them owned a computer.⁸⁸

As Elisabeth Croll has remarked, for the social elite and the middle stratum of today, media communication has become rapid, and connections with

⁸³ Garner, *op. cit.*, 84.

⁸⁴ These statistics come from Dune Lawrence, “China adapts response to soothe online critics,” *International Herald Tribune*, November 19, 2008, 2, citing the government-backed China Internet network Information Center and the Ministry of Industry and Information Technology, respectively.

⁸⁵ Latham, *op. cit.*, 1.

⁸⁶ Wu, *op. cit.*, 8.

⁸⁷ *Zhonghua renmin* 2007, 353-54.

⁸⁸ Croll, *op. cit.*, 95-96.

the West relatively widespread.⁸⁹ But for many among the destitute, the situation in regard to the modes of interpersonal interactions and extra-local exchanges has not changed so very much. Croll has noted that in pre-reform times, contact was “conducted largely in person”;⁹⁰ sociologist Deborah Davis characterized personal phone calls in the past as “rare” and as having to be made in public locations.⁹¹ These descriptions make it clear that as the elite moved forward into modernity, the penniless stayed, as if stuck, in the past.

Reforms in the urban sector did usher in two major changes in the lives of this portion of the public, however, differentiating their present from their past, though not in a positive direction. In the first place, not only had they lost their place of employment along with their job, thereby diminishing the extent of their meetings with colleagues and co-workers. Many, subsisting on state charity through the minimum livelihood guarantee expressed in interviews a disinclination to talk with neighbors because they felt ashamed of their plight: In my 2007 set of discussions with poor households, when queried about their relations with neighbors, seven, or almost 14 percent, disclosed that their situation was so dishonorable [*buguangrong*] that they preferred not to mix with others.

The second switch in their circumstances was a set of prohibitions against their engaging in activities involving the modern means of communication if they wished to remain on the dole. In at least one Wuhan community, people, however poor, were prevented from gaining admission to the *dibao* program if any of a list of as many as 18 sorts of behavior were found to exist in their homes, including having purchased a computer in the recent period, or having

⁸⁹*Ibid.*, 87, 95.

⁹⁰*Ibid.* 29.

⁹¹ Davis, “Introduction,” 12.

run up phone fees above 40 yuan per month. Other bans included having electrical fees of any type surpassing 15 yuan per month, except in the high-heat months of July, August and September; using a cell phone or other hand-held communication device (even if having obtained it as a gift or a loan); or going on the Web, all of which could mean the end of financial assistance.⁹² Thus, even as the means of communication expanded substantially for the well-off, the availability and possibility of contacts actually contracted for the impoverished.

Transportation and travel

Just as the well-to-do--both the highest economic elite and some among the emerging upper middle stratum--had by the turn of the century entered the modern world of media and telecommunications, so they had also done when it came to their ability to afford and partake of au courant, up-to-date technologies of transport. Market reforms meant reorienting production toward what people with full purses perceive those in the modern, outside world to own; this phenomenon affected the realm of transport too. Spurred by joint ventures in automobile production that taught Chinese managers and workers how to mass produce cars for the general public,⁹³ tens of dozens of auto factories sprang into being throughout the country, as driving one's own car became more and more

⁹²Interview at a residential community in Wuhan, August 27, 2007. Information on urban ordinances comes from "Jinan guiding mai diannao jingchang yongshoujizhe buneng xiangshou dibao" [Jinan regulates that those who bought a computer or often use a cell phone can't enjoy the dibao], Zhongguowang, October 9, 2006, china.com.cn, accessed August 17, 2007; "Zhongguo chengshi jumin zuidi shenghuo baozhang biaojun de xiangguan fenxi, jingji qita xiangguan lunwen" [Chinese urban residents'dibao norm's relevant analysis_economic and other related treatises], <http://www.ynexam.cn/html/jingjixue/jingjixiangguan/2006/1105/zhongguochengshijimin...>, accessed August 18, 2007.

