

**The Making of Housing Status Groups in
Post-reform Urban China
Social Mobility and Status Attainment of Gated
Community Residents in Shenyang**

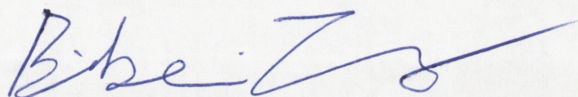
**A thesis submitted for the degree of Doctor of Philosophy of The
Australian National University**

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October 2009

I certify that this thesis is my own original work, except where otherwise indicated.

Signature:

A handwritten signature in blue ink, appearing to read 'Beibei Tang', with a long horizontal flourish extending to the right.

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Abstract

This study examines how individuals in urban China achieved higher social status by responding to social and economic changes, as well as how the status groups to whom they belong construct social structures through seeking better life chances for their group members. I argue that the development of the market economy and the persistent power of socialist redistribution maximized the privileges inherited by some from the socialist era, while promoting market incentives and rewards. During this process, whether and to what extent such factors as individual ascription, family origin, and institutional arrangements contributed to individuals' upward mobility depended on the membership in certain status groups. A group's ability to access and utilize resources, through market activities, or socialist redistribution (or a combination of both), has a significant influence on the well-being of its members.

One of the markers of increased well being in China today is the spreading of new prestigious and private residential compounds. This research focuses on gated community residents as members of different elite groups who experienced upward mobility and who have achieved a privileged social status since the reform. These groups come mainly from three occupational groups: public servants, professionals and private entrepreneurs. The main data source of this research is from ethnography and interview data from the Northeastern city of Shenyang. Life histories and interviews were collected from 82 gated community residents. In addition, data from China General Social Survey 2003 and 2005 are also used to provide evidence from a broader context.

My analysis focuses on four aspects of upward mobility process—occupational attainment, educational achievement, housing acquisition and social resource utilization—and two aspects of upward mobility outcome—lifestyle and identity. The analysis suggests that the formation of new privileged status groups was a gradual process that is the results of the consolidation of pre-existing patterns of inequality

inherited from the pre-reform era, under the condition of the market economy. As a result, two types of privileged status groups emerged. The market-activity-based status groups pursued their elite status mainly through rewards to market activities; and the redistributive-power-based status groups got ahead mainly via legitimizing or maximizing their unique advantages. Group membership with their employment determines their access to valuable social resources and the distribution of those resources. Work organizations have become agents of marketization or socialist redistribution to stratify employees into different groups with different access to resources.

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Introduction: Getting Ahead in Urban China—Market, State and Gated Status Groups

On a cold winter morning in Shenyang, I arrived in front of a fancy gated community where my interviewee was living. The community was designed in a modern style, orderly and spotlessly clean. Small gardens and fountains surrounded the buildings. The beautiful view was isolated from the outside world by walls and big gates. There was a security guard shelter at the main gate, which also functioned as a reception desk. I was asked to provide the name and building number of the resident I wanted to visit and to fill in a registration form with my name and mobile phone number. The security guard filled in other sections of the form for me, which included my gender, my height, the color of my jacket, and even the numbers and the colors of my bags. Meanwhile, another security guard checked the resident's online information. After he confirmed the information was correct, his colleague let me go through the main gate and told me which direction I should go. Following his instructions, I walked about 200 meters until another security guard with walky-talky stopped me and told me that his colleague had informed him who I wanted to visit and my appearance. He said he would show me directly which way to go, so that I wouldn't get lost or go into other sections of the community. Obeying instructions and walking down the road he indicated, I finally got to the gate of the section in which my interviewee resided. At the security guard shelter of the smaller gate, I repeated the name and the address of my interviewee, and I was given a card that had to be returned when I left. Finally, after reporting to and being guided by four security guards and going through two gates, I arrived at my informant's building. It was an 11-florey building with four apartments on each floor. I pressed the visual-monitor button downstairs to call my interviewee who answered and let me in. The first thing she said was how proud she was of the security compound. The fancy community, the gates and the high level of security in some parts

of urban China today further stimulated my interest in researching the residents of these places, the way they achieved their current socioeconomic status and the impacts of their privileged status attainment on the social structure.

This study is on the upward social mobility mechanisms of urban residents in post-reform China. It examines how individuals achieve higher social status by responding to social and economic changes, as well as how the status groups to whom they belong construct social structures through seeking better life chances for their group members. The primary purpose of this research is to examine the social inequality mechanisms in terms of resource distribution through elite group formation in a transitional society. Upward mobility refers to the mechanisms that link individuals to higher positions in the social hierarchy and thereby generate privileged control over valued resources, such as wealth, power and prestige. This study considers individuals in this process as members of different status groups according to their ability to get access to different kinds of resources.

Social change in China over the past three decades has been fast and dramatic. Every single aspect of individuals' daily lives has been affected by the opportunity structure and challenges resulting from economic and social reforms. How did different people experience these changes and how were their lives influenced by the changes? Did citizens gain more opportunity and freedom for social mobility as reforms deepened with the introduction of a market economy? What credentials are more important to get ahead in today's urban China? Who actually benefited from the reforms and how? To what extent are they similar to or different from the beneficiary groups in pre-reform China? Do those who got ahead in this way form a coherent new elite stratum based on their privileged socioeconomic status, shared identities and collective action?

This research aims to illustrate how the market and the socialist state have an impact, separately or together, on the life chances of urban residents in terms of

opportunities to access and utilize valuable resources. I argue that the development of the market economy and the persistent power of socialist redistribution maximized the privileges inherited from the socialist era, as well as promoted market rewards which returned market incentives. During this process, whether and to what extent individual attributes, family origin, and institutional arrangements contributed to upward mobility depended on the membership in certain status groups. By examining the life chances of the privileged status groups in post-reform China, this research reveals that even within the context of the market economy, the state has maintained a substantive ability to affect individual destinies. While the impact of political ideology on urban residents' everyday lives seemed to weaken after the state shifted its policy priority from class struggle to economic development, the authoritarian state continued to influence individuals' life chances through its monopolistic control over resources. A group's ability to access and utilize resources, through market activities, or socialist redistribution, or both, largely influences their members' well-being.

Empirically, this research studies a new social group: gated community residents. As elsewhere, gated communities are walled or fenced housing developments to which public access is restricted, often guarded by CCTV and/or security personnel, and usually characterized by legal agreements (tenancy or leasehold) which tie residents to a common code of conduct (Blakely & Snyder 1997, Blandy 2001, Blandy et al. 2003). However, gated communities in China contain more profound social meanings than their physical meanings. They are not only characterized by the unique features of spatial enclosures, but also by high-level services forging "good life" and "high status" symbols, as desirable middle-class lifestyle by urban residents (Li and Niu 2003, Low 2001, 2003, Tomba 2004, Wu 2005).

The emergence of gated communities is one of the characteristics accompanying the transformation of residential segregation in urban China from

workplace-based residential compounds to privately owned residential communities (Gaubatz 1995, Wu 1997, Huang 2005, Leaf & Hou 2006). Different from elsewhere in the world (Webster et al., 2001), gated community residents in urban China are combinations of more diversified groups who do not necessarily share similar income levels, lifestyles or levels of prestige. Some groups, such as wealthy private business people, managed to purchase gated community housing with their high income. Other groups, however, such as middle or senior level government officials, have become gated community residents through their access to housing offered by the state as an in-kind benefit. The common features of these groups are their superior positions with access to economic, political, and social resources.

Given that gated communities symbolize higher socioeconomic status in urban China, this research considers gated community residents as representing members of different elite groups who experienced upward mobility and who have achieved a privileged social status since the reform. Privilege can result from membership in different status groups including not only economic (and to some extent political) elites but also petty bourgeoisie, public servants and professionals (Chen 2002 pp.403-4, Chen 2003a p.54, Tomba 2004 pp.4-5, Liu 2006 p.507). This privileged status group is therefore a broad category including all beneficiaries of economic reform, rather than a precise social group or distinct analytical category. Among group members, there are different degrees of wealth and political power, as well as variations of access to different types of valuable resources. In terms of personal wealth, they are not all super rich—as many of them have modest but stable incomes. In terms of political power, not all of them occupy powerful positions in the administrative hierarchy. As far as social status is concerned, they enjoy advanced status but engage in different occupations (Goodman 2008). One essential characteristic they share however is home ownership in high status gated communities.

By studying gated community residents, I study the mechanisms of upward mobility in post-reform urban China. My approach focuses on four aspects—occupational attainment, educational achievement, housing acquisition and social resource utilization—and their contributions to upward mobility; but I also consider lifestyle and identity—as outcomes of upward mobility. Empirically, gated community residents include mainly three occupational groups: mid- or high-ranking public servants, professionals and private entrepreneurs. More specifically, the public servant group includes mid- or high-ranking cadres in party and government organization and institutions. The professional group consists of high-salary professional and technical personnel including lawyers, doctors and accountants employed in state, joint and foreign ventures or agencies or who offer their services and skills on a self-employed basis in the private sector. The private entrepreneur group includes those who set up, run or manage private enterprises, those who are self-employed, have employees, investors or shareholders and those who take advantage of new opportunities in marketing property and credit other professional services.

My overall purpose in this research is to demonstrate the significance of marketization, as well as socialist distribution, in creating social stratification in a market transitional society. I argue that market rules and socialist redistribution mechanisms, intertwined, shape upward mobility in post-reform China, to maximize the benefits brought by marketization or socialist redistribution separately. The institutional arrangements through which resources are allocated among social groups and transferred from generation to generation, offered different access to rewarding systems of marketization and socialist redistribution. Work organizations have become agents of marketization or socialist redistribution to stratify employees into different groups with different access to resources.

During this process, individuals faced two paths to move upwards: obtaining advantages through resource allocation from socialist redistribution; or getting benefits mainly from market incentives and activities. The dual upward mobility paths led to the formation of two types of privileged status groups in contemporary urban China: the within-the-system (*tizhi nei*) privileged status group and the outside-the-system (*tizhi wai*) privileged status group. In the division of labor, the members of privileged status groups within the system are employees in the powerful or resource-rich areas of the public sector, and the members of privileged status group outside the system are successful entrepreneurs or those occupying middle or high-level manager positions in competent non-public enterprises. Employees within the system obtain and maintain their privileges through the state's monopoly and distribution of valuable resources. The outside the system employees seek and secure their benefits through market activities and their cooperation with the state monopolies. Thus, in the distribution of rewards, the within-the-system privileged groups are more dependent on socialist redistribution; while the outside-the-system privileged receive rewards mainly from market incentives and activities. Under socialist market economy, the success in the non-public sectors, in particular, private sector has often been facilitated by a "connection" or organic relationship to the state. In other words, success outside the system can be facilitated by connections inside the system. The privileged status groups are not only referring to particular occupations such as cadres or professionals, but members classified by their exclusive access to and unique advantages in utilizing valuable resources as groups. Different upward mobility experiences and membership in different status groups, in turn, create diversified identities among the elites.

Like elsewhere in the world, individuals acquire their group memberships mainly through their occupations. In urban China however, it has long not been the occupation per se that mattered, but rather the nature and economic situation of the

work organizations. Since the reform, traditional work-units have evolved into employers with diversified ownership and rising economic autonomy. A traditional trend has however remained: better-off work-units manage to provide more and better quality rewards to their employees. The better-off work-units include profitable enterprises or firms, as well as those resource-rich but whose profit cannot be measured such as government offices and state-owned-institutions (*shiye danwei*). These work-units substantially influence their employees' life chances, by generating and distributing rewards. Better-off work-units distribute rewards only among their employees as collective benefits. Therefore, the employees' relationship with the work-units has remained essential for individuals' life chances in today's urban China, not only because it provides income, but also because it grants privileged access to resources.

Research Design

In order to illustrate the complicated mechanisms of upward mobility in urban China, I will first establish a set of comprehensive criteria for privileged status in post-reform China, which include both monetary and in-kind rewards. Existing studies on the effects of market transition have mostly used income as the main indicator of rewards and inequality. Theoretical contributions have suggested a market-centered approach is inadequate and insufficient to explain the changing social mechanisms in transitional societies including urban China; and that market allocation per se has no clear implication for the advantages of elite status attainment (Walder 1996, Wu and Xie 2003). Despite of this, unfortunately, empirical studies did not pay enough attention to the most significant feature of socialist redistribution—the allocation of non-monetary rewards. Given the importance of non-material rewards such as in-kind subsidies and even the prestige obtained through positions and employment, income distribution alone

does not provide a comprehensive measure of overall inequality. Employees within the system are found to still hold entitlements for rewards that were usually not in terms of fixed wages, but in housing and other fringe benefits (e.g., Logan and Bian 1993, Li and Niu 2003, Li 2005). I argue that both socialist redistribution and market rules shape the institutional processes that define certain types of goods as valuable and desirable in Chinese urban society, and monetary rewards in terms of income are only one kind of valued resource. A monetary reward is more important for employees outside the system, while those within the system get ahead through in-kind benefits and opportunities, despite a relatively modest monetary remuneration.

Second, I evaluate the role of marketization and socialist redistribution in improving individuals' life chances. In order to do so, a life history approach was adopted. I examine four important aspects of life course—occupational attainment, educational achievement, acquisition of in-kind benefits such as housing, and use of social networks. Life histories highlight the changing dynamics of status attainment for different generations, and how different factors affect the status attainment of the same generation at different stages of their life courses. Although individuals' achievements such as educational credentials and skills are arguably more important for upward mobility during the reform era, I argue that individual attributes and family background are still constrained by such institutional factors as policy orientation that varies over time, the type of ownership of the workplace, and the degree of the state's intervention into the market economy. For instance, the meaning of an advantaged family background changed from political (having a "red" background) to socioeconomic advantages, as the state shifted the political agenda from class struggle to economic development. Meanwhile, under reform, resource-rich public sector work-units continued to provide exclusive benefits, such as social security and subsidize, to their employees. Also, despite a higher return to human capital as marketization deepened,

profitable firms provided bonus income to all their employees as a collective benefit, regardless of individual attributes.

Third, I examine the outcome of privileged status groups' formation, in terms of their lifestyle, social cognition, and identities. High end gated communities are home to individuals of a higher status. They might, however, achieve this status through different paths: variations exist in their access to different types of resources. The variations, in turn, may lead to diversified identities characterized by various attitudes and behaviors among the elite status groups. I examine these diversities through their lifestyles, social communication, social attitudes and their civic engagement.

The final objective of this research is to develop a theoretical framework for upward mobility dynamics in a market transitional society. Conventional social mobility research is based on the comparative hypothesis that the overall pattern of social mobility appears to be similar across various industrial societies (Lipset and Zetterberg 1959). The status attainment model (Blau and Duncan 1967) proposed that as society industrializes, the (direct) influence of ascriptive factors such as father's occupation on son's occupation would be mediated by achievement factors, especially education and one's first job. This research challenges conventional social mobility models, providing empirical evidence that socialist institutional arrangements could mediate or maximize market impacts. In addition to individuals' ascriptive factors such as family background and achievement factors such as educational and political credentials, institutional arrangements for resource distribution (both monetary and non-monetary resources) effects upward mobility for different social groups. The analysis presented in the following empirical chapters indicates that the formation of new privileged status groups is a gradual process that combines inequality patterns inherited from the pre-reform era, the rules of the market economy, and market strategies adopted by redistributive power, to create privileged status groups through their monopolistic

power and control over resources. Rather than antagonizing the market economy, socialist redistributive institutions maintained or maximized privileged advantages through participation in market activities.

Social Mobility: Industrialization or Path-dependency?

In traditional stratification research, the labor market is considered the central institution that determines life chances. The main focus of that research, then, is on the position of the individual in the labor market and within work organizations, which is interpreted in terms of class position, social standing, or the living standards of an individual or household (e.g. Featherman and Houser 1978, Erikson and Goldthorpe 1992). Research on social mobility in western industrial societies is enlightened by liberal theory claiming that industrial societies experience similar higher social mobility rates and more equal mobility opportunities than pre-industrial ones (e.g. Lipset & Zetterberg 1956, Lipset & Bendix 1959, Fox & Miller 1965). The status attainment model (Blau and Duncan 1967) suggests the rising importance of one's achievement in terms of education and occupation in getting higher social status. Empirical studies found that the mechanisms of stratification are relatively stable across generations and over an individual's life course; and patterns of social mobility are relatively consistent over time and place (e.g., Grusky & Hauser 1984, Erikson & Goldthorpe 1992), despite some cross-national variations.

