

# The New Rich in China

Why there is no new middle class

# 望族

WANGZU

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WELCOME

汽車配件

五十鈴





# Prospects of a new middle class

- European origins of concept
  - Bourgeoisie
  - Professional and managerial middle classes
- Political significance
- Patterns of consumption and middle class style
- Hierarchies of status, wealth and power



# Doubts

- Historical context
  - Modernisation does not start in 1978
  - Republican era development
  - 1950s modernising state
- State sponsored middle class 1949-79
- Enterprise formation
- Wealth of entrepreneurs
- Entrepreneurs and the party-state



# State-sponsored middle class

- Cadres
- Officials
- Economic managers
- Business people
- Judicial officials
- Teachers
- Doctors (but not psychologists)
- Nurses



# Surveys of entrepreneurs

- Hangzhou (1991-3)
- Shanxi (1996-8)
- Shanxi (2000-2)
- Qinghai (2001-3)
- Jiaocheng (2003-4)
- Qiongsan (2004)
- Mianyang (2004-5)



# Interviews

- Entrepreneurs are a complex social category, confusing ownership, management and control
- The new entrepreneurs include the rich and the super rich as well as the comfortably off
- Entrepreneurs incorporated in rather than excluded from political establishment



# Enterprise formation

- Growth of the Collective Sector
  - Local government sector
- Town and Village Enterprises
- Restructured State Owned Enterprises
- Private Enterprise development
- Foreign Funded enterprises



# Entrepreneurs cash income: Shanxi, 1996-8 yuan RMB

Category of entrepreneur	Annual cash income
Manager, State owned enterprise	18,627
Manager, collective sector enterprise	17,388
Owner, private enterprise	37,200
Manager, foreign funded enterprise	18,000
Professional	3,700
Provincial average income per capita (1997)	4,762

# Entrepreneurs and wealth management

- Shanxi 1996-8

Provincial average income per capita – 4762 yuan RMB (1997)

Average enterprise profits after tax

State enterprises – 24.3 mn yuan RMB

Urban Collectives – 29.8 mn yuan RMB

Rural Collectives – 4.2 mn yuan RMB

Private enterprises – 0.3 mn yuan RMB



# Entrepreneurs and wealth management

- Qiongsan 2004
  - Average annual wage per capita – 12,697 yuan RMB (2003)
  - Average enterprise annual turnover/output value – 24 mn yuan RMB
- Mianyang 2005
  - Average disposable income per capita – 8383 yuan RMB (2004)
  - Average enterprise annual turnover/output value – 58 mn yuan RMB



### 公司经理职责

- 一、主持公司的日常管理工作，组织实施董事会决议，并向董事会汇报工作；
- 二、负责公司对外的业务处理及协调内部关系；
- 三、提供董事会聘任或者解聘除总经理以下的管理人员；
- 四、审批公司日常业务活动经费以及行政经费；
- 五、召集公司经理办公会议；
- 六、处理公司的重大紧急问题，及时向董事会报告；
- 七、组织制定公司的各项管理制度，并督促各部门落实，明确各部门领导及职工的责任；
- 八、行使董事会授予的其他职权。

# Entrepreneurs and the Party-state

- Enterprises have grown out of Party state
- Private entrepreneurs incorporated in Party-state
  - leadership of local party and government
  - model entrepreneurs
  - deputies to people's congresses
- Family networks based on Party-state supporting development of enterprises



# Entrepreneurs from managers

Interviews of entrepreneurs	% previously employed in professional or managerial position
Shanxi 1996-8 (state enterprise managers)	72 %
Shanxi 1996-8 (urban collective managers)	79 %
Shanxi 1996-8 (rural collective managers)	62 %
Shanxi 1996-8 (private enterprise owners)	42 %
Jiaocheng 2003-4	19 %
Qiongshan 2004	19 %
Mianyang 2004-5	36 %



# Entrepreneurs and the Party state

Interviews	% entrepreneurs in CCP	% one parent in CCP
Shanxi 1996-8 (private enterprises)	40 %	39 %
Shanxi 1996-8 (collective sector enterprises)	35 %	39 %
Jiaocheng 2003-4	24 %	42 %
Qiongsan 2004	23 %	40 %
Mianyang 2004-5	35 %	50 %



# Women entrepreneurs and the Party-state

Interviews	% entrepreneurs in CCP	% father or father-in-law in CCP
Jiaocheng 2003-4	24 %	58 %
Qiongsan 2004	23 %	55 %
Mianyang 2004-5	35 %	66 %

石壁聖境

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# Narratives of the middle class

- In China
  - Acceptable ideologically
  - Aspirations and motivations
  - Beacon of modernity
- Outside China
  - Optimism of relationship between economic development and liberal democracy
  - People ‘just like us’



# Consequences for Australia

- Economic complementarity
- Political tensions
  - Domestically authoritarian
  - Internationally nationalistic
- Mitigated by social and cultural interactions
  - Australia's Chinese population
  - Significance of Hu Jintao's October 2003 comment:  
"Back in the 1420s, the expeditionary fleets of China's Ming Dynasty reached Australian shores ... They brought Chinese culture to this land and lived harmoniously with the local people, contributing their proud share to Australia's economy, society and its thriving pluralistic culture."