⁹³ Jim Mann, *Beijing Jeep: A Case Study of Western Business in China* (Boulder: Westview Press, 1997).

widespread--among those who could afford it. By that point most popular brands of automobiles cost in the range of 100,000 yuan, a price that just 4.6 percent of Chinese households could manage (though by 2003, 70 percent of those interviewed in the *Far Eastern Economic Review* survey of the wealthy in Beijing--but just 31 percent of similar subjects in Shanghai--had a car).⁹⁴

That rich people could come up with the money for this acquisition is especially remarkable when placed aside the information that a mere seven percent of private car-owning households in a late 2004 study of eight cities had bought their vehicle with the aid of a loan.⁹⁵ Wu Yanrui's research in the late 1990s uncovered a new popularity then of driving schools,⁹⁶ while those who could pay and preferred to be chauffeured relaxed in the rear of their own limousines.⁹⁷ School buses, meanwhile, escorted the children of upwardly mobile families to their special, magnet-like schools: here is one more instance of alterations in styles of transport for those in wealthier households.⁹⁸

From a somewhat different angle, new accessibility of travel came about for those with the finances to enjoy it. This was the spread of passports and foreign visas, at least among business entrepreneurs and tourists with elevated incomes⁹⁹; at the same time, domestic travel for pleasure and what Jonathan Garner labeled "trophy holidays"¹⁰⁰ became within the reach of growing numbers.¹⁰¹ A survey of 3,000 individuals who used the Internet in 2007 discovered that the majority of them had spent at least two to three nights away

⁹⁴ Croll, *op. cit.*, 91-92.

⁹⁵ Garner, *op. cit.* 123.

⁹⁶ Wu, *op. cit.*, 9.

⁹⁷ Croll, *op. cit.*, 84.

⁹⁸ Fraser, *op. cit.*, 27.

⁹⁹ According to Croll, *op. cit.*, 93, in 2003 the *Far Eastern Economic Review* survey showed that more than 30 percent of the elite had a passport while a quarter of them had gone abroad.

¹⁰⁰ Garner, *op. cit.* 84.

¹⁰¹ *Ibid.*, 93-94.

from home on leisure, while 16 percent had been out of town more than four times, in the previous 12 months.¹⁰²

For the poor, however, echoes of old times were poignant: just as sociologist Deborah Davis has remarked, reflecting on those days: “nonofficial travel was difficult to arrange and expensive”;¹⁰³ so it remains today for people just scraping by. With modernity and marketization not only do the impoverished lack the money to purchase automobiles--a mere .41 percent of poor households had a car, compared with 20 percent among those in the top income decile by the end of 2006 (ZGTJNJ 2007, 353-54). Additionally, while the taxi was a standard form of transport for middle- and upper-income travelers within cities by 2000,¹⁰⁴ transportation subsidies that had underwritten the masses’ movements about town before the 1990s disappeared during that decade (Davis 2000, 20), making it all the more unlikely (as compared with before reforms) that poor people would get very far from their homes.

Not just did the indigent find it more difficult to move except on foot (as compared with those more well endowed and also as compared with their own past lives), but an occupation that had offered a means of livelihood in many cities after unemployment became pervasive, the pedicab, was banned in the central districts of town in some urban areas after about 2002. Among my informants in Wuhan, some spoke of their time as a driver. One man 39 years of age with just a junior high education had made his living in that way after his layoff, but was forced to relinquish his cart with the prohibition. Ever since, he “very much has wanted to find work, but [was] always rebuffed.”

¹⁰² Lu, *op. cit.*, 19-20.

¹⁰³ Davis, “Introduction,” 12.

¹⁰⁴ Veeck, *op. cit.*, 135; Garner, *op. cit.*, 84.

Investments: stocks, real estate

China's stock market, which got its start in the late 1980s and--though still in relative infancy to this day--has appeared to represent a maturation of capitalism and modernity. Despite the ongoing dominance in it of state-controlled firms and shares, it does supply an outlet for those with rising incomes and for the already affluent to invest in firms and companies. But the stock market also draws deeper status lines among the populace than existed to begin with.¹⁰⁵ The market in real estate that emerged in the 1990s was yet one more realm of the rich and those growing prosperous, one which afforded the prospect of reaping increasing rewards with time. According to Yang Mu and Zheng Yi, "the dragon market" by 2007 had become an "incubator for new millionaires and billionaires";¹⁰⁶ the effect was similar for those who speculated in land and housing.¹⁰⁷