The industrialization thesis, thus, assumes that economic development entails a process of rationalization that weakens ascriptive allocation of roles and allows an initial developmental effect on mobility. Therefore, it suggests that industrialized societies call for a labor force with generalized educational credentials and occupational competence, thus creating a career mobility pattern dependent largely on universal qualifications (Featherman & Hauser 1978). This hypothesis was also extended to non-

capitalist societies, expecting that socialist and capitalist societies would experience a similar distribution of relative mobility chances—regardless of whether economies are market-oriented or not (e.g. Heath 1981). Therefore, theories of convergence and modernization imply that different political economies, communist and capitalist alike, should ultimately converge into one system of social stratification where education and occupational competence are the common criteria in determining who occupies what position. This process of convergence is believed to depend largely on whether the countries have reached the same level of industrialization or urbanization (Treiman & Yip 1989).

Institutional theorists, however, are skeptical of theories of convergence. Rather than focusing on the effects of industrial growth, institutionalists insist that research on social stratification needs also to take into account underlying differences in institutional forms. According to this view, social stratification and mobility in post-reform urban China is more complicated than the linear, causal, simplistic and essentialist view of the convergence thesis, because the process of industrialization is not the only factor to affect stratification and mobility in China. As suggested by new institutionalists, institutions shape the structure of incentives and thereby establish the constraints within which rational actors identify and pursue their interests (North 1990, Brinton and Nee 1998). The Chinese market economy development is still under the control of socialist institutions, therefore, the industrialization process in China is largely influenced by the intervention of socialist policies (Nee 1992, 2005), and the state has been a potent causal force despite the independent role of social and economic forces (Matthews and Nee 2000). The convergence thesis does not allow for the possibility that similar surface features of a phenomenon may be the result of different processes in different places and that universal processes can be mediated by local forces and processes embedded in local culture, history or economic and political

systems (Ma and Wu 2005). During the market transition, for example, the state was also playing an active role in promoting meritocracy and career mobility, as well as leading state-owned enterprise reforms and supplementary welfare reforms (e.g., Walder 1995, Wu 1996, Zhao and Zhou 2002).

According to the critics, thus, the convergence thesis over-generalizes social mobility patterns from the example of western industrialized societies and ignores country-specific characteristics, in particular a mixed political economy. Also, the social mobility table used in conventional research was designed for a society with a relatively stable class structure, where industrialization and marketization had reached a certain level of maturity. However, transitional societies often experienced collapse of the old structures accompanied by the construction of new ones. Thus, social mobility in terms of occupational advancement is not enough to explain “status attainment” in a transforming socialist society, in which inequality is generated in both labor market and the non-marketplace by a large number of factors. As well as unstable social and economic conditions in the hybrid economy, these factors are constantly changing over time, exerting inconsistent influences on different groups’ life chances from time to time. Thus, variation in stratification and mobility patterns should derive from occupational structure characterized by historical, cultural and institutional differences, rather than from differences in exchanges between occupations.

Since China’s reform, different groups have experienced various mobility patterns rather than a universal mobility pattern. As direct beneficiaries of the reforms, entrepreneurial groups acquired their social power and positions with increased capital, credentials and expertise rather than by rent-seeking or holding position in the state apparatus (Goodman 1999). Chinese Communist Party (CCP) gradually transformed its antagonistic attitudes towards private business to recognition and appreciation that “(Private entrepreneurs) are a new social stratum making significant contributions to the

country's development and modernization" (CCP 2001), and therefore deserved a place in the ruling party.

By the 1990s private business began to attract state sector employees. Many officials used their political power to reap the best of both worlds: the benefits accruing from their state-sanctioned status and the income from private business (Gold 1990). Social resources and networks became important for this operation and well-connected cadres or former cadres were more likely to achieve success in private business (Gold 1990, Buckley 1999). Urban cadres have become increasingly more likely to be self-employed over time, and only those who became self-employed in the late reform stage have enjoyed higher income returns (Wu 2006).

As expected by the industrialization thesis and market transition theory, education has become a universal qualification driven by market activities. In addition to the supportive evidence documenting increasing returns to education, particularly in the non-state sector where market mechanisms prevailed in the reform era, studies also found that the state and the state policies play an active role in promoting the role of education in the same direction (Zhou 2000, Zhao and Zhou 2002). Educational credentials are found necessary for both administrative and professional occupations (Walder 1995, Walder, Li and Treiman 2000, Zang 2001a). "In China it does not appear that intellectuals have been on the road to class power; instead, party bureaucrats have been on the road to college." (Walder 1995, p.325)

Thus, a more important question is: what factors are more important for which path, and why? The idea of a path-dependent upward mobility actually highlights the stratification mechanism of those who get ahead through group membership: different occupational groups encountered opportunities to take different paths, not as individuals, but as group members. Upward social mobility in post-reform China indicates not only changes in individuals' positions in labor market structure, but also a

process of privileged status groups in getting or maintaining advantages to control the operation of reform.

Market Transition: Continuity or Discontinuity?

In addition to studies on status attainment and social mobility, another research theme that drives social stratification research in post-reform China are market transition debates. Based on observations of rural China's reforms, Nee (1989) developed a theory of market transition, which attributed the main change in the social inequality mechanisms in post-socialist countries to the emergence of market institutions. According to Nee, market transition is a counterpart definition to the state socialist economy. In a "redistributive" state socialist economy, goods are allocated primarily by government officials ("redistributors") according to a plan; and under market allocation, goods are allocated by direct bargaining between buyers and sellers over price. A transitional economy is one in which the latter gradually replaces the former.

In broad terms, the market transition thesis mainly argues that the traditional advantages enjoyed by cadres shall decline when markets replace redistribution as the dominant mode of economic allocation, because of a transformation of power favoring direct producers, higher returns to education, and rising opportunities for market activities (Nee 1989, 1991, 1996). The market transition thesis consists of three interrelated theses that emphasize the causal processes associated with market-based power, incentives, and opportunities, respectively (Nee 1989, Nee and Cao 1999). It predicts that these processes will lead to (1) the transition from redistribution to market involving a transfer of power favoring direct producers relative to redistributors; (2) higher returns to education than under the centrally planned economy; and (3) market

opportunities giving rise to market activities, for example, entrepreneurship as an alternative to bureaucratic advancement in state socialism.

The market transition theory has received both theoretical and empirical challenges. Theoretically, the state-centered approach, which concentrates on the role played by the state in leading the transition, argues that political power and capital still operate despite economic liberation, by either maintaining high socio-economic status through administrative expertise (Rona-Tas 1994), or converting political power and capital into various forms of economic advantages (Staniszki 1991, Rona-Tas 1994). Empirically, contradictory results concentrated on whether there is a higher return to education during the market transition and whether there is a decrease of income inequality. Some found that market reform inherently devalues the political credentials and connections of communist-era elites in favor of education, experience, and entrepreneurship (Nee 1989, 1991, 1996, Nee and Cao 1999). Others found evidence that documented the persistence of official power and privilege in bringing rewards (Rona-Tas 1994, Bian and Logan 1996), lower return to education (Gerber and Hout 1998, Zhou 2000) and rising inequality (Bian and Logan 1996, Zhou 2000b). Increasingly rigorous analyses of cross-sectional and time series data have found that structural and institutional features of national economies cause market outcomes to vary in ways unrelated to the extent of marketization and privatization (Parish and Michelson 1996, Xie and Hannum 1996, Zhou 2000, Wu and Xie 2003). Moreover, Nee's support for market transition theory was criticized to be restricted to data from rural China; whether conclusions drawn from studies of rural workers can be generalized to urban workers remains an open question (Rona-Tas 1994, p.44).

Then a path-dependency approach was proposed to evaluate how far market transition has proceeded in post-reform China, and whether this theory predicts a decline of cadre privilege (Cao & Nee 2000). The path-dependence approach argues

that “Political capital is likely to persist as a strong predictor of advantage in the sectors of the transition economy that are state-owned. It is also likely to persist as a stronger predictor than human capital where structural holes at the boundaries of the state and non-state sectors of the economy provide opportunities for political actors to serve as middlemen in economic transactions.” (Nee and Cao 1999, p.807). Further, more institutionalism explanations were provided to explain the cause of continuity and discontinuity intertwining and coexisting in a hybrid economy, and producing path dependence in the post-socialist stratification order. The existence of path dependence would be due to the degree of dominance and maturity of Chinese market economy, which has not yet reached the tipping point when the market-based stratification order as a whole begins to assume the dominant form in the post-socialist stratification order. Only when the market economy reaches a certain scale and degree of maturity will it be able to stand as an independent source of socioeconomic mobility. This can be construed as the point “where market-based stratification mechanisms assume momentum and discontinuous change becomes the dominant trend. Continuities will still be found, as long as the state has yet to completely reduce its role to a third-party regulator, but their significance becomes limited.” (Nee and Cao 2002, p.13)

As argued earlier, most empirical evidence for market transition used income as the only indicator of rewards. However, cadre advantages that were expected to decline include benefits from both market activities and socialist redistribution, which are more latent than measurable income. Market rewards are not exclusive to market-incentive-driven actors, because redistributive power of the state also participates in market activities to materialize their non-monetary rewards or to gain extra benefits from the market. Marketization and socialist redistribution are not necessarily opposed to each other in China’s urban society. On the contrary, they interact with each other and penetrate into each other’s reward distribution system, to maximize or secure their own

advantages. The maturation of the market economy can lead to even higher integration between the two forces. Therefore, whether the coexistence of continuity and discontinuity reaches a tipping point, or whether it is a new hybrid mechanism in the making, needs further examination of how individuals in different groups achieve privileged status.

Also, when examining the effects of market transition, most empirical studies adopted individual approaches with a focus on causal relations between individual attributes such as education. Individuals' work-units have been used only to indicate their institutional affiliations. However, the distribution of latent benefits and different rewards actually was an outcome of group effort rather than individual attributes. The beneficiaries are not limited to certain occupational groups such as cadres or private entrepreneurs; instead they are members of beneficiary groups who acquired benefits through their group membership. The formation of the privileged groups shows who gained what, but more importantly, it also indicates the institutional arrangements of marketization and socialist redistribution in looking for an equilibrium to secure collective group benefits.

Status Group: Market Incentives or Redistributive Power?

Thus, considering the central question of who gains and who loses, and more specifically, whether cadres' advantages give rise to private entrepreneurs' rewards during market transition, this research considers Chinese stratification and mobility not only as results of exchange of economic resources between occupations, but also as the formation of different "status groups". Also, not limited to cadres or entrepreneurs, this research examines beneficiaries of the reform as a category which includes a broad range of occupations, taking advantages from socialist redistribution or markets, not only as occupation position holders, but also as members of privileged "status groups".

In the classic definition of Max Weber, “a ‘status group’ is a plurality of individuals who, within a larger group, enjoy a particular level of prestige by virtue of their position and possibly also claim certain special monopolies.” (Weber 1978, p.306) In contrast to the economically determined ‘class situation’, a ‘status situation’ is designated as “every typical component of the life fate of men that is determined by a specific, positive or negative, social estimation of honor” (Weber 1978, p.932). In terms of its content, “status honor is normally expressed by the fact that above all else a specific style of life can be expected from all those who wish to belong to the circle.” (Weber 1978, p.932) Weberian theory classes group people according to their resources and their access to resources for obtaining welfare and well-being in the market, and market-mechanisms are seen as the direct cause of inequality. Different from the Marxist concept which focused on inequality generated during production but failed to account for inequality generated in the labor market, the Weberian concept considers classes as people with similar command over economic resources (Mills 1956, White 1974, Wright 1997). And that could more effectively explain another insufficiency of Marx’s theory of class: which suggested economic interest corresponds to sentiments of communal identity (Giddens 1994, p.132), with the belief that capitalist society would be entirely unable to cope with the class conflicts generated by its structure (Dahrendorf 2000, p.90).

Given the nature of the hybrid economy in transitional societies, where inequalities are generated in both the production and non-production realms, but through market activities, Weberian’s life chances directly shaped by the market provide a more valid framework than Marx’s ‘exploitation’ which is closely related to production. During the transition from state socialism to a market economy, marketization more directly shapes life chances because socialist redistributive power is less directly involved in economic resource allocation. Under the condition of a hybrid

economy, although redistributors “favor ‘their own kind’ when they allocate scarce resources” (Szelenyi 1978, p.77), resource allocation goes through market activities instead of socialist redistribution plans.

According to Weberian theorists, the formation and operation of a “status group” is closely related to two other important points: monopolies and social closure. For all practical purposes, “stratification by status goes hand in hand with a monopolization of ideal and material goods or opportunities; and the status groups are strictly segregated in terms of honor.” (Weber 1978, p.935) “If the participants expect that the admission of others will lead to an improvement of their situation, an improvement in degree, in kind, in the security or the value of the satisfaction, their interest will be in keeping the relationship open.” (Weber 1978, p.43) The interactions between diversified interest groups in post-reform China illustrate this dynamic. For example, the socialist state’s acceptance and incorporation of private business groups is mainly because this kind of social relationship may provide “opportunities for the satisfaction of spiritual or material interests, whether absolutely or instrumentally, or whether it is achieved through co-operative action or by a compromise of interests.” (Weber 1978, p.935) Meanwhile, the socialist institutions are also interested in keeping a closed relationship, because of its expectations of improving its members’ positions by monopolistic tactics. On behalf of the state, resourceful work-units in public sectors provide different kinds of subsidies such as medical insurance and housing subsidies to their employees. Those benefits, however, are not transferrable in the market. They are only available to the employees of those work-units. Status groups will use all kinds of means to obtain and secure their monopolies: “At times these groups sought to increase their membership in the interest of improving the security of their position of power by adequate numbers. At other times they restricted their membership to protect the value of their monopolistic position.” (Weber 1978, p.45)

Every well-established case of appropriation of opportunities and abilities, especially of exercising imperative powers, has a tendency to lead to the development of distinct status groups. Conversely, the development of status groups has a tendency in turn to lead to the monopolistic appropriation of governing powers and of the corresponding economic advantage. Given that socialist redistribution held monopolistic powers on resources, individuals' life chances are largely impacted by their group memberships and the group's ability to utilize resources. If status attainment is achieved through rewards offered by their groups, then the privileged status group members would share a common interest in generating and maintaining resources to establish their own rewarding system apart from market competition.

If social stratification is shaped through status groups' efforts in obtaining resources, then we could ask, for instance, whether the persistence of cadres' privilege simply reflects their technocratic competence, or whether they systematically reinforce their privileges through their work-units as their status group's monopolization. Furthermore, if privilege is preserved, does this reflect a temporary feature of partial reform or an enduring characteristic of the new system being created? In other words, is there a tipping point for Chinese market transition? As argued by many scholars (e.g., Parish & Michelson 1996, Walder 1996), the shift to market allocation per se has no inherent consequences for the allocation of power and income. What matters during the process of generating social inequality is that the redistributive institutions adopt all sorts of means provided by market economies to convert or even maximize their old advantages under socialist redistribution and legitimate their new benefits brought by the state's monopolization of valued sources. "The critical test thus lies in the extent to which cadres' monopolistic elite status is now being challenged by groups with market power." (Nee and Cao 2002, p.17)

Context of Research: Privatization and Consumption with Chinese Characteristics

Redistributive Institutions under Reform

The understanding of social stratification of pre-reform China was under the shadow of official Marxist views of stratification in state socialism, which conceived the society as comprising only two classes, peasants and workers¹. However, the communist bureaucracy in fact constituted a new class because their control over the means of production was a form of de facto ownership of productive property (Djilas 1957). The greater social inequality in state socialism lies in the higher non-wage compensations for the “redistributive class” (Szelenyi 1978, Konrad and Szelenyi 1979), such as housing, access to higher education, subsidies for certain commodities, the health and pension plans, and is only partially reflected in salaried income (Szelenyi 1983).

The redistributive mechanism in pre-reform China was carried out through work-units (*danwei*) which dominated the life chances of urban residents. In addition to its function as a production organization, a work-unit also became an extension of the state apparatus and undertook the function of social organization and control (Lü and Perry 1997). The work-unit, an enclosed, multifunctional, and self-sufficient entity, guaranteed its employees a variety of perquisites denied to peasants in the countryside: secure jobs, affordable housing, inexpensive medical care, a range of subsidies for everything from transportation to nutrition, and generous retirement pensions, as well as a permanent “membership” of workers with lifetime employment (Whyte and Parish 1984, Walder 1986, Lin and Bian 1991, Logan and Bian 1993, Bian 1994, Lü and Perry 1997, Logan et al. 1999).