By the year 2000, more than half of China's social elite was estimated to be in possession of local stocks and securities; not only that, within another three years half of those with funds on hand who were queried in several major cities had invested in real estate, with as many as 60 percent of them in Guangzhou and Shanghai having purchased bonds.¹⁰⁸ Luigi Tomba has summarized the

¹⁰⁵ Huang Yanfen and Yang Xinbo, "Tonghuo pengzhang yu zichan jiage shangzhang dui Zhongguo shehui de yingxiang" [Impacts of Inflation and Asset-price Rising on Chinese Society], in Ru Xin, Lu Xueyi, Li Peilin, zhubian [chief editors], *2008 nian: Zhongguo shehui xingshi fenxi yu yuce* [2008: Analysis and forecast of China's social situation] (Beijing: Social Sciences Academic Press, 2008), 229.

¹⁰⁶ Yang, Mu and Zheng Yi, "Dragon Market Creating Legends of the New Rich," *EAI bulletin* 9, 1 (June 2007), 1; Yang Yiyong and Gu Yan, "2007-2008 nian: Zhongguo shouru fenpei xin dongxiang, xin qushi he xin silu" [China's Income Distribution in 2007-2009: New Issues, New Trends and New Ideas], in Ru Xin, Lu Xueyi, Li Peilin, zhubian [chief editors], *2008 nian: Zhongguo shehui xingshi fenxi yu yuce* [2008: Analysis and forecast of China's social situation] (Beijing: Social Sciences Academic Press, 2008), 214-15.

¹⁰⁷ Huang and Yang, *op. cit.*, 228.

¹⁰⁸ Croll, *ibid.*, 99-100.

process by which those who acquired housing early through the dispensation of their *danwei* were later able to “capitalize on their properties” through the purchase of additional homes. These second homes, he explained, were ones which they could often rent out, sometimes at substantial gains: At the end of the 1990s a speculative rent market, an emerging mortgage market and a secondary property market “turned their new properties into wealth multipliers,” his research revealed.¹⁰⁹

These new, personal investment instruments produce differentiation among the urban populace not only by facilitating the accumulation of wealth for the well-heeled. Even for the members of the prospective middle classes, they sometimes spell serious losses that could toss buyers back into near-poverty. A piece in “One news” in late 2008 read that “middle-class moms and blue-collar pensioners lost their fortunes and went out on protest” when the stock market plummeted by almost two thirds in the 11 months following November 2007. The news item explained this denouement by reporting that “Millions of people with little money to spare and little knowledge of investing piled into the market as it more than tripled in less than two years..[only later to see] their life savings vanish” into thin air.¹¹⁰

Obviously, these opportunities for boosting one’s money were absolutely and forever beyond the dreams of the destitute, who were compelled to place nearly all of their negligible capital into consumption.¹¹¹ While the pre-2008 upward spiral of stocks expanded the pockets of the prosperous, stimulating those with assets to move their funds from low-interest-bearing bank accounts to the stock market and movable property, poor people with any cash in reserve

¹⁰⁹ Tomba, *op. cit.*, 6, 17, 20.

¹¹⁰ N. a., “China’s stocks game loses lustre,” One news, <http://tvnz.co.nz/view/page/536641/2091905>, accessed 1 October 2008.

¹¹¹ Yang and Gu, *op. cit.*, 214; Huang and Yang, *op. cit.*, 229.

were saddled with bank savings whose ability to expand was effectively nil, with their negative real interest rates.¹¹²

Inflation

Inflation, largely unknown in the People's Republic after having been eliminated in 1952,¹¹³ began to reappear almost immediately with the onset of economic liberalization, and has recurred at several junctures thereafter, most recently in 2007. Regardless of their lack of assets, or perhaps most especially for this reason, impoverished consumers suffered most from the wind of inflation that gusted in the cities from spring 2007 onwards. In that year the peak of the jump was in August, when the consumer price increase for food shot up by over 18 percent; for meat and poultry the climb amounted to as much as 49 percent.¹¹⁴ For, as noted above, while expenditures on food ate up nearly half of the income (47 percent) of the poorest by then, such spending accounted for just around a quarter of income (27 percent) for the wealthiest¹¹⁵ Thus, when food prices shot up, it was the destitute, aiming just at satisfying their most basic livelihood demands, who were hit particularly hard.¹¹⁶

¹¹² Huang and Yang, *op. cit.*, 227.

¹¹³ Dorothy J. Solinger, "The 1980 Inflation and the Politics of Price Control in the PRC," in David M. Lampton, ed., *Policy Implementation in Post-Mao China* (Berkeley: University of California Press, 1987), 81-118.

¹¹⁴ Huang and Yang, *op. cit.*, 225-26.

¹¹⁵ See *Zhongguo renmin* 2007, 348-49. The average expenditure on food for the urban populace as a whole in 2006 was 36 percent.

¹¹⁶ Li Peilin and Chen Guangjin, "Zhongguo dangzian chengxiang jumin shenghuo xiaofei zhuangkuang" [China Pushes forward Social Construction and the People's Livelihood], in Ru Xin, Lu Xueyi, Li Peilin, zhubian [chief editors], *2008 nian: Zhongguo shehui xingshi fenxi yu yuce* [2008: Analysis and forecast of China's social situation] (Beijing: Social Sciences Academic Press, 2008), 7; Lu, *op. cit.*, 25; Huang and Yang, *op. cit.*, 25.

And as food prices rose, those for stocks and property values ascended in tandem, benefiting the better-off: in 2006, the rate of increase for property-type income was over 25 percent, for instance.¹¹⁷ Consequently, while 47 percent of the families whose monthly income fell below 1,000 yuan told a survey researcher that they were worried about food price increases, only about a fifth of those with incomes above 5,000 yuan per month took note. Indeed, in 2007, land speculators were themselves behind the spurt in housing prices and sucked out a large profit from.¹¹⁸ At the same time, the poorer, ensconced in old Mao-era apartments, cared little (at the rate of just 9.5 percent) about the rise in housing prices, while nearly a quarter of rich people were concerned.¹¹⁹ As two researchers at the Chinese Academy of Social Sciences phrased it, "Currency inflation robs the poor and benefits the rich." So as high-income individuals could rely on the propensity of property to maintain or increase its value to compensate for any losses in their ordinary consumption expenses, those with a meager intake had no means to offset inflation.¹²⁰

Conclusion

It is difficult to conceive of "social reforms" in China over 30 years—even looking just at the cities—as a process whose outcomes for the populace can be recapitulated in a one-size-fits-all fashion. True, to put things simply, there is no doubt that in every sphere of daily life—whether in what one eats, where one

¹¹⁷ Huang and Yang, *op. cit.*, 227-28.

¹¹⁸ *Ibid.*, 228.

¹¹⁹ Yuan Yue and Zhang Hui, "2007 nian zhongguo jumin shenghuo zhiliang diaocha baogao," [2007 Quality of Life Report], in Ru Xin, Lu Xueyi, Li Peilin, zhubian [chief editors], *2008 nian: Zhongguo shehui xingshi fenxi yu yuce* [2008: Analysis and forecast of China's social situation] (Beijing: Social Sciences Academic Press, 2008), 161.

¹²⁰ Huang and Yang, *op. cit.*, 223-25.

lives, what one purchases to wear and what one buys for pleasure and does for amusement, in what is spent on one's children's education and on one's own and family's health care, in the modes of transport and communications available, and in the opportunities for enrichment—the changes have been immense, indeed unimaginable as recently as even 20 years ago.

But we must be careful when we speak of a new consumer society or of substantial swells in the standard of living in the cities, as if they are there to be enjoyed pervasively. Not only are there no certain statistics as to how large a proportion of the urban populace is able to take part in these changes. At the same time, there is a sizable grouping (again, one whose numbers are not really known) whose members are *not* seeing an upward climb or a forward movement into modernity, toward the future. Instead, what they experience is a sense of loss, of backward turns and downward slides. So, while urban reform spurs some citizens into a marketized catch-up with the cosmopolis, that same set of transformations and their externalities instead mean that many others go on as if heading backwards, into a terminal, time-warped trap.