State-owned institutions and enterprises and administrative functions were given priority in the allocation of labor, materials, and financial resources, expanded size and

¹ This was the ideal scenario based on communist ideology. Technically, there were other social classes, such as a national bourgeoisie and an urban bourgeoisie before 1955.

structure, differential rewards, closeness to the central planning process, and power over other parts of society (Domanski 1988). These priorities formed the basis for segmentation of Chinese urban society, which offered a differential opportunity structure for rewards such as promotion opportunities, financial benefits, quality of housing, quality of schooling for children, and so forth. More importantly, it conferred unequal socioeconomic status on workers. Therefore, the entrance into core sectors (state agencies and enterprises), rather than the job per se, constituted the primary goal of status attainment (Lin and Bian 1991), due to “the unequal distribution of resources and opportunities among work organizations” (Bian 1994, p.6). Workplace segmentation made social mobility in pre-reform urban China “a matter not of getting a better job or making more money (although such consequences may well follow) but rather of getting into the right work-units—work-units in the advantaged sectors” (Lin and Bian 1991, p.659).

Workplace segmentation in pre-reform urban China was based on the socialist state’s monopolization of valued resources and thus generated inequalities in redistributive areas. More importantly, the state’s political ideology restricted and regulated workplace membership making the inequalities brought by workplace segmentation self-sustaining. This inclusive membership and social closure rather than attainment in occupational status, had further impacts on social inequalities in post-reform urban China.

Since the reform, the role of the work-unit has changed but not disappeared. Some of their functions (such as housing provision, food rationing, entertainment provision and political rights conferment) have been displaced or at least substantially weakened. Non-state economic entities such as private firms and joint ventures with foreign firms have gained more prominence in the economy. Even state-owned or state-transformed employers, including large public-traded firms, universities and hospitals,

have now lost their previous role as all-encompassing work-units. Although the importance of work-units in individuals' life chances has been reduced by a diversified labor market and more frequent social mobility brought by the market economy, powerful or profitable work-units continued to carry out the stratification process in urban China. Since economic reforms, the state gradually opened work-units to various ownerships, which led to the emergence of a new sector (Logan et al. 1999). The new sector work-units usually adopted multiple and joint-ownership forms (including state-private, collective private, international joint ventures, cooperatives, joint family businesses) to obtain tax benefits. These complications obscure ownership and give work-units a high degree of autonomy from redistributive control. The autonomy and a series of reforms in state-owned enterprises (SOEs) changed the general rewarding system between work-units and their employees. Profitable work-units managed to provide bonus income to their employees, which is relatively equally distributed among their employees (Zang 2002, Xie and Wu 2008, Wang 2008). The persistent inequality brought by work-units is rooted in certain work-units' monopoly over resources. The reward redistribution among those resource-rich work-units retained a paternalistic relationship through which their employees continuously depend on their employers for their socioeconomic well-being (Unger and Chan 2004). Thus, "the *danwei* system also displays remarkable tenacity, in the face of economic changes of unprecedented magnitude" (Naughton 1997, pp. 169), the work-unit system has survived to the present, although in modified form, and continues to be important in post-reform China (Wu 2002, Wang 2008, Xie & Wu 2008).

Consumption Revolution

The emergence of new social groups based on their consumption power rather than their political background, was a direct result of the "consumer revolution" (Davis

2000, Latham 2002, Latham et al. 2006) in terms of greater consumption of clothing, food, luxury housing and leisure entertainment activities. The consumption revolution was a consequence of a deliberate state's intervention into the market economy, to pursue or maintain high economic growth (Tomba 2004, Croll 2006). Under the planned economy, production, price and distribution were all decided centrally or by administrative fiat with little reference to consumption. Supply was centrally planned without considering demand. Standardized goods at set prices appeared in the few shops regardless of customer demand and/or preference. Under the reform, domestic demand and an internal market were designated as the 'main engine' for China's long-term economic growth. Since the 1980s, domestic demand has been placed at the heart of China's political agenda. As a result, a series of policies have been consistently launched to expand the domestic demand and boost the potential of domestic markets.

The center of consumption switched from food in 1980s to electronic goods in the early 1990s, to apartments and houses, automobiles and new leisure activities, including travel and sport, in the mid-1990s (Croll 2006, pp.32-57). As elsewhere, the purchase of a new house constituted the highest cost and longest-term purchase a household was ever likely to make. Thus, the state needed to create a group of consumers who had the ability to carry out the consumption "revolution" (Zhang 2002, Zhang & Yap 2002). Wealthy private business people and public sector employees with stable incomes became the main target groups. Compared to wealthy business groups, public sector employees had lower incomes. Therefore, the state launched a series of policies to allow public sector employees to materialize their fringe benefits through market transactions. Permitting mortgage loans of up to 70 per cent of the value of a new home over a 20-year period further facilitated housing purchases (Li & Li 2006).

As a result, different types of consumers were created with different consumption patterns or levels, as the market economy gradually replaced the

redistribution as the main mode of resource allocation. Through the consumption revolution, those who had access to resources under the control of redistributive power were able to achieve higher social status by materializing or upgrading their advantages into new privileges. The development of the market economy, on the other side, rewarded market incentives that were exemplified through consumption.

Housing Privatization and Commercialization

Under state socialism, housing was the biggest latent economic benefit (Zhou 2004) employees could get from their work-units. Although the greatest power was held by the central government, various sectoral departments and their subordinate work-units were the decision maker of housing provision. Work-units, on behalf of the state, predominantly carried out the construction and provision of supportive services. This workplace identification (Bian 1994) had a huge influence on the degree of housing inequality, including housing distribution and housing quality. Employees from state-owned enterprises or institutions were guaranteed with housing from their work-units, and housing quality tended to be the same although the size and facilities were generally poor (Walder 1986, Lin and Bian 1991, Logan and Bian 1993, Bian 1994). Housing distribution was an ad hoc process (Wu 1996), and employees were provided with housing according such criteria as: household size, work experience, educational level, occupational status, and political affiliation (Wang and Murie 1996, Wang 2003, Gong and Li 2003). Positive relations have been found between cadre position and better housing quality, in terms of bigger size, location, and facilities (Logan and Bian 1993, Bian 1994, Wang and Murie 2000, Zhou 2004).

After three decades of free public housing distribution, the socialist housing situation faced challenges from chronic housing shortage and lavishly using state land

without considering the cost of land¹. Housing reform, thus, was designed to introduce market mechanisms into the welfare-oriented housing system, and to relieve work-units from the burden of housing management. Its main objective was to encourage urban residents to buy from their work-units the houses in which they had been living, to formulate new housing finance arrangements and to restructure rents to match public sector scale. Various new policies were introduced from as early as 1979 designed to commercialize and reform the public-sector-dominated housing system (Wang and Murie 1996).

In 1983, the State Council took further steps and guaranteed to protect private property rights. In 1988, the government initiated a further economic reform known as the Ten Year Reform Strategy. Since then various central and local regulations for the privatization of urban housing have been issued. Large numbers of houses have been built by developers and, during the early 1990s, large numbers of existing dwellings owned by the state directly or through state enterprises and institutions have been sold to sitting tenants. The “Decision on Deepening Urban Housing Reform” was formally published in July 1994 along with several detailed explanatory documents (Housing Reform Steering Group of the State Council, 1994). These are the most important and comprehensive policy documents on housing reform to date, and they set the overall strategy based on all previous experiments and local practice. The new strategies change the housing investment, management and distribution aspects of the old housing system and add some new elements including establishing a dual housing provision system for high-income families and low-income households; to establish a public- and private-

¹ Generally speaking, there was insufficient housing investment due to the low rent system. Also the investment policy was biased towards production, and the government decisions on housing supply ignored market signals. Thus, there was no proper return to housing investment. All these contributed to the severe housing shortage in the 1970s. During the 1980s, more severe problems were commonly identified, such as unfair distribution and poor management.

housing saving system; and to establish housing insurance, public finance and loan systems (Wang & Murie 2000, Zhang 2000).

With the gradual maturation of the housing market, people began to recognize that housing was more than a mere consumption good; home purchase was also viewed as an investment. The process of housing privatization had a big influence on economic life with the storm of housing consumption. In the 1990s, commercial construction of residential units experienced a nearly five-fold increase, from 27.45 million to 129.98 million square meters (China's Statistical Yearbook 2000, p.342). According to a recent national survey, housing consumption, which did not exist in pre-reform China, is now among the top three items on the consumption list of most of urban families, following food and clothes (Zhou 2005). National statistics reveal that the urban homeownership rate for the nation as a whole reached 80 per cent in 2004 (Hou 2005). The nature of housing in urban China has largely been transformed from welfare provision to commodity (Li 2000, Wang 2001, Huang & Clark 2002).

Those who had benefited under the previous distribution system also benefited most from privatization, because the opportunities to purchase new housing were initially restricted to the apartments people were living in at the time of the reform (Wang and Murie 2000). Public sector employees became entitled to purchase public housing at low prices. Their access to housing was largely dependent on their membership as work-unit employees. Later, they were also among the first to purchase new apartments in gated communities, so that housing reform ended up aggregating housing inequalities inherited from the socialist era (Rosen & Ross 2000, Wu 2002, 2004, Lan 2003, Huang 2005, Li 2005, Li & Huang 2006, Xu 2008).

Housing Status Groups

Privileged social status is expressed in patterns of exclusive consumption and lifestyle. With the booming of the commercial housing market, Chinese urban residents are filtered by the market price, and as a result, housing of different standards for different social groups emerged at the end of 1990s (Wang 2000, Giroir 2006). Political classification of residents has been replaced by similar income or status in community or neighborhood structure, as a result of economic reform (Wang 2000). Privileged access to commodities and property, including a fine flat, often are perquisites of a well-positioned public-sector job. Many gated community residents have only relatively modest incomes, but they are well-off because of their special access to property, goods and services provided by their work-units. Therefore, they could become a consumer force for the same quality housing as their wealthy private entrepreneur counterparts. Thus, housing consumption in post-reform China led to another outcome apart from the commercialization of urban spaces, the creation of status groups based on high-end gated housing consumption.

A shared consumer identity has also led to participation in self-organized homeowner organizations and neighborhood-level democratization (Read 2003, 2007, Tomba 2004, 2005). Despite diversified occupational backgrounds, one fundamental feature the group members share, is their residency in better-off modern gated communities. Residence in privately managed compounds created a new social space for interaction among Chinese urban residents. Chinese urban residents' interaction used to be constrained inside a workplace-defined social space. And the work-unit residential compound limited people's social life within the work-unit context. The gated community residence provided residents with opportunities to interact with other residents, not as comrades but consumers (Ma & Wu 2005, Lu 2006). Based on their shared homeowner status, the private homeowner groups developed an interest in

protecting their private property rights through their self-organized community organizations. The gated communities also became the ground for numerous conflicts and the new residential spaces are contributing to the emergence of a more autonomous middle class (Tomba 2005) based on their privileged housing status.

Methodology

My research strategy was not to sample these groups in a random fashion, but rather to focus my attention on the most active, potentially trend-setting gated community residents. The main data source of this research is from ethnography and interview data from Northeastern city of Shenyang. In addition, data from China General Social Survey (CGSS) 2003 and 2005¹ are used to provide evidence from a broader context. Life history data were collected from 81 gated community residents through in-depth interviews. The interview questions mainly covered information on individuals' demographic and household information, their education and career history, their housing careers, and their social life within their residency communities.

Shenyang as the Research Site

Shenyang is the capital city of Liaoning province. Due to its historical function as one of the country's industrial bases², Shenyang's social structure has been marked by its high dependence on government-led organizations, in particular, state-owned enterprises. Most Shenyang residents were employees of state-owned enterprises which

¹ Survey data analyzed in this thesis were collected by the research project "China General Social Survey (CGSS)" sponsored by the China Social Science Foundation. This research project was carried out by Department of Sociology, Renmin University of China & Social Science Division, Hong Kong Science and Technology University, and directed by Dr. Li Lulu & Dr. Bian Yanjie. The author appreciate the assistance in providing data by the institutes and individuals aforementioned. The views expressed herein are the author's own.

² Shenyang and Liaoning were a heavy industrial centre, which had a higher level of state involvement than light industry areas. Solinger (1991) discussed the distinctions of state involvement between light and heavy industry, in *From Lathes to Looms : China's Industrial Policy in Comparative Perspective, 1979-1982*.

provided them with modest salaries but access to a life-time employment and a range of public welfare services including, pensions, housing, and medical care. Many of these enterprises fared poorly under China's economic reforms of the past two decades, and large numbers of employees were laid off in the 1990s.

Shenyang's experiences were shared by many cities in China's Northeastern provinces. As part of the rejuvenation plan for China's Northeastern provinces, Shenyang's local institutions, system and mechanisms experienced changes "in the manufacturing sector, technology, and more importantly, ownership of assets (especially, the state-dominated industrial sector)" (The World Bank 2006, p.1). Exceptional efforts were made by the city to produce 'urban forests', improve the environment and increase the per capita green areas from 3.5 to over 12 square metres between 2000 and 2005. In 2005, 38.9 percent of all urban green area was located inside almost inaccessible private residential compounds (Tomba and Tang 2008, pp.178-179).

The planning of a 'forest city' in Shenyang goes hand in hand with a planned gentrification process. Gentrification in Shenyang involves a thoroughly planned demolition and re-construction of residential spaces, and a redefinition of land use (mainly from productive to residential or from public to private) with the precise intent of making both available to a different section of the population and to obtain a better return on land usage. Through providing a better living environment, moving away from the city's dirty industrial image and the loss of the working class tradition, urban districts are, increasingly, gentrified (Tomba and Tang 2008, p.179).

As a result, in the past two decades, Shenyang's status as an industrial city was gradually replaced by city planning oriented towards a business and finance center and a high-tech industrial base. The city's central areas, which used to accommodate factories, were wiped out and replaced with business and residential compounds. A construction and residential economy became central to Shenyang inner districts' re-

orientation as a competitive, global and post-industrial city, and the new rich, with their consumption habits and their hunger for quality lifestyles are an essential factor in the city's re-branding.

Gated Communities and Community Residents

The gated communities were chosen from five central, old districts (*lao zhongxin chengqu*)¹ of Shenyang (Dadong, Heping, Huanggu, Tiexi, Shenhe). The main criteria used to choose the sample communities were the market price for their apartments, the number of households, professional management company service, and data availability. The average market price for gated communities in Shenyang was 4,000 Yuan in 2006 depending on the location and experiences of developer companies, the evaluated market price for my sample communities was 6,000 Yuan. The size of the sample communities varied from 200 to 2000 households. All the sample communities were serviced by professional property management companies. The average management fee was 1 Yuan per square meter per month, which was almost, double the average for Shenyang.

Based on ethnographic materials, three types of gated communities were selected: commercial housing community, workplace-sponsored housing community, and mixed community where the above two coexist. Instead of being developed by real estate companies—as commercial housing communities were, workplace-sponsored housing communities were developed by different government offices or by some particularly well-off large enterprises and then sold to their employees at a discount. Work-units that build their own compounds often struck deals with developers who were assigned land-use rights for a number of commercial buildings to be sold at market

¹ There are now nine districts (*qu*) under the official administration of Shenyang municipal government. The five districts studied in this research are the five original ones which existed before urban administration expansion.

prices. Therefore, in the mixed communities, often identical in quality, subsidized and commercial housing are built next to one another. In total, 26 sample communities were selected, which included 14 commercial housing communities, 4 workplace-sponsored housing communities, and 8 mixed communities.

After the sample communities were identified, the interviewees were recruited according to three criteria: 1) they were residents in one of the gated communities; 2) they had full or partial ownership of the housing they are currently living in; 3) they had been living in the community for at least two years when the interviews were conducted. Following the criteria set, I recruited respondents through several sources. Through local street offices, I was introduced to the gated communities under their administration. Then, I recruited some of the community residents through the introduction of the community committees¹ (*shequ weiyuanhui*). Personal networks were also used to recruit respondents, through the introductions of my colleagues and friends in Shenyang. I also asked the respondents I had interviewed to introduce me further to their fellow residents or their relatives or friends who were 'qualified'. Interviews were carried out with 81 residents between December 2006 and July 2007. All interviews ranged from 45 minutes to two hours (the average being one hour) and all the interviews were recorded and transcribed.