TABLE ONE

PER CAPITA ANNUAL INCOME, URBAN HOUSEHOLDS; ENGELS COEFFICIENT, 1978-2006			
YEAR	PER CAP ANNL DISPOSABLE INCOME.(yuan)	INDEX	ENGELS'COEFFICIENT
1978	343.4	100	57.5
1980	477.6	127	56.9
1985	739.1	160.4	53.3
1990	1510.2	198.1	54.2
1995	4283	290.3	50.1
1998	5425.1	329.9	44.7
1999	5854	360.6	42.1
2000	6280	383.7	39.4
2001	6859.6	416.3	38.2
2002	7702.8	472.1	37.7
2003	8472.2	514.6	37.1
2004	9421.6	554.2	37.7
2005	10493	607.4	36.7
2006	11759.5	670.7	35.8

Source: Zhongguo tongji nianjian [China Statistical Yearbook] 2007, 345.

TABLE TWO

YEAR	COMPOSITION OF PER CAPITA ANNUAL CONSUMPTION EXPENDITURE, SELECTED YEARS								
	ITEM	FOOD	CLOTHING	HOUSEHOLD FACES.	HEALTH	TRANSPORTATION, EDUC.,CULTURE, COMMUNICATIONS RECREATION	RESIDENCE	MISCELL.	
1990		54.25	13.36	10.14	2.01	1.2	11.12	6.98	0.94
1995		50.09	13.55	7.44	3.11	5.18	9.36	8.02	3.25
2000		39.44	10	7.5	6.36	8.54	13.4	11.31	3.44
2005		36.69	10.08	5.62	7.56	12.55	13.82	10.18	3.5
2006		35.78	10.37	5.73	7.14	13.19	13.83	10.4	3.56

Source: Zhongguo tongji nianjian [China Statistical Yearbook] 2007, 347.

TABLE THREE

PER CAPITA ANNUAL LIVING EXPENDITURE OF URBAN HOUSEHOLDS (2006) BY INCOME DECILE/QUINTILE GROUPS									
ITEM	AVERAGE	1st 10%	1st 5%	2d10%	2d quint.	3d quint.	4thquint.	9th decile	10% highest
TOT.CONS.(yuan)	8696.55	3422.98	2953.27	4765.55	6108.33	7905.41	10218.25	13169.82	21061.68
FOOD	3111.92	1586.02	1387.7	2073.45	2484.28	3019.37	3647.94	4392.35	5746.72
grain	246.46	219.11	213.36	229.81	239.38	246.43	257.74	270.04	272.63
meat,poultry,process	545.64	346.32	301.25	439.2	496.82	556.63	623.58	685.74	725.79
eggs	67.6	49.46	44.61	57.94	65.58	70.6	74.19	78.66	76.05
aquatic	202.87	79.01	64.23	111.16	143.78	188.37	257.57	327.12	417.64
milk prods.	150.23	60.87	46.52	95.12	121.64	153.18	183.65	217.92	260.34
CLOTHING	901.78	286.12	225.02	470	665.74	884.74	1120.4	1350.76	1956.6
DURABLE CONSUMER GOODS	233.88	42.66	34.61	75.78	125.4	213.17	280.73	414.56	719.84
MEDICAL	620.54	234.5	213.39	350	425.48	590.45	762.37	1020.2	1311.35
TRANSP./CMCS.	1147.12	257.72	205.6	431.13	610.03	859.87	1264.52	1801.04	4316.82
ED./CUL.	1203.03	406.05	332.64	572.38	781.97	1047.48	1469.14	1901.68	3176.07
RECREA.CONSR.GD	310.26	59.28	43.9	99.41	168.27	256.91	397.74	558.64	943.95
HOUSING	285.07	59.19	53.9	83.74	135.84	197.06	310.91	506.43	1134.22
MISCELL.	309.49	85.42	76.18	126.5	183.79	259.6	360.39	519.56	942.1
RESIDENCE	904.19	427.16	391.51	530.06	655.61	799.32	1009.55	1341.89	2196.59

Source: Zhongguo tongji nianjian [China Statistical Yearbook] 2007, 348-49.