The interviewees are aged from 25 to 74, with 45 per cent being male. About half of the interviewees are leading cadres in government offices or state-owned institutions or enterprises. Professionals make up to 30 per cent of the sample, and nearly 20 per cent are private entrepreneurs. About 70 per cent are CCP members. More than 80 per cent of interviewees have university or a higher degree, which is more common among generations younger than the age of 60. The interviewees moved into

¹ Community Committees, under the control of Street offices (the lowest level of municipal government), provide liaison between the grass roots and the municipal authorities and police, which include large portions of urban territory, and have take over some of the administrative tasks traditionally in the hands of work-units. Details of Community Committees will be discussed in Chapter 6.

their current community between the years of 1999 to 2005, and the housing size varies from 90 square meters to 250 square meters. More detailed information of the interviewees is summarized in Appendix 1.

CGSS

Data used for quantitative analyses is from CGSS 2005 and CGSS 2003¹. CGSS 2003 used a four-stage stratified sampling scheme with unequal probabilities. The final sampling result for CGSS 2003 is as follows: a total of 125 city districts/rural counties were sampled; the ratio of the number of city sub-districts (streets) to the number of townships is 295:205; correspondingly, the ratio of the number of neighborhood committees to the number of villagers' committees is 590:410; and finally the ratio of the urban sample size to the rural sample size is 5900:4100². This section will only use its urban sample for quantitative analysis, with the total sample size of 5,894. CGSS 2005 followed the same sampling procedure with the observations of 10,372 urban samples. CGSS 2005 is used as the main source for quantitative analyses. For information not covered by CGSS 2005, data from CGSS 2003 is used³. CGSS 2005 and CGSS 2003 were consistent in sampling information⁴.

Structure of the Thesis

Six empirical chapters (Chapter 1 to Chapter 6) analyze upward mobility processes and outcomes in urban China from six independent but interrelated perspectives: occupational attainment, educational achievement, home ownership

¹ The introduction to CGSS can be found at http://www.ust.hk/~websosc/survey/GSS_e.html and <http://www.chinagss.org/>. Data of CGSS 2003 and CGSS 2005 can be downloaded from <http://www.cssod.org/search.php?key=CGSS>.

² See <http://www.ust.hk/~websosc/survey/GSS2003e3.html> for detailed sampling design procedures.

³ CGSS survey data analysis in Chapter 4 and part of survey data analysis in Chapter 5 (Table 5.1) are based on data from CGSS 2003. All the other survey data analysis is based on CGSS 2005.

acquisition, the use of social networks, lifestyle and identity, and community self-governance. The first four aspects (Chapter 1 to Chapter 4) describe the process of privileged status attainment among gated community residents. The other two aspects (Chapter 5 and Chapter 6) examine the outcomes of gated community residents' upward social mobility.

Chapter 1 examines privileged status group members' current occupational attainment, as well as their career history. By examining to what extent do individual attributes, institutional factors, and family background influence one's occupational attainment, I argue that it is not just the *individual* characteristics and market economy that have resulted in the changing occupational attainment patterns; at least equally important is the fact that the new stratification is a driven by *groups* emerged in the process of China's post-socialist transformations, and by inequality dynamics inherited from socialist era, that continued to contribute to the employment patterns in the post-socialist era. The importance of occupational attainment lies not only in the acquisition of group membership, but also in its influences on other aspects of life chances, such as educational achievement, housing acquisition, and social resource mobilization.

Chapter 2 examines how the changing state redistributive processes and policies affected the relationship between family social origins, institutional arrangements and educational attainment in urban China. It analyzes the life-history information of parents' socioeconomic status, historical context, the timing of individuals' educational attainment, and the institutional sponsorship offered to help achieve high levels of education. I will also discuss the economic return to education in China over time.

Chapter 3 examines the privileged status group members' housing career to illustrate how individual consumption behaviors, market activities and state intervention work together to create new social divisions for social groups who experienced upward mobility and achieve gated housing status during the post-socialist period. I argue that

the dominant role of the state in housing distribution in the socialist era, and the active interventions of state institutions into the housing market in post-socialist era, together highlight the role of work-units in empowering individuals' purchasing power in the housing market.

Chapter 4 examines how the importance of social resources is changing during China's economic reforms, and how the changes influence individuals' status attainment. Based on the analysis of the access to social resources through one's social network, as well as the role of social relations or social connections (*guanxi*) in status attainment, it is argued that privileged access to social resources attributed to higher status attainment in post-reform urban China, which is mainly due to the state's control of institutional resources.

Chapters 5 and 6 discuss outcomes of the upward mobility of the status group members, in terms of whether the formation of the status groups leads to a coherent (middle) class identity in urban China; mainly from three aspects: lifestyles, social attitudes (including self-evaluation), and community self-governance. Specifically, Chapter 5 explores gated community residents' diversified consumption patterns and leisure activities, their ambiguous (middle) class identity and the creation of quality (*suzhi*) hierarchy among the residents. And Chapter 6 focuses on the dilemma of their community self-governance, and the homeownership identity formation through their collective actions against homeowner rights violations.

The Conclusion chapter summarizes a modified upward social mobility model in a transitional economy. The conclusion chapter further develops discussions on broader implications of the status group formation in a transitional society, including the importance of group membership and work organization in shaping social inequality, and their contributions to sociological and political understandings of the relations between individuals and the market and the socialist state.

Chapter 1 Occupational Attainment and Life Chances

Introduction

Studies on Chinese social stratification and mobility have been using the same theoretical framework as social inequality research in Western industrialized societies, in order to make comparable cases. The theoretical foundation for this stream of research is the belief that industrialization fundamentally redefined the institutional basis of social organization, and brought a more open society and increased social and economic mobility (Lipset and Zetterberg 1959, Featherman and Hauser 1978). With an emphasis on individuals' career mobility patterns, empirical analyses suggest that across different industrialized countries, individuals are more capable of changing their status from defined patterns of inequality in the pre-industrial era and individual characteristics and abilities such as education and skills have become more important in income determination (Featherman et al. 1975, Grusky and Hauser 1984, Goldthorpe 1987, Ganzeboom et al. 1991, Erikson and Goldthorpe 1992).

Following this trend, social stratification and mobility research in post-socialist China have interpreted changing social inequality patterns mainly through income differences (Nee 1989, 1991, 1996, Parish & Michelson 1996, Xie & Hannum 1996, Bian & Logan 1996, Bian 2002, Zhou 2000, Wang 2008). However, the approach of using income to evaluate changes in social inequality has been criticized as problematic, because income distribution alone does not provide a comprehensive measure of overall inequality in China. Income alone does not take into account the importance of non-monetary rewards such as social welfare and subsidies, making income difference only one aspect of social inequality in state socialist societies. Therefore our understanding of social inequality dynamics remains incomplete, with only studies on changing social stratification patterns measured with income. Resource distribution distinctions under state socialism compared to that of western industrialized societies, are based on the

conceptual differences between manifest and latent economic rewards, both of which are provided mainly through work organizations in China.

For much of China's urban population, differences in subsidies across workplaces greatly exceed differences in nominal salaries within a particular workplace (Cao 2001, Davis et al. 2005, Wang 2008). This kind of reward distribution ties to one's group membership which associates with exclusive access to resources such as income and welfare through one's workplace. Workplace group memberships' impacts on individuals' life chances are a legacy from resource distribution mechanisms under state socialism. Under the planned economy, a large proportion of economic benefits were redistributed through work organizations rather than through market mechanisms. And latent economic benefits redistributed through workplaces contributes to a large proportion of total benefits in state organizations and are not strongly associated with personal income (Walder 1986, Bian 1994, Cao 2001, Wang 2008). Not all enterprises could provide these benefits to workers, and of those that did provide assistance it was not always in the same amount. Those workplaces closer to the redistributive authority (e.g., government agencies and state-owned firms) had better access to resources, enjoyed higher status, and offered better economic benefits to employees (Walder 1986, Bian 1994). Large SOEs, especially those that provided crucial products for ministry, provincial, or municipal plans, were more richly endowed with housing, medical facilities, dining halls, and other amenities than were smaller and less important enterprises (Walder 1986, Bian 1994). In contrast, collective firms and especially private firms were excluded from central planning and hence received no redistributive benefits. Therefore, membership of different types of work-units was crucial for employees to get access to resources. The differences between urban work organizations resulted in a hierarchy of life chances among urban employees, with

enterprises at higher administration levels supplying more plentiful and a broader range of fringe benefits and services.

During China's reform era, various economic sectors have grown at different rates and have experienced different degrees of marketization. State enterprises run by national ministries, provinces, and by the large cities, usually offer more complete benefits than those run by small cities or by remote counties (Wang 2008, pp.25-45). In addition, with the weakening of central planning and rising autonomous distribution within work organizations, employees' well-being depends increasingly on local and workplace-specific economic conditions. The profitable sectors and work-units with better economic performance provided their employees with income, and collective benefits such as bonuses, in-kind benefits and subsidies (Li 2000, Lu 2002, 2004, Wang 2008). In these cases, employees' economic and social well-being depended on the work-units' ability to generate and distribute rewards, rather than employers' individual characteristics. To understand further the stratification system in post-socialist economies, it is necessary to examine social mobility processes and more specifically, how emerging market institutions and the state construct employment relationships. Analysis of social mobility processes falls on who belongs to which group and which group membership brings privileged access to what kind of resources. One important difference between work-unit-like private firms and state-owned or state-controlled work-units is that income redistribution in the former is directly reflected in salaries and bonuses rather than hidden in other forms of welfare benefits as in the latter.

One intriguing phenomenon of career mobility in urban China is that the career mobility pattern has been changing over time (Zhou et al. 1997), as state policies' shift from one focus to another. That, in turn, leads to individual credentials such as educational and political credentials function differently at different times (Bian et al. 2001). Unlike relatively stable intergenerational mobility in industrialized societies in

which father's occupation affects son's attainment, the transitional process brought up unstable occupational structure between generations. At the outset of the PRC, urban China's official social structure was not closely tied to an individual's actual occupational position but was instead grounded in CCP's interpretations of its political ideology. The categories of social structure such as cadres and the masses, or workers being a broad category had no specific occupational meaning. In the post-reform era, the evolving social class structure is too premature to have analytical implications on intergenerational mobility studies. Thus, this chapter focuses on intra-generational mobility through the career history of housing status groups before and post reform.

This chapter seeks answers to a few questions: How do people benefit from a change in job? To what extent do different occupation lead to changing life chances? Did more fluid occupational mobility benefit the majority of the people, or did mobility only benefit those from certain groups? The economic interpretation of rising inequality used in previous studies is considered as only one of the important factors of inequality creation. The chapter also argues that it is not just individual characteristics and market economy factors that have resulted in the changing occupational attainment patterns; at least equally important is the memberships of profitable or resource-rich work-units that generates privileged access to resources. I argue that career histories illustrate not only changes in individuals' preferences over time, but also different social groups' changing ability to stock and utilize resources through their work organizations.

Variations in Rewards among Occupations

Recent studies have highlighted the importance of work organizations' financial ability in determining workers' earnings (Wu 2002, Wang 2008, Xie and Wu 2008). They tend to use profitability to indicate a workplace's ability to stock and utilize resources. However, this assessment is incomplete because the measurement of

profitability is not applicable to workplaces such as government offices and non-enterprise work units. Moreover, when assessing profitability, it would be hard to control whether respondents were comparing their work units to work-units in other sectors or work-units in the same sectors. Therefore, I propose to examine what benefits and how much employees actually get from their work-unit to understand how their membership of the work-units contributes to their position in privileged status groups. Work-unit profitability is just one reflection of its access to resources, of similar importance is the work-unit's ability to stock and utilize resources, which can be acquired through monopolized market power or socialist redistribution, or both.

The gated community residents' work-units mainly include government offices, state-owned (non-production) institutions (*shiyè danwei*) such as universities and hospitals, foreign investment firms, and collective and private firms. The benefits provided by work-units vary according to a few factors: the sector the work-unit belongs to, the profitability or the degree of resource-richness of the work-unit at the time, and the individual's position in the work-unit. Which factor is the determinant one depends on the particular social and economic environment and relevant government policies. Non-state-owned firms are more flexible and autonomous in defining salary scales. Although the basic salary scales of government offices, state-owned institutions (SOIs) and state-owned enterprises (SOEs) are fixed (Korzec & Whyte 1981), those work-units had rising autonomy to provide surplus income, most of times in terms of bonuses, to their employees.

My interviewees working in government offices and SOIs, all enjoyed surplus income from their work-units. The amount of surplus income varied among the work-units. Generally speaking, surplus income in government offices and SOIs is lower than that of profitable, market-oriented enterprise work-units. The distribution of surplus income within the work-unit depends on the department and the position of the

employees. For example, the sales department had higher surplus income than the administration department, or the professional title holders were entitled to higher surplus income than the same level administrative title holders. For those who hold both administrative and professional titles, the calculation of surplus income is based on the higher rank of two titles. The higher the rank, the higher the surplus income.

CGSS 2005 provides general information on the difference between work-units rewards through information on employees' annual income and insurance and subsidies provided by their work-units¹. I classified work-units into the following categories: government offices, state-owned enterprises (SOEs), state-owned institutions (SOIs), collective enterprises, private sector firms, and firms with multiple ownerships such as foreign or joint investment enterprises, etc. As indicated by Table 1.1, government office employees' annual income (which is about 17,003 Yuan) is the highest among all public sectors and SOE employees received the lowest income (which is about 11,451 Yuan) among all public sector work-units. SOI employees' also received higher annual income than private sector employees. Among non-public sector work-units, multiple ownership firms provided the highest income (about 18,488 Yuan), which was also higher than public sector work-units; while collective enterprise employees was the lowest income (about 9608 Yuan) group among all types of employees. The average annual income of SOE employees and collective enterprise employees is lower than the national average income—about 12,581 Yuan. As the highest income group, the multiple ownership employees received nearly double the income of collective enterprise employees.

Those who work in public sectors enjoy not only surplus income, but also social welfare that included a pension, medical insurance, subsidies, and in-kind benefits distributed especially on public holidays. Although the government offices and

¹ Question B10 and B12b in CGSS 2005 Questionnaire (pp. 5-6).

Table 1.1 Rewards Variation among Work-units in 2005

	Government Offices	SOEs	SOIs	Collective Enterprises	Private Enterprises	Multiple-ownership Enterprises	Average
Annual Income (Yuan)	17003.71	11451.43	14633.89	9608.39	12872.66	18488.08	12581.60
Public Medical Insurance (%)	58.43	51.94	58.70	30.03	9.11	23.87	34.90
Basic Medical Insurance (%)	68.54	70.46	69.37	44.16	15.28	44.59	47.48
Basic Pension Insurance (%)	61.42	75.97	68.02	53.53	14.61	44.59	49.78
Housing Subsidies (%)	45.69	34.37	40.08	14.95	6.22	28.38	23.48

N=6129

Source: CGSS 2005

some SOIs provide less surplus income to their employees, they manage to provide comprehensive welfare to their employees. The comprehensive welfare including pension and medical insurance is normally entitled to all public servants today. SOIs whose provision of welfare is not clearly defined, normally follow the entitlement for government offices with moderate changes by the work-unit's financial situation.

Medical insurance, the most important social security, used to be provided by state institutions as an in-kind benefit, now is available to those who can pay. Since social welfare reform¹ commencing in 1980s, medical insurance in urban China is transferred into a system that depends on the contribution of both employers and employees. This led to increasing dependence on the ability to pay for services. Davis (1989) has predicted that both urban and rural residents who could not afford to pay for care would suffer because state institutions that provided medical insurance had disappeared. This forecast was supported by findings on the increasing dependence on the ability to pay for access to social welfare services (Croll 1999). Table 1.1 also shows variations in welfare provision among employees from different types of work-units,

¹ Davis (1989) explained detailed policies regarding social welfare reform in her article (p.578).

based on the data from CGSS 2005¹. As indicated in Table 1.1, more than 58 per cent of SOIs and government offices provided public medical insurance (*gongfei yiliao*), while about 23 per cent of multiple ownership work-units and less than 10 per cent private sector work-units did so. Public sector work-units were also in a much more privileged position to provide basic medical insurance (*jiben yiliao baoxian*) than non-public sector work-units. More than 70 per cent of SOEs and around 69 per cent of government offices and SOIs provided basic medical insurance to their employees. While less than 45 per cent of non-public sector employees received benefits from their work-units, only 15 per cent of private business work-units contributed to their employees' basic medical insurance. The same pattern remains in the basic pension provision, with public sector work-units' providing more generous contribution than non-public sector work-units.

The better-off work-units contribute a bigger share to their employees while employees from non-profitable work-units or bankrupted factories had to pay a higher share or even in full their insurance. Not only does the share of medical insurance matter, but also the category of the medical insurance makes a huge difference to how much people get when they need to make a claim. The higher the category of the medical insurance is chosen, the more expensive is the monthly payment. For example, better-off work-units managed to pay for so-called "Large Amount Medical Insurances (*da e yiliao baoxian*)" that cover costs for both medical treatments and medicine expenses. While some non-profitable work-units only contribute to insurance that covers hospitalized treatments but not medical expenses. Due to the varying amounts and types of medical insurance provided by their work-units, interviewees from better-off work-units normally were paying from nil to around 200 Yuan per month for their medical insurance.

¹ See CGSS 2005 questionnaire (p.5), Question B10: Does your work unit/company provide the following insurances or subsidies for you?

Not everyone is contributing to medical insurance. On the one hand, for laid-off workers payment of medical insurance is unaffordable because their work-units lost the ability to take care of them. On the other hand, some government offices and some SOIs still manage to provide generous public health care (*gongfei yiliao*) to their employees. That is, no matter when-even after retirement, and no matter how much the medical expenses, the work-unit will cover all the medical expenses. This kind of generous public health care is a legacy of socialist work-units, available only to members of certain work-units, such as cadres and departmental level (*chu ji*) public servants and above. Although non-enterprise work-units are generally considered less profitable than enterprise work-units, they are doing much better in providing this medical welfare.

“My situation is much better than that of my wife. We are both retired and she started working earlier than me. She has been working in that factory for 30 years. Now the factory is gone [bankrupted]. She only gets 600 Yuan pension every month and she has to pay the medical insurance by herself. I retired from my departmental director position. My pension has been rising according to the salary scale of public servants. My work-unit still covers 100 per cent of my medical expenses.” (Interview No. 77)

Along with medical insurance, housing subsidies operate in a similar way for employees from different work-units. Table 1.1 shows that less than half of public sector work-units managed to provide housing subsidies, but the proportion was still higher than non-public sector work-units. Among non-public sector work-units, multiple ownership firms were doing better than collective and private sector work-units, with about 28 per cent of multiple ownership firms providing housing subsidies. It is necessary to note that the public sector work-units' contribution to housing subsidies less generous than that for medical insurance or pension; this might be because the low price privatization of public housing contributed much more than the housing subsidies in home ownership acquisition. This issue will be further discussed in detail in Chapter 3.

Other benefits, such as subsidies for transportation and in-kind benefits distribution, are also available to employees with certain administrative ranks, or those in better-off work-units. For example, department level and above (*chuji yishang*) cadres are entitled to transportation provided by the work-units. If they drive their own cars to work, the work-unit will reimburse their transportation expenses. Factory X is a central government supervised big SOE. With big investments from the central government, the factory used to build accommodation for its employees covering everything from kindergarten to employees' college to employees' clinics. Although many of those services have been taken up by the market economy, the factory still manages to provide in-kind rewards to its employees. The factory pays medical and pension insurance for its current employees as collective benefits. (Incidentally, the factory also distributes two boxes of moon-cakes during the Mid-moon Festival to its thousands of retirees every year.)

The nature and the rank of the work-unit have become important for the work-unit's ability to gain access to resources. Moreover, the work-unit's relation with the market and the redistributive powers determines the type and quantity of resource allocation. For instance, government offices and better-off SOEs, both public sector work-units provide different types and degrees of benefits to their employees. Government offices and SOIs provide more non-monetary rewards while better-off SOEs mainly provide monetary rewards to their employees. In other words, those work-units who are successfully engaged in market-oriented activities, no matter which sector they belong to, are more capable to provide income bonuses to employees.

Marketization development not only resulted in booming non-public sector firms, but also stimulated large public sector enterprises' market incentives. CM is a state-owned telecommunication firm which holds more than half of the domestic market share. Although not a traditional work-unit, CM continues to provide plentiful benefits

to their employees, including car mortgage, 1,000 Yuan monthly subsidies for petrol or insurance expense, and monthly housing subsidies equivalent to 10 per cent of the employees' monthly salary. Without marketization, CM would not be so profitable, but profit distribution within CM still follows socialist redistribution rules, that is, the collective distribution is based on employees' membership with CM, rather than their work performance. Despite their participation in the market economy, these work-units are still under the operation of redistributive powers which generate inequality in non-market places. They all try to take advantage of their own structural positions and generate revenue for their employees.

The resource-rich work-units changed over time. State-owned factories used to be considered as the most desirable work-units before marketization started, because of the rich social security benefits and higher social status enjoyed by the employees. Nowadays, many of my interviewees feel so lucky to be able to get out of the factories before the work-units lost almost entirely the ability to provide extra benefits—many of them can not even provide employees' basic salaries.

“My pension and medical insurance is guaranteed. I don't know how much my work-unit contributes to it, but I know I would be able to afford normal medical expenses. Those factory employees probably are worse-off now. But they used to be better-off. Things are changing. The salary of government office employees used to be low. One situation at a time. It is hard to predict any situation in China.” (Interview No.51)

Moreover, some SOIs which had not been attractive to workers during the 1980s have become desirable workplaces, due to their increasing ability to provide economic or non-economic benefits. In the late-reform era, particular in recent years, job stability and generous welfare provision made public servants and positions in some SOIs a “golden rice bowl”, which is more desirable than the “iron rice bowl”—the secured lifetime employment providing comprehensive welfares under the planned economy.

“My work-unit is directly supervised by the central government. Although we are SOI (*shiye danwei*), but SOIs have also adopted enterprise management these years. That is, we are connected to the market and we get surplus (*chuangshou*). I have been working here for 43 years and I count as an intermediate level cadre (*zhongji ganbu*). I get

pension from my work-unit and my pension is higher than that of SOEs nowadays. Besides pension, the work-unit also give us stuff like rice and cooking oil which is worth 200 Yuan during all festivals and public holidays; they are not allowed to give us money now. SOE's salary is much lower than that of SOI. Their salary used to be higher, but wage reform dragged them down. A departmental level cadre like me, gets much less in SOEs than in a SOI." (Interview No.34)

As a result, under economic reform Chinese work organizations became less dependent on the state. Paradoxically, at the same time Chinese workers became more dependent on their work-units for their financial and social well-being. The reformers' initial goal was to link workers' material rewards closely to productivity, which would in turn improve a firm's business performance. While initially intended as a supplementary payment, bonuses gradually became main sources of income, indeed constituting more than half of the total income on average in the late 1980s and early 1990s (Wu 2002, Xie and Wu 2008). While base salaries remained largely regulated by the government, the ability to generate bonus funds and to reward employees varied considerably from one work-unit to another. Therefore, variation in bonus rewards (both cash and in-kind) were a measure of inter-work-unit income inequality in reform-era China.

Career Mobility: Involuntary Mobility and Voluntary Mobility

Until the early 1990s, jobs in urban China were largely treated as welfare benefits and could only be acquired through state assignment. Job assignment and job allocation by the state were the usual ways of workplace recruitment. Individuals' life chances largely depended on their first job assignment and later job reallocation (Whyte & Parish 1984, Walder 1986). In the case of those interviewees who entered the labor market before the early 1990s, the first jobs were usually assigned through their schools or universities. Their family class background, political performance and academic achievement during their education became the main criteria for assigning them to a "good" job—usually a position in big state-owned enterprises, or state-owned

institutions such as universities, or government offices. CCP membership while being a student would contribute considerably to getting into a good work-unit at the job assignment stage. Also, authorities favored student cadres and gave them first choice of desirable jobs.

“I started working in 1947. Of all my occupations, not one did I go for by myself. Because it was a planned economy, personnel needed a plan as well. The CCP needed really talented people and we needed to pass a series of exams to get in. The party examined working competence, political background, working experience. It was very comprehensive examination. Today, society has much more freedom, but this also gave young people much more pressure. We never had pressure in our times, because we would never be unemployed. Family background was also considered, but only class label was considered. There was nothing to do with parents’ occupation. I am from a very good family background, and our class label was red. So I was privileged in this sense.” (Interview No.55)

The students with good records usually were assigned to factories to be part of the working class (*gongren jieji*). Being a member of the working class brought prestige which contributed to a high social status. However, this prestige was not based on the nature of the occupation, but on the political significance attached to it. Thus, they were concerned more about where to work than what to do. A very common expression was: “I will go wherever the party wants me to go.” Once they got into a factory, they were provided with all sorts of benefits provided by the work-units, which were both quantitatively and qualitatively better than non-enterprise work-units. And career mobility was left to the authority to decide. Because administrative needs were likely to involve personnel with specific skills, technical personnel are more commonly transferred than workers (Walder 1986, p.71).

Once assigned to a job, it was almost impossible to consider shifting within or between work-units, unless initiated by work authorities (see also Walder 1986, p.69). Promotions and transfers were usually initiated by the authorities according to their own needs, rather than initiated by individuals. This situation was very common among the older generations who started their careers in the 1960s. There was neither a buyer’s market nor a seller’s market for labor. Also someone who resigned from a large

enterprise that provided a wide range of services would find it almost impossible to find a comparable alternative (Walder 1986, p.71). Moreover, the employees were reluctant to object to the assigned arrangements. Being educated with communist ideology, they tended to ignore their personal preferences. A survey in the year 2000 showed that before the reform, the top three considerations for job searching or job changing were: assignment or reassignment, answering the party's call, and income and benefits, respectively (Liu 2004, pp.65-66). Their obedience was used to show the older generations' loyalty to the party which was valued most to achieve higher social status.

Thus, those whose job was allocated before job assignment was abolished rarely undertook the path of individual incentives. Both authorities and individuals used loyalty to achieve their goals. The work authority required loyalty from employees to meet the requirements of state political ideology, while individuals used loyalty to demonstrate their commitment to state authorities. It was a great honor for many of them to meet the needs of authorities through their education. Originally from Shandong, Mr. 76 applied to go back to his hometown after he completed his military service in early 1980s. However, he was allocated to a bureau of the Shenyang municipal government. The job was desirable to many other people, but for Mr. 76 it was just a "must go" command.

"I thought no matter what I do would be fine, as long as I could go back to my hometown. However, I was allocated to Shenyang and the request then was 'must go!' So I came to Shenyang. In 1985, I was transferred and became the director of one factory. But I knew nothing about how the factory worked. But it was an institutional arrangement, no possibility for discussion." (Interview No. 76)

The transfer to cadre positions was usually involuntary, but still desirable; because cadre positions were closely related to higher prestige and more safety net-like benefits, including pensions, health care, and housing, which "were not a universal human right but benefits that were earned through work in a formal, state-sector job" (Tang and Parish 2000, p.34). Involuntary job transfer or promotion usually happened

to those who were performing well and then were selected to cadre positions. Skilled workers or other professionals were promoted to cadre positions as a reward for good performance. However, sometimes this kind of transfer or promotion was not favored by employees themselves. Employees would put their misgivings aside. What matters was still loyalty shown to work authorities rather than individuals' rational choice.

"I never had the chance to choose my job. It was all arranged by the organization department of the CCP. In 1988, I was transferred to the provincial government and I worked there till I retired. I majored in chemistry and I would have loved to do a technical job in the factory. But I had to obey the authorities' arrangements. They always think of promoting you to cadre positions as a reward for your good work performances. But for me, I never admired cadres. My happiest time was when I was working as a technician in the factory. However, they made me the director of the factory in the end. Once I took up that position, I never got a chance to do any technician work any more. Actually I think they made the wrong decision. But as a senior party member, I wouldn't argue against that. I joined the party before the cultural revolution." (Interview No.49)

Highly specialized professionals such as engineers were more likely to be transferred or promoted by the work authorities according to the needs of "constructing a modernized socialist country" in the 1950s. Together with their job transfer or promotion, better in-kind benefits, in particular, larger size and better housing facilities were provided. As the economic reform went further, authorities offered more realistic benefits to intellectuals.

"We started our career teaching in a factory's technical high school. Because my husband's technical knowledge was appreciated by another factory, we both were transferred to that factory. Our techniques were quite new. We were among the first engineers who participated in new industry technology. But engineers at that time had very low status. We received low salaries and a small apartment allocated to us when we got married. We lived there for more than ten years. From the end of 1970s, technology was considered production force, and our situation started getting better. We used to be the targets for suppression and re-education. Suddenly, we felt the environment was much more flexible." (Interview No.56)

Since the mid-1980s, employees in public sectors were given opportunities to initiate a change of jobs. Since the early 1990s, university students have been allowed to look for jobs by themselves. Three factors were important during this process: market demand, use of personal networks, and changing meaning of a "good work-unit".

Market demand effected both public and non-public sector work-units. Some public sector work-units set up affiliated firms to gain and maintain profits. Employees were offered opportunities to switch to those firms. SOEs also established subsidiary firms to stock revenue, therefore, employees from profitable SOEs had privileged access to market activities even while keeping work-unit benefits at the same time. Some public sector work-units faced competition in the emerging market economy, therefore they favored competent employees no matter where they came from. Non-public sector also attracted competent workers with higher economic rewards.

The younger generation who entered the labor market after 1990 enjoyed more freedom and flexibility, due to the availability of a relatively free job market as a direct outcome of economic reform. The government originally announced its plan to abolish job assignments in 1989, which meant university graduates will be responsible for looking for jobs themselves (Davis 1992). Although job assignment still remained in the early 1990s, individuals, particularly university graduates, started to look for jobs by themselves. The emergence of the labor market offered job seekers freedom to choose another job, especially if they were not satisfied with their job assignment. Personal networks were becoming important for students and employees as a path to desirable jobs. Students with well-connected parents could manage to find another job if they were not happy with their job allocation. Due to the lack of formal channels for job information in the early stages of reform, personal networks became the main channel for job information. More details on the role of social networks will be discussed in Chapter 4.

Meanwhile, the meaning of a “good job” also changed as the social and economic transformation continued. An “iron rice bowl” still provided security to its employees, but people, especially those younger, well educated and ambitious, wanted more adventure in their careers to fulfill their dreams of “self-development”. Also, a

better-paid job in non-public sectors became attractive to those who wanted to improve living standards. The emergence of the private business sector in the 1980s created more job mobility opportunities for urban residents. Those who started their entrepreneurial career in the 1980s were considered the most willing or able to take advantage of the policies of the reform era (Goodman 1999). Some of my interviewees abandoned their assigned jobs in state sectors for positions in collective or private enterprises, because of better pay, a freer environment, and the opportunities to actually use their skills.

“My first job assignment in 1993 was quite good—I was assigned to a local high school. But I turned it down. Then I looked for jobs in private enterprises. At that time, my parents couldn’t understand my choice at all. I think the reason for me choosing a private company was the freedom and flexibility of the working hours.” (Interview No.16)

Not only were individual incentives and preferences generated, but also more channels for recruitment to meet the demand of the developing market economy. The merit-based hiring procedure provided upward mobility opportunities to those who had already started their career at their assigned positions. The possibility of voluntarily mobility also brought incentives for continuing education and vocational training. Ms. 25, a successful lawyer and law firm partner, abandoned her teaching job in a local university and started studying law. After she passed a qualification test and obtained a professional certificate, she joined a law firm and became one of the first professional lawyers in Shenyang. In the reform era, job advertisements dominated information on employment, especially as the job assignment system had been terminated in the 1990s. Not restricted to jobs in private sectors, some government jobs and professional positions also advertised to recruit their employees. This provided opportunities to those who were ambitious to within the system.

“I was assigned to an admin position at a big local factory after I graduated from university. But I didn’t want to stay in the factory, because the factory started going down at that time and I always wanted to develop my political career. In 1990, I happened to read a job advertisement in the local newspaper. The municipal

government office was looking for policy research officers. I thought that was my chance. So I applied and I passed both the written exam and the job interview. Since then I have been working at the municipal government. I was very lucky to have that opportunity.” (Interview No.10)

Comparing individuals’ experiences of getting a job at different times, it shows that economic reforms and changing state policies influence job mobility patterns, which means involuntary mobility before the reform and voluntary mobility after the reform. The determinants of individuals’ life chances are also changed from showing loyalty to the party state to be successful in the state sector, to merit-based bargaining power in the labor market. Moreover, voluntary mobility mediates the importance of the first job as reforms are carried out.