TABLE FOUR

OWNERSHIP OF DURABLE CONSUMER GOODS PER 100 HOUSEHOLDS AT YEAR-END 2006, BY INCOME GROUP									
ITEM	AVERAGE	1st 10%	1st 5%	2d 10%	2d quint.	3d quint.	4th quint.	9th decile	Top 10%
Furn. Set	79.7	59.12	52.91	67.26	75.01	79.13	84.9	91	103.3
automobile	4.32	0.52	0.41	0.52	1.3	1.9	4.2	8.22	20.11
video disc player	70.15	49.11	44.02	60.78	65.36	69.8	74.8	82.42	90.85
tape recorder	37.7	22.75	20.01	29.41	33.58	37.68	42.8	45.16	52.75
video recorder	15.08	4.52	3.63	8.04	11.09	13.9	18.41	22.57	30.05
computer	47.2	10.91	7.9	21.08	33.33	46.46	61.13	70.68	91.32
camera	47.99	14.18	11.37	24.44	33.99	44.58	59.09	74.38	95.54
video camera	5.11	0.36	0.34	1	1.76	3.53	6.57	9.91	16.95
air conditioner	87.79	23.31	16.75	40.45	61.27	80.97	107.02	135.93	187.55
dishwasher	0.68	0.16	0.18	0.4	0.38	0.56	0.9	1.23	1.42
telephone	93.32	80.92	78.33	86.71	90.71	93.22	97.21	99.94	104.3
mobile phone	152.88	75.05	64.25	113.83	138.42	159.01	173.9	191.37	210.79

Source: Zhongguo tongji nianjian 2007, 353-54.

TABLE FIVE

PERCENT OF URBAN HOUSEHOLDS' CONCERN AND FELT INFLUENCE OVER RISES IN PRICES IN VARIOUS ITEMS, 2007								
INCOME GROUP	ITEM	UNIT = HOUSEHOLD			%*		EDUCATION	WATER, ELEC, GAS
		GRAINS	HOUSING	MEAT, POULTRY	MEDICINE			
LOW-INCOME (UNDER 1,000 yuan per mon. income)		46.6; 45.9	9.5; 8.6	13.4; 16.6	10.2; 8.5	9.1; 9.0	8.5; 7.7	
LOW MID-INCOME (1000-3000 yuan per mon.income)		32.1; 37.7	20.7; 13.9	11.0; 11.5	9.2; 9.0	9.2; 8.5	6.8; 7.4	
MEDIUM MID-INCOME (3000-5000 yuan per mon.income)		29.5; 32.5	23.8; 16.9	11.9; 13.2	8.0; 8.5	8.8; 7.4	6.3; 7.4	
HIGH INCOME (OVER 5,000 YUAN per mon.income)		20.1; 26.6	24.7; 17.0	13.2; 15.8	10.6; 7.7	8.3; 7.5	5.6; 4.9	
* % refers to the percent of households questioned who were concerned about--and who felt influenced by--recent rises in prices in various items in the inflation of 2007								
Source: Yuan Yue and Zhang Hui, "2007 nian zhongguo jumin shenghuo zhiliang diaocha baogao" [2007 Quality of Life Report], in Ru Xin, Lu Xue yi, Li Peilin, zhubian [chief eds.], 2008 nian: Zhongguo shehui xingshi fenxi yu yuce [2008: Analysis and forecast of China's 008], 161.								

TABLE SIX

SOURCES OF PER CAPITA ANNUAL INCOME, URBAN HOUSEHOLDS
unit = yuan

Total inc.	Wage,sal	Net bus.in	Property	Transfers	Dispos.inc	YEAR
1516.21	1149.7	22.5	15.5	328.41	1510.16	1990
4279	3390.21	72.62	90.43	725.76	4282.95	1995
6295.9	4480.5	246.24	128.38	1440.78	6279.98	2000
11320.77	7797.54	679.62	192.91	2650.7	104.93.03	2005
12719.19	8766.96	809.56	244	2898.66	11759.45	2006

Source: Zhongguo tongji nianjian [China Statistical Yearbook], 2007, 347.

TABLE SEVEN

TOTAL	RETAIL SALES	OF CONSUMER GOODS
	1978 - 2006,	SELECTED YEARS
	YEAR	unit = 100 r mill.yuan
	1978	1558.6
	1980	2140
	1985	4305
	1990	8300
	1992	10993.7
	1995	23613.8
	1998	33378
	2000	39105.7
	2001	48136
	2003	52516.3
	2004	59501
	2005	67178.6
	2006	76410

Source: Zhongguo tongji nianjian 2007, 666.