Changing Jobs: Market Incentive and Institutional Backup

With their studies of changing urban life at the early stages of reform, Tang and Parish (2000) point out that China’s particular pattern of idealistic socialism led to the disappearance of many kinds of white-collar jobs, “The emphasis on production for production’s sake, the bans on marketing and other service activities, and the shrinkage of managerial and administrative jobs reduced opportunities not only for the children of intellectuals and others but also for working-class children. Many white-collar children were downwardly mobile and most working-class children merely repeated their parents’ status.” (pp.77-8) It is only with the return of the market that opportunities have once again increased. Many more white-collar clerical and service jobs became available for children of all class backgrounds, and job opportunities were found more equal in the late reform period than at any other period (Tang and Parish 2000, pp.73-4). The market caused a tendency towards equalizing opportunities.

Two groups seem to have made most of the opportunities offered by marketization: professionals and private business owner/operators. Professionals have opportunities in both public and non-public sectors, although the non-public sectors

offered more vibrant and flexible jobs. It was common for professionals to shift to more market-oriented work-units or take up a second job while keeping their work-unit positions. Applications to more market-oriented work-units were driven by individual initiative while those taking up a second job were normally hunted by collective or private sectors. Public sectors had most human resource functions needed by collective or private sectors. Many professionals doubled their work-unit income through their second job, while still keeping work-unit welfare benefits.

“My husband is a senior engineer. After he retired, he was hired by another company. I was an administrator before I retired. I learned an accounting certificate after my retirement. So I am working for a private firm as well. The salary of our current jobs is much higher than our pension. And that is how we can afford to live here.” (Interview No. 74)

The rise of the private business sector and the decentralization of recruitment offered those ambitious, incentive-motivated, and skilled workers opportunities for new adventures (Hershkovitz 1985, Guthrie 1998, Krug 2004, Hsu 2006). Three important factors influenced this career mobility: the business environment; peer influences, and educational qualifications. There was a popular saying in early 1990s to describe the rise in private business. “Ninety percent of the population are in business, and the other ten percent are about to open their own businesses. (*shiyi renkou jiuyi shang, haiyou yiyi dai kaizhang.*)” Among all the incentives to shift job mentioned by those I interviewed, higher economic reward was the major concern. For many people, the jobs they did for private business were quite similar to their old job in SOEs. The only difference being “we used to do the jobs for the CCP, now we do them for themselves”. The freedom offered by state policies created opportunities for those “courageous ones” to take adventures.

“After I had worked for other people for many years, I thought I had accumulated some experience, so I decided to start my own business. SOEs are fewer and fewer, and there are more and more private enterprises. This is the trend in China’s development. Why did the big SOEs lose their competence? Because they had huge burdens for their employees’ pension and medical care. Most important, for my own business, if

successful, my income would be much higher than working for other people.” (Interview No.39)

“I have been working at a local university for ten years. In 1999, a private company advertised for technical staff, and they offered 2,000 Yuan per month which was double my monthly salary as university staff at that time, where I was given too much work to do. So I decided to quit. The higher salary was the main reason, and I am more interested in practical technical jobs.” (Interview No.27)

Those who abandoned their jobs in the public sector and moved to the private sector were considered brave--“jumping into the sea” (*xiahai*). The move to the non-public sector had strong attachment with their positions in public sectors. Those who moved voluntarily had the option of keeping their positions in their old work-units. Those who moved to non-public sectors involuntarily—usually because they were laid-off had no choice but to try their luck in private business. Whether their career mobility was voluntary or involuntary, they maintained strong attachments, both economically and emotionally, to their work-units. In economic terms, the work-units still provided welfare such as housing and health care which were not available from non-public sector employers at that time. Emotionally, affiliation with a work-unit also brought irreplaceable security to urban employees.

“My wife started her own business very early on. When I was laid off, she asked me to join her. But I didn’t want to, because I didn’t want both of us to be in private business. I still had a sense of belonging to my old job. At the worst, I still had a work-unit. When the work-unit was gone, I had this feeling of missing something in my life. Suddenly I became jobless and without a work-unit. Nobody would look after me when I grow old or get sick. I started to pay the pension and medical insurance by myself. I was 43 at that time.” (Interview No.31)

Increased mobility also changed the meaning of assigned jobs for younger urbanites. The younger generation, especially those who did not want to be constrained by the work-unit system, were more actively engaged in the market than their parents. For them, occupational attainment was more than acquisition of employment and relevant social welfare; it was also an adventure in search of freedom and opportunities. Peer group influence encouraged them to abandon their old jobs and venture in the market economy. Those with expertise and skills also benefited from higher rewards in

the market, which valued their expertise and skills more than their old work-units. In addition to financial rewards, the opportunity to use their skills and further personal development was more attractive than the “iron rice bowl”. Many young professionals and private entrepreneurs recalled that it was hard to gain family support when they decided to work for non-state sectors. Their parents had difficulty accepting the fact that their children did not choose the “iron rice bowl”—the only good job from the older generation’s perspective. The desire for fulfillment and personal development led the younger generation to leave the state-sectors.

“My job assignment was good. My university kept me there as teaching staff and as a cadre. So many students would kill for that position. But I always felt it was a shame that I majored in foreign languages but I never got the chance to use them. With the economy opening up more and more, there were more opportunities to use foreign languages. So I decided to leave to use my language skills. The university was trying to keep me, but I eventually left. I went to a big company which had many projects with foreign companies. I worked there as an interpreter.”(Interview No.18)

“I majored in enterprise accounting, but they assigned me to a school. I never got the chance to use what I had learned. And I am really interested in accounting. So I applied to a foreign enterprise after I saw their advertisement in the newspaper. I thought eventually I have got a chance to try. My mother was not supportive because she thought I abandoned the iron rice bowl. Now I am very happy with my job, because I am doing what I learned to do every day.” (Interview No.22)

The earliest private business owners had been regarded as marginal social groups, and thus had other channels blocked to them (Gold 1990, Goodman 1996). Economic expansion and the changed political environment of the 1990s drew private business owners from a broad cross section of society. However, the trend toward equalizing opportunities seems to benefit those who already had a job in public sectors since mid-1980s and 1990s. A new national policy allowed employees to initiate temporary, unpaid leave of absence. This policy was drafted to encourage state workers, especially technicians, to move from state enterprises to township and village factories, but also to foster job mobility by allowing individuals to find the best match for their skills and training (Davis 1990). Those who abandoned their public sector jobs for private enterprises, went through an arrangement called “stop salary, keep post” (*ting*

xin liu zhi). This arrangement led them to take the benefits from both sides—higher income from their private business and seniority and welfare from their old work-units. This arrangement provided institutional backup meaning there was little disadvantage for those changing their jobs. A majority left themselves with the option of going back to their old jobs if they failed in their private enterprise. In other words, public sector employees had nothing to lose if they left their old jobs for non-public sector jobs. This is partly due to the inefficiency of state institutions, many of which had too many employees.

“After I got pregnant, I stopped going to work at my work-unit. At that time, the number of employees in our work-unit exceeded the planned quota, so we were allowed to take a long leave with payment. I started my own business. It was not competitive at all at that time. Because only people without a proper job would go to do private business, people with a job, like me, a teacher with formal national affiliation, would never think about it. A few years later, more and more small private enterprises came in, and our profits were becoming less and less.” (Interview No.17)

“Our generation, I should say, are pushed by the society to develop. Like us choosing to leave the factory, just because we were courageous. Those who were less courageous would never do that. But if you look at today’s society, very few stable jobs are around. Most of the jobs are contract. The choices for me at that time was, if I stayed, I could get 1,000 Yuan per year; if I did by myself, I could get a few thousands per month. How would you choose? I calculated, it would only take five years to get my lifetime salary if I do by myself. Of course I would want to do my own business. Also, I still kept my job when I started, so no worries about that.” (Interview No.60)

The institutional backup offered public sector employees unique advantages from the market without losing the welfare provided by the state, making them “benefit groups” due to the economic and policy changes during the process of disorganization and reintegration (Li 2004, pp.142-4). The establishment and development of a market economy did not offer all urban residents equal opportunities for occupational ability, because socialist institutions still largely controlled non-monetary rewards and those who were used to enjoying the latent economic benefits from their work-units, continued to keep them at the same time taking financial rewards from market enterprises.

Moving Directions: Reverse Trend and One-way Mobility

As discussed above, at the early stages of reform, more people from state-owned enterprises or institutions moved to private sectors, attracted by higher economic rewards and market incentives and the possibility of preserving benefits from their old work-units. This trend of shifting to market oriented jobs was a direct result of the emerging market economy (Davis 1990, 1992, 2000). At the early stages of reform, job mobility increased slowly, due to partial reforms and persistence of redistributive powers (Davis 1992, Zhou, Tuma and Moen 1997). In theory as the command economy declines and a market economy arises, it becomes difficult for the state to sustain substantial redistributive benefits supported by the command economy and by socialist state policies. Employment in state organizations, then, is likely to become less attractive than employment in semi-state and non-state organizations. As a result, jobs shift towards market-oriented occupations (Zhou, Tuma and Moen 1997, Lu 2004, Liu 2006).

However, as economic reforms are implemented, an emerging trend of returning to some state sectors is resulted from the state's intervention to develop the market economy. Although occupational mobility in post-socialist China provides some supportive evidence for western social mobility theory, in terms of more fluidity; post-socialist China has its own mobility characteristics due to the nature of its socialist market economy. Given the fact that the hierarchy of workplaces in China is closely related to the structure of political authority (White and Parish 1984, Walder 1986, Bian 1994), occupational attainment and job-shift patterns reflect the interaction of China's economic institutions and political institutions. Some state sector occupations, such as government agencies and public organizations keep their traditional advantages and are still desirable in the reform era. The growth of a market economy do not seem to result

from people leaving these occupations. Rather, shifts to private firms are from mainly semi-state and non-state organizations (Zhou 2004).

Meanwhile, private businesses are facing a more challenging situation at later stages of the reform. With the rise in wages in the public sectors, the economic rewards started to vary less between private and public sectors. Moreover, public sectors continue to provide their employees with welfare benefits which are not accessible for private sector employees. The self-employed have to arrange their own welfare. More job stability, exclusive social welfare, and rising monetary rewards make public sectors jobs more appealing than in the early stages of the reform.

“In 1996, state-owned institutions were not allowed to operate business. So we were given options either to stay at our old work-unit, or to go to the enterprises. At that time, the salary offered by that enterprise was three times higher than our old work-unit. So we all rushed into that enterprise. If I stayed, I would be a public servant now. I was not insightful and couldn’t see how things would be in a long run.” (Interview No.46)

At the early stages of the reform, “jump into the sea” (*xiahai*) was popular among employees in the public sectors, in particular, government offices. More recently, the government office jobs have regained popularity among well educated youngsters. A 1999 survey showed that “leading cadres in government offices and institutions” was the top job searching preference, among different educational achievement categories and all political affiliation categories. The younger generation (aged 16-30) ranked “IT engineer” as the top preference followed by “leading cadres”, and the older generation chose “leading cadres” as their first choice (Xu 2004, pp.141-51). The national public servant exam has attracted more and more university and graduate school applicants since 2000. In 2007, there were 640,000 applicants who attended the exam for national public service positions, which made the acceptance rate 1:60 (Xinhua 2007). The high prestige, rising salaries, stable employment and all sorts of latent economic rewards made public sector jobs a “golden rice bowl”, and attracted more and more young and well-educated people.

The state has promoted meritocracy in China since it has a desire for a more efficient and dynamic bureaucracy. Merit-based hiring procedures have been extended from elite recruitment at national levels down to local levels, especially for positions requiring formal credentials and expertise (Lee 1991, Walder 1995, Zang 2001b, Zang 2004). Employment values education and employees in public administrative units “are recruited today on the basis of examinations and educational credentials” (Tomba 2004, pp.10-11). Moreover, the government has repeatedly raised salaries, improved work conditions, and professionalized the appointment process for officials (Tomba 2004).

Not only public servants, but professionals within the system also benefit more from the state nowadays than in the 1980s. Along with providing social welfare including pensions, medical insurance and housing subsidies, large state-owned enterprises, in particular those monopolized state-owned enterprises, create a more meritocratic environment for professionals. The emergence of the salaried middle class (Li and Niu 2003, Tomba 2004) is the consequence of intensive, ideologically justified and coordinated policy-making, which manifested itself in a steep rise in public sector salaries and protection of the welfare privileges of the skilled, publicly employed urban population (Cao 2001).

A free market economy offers opportunities for individuals to switch between different occupations, while the socialist market economy only offered a one-way path. This one-way path allows relatively free mobility for positions within the system to positions outside the system, but has many obstacles for shifting from private to public institutions.

“I left my government office job for private business because of the higher salary. Now after all these years, I have accumulated lots of experiences in private enterprise management. I think I can be more competent in doing relevant government jobs, because people are in positions who do not have the necessary experiences. You know, the government sends many staff for this kind of training every year. But they would rather send their staff for training than hire me again. Because once you leave this system, they won’t allow you to go back. I think that is ridiculous.” (Interview No. 6)

Indeed, membership in a work-unit is an important sign of social status and an important vehicle for status attainment and social mobility. According to CGSS 2005, cadres had more flexibility moving to the private sector than private business owners moving to cadre positions. As shown in Table 1.2, a majority of people stayed in their first job¹ as time went by. In general, people tended to stay in the same job as times went by. Nearly 70 per cent of cadres and more than 80 per cent of private business owners ended up staying with the same job. But more than 5 per cent of cadres left public sector positions for private business, while less than 1 per cent of private business owners managed to move to cadre positions. All the other occupations, such as professionals, non-manual workers and manual workers had a relatively higher chance (at least more than 2 per cent of them) of moving to cadre positions than private business owners. Compared to cadre position holders, more non-manual workers (nearly 5 per cent) and manual workers (more than 6 per cent) switched to private business.

Table 1.2 Job Shifts between Respondents' First Job and Current Job 1949-2005

Respondents' First Job (%)	Respondents' Current Job (%)					Total
	Cadres	Professionals	Non-manual Workers	Manual Workers	Private Business Owners	
Cadres	69.64	3.57	16.07	5.36	5.36	100.00
Professionals	3.15	81.67	8.89	4.77	1.52	100.00
Non-manual Workers	2.50	5.08	75.64	12.07	4.71	100.00
Manual Workers	2.64	4.78	15.49	70.70	6.38	100.00
Private Business Owners	0.85	2.54	7.20	9.32	80.08	100.00

N=6129

Source: CGSS 2005

The one-way mobility illustrates that the costs of moving into the work-units within the system are higher than the other way round, and the higher costs were set by

¹ Occupations are coded to numeric codes by using "Classified Index of Occupations," which is available from <http://www.ust.hk/~websosc/survey/GSS2003e5.html>.

socialist state institutions. The criteria for a “good work-unit” outside the system normally requires human capital credentials, while the “golden rice bowl” in today’s Chinese labor markets sets limitations for age (normally 35 or younger), educational credentials (postgraduate degree for many positions), political credentials, relevant working experiences, and performance on specially designed exams. Monopolized power, in a sense, has raised the ‘entry fee’ to the level that could secure this status group’s enclosure. Rewards vary significantly among people with the same level of education working at the same occupations solely because of their affiliations with organizations with different revenue-generating abilities. In other words, there is a substantial premium for workers in a desirable work-unit, and this premium is not market-driven or productivity-based but rather an entitlement.

What influences career direction are the starting points and the nature of the first position. The explanation for this one-way path for occupational mobility is that the state’s continuous to provide non-transferable, latent economic benefits exclusively to their employees, to maintain equality within social groups, despite growing inequality between groups (Wang 2008). When the starting job provides services that are a public good, there are less difficulties for urban employees to transfer to another job. However, if the benefits provided became exclusive after they moved to another job, it is more difficult to move back to the same job. In particular, positions within the system are separated from those outside the system, with invisible boundaries to protect their unique access to valuable resources. Socialist institutions’ dominance of valuable resources resulted in more mobility opportunities for those who were in the system. As is the case with the market, the state influences individuals’ life chances too.

Conclusion

These descriptive analyses illustrate different reward dynamics, which are controlled either by the market power, state redistributive power, or both. Workplace identification (Bian 1994) which determined employees' life chances in a socialist era, continues to play an important role, not only through central distribution, but also market activities. Under state socialism, each status group in the labor force had its own publicly defined rights to income, job tenure, social security, labor insurance, and housing and residence (Walder 1986). Income inequality was reported as low during China's socialist era, but economic inequality was concealed by omitting welfare provision. This incomplete method of reporting reflected a level of inequality that was artificially compressed by the socialist egalitarian distributional policies (Wang 2008). The above analysis shows that in post-socialist China, individuals' life chances are influenced by a hybrid rewarding mechanism that contains both market-oriented economic rewards and latent economic benefits offered by the state. "Publicly defined rights" are vaguely defined during the reform era, but certain groups continue to enjoy those rights which maybe quantitatively different from but qualitatively equal to those under socialism. Landing on the right career track becomes increasingly crucial for the Chinese urbanites: both "what you are doing" and "where you are working" matters.

Overall, the between-workplace reward comparisons suggest that occupational attainment in urban China is becoming more important for individuals' economic and social well-being. The differences lie in variations in income, return to human capital and distribution of welfare among 1) market-oriented workplaces and non-market-oriented workplaces; 2) profitable (or resource-rich) and non-profitable (or resource-poor) workplaces; 3) positional hierarchies. There appears to be a widening income gap between public sector employees and non-public sector employees, as well as between different types of work-units within the same sector. There is also a large gap of non-

monetary reward acquisition between occupational groups within and outside the system. The close relationship of occupation and life chances leads to dual mobility pattern in urban China. Those within the system depend on their work-units' monopoly of resources; while those outside the system rely more on their position in the labor market as declining work-unit significances on their everyday life. Those in between sometimes managed to take the advantages from both sides: they could secure their welfare in their old work-units while receiving increased economic benefits through their market activities.

Occupational attainment and job-shift patterns in China not only reflect the regime change and the new social structure in the making, but also shed the light on the question to what extent individuals' life chances are related to their positions in the labor force, and more importantly, their positions in the state institutions. The above analysis has showed that, despite the importance of individual attributes, institutional factors still remain dominant in acquiring certain occupations. Moreover, the changing job-shift patterns since economic reform also illustrate that rising mobility benefits those who had positions in the public sectors, and those who were connected to the system through different ways. Their career mobility is a result of a combination of individual choice and social change which is led by market economic development intertwined with socialist state policies.

During this process, work-unit still serves as a well-being provider for its employees, continuing the long tradition of "paternalism" as discussed by Walder in pre-reform China (Walder 1986, pp.222-38). The social basis is that workers can rationally accept the work-unit as a stratifying agent that affects their lives. The economic basis for work-unit-based stratification is the continuing growth of the Chinese economy. An employer in contemporary China may be more interested in

protecting current employees by paying them at levels substantially higher than may be justified by the labor market competition.

Those benefit groups managed to switch their positions to different reward mechanisms according to the regime change. By changing jobs, they received higher remuneration due to their positions in a more market-oriented economy, and more importantly, they acquired access to valuable resources which are shaping the social inequality patterns. Their career mobility brought them group memberships which influence on other aspects of their privileged life chances such as educational attainment, home ownership, and social resources, which will be analyzed in the following chapters.

Chapter 2 Educational Achievement and Return to Education

Introduction

Educational achievement in China is another good example of how family origins, institutional arrangements, and individual characteristics shape individuals' life chances. The theoretical framework of inequality in educational attainment in Western industrialized societies, and in particular, the question of whether and to what extent family origins have influenced individuals' educational attainment, is constructed around the experience of countries with a relatively stable class structure and independent educational system. With a universal trend of educational expansion¹ across industrialized societies (Shavit & Blossfeld 1993, Ishida et al. 1995, Breen & Jonsson 2000), scholars have examined whether and to what extent the inequality of educational opportunity among socioeconomic strata declined.

This school of research considers educational attainment the accumulation of a sequence of yes/no decisions by students and their families (Mare 1980, Shavit and Blossfeld 1993). In particular, with the trend of educational expansion across industrial societies, students and their families are believed to make rational choices about continuing in education based on evaluations of costs and benefits (Lucas 2001). However, this rational choice assumption is not applicable to societies like China where the educational system is highly dependent on constantly changing state policies. For instance, the state under Mao intervened in the educational system for the explicit purpose of reducing class differences in educational achievement. From the outset of the communist regime in 1949 to the Cultural Revolution, which ended in 1976, China's communist government introduced strict policies to promote and improve educational opportunities for workers and peasants and their children at the expense of those from middle class backgrounds (Deng & Treiman 1997). During this period, educational

¹ Secondary education has expanded steadily in the 20th century across industrialized societies. See Raftery and Hout's (1993) for further explanation.

attainment was not dependent only a student's academic achievements, but was also a result of state policy.

Besides the political reasons, the unique social settings of Chinese society made education far more than a process of rational-choice-based education decision accumulation. Even today, the rural and urban divide¹ in China makes higher educational attainment a vital path, sometimes the only path, for upward mobility especially for students from the countryside, the reason being that only by going to university could change their household registration into an urban one. Therefore, the passion that Chinese students and their families have for higher education is not just a cultural issue but also the result of politically and socially designed segregation between different social groups, which makes educational attainment the best hope for better jobs and life chances.

In this context, the influences of family origins on educational attainment have been constantly influenced by changes in state policies. Under Mao, "family class-origins" were given different meanings by changing state policies according to political concerns at different times. Students' class origins were an inherited politically classified class label (Unger 1982). At various points over the first 30 years of party rule but particularly during the 1970s, the Chinese government introduced strong policies to favor people of working class and peasant origins. After the Cultural Revolution, the state redefined its attitude towards people of non-working class family origins, holding no discrimination against them. With economic reform, state policies constantly emphasize the importance of educational credentials. During this period many old patterns returned, with educated parents again able to transmit advantages to their children (Tang & Parish 2000). Since the 1990s, such families are also in an advantaged position to pay high tuition fees, an outcome of education commercialization in China.

¹ See Wang (2005) for detailed discussion.

Thus, given the gradual changing meaning of family origin in the context of Chinese society, I propose that the family background factors should be classified into two categories, when analyzing their impacts on educational inequality. The politically defined family class-origin factors should be mainly used for the analyses of educational attainment in pre-reform China. While the family socioeconomic status is expected to play a major role in educational attainment in post-reform China, due to the expansion and commercialization of education.

Three major perspectives have emerged during the investigation on the changing relations between family origins and educational attainment. The life course perspective (LCP) (Muller and Karle 1993) emphasizes that as children become more and more independent of parents over time, and therefore the family background influences decline at later stages of educational transition. A theory of “maximally maintained inequality” (MMI) implies instead that adolescents’ independence depends on the sociopolitical context and the resulting social support for particular levels of education, and family background may actually become more important for later phases of educational transitions than it is for earlier ones (Raftery and Hout 1993, Hout, Raftery, and Bell 1993). The theory of “effectively maintained inequality” (EMI) (Lucas 2001), finally argues that socioeconomically advantaged parents secure for themselves and their children some degree of advantage wherever advantages are commonly possible. Both MMI and EMI highlight class competition between families, but MMI suggests competition will be nil when a certain level of education is universal. In contrast, EMI implies that even for levels of education that are universal, competition will occur around the type or the quality of education attained, that is, the background-related inequality will be consequential.

Studies on educational inequality in China followed this trend, and argued that the family background has consistently influenced educational attainment (Deng &

Treiman 1997, Zhou et al. 1998, Zhou 2004). However, researchers often overlooked the impacts of institutional arrangements such as workplace-sponsored education and its impact on individuals' upward social mobility. Li and Walder's (2001) study found that those who joined the party while young enter a career path that includes sponsorship for adult education and more likely promotion within the party or government administration. This party/state-sponsored mobility illustrates a different mechanism of how educational attainment and career or status achievement are related— "educational attainment itself may be part of the process of sponsorship enjoyed by those who join the party while young" (Li & Walder 2001, p.1382). Not limited to political elites only, I would like to investigate sponsored education as an exclusive benefit offered to members of a broader social group, such as public sector employees. Because the state is still in control of educational resources despite a certain degree of decentralization, public sector workplaces are in a more advantaged position to access those resources and distribute them among their employees. Thus, individuals' memberships with certain work-units are more important than their individual attributes to get opportunities for sponsored education and later promotion. This kind of institutional arrangement which allocates educational resources fosters some social groups' educational attainment, as part of a state sponsorship.

Due to the state's radical educational policies during the Cultural Revolution and the nature of the hybrid economy since the reforms, the economic returns to formal education, particularly higher education varied in different periods of time as well as in different sectors of the labor market. Before the reform, political credentials weighed more than educational credentials to get into resource-rich workplaces and obtaining good positions. In the 1980s, low salaries among the educated created dissatisfaction among intellectuals, one of the reasons behind the political turmoil at the end of 1980s. A trend of meritocracy started in the 1990s has been documented with rising levels of

pay in both private and public sectors. Thus, those who had privileged access to educational resources would benefit most. They would further consolidate higher returns to education as a group effort, to secure their advantages from the rising meritocracy.

In this chapter, I consider educational attainment at different times as a consequence of combined factors including family background, individual characteristics, and institutional arrangements. I also compare the return to education at different times. I draw on detailed life-history information of parents' socioeconomic status, the historical context, the timing of individuals' educational attainment, and the institutional arrangements offered to achieve higher level education, to examine how the changing state redistribution processes affected the relationship between family social origins, institutional arrangements and educational attainment, and furthermore, how returning to education shaped individuals' life chances in the post-reform era.

The Educational System and Opportunities in China

China's school system before the Cultural Revolution and again in the Deng era has had a 6-3-3-4/5¹ structure, that is, six years of elementary school, three years of lower secondary school (middle school), three years of upper secondary school (high school), and four or five years of university education. Secondary education can follow two tracks: academic or vocational (Unger 1982, pp.12, 33). On the academic track, students who finished middle school take an examination to enter high school education, in preparation for a hoped-for university education. Those who take vocational tracks would go to two or three-year vocational high schools instead, aimed at professional training. These vocational high schools mainly include teachers' schools

¹ After 1949, China's educational system fell under Soviet influence; thus, in 1951, China's Department of Education proposed a system of five years of primary school, five years of secondary school, and four years of university. But most school systems did not carry out this reform, retaining the 6-3-3-4/5 structure.

(*shifan*), specialist schools (*zhongzhuan*), and technical schools (*jixiao*). University education is composed of a formal four- or five-year program, and two- or three-year specialized college education (*dazhuan*) which include part-time study and remote education.

The Chinese school system appears structurally similar to that of most industrialized countries, but it has been frequently subject to explicit political interference (Yao 1984). Nominally, the national Department of Education issues the same textbooks and the same teaching and examination arrangements for all schools in the country, with an examination system that is intended to promote intellectual competence as the sole criterion for advancement (Deng and Treiman 1997). Admission examinations are required for students to get into each higher level, starting with middle school (with the exception of the years between 1966-1976 when examinations were suspended). Since the nine-year education became compulsory in China at the end of the 1990s, middle school enrolments are based on neighborhoods of residence rather than admission examinations in many Chinese cities. But the high schools and universities are still based on entrance examinations. The higher the level, the more centralized are these examinations. The examination for high schools is developed either by the school itself or by the education bureau of the city or county; and the nationally competitive examination to university or vocational college comes from China's Department of Education in Beijing. In recent years, a few cities, such as Beijing and Shanghai, were granted autonomy to develop their own examination for admission.

A salient feature of the education system in China is the monopoly of almost all educational offerings in the hands of the state. The Soviet model dominated Chinese education development policy for a long time: the education sector was part of the planned economy and the government was entirely responsible for the costs of higher

education and job assignments for graduates (Bai 2006). Since 1949, the government expanded the formal education system, established an informal “mass education” alternative, and employed different enrolment criteria for people from different social backgrounds (Unger 1982, Deng and Treiman 1997). This set of reforms was specifically designed to favor people with “working class” or “peasant class” background. In theory, such an expansion of educational opportunities should reduce the effects of social origin on educational achievement (Mare 1980).

After the interruption of formal education during the Cultural Revolution, the University Entrance Examination was resumed in 1977. Merit-based qualifications became the primary factor for college admission. Technical schools, vocational colleges, and other types of less-than-formal college programs mushroomed, dramatically opening doors to higher education. Political intervention declined, despite some persistent preferences for children from good class backgrounds. With the return to exams, people with better educational background have been favored. This return to exams has helped China move toward more of a meritocracy where education is an important determinant of finding desirable jobs (Tang & Parish 2000, pp.70-3). In the early 1990s, a series of reform measures were launched to increase the accessibility of higher education, and a “user-pays” system was implemented along with fundamental changes in the job assignment system which was eventually abolished in the 1990s.

Since then, both the quantity and the variety of educational institutions have risen. In addition to the compulsory nine-year education, the expansion of higher education and the increased number of degrees from private or overseas educational institutions diversified the educational system. Family political background is no longer a consideration for school enrolment. Since the 1997 Asian economic crisis, a more immediate motivation for the expansion of higher education was partly based on the

assumption that it would stimulate China's economy effectively¹. As a result, increasing enrolment in universities, together with measures such as increasing the salaries of urban residents and public servants, increasing government investment in the building construction sector, and accelerating housing reform, were implemented as part of economic policy to tackle the problems resulting from the Asian financial crisis.

Figure 2.1 displays the proportions of those who completed different levels of education at various times, based on CGSS 2005 data. To study educational advancement empirically, I examine departure or graduation from various educational levels rather than entry into each level². Given my focus on continuing education, completion seems more useful than entry to measure one's highest educational achievement. State policies of exclusion and discrimination occurred at the point of admission into educational institutions, or institutional arrangements for sponsoring continuing education, could be crucial for completing a certain level of education. Consequently, the timing of graduation is more useful than the timing of entry in assessing the impact of family social origins and institutional arrangements on educational attainment.

As shown in Figure 2.1, completions of higher education³ reveal a path of gradual expansion of educational opportunities and achievement. The proportions completing middle school and high schools clearly fluctuated over time, in particular, from 1960s to 1980s. With the exception of the dramatic drop down of the proportion of people graduating from middle school or high school in 1970s, generally speaking, the

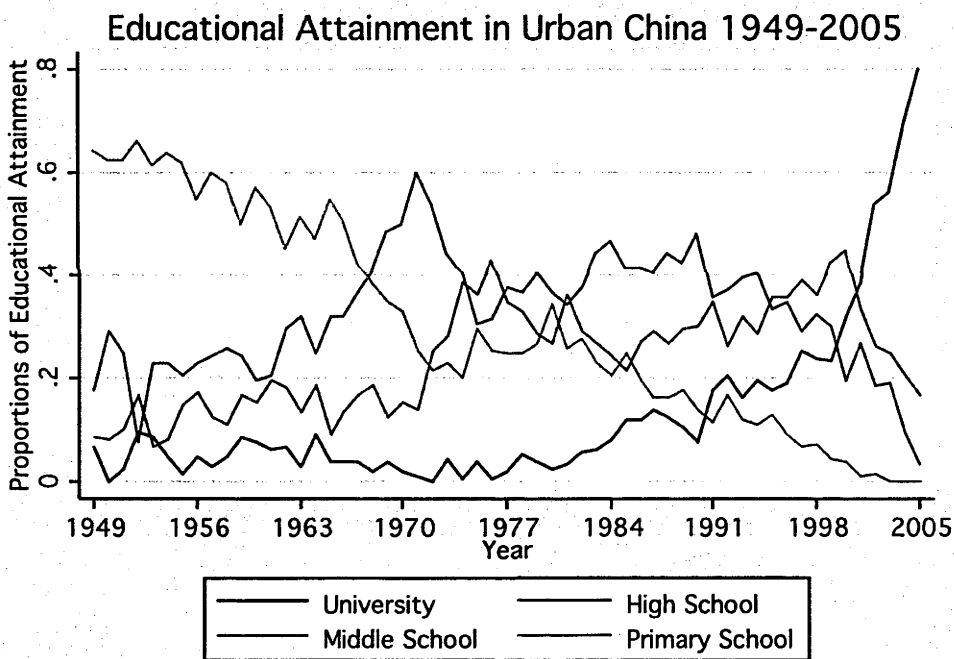
¹ Bai (2006) points out that expansion of higher education would bring about demand for other consumption such as food, clothing, housing and transportation.

² The reason for using completion of education rather than entry of education year is to incorporate both interruptions in the educational process and fluctuations in the number of school years needed to complete a given educational level. See Zhou et al. (1998) for detailed explanations.

³ The coding for educational achievement is based on respondents' answers to Question B3b (CGSS 2005 Questionnaire p.3): What is your highest educational level? "Never attended school formally" and "Self-taught" is coded as 'No Formal Education'. Grade 1 to Grade 6 is coded as 'Primary School'. 'Middle School' includes three-year study in junior middle school. 'High School' includes three-year study in high school and vocational high schools. University and other tertiary education, and postgraduate education is coded as "University".

completion rates of middle school and high school rose from around 10 per cent in the early 1950s to around 40 per cent by the 1990s. Since people had more opportunities to continue on to higher levels of education, the proportion of people completing primary school as the highest educational achievement had been continuously falling from nearly 65 per cent in 1949 to less than 10 per cent in 2000. Especially, with the wide implementation of nine-year compulsory education, the proportion of completion of primary school and middle school of highest educational level has fallen since the 1990s. At the other end, university education completion rates have shown a continuously rising trend. The university education completion rate was steady under

Figure 2.1 Educational Attainment in Urban China 1949-2005



N=10371

Source: CGSS 2005

Mao's era, and was gradually increasing at early stages of the reform, and increased greatly at later stages of the reform. From 1949 to 1980, the rates of completing higher education were around 10 per cent, falling to its lowest point in the early 1970s. Between 1980 and 2000, the rates of completing higher education gradually increased to

20 per cent. The proportion doubled from 2000 onwards, with the highest proportion reached nearly 50 per cent. Thus, educational opportunities in China have been highly correlated to the state's political agenda over time.

Educational Attainment before Reform

Family Background Influences

During the Maoist period, and to some extent even after the reform, enrolment policies were based simultaneously on three criteria: students' academic performance, family class origin, and political performance (Unger 1982, pp. 12-16). The relative importance of these criteria varied substantially among different types of schools and was influenced by the changing emphasis of state policies over time. Every student inherited a permanent "class" label which went into the student's dossier. The good class origin usually included politically red inheritances from pre-Liberation and the revolutionary wars and the pre-Liberation workers and former "poor and lower middle peasants". Middling classes accommodated pre-Liberation professionals, white-collar workers, peddlers and middle peasants. The former capitalist families, landlords and people labeled "counter-revolutionary" were considered bad classes (Unger 1982, pp. 13-14).

The rationale for this arrangement was that unequal cultural capital acquisition among different classes and differential school quality favored students from urban areas, in particular, urban middle class families. This situation undermined CCP's goal of "eliminating the distinctions between town and country, industry and agriculture, physical and mental labor". Because relying solely on examinations unwisely favored students from "bad" class backgrounds who were better prepared to take examinations than were the children of workers and peasants (Deng and Treiman 1997). Thus, family class origin was used as an admissions criterion to give priority to the children of

workers and peasants, to guarantee that the children of workers and peasants would not fall victim to “examination discrimination” (Munro 1972, pp.276, 294; Montaperto 1979, p.94; Smerling 1979, p.94). When recalling his experience in getting into university in the early 1970s, Mr.12 was grateful for the unique opportunity he had.

“Both my parents were peasants, poor peasants. My family background was considered very good, so I was recommended for university education. Today when I think of this, I have to admit to myself that I was very lucky. Just one recommendation letter sent me to the university.” (Interview No.12)

The policies not only decided who got the opportunity to study, but also what subject to study. Mrs. 81 got in the best university in the province in 1958, when China initiated its ambitious economic plan, the Great Leap Forward for Socialist Construction. She majored in Chinese literature initially. Later the government decided to select a group of students to study engineering at Beijing University, because the country needed engineer experts at that time. After she spent one year studying in Beijing, she came back to Shenyang and started working in a local factory. In 1960, a new policy allowed those whose study was interrupted after 1958 to go back to university to finish their degree. So she went back to study Chinese literature and graduated in 1968. Altogether, it took her ten years to get this degree.

In pre-reform China, education was almost the only way for people from poor families, particularly, those from the countryside to move upward. The rural and urban divide in China eliminated rights of countryside residents to access social welfare enjoyed by their counterparts living in the city. Thus, getting into a high school in the county or even university in the city was the only means to gain urban residency and the welfare attached to it. Only a higher educational degree gave the opportunity to be assigned to a workplace in the city and become a member of the work-unit club. Therefore, studying hard became the only realistic way for ambitious students to get away from the countryside. My interviewees who were originally from the countryside

all gave full credit to the University Entrance Examination which fundamentally changed their life chances.

“I am from the countryside. The only dream I had was to leave the countryside one day. I was the best student in my high school. If it wasn’t for the university entrance examination (*gaokao*), I would never have had chance to come and study in the city. Having a life in the city like the one I have today, would have remained a dream.” (Interview No.64)

Sponsored Education before Reform

Under Mao, the emphasis on political loyalty led to the party-state recruiting people with good class backgrounds. The first generation of communist leaders, recruited from illiterate and semi-illiterate peasants and workers before 1949, monopolized the center of power at both the central and local levels until the start of the Cultural Revolution in 1966 (Li & Walder 2001). Therefore, the party faced the problem of elite candidates being insufficiently educated and needing continuing education to be competent in their positions.

The interviewees who started their careers in the 1960s and 1970s were usually recruited into their workplaces when young. At the time they started work, most of them had just finished middle school. Those recruited into big state-owned enterprises and institutions had a greater chance of the workplace sponsoring their further education. The sponsorship usually included holding their jobs/positions while studying and covering tuition fees. Most of the time, the party schools offered the sponsored education programs, and the curricula included both communist ideology and professional training. The length of the programs varied from six months to four years. The experiences of getting sponsored education were very common to interviewees who were in their 60s or older.

“I finished middle school when I was 17. Because our family was too poor to support my education, I had to find a job. At that time, the best workplaces were big factories, because they offered higher salaries and a better working environment. But my family class background was not very ‘red’, so I couldn’t get into the factory. I ended up working in a bank. Now I feel so blessed that I wasn’t able to be a worker; just look

how many lay-offs there have been. When I was working for the bank, they sent me to a local party school to study finance. I was studying part-time and my work-unit paid for the fees. How would I cope with my work with my middle school education, otherwise? According to the policy, my degree in finance is only valid within our province, but that was already enough for me. My family didn't even have enough money to buy food, how could they have afforded for me to do this degree? So I feel very lucky that my work-unit offered this opportunity." (Interview No.40)

Age, academic records and a young person's political performance were taken into consideration for sponsorship. The sponsored programs were believed to help improve work performance and to help in promotions. Most interviewees were sponsored only once, but cadre positions could offer more opportunities for favored candidates. In some cases, the sponsorship effects could moderate the impact of an inferior family background.

"I am from the countryside. After I finished high school, my family was too poor to support me. So I started working in administration in the district government office. Because I was young and had a good academic record, they sent me to study party history; after this I returned to work, then was sent to study again. Going back and forth, I finished my university degree. After I graduated from university, I was promoted to work in the provincial government office. I worked there until I retired." (Interview No. 51)

Employees from big SOEs, high level government offices, and higher education institutions were more likely to be sponsored. This was due to the fact that those work organizations, in particular the big SOEs were the better-off sectors before the reform. In other words, those workplaces were more resource-rich so that they could send their employees for continuing education. More than half of the interviewees received their sponsored education when they were working for government offices or big SOEs or high ranking SOIs.

This process illustrates that the association between higher education achievement and higher administrative positions in pre-reform China was more complicated than a straightforward measure of a meritocratic process. As Li and Walder noted, if early recruitment into the public sector brings enhanced educational opportunities, then assuming education in China is conceptually equivalent to its

counterpart in western societies becomes highly problematic (Li & Walder 2001, p.1382). The reason is that educational attainment may itself be part of the process of sponsorship enjoyed by those who join the public sector or the party while young. In Turner's (1960) conception of "sponsored" mobility, a privileged status is granted to individuals by an established elite according to the "supposed merits" of individuals. Candidates are selected early in life, and they are put onto a separate path of career advancement. Turner suggested that elite mobility in England was "sponsored", in that children of the elite were placed in separate and exclusive schools at an early age, schools that provide large subsequent advantages in entering the corporate, legal, and civil service elite. This pattern presumably contrasted with "contest" mobility, a system in which merit-based competition is predominant at each step in the educational ladder. In their study on party sponsorship and administrative career advancement, Li and Walder (2001) argued that what makes the notion of "sponsored" mobility relevant to the case of party membership in a socialist state is the fact that a certain group exercises control over the allocation of elite status and that there are explicitly observed criteria of elite selection other than educational attainment. In this case, party membership or affiliation with a public sector should be conceived not as a credential but as something roughly analogous to membership in a club that can confer advantages upon members throughout their lives.

Return to Education before the Reform

At different times the Chinese Communist Party favored "redness" (political enthusiasm) or "expertise" (merit and ability) in its recruitment policies. Political loyalty and family class labeling was the key factor in elite recruitment until the end of the Cultural Revolution (Unger 1982, Walder 1986, Lee 1991). However, the regime also needed professionals to fill positions in industry, administration, and schools. The

ideas of a technocratic form of government first appeared in the United States during the 1930s. Its advocates proposed the scientific management of society and, consequently, the recruitment of government officials from among scientists and experts (engineers, financial planners, managers, and the like) (Burnham 1966). Socialist regimes had to value expertise in order to compete economically and militarily with advanced capitalist countries. As their industrialization programs proceeded, communist parties placed an increasing emphasis on educational qualifications and technical competence in recruiting future leaders, leading to the emergence of technocracies in socialist societies (Baylis 1974, Bailes 1978). Instead of relying on a political or military background for legitimacy, technocrats use their experience in research or management to claim power and become “the red engineers” (Andreas 2009). In an ideal scenario, all leaders should be engineers or managers and political decisions should be made on the basis of technical knowledge (Baylis 1974).

When the CCP came to power in 1949, its cadres occupied leading positions at every level of the party-state organizations. The first generation of communist leaders, especially the lower ranked cadres, recruited from illiterate and semi-illiterate peasants and workers before 1949, monopolized the center of power at both the central and local level. Political loyalty was the key factor in elite recruitment (Lee 1991). During the first and a half decades of the People’s Republic of China, “reds” and “experts” competed for leadership over economic affairs. Whereas “experts” advocated scientific and managerial styles of leadership, “reds” supported cadre leadership. Urgent economic tasks obliged the CCP to train its cadres by intensifying the program of higher education (Schurmann 1968). As a result of this ‘red’ and ‘expert’ contradiction, and the recruitment policies that derived from it, a bifurcation of elites occurred in the country. The political elite consisted of red cadres, and the professional elite of the intellectuals. The former derived their status from political power based on ideology, the latter from

expertise. “This does not mean that the intellectuals are disloyal, but rather that, like all professionals, they are more motivated by self-interest than by commitment to collectivity” (Schurmann 1968, p.171).

Academic performance had been weighed heavily in school admissions policies from the founding of the PRC to the eve of Cultural Revolution, because the government had a firm commitment to develop and modernize the nation, which had a shortage of high-skilled and educated people (Unger 1982). Table 2.1 shows the occupational attainment of those who finished their highest education and started their career before the reform, according to the CGSS 2005. About 55 per cent of high school graduates took up manual worker positions, and nearly 29 per cent of them took professional jobs. About 53 per cent of university graduates started their first job in professional positions, although about 34 per cent of them started with manual worker positions. Only about 1 per cent of high school graduates and 2 per cent of university graduates got into cadre positions. None of those who did not receive formal education made to cadre or professional positions. And none of university graduates took up private business owner position in pre-reform China. This shows that, before reform educational credentials were important for those who were “experts”, but not much for cadre position holders.

Table 2.1 Relationship between Educational Achievement and Occupational Attainment before 1978*

%	Cadres	Professionals	Non-manual Workers	Manual Workers	Private Business Owner	Total
No Formal Education	0.00	0.00	33.33	66.67	0.00	100.00
Primary School	1.51	3.69	15.24	77.22	2.35	100.00
Middle School	0.89	8.93	16.96	72.45	0.77	100.00
High School	1.18	28.04	13.85	55.07	1.86	100.00
University	2.07	53.10	10.34	34.48	0.00	100.00

**This group only includes those who completed their education and started their first job before 1978.*

N=3417

Source: CGSS 2005

Because of their expertise, they were entitled to privileged benefits provided by their workplaces, such as larger and higher quality housing. The professional title holders were considered nearly equivalent to administration rank in many work-units. Many in-kind benefit distribution, such as housing allocation was based on the highest rank, between administrative and professional ranks. Those who did not have a high administrative rank could still get housing if their professional title met the criteria.

“Just a year after I came back to Shenyang, I was given a two-bedroom apartment, because I came back as an engineer. There were not many engineers around at that time. The apartment was allocated to me according to my professional title. It was 49 square meters. My wife, our two daughters and myself were living there. It was considered a good condition for that time.” (Interview No.48)

Mrs. 33 and her husband were both engineers and they were sent down to the countryside during the Cultural Revolution. The Red Guards seized their old house. When they came back to the city by the end of the 1970s, they had no place to live. Their work-unit, considering their status as “needed experts”, allocated to them a sizable apartment.

“We were given an 84-square-meter apartment. Three bedrooms and one living room, plus kitchen and bathroom. Both my husband and I were in our late thirties, we were living with two kids and my mother. Considering that we had a large family, they [the authorities] gave us such a big apartment.” (Interview No.33)

Educational Attainment after the Reform

Family Background Influences

Different from their counterparts in the pre-reform era, the members of the younger generations who are recruited into the party or the higher ranks of the public sector today tend to go through a pattern of “tournament” mobility (Rosenbaum 1979). It conceives of career advancement in a corporate hierarchy as a series of contests, or “tournaments,” through the life course. A victory in an early tournament qualifies one for competition in the next, an evidently path-dependent process in which events early in the career can alter the outcomes of subsequent competition for career advancement.

In the post-reform era, the early stages of the tournament are institutionalized through the university entrance examinations, and sponsorship becomes essential at later stages.

Over the years since the reform in higher education in 1992, there has emerged an increasingly close connection between a higher educational credentials and better pay. Prestigious universities and specialization, such as engineering, computer science, law and graduate MBA degree, are today far more expensive than other tertiary educations. Parents are more than willing to pay, expecting that entry would put their children on a fast track to success and ensure lucrative job offers upon graduation. But only some parents can afford the price tag.

Despite state policies deliberately promoting educational opportunities for children from workers and peasants class, over time state policies have redefined what constitutes a privileged group and reallocated opportunities among social groups, leading to changes in children's life chances. In a longer time period, those from advantaged families, in terms of father's education, father's CCP membership, and father's work-unit sectors, eventually had a better chance of achieving higher level education. Based on the CGSS 2005, Table 2.2 compares the completion of different levels of education by father's educational, political, and socioeconomic background, when the respondents were 14¹. About 38 per cent of those whose father had university education completed high school. And about 43 per cent of those whose father had university education completed university. While only 16 per cent of those whose father had middle school education obtained university education, and 30 per cent of those whose father had high school education did so. Despite the dramatic state policy intervention, family's role in transferring human capital to the next generation still followed its conventional way.

¹ Question C1a, C1b and C1d in CGSS 2005 Questionnaire (p.7).

Table 2.2 Impacts of Father's Education, Political Credential, and Work-unit Identification on Respondents' Educational Achievement in 2005

	Respondents' Educational Attainment (%)					Total
	No Formal Education	Primary School	Middle School	High School	University	
Father's Education (%)						
No Formal Education	22.06	35.68	25.23	13.73	3.31	100.00
Primary School	4.85	24.70	39.46	23.30	7.68	100.00
Middle School	0.99	10.26	32.98	39.67	16.09	100.00
High School	0.46	7.30	25.31	36.60	30.33	100.00
University	0.31	5.52	12.27	38.34	43.56	100.00
Father's CCP Membership (%)						
CCP Member	3.33	11.82	31.25	33.29	20.31	100.00
Non-member	12.76	27.80	29.78	21.32	8.34	100.00
Father's Work-unit (%)						
Government Offices	3.27	10.18	25.45	33.82	27.27	100.00
SOEs	1.36	6.08	30.24	43.41	18.90	100.00
SOIs	1.15	7.04	28.48	37.32	26.02	100.00
Collective Enterprises	3.38	12.21	36.88	33.51	14.03	100.00
Private Enterprises	4.80	17.25	28.38	33.19	16.38	100.00
Multiple-ownership Enterprises	3.51	21.05	24.56	29.82	21.05	100.00

N=10371

Source: CGSS 2005

Father's CCP membership has shown a positive influence on children's educational attainment. For those whose fathers were CCP members, about 33 per cent of them completed high school and about 20 per cent of them obtained university education. While about 21 per cent and 8 per cent of those whose fathers were not CCP members managed to finish university and high school education, respectively.

Father's work-unit identification also resulted in variations in children's educational achievement. Children of Government office employees and SOI employees had the highest proportion of university completions. Around 27 per cent of them achieved university level education, which is nearly 10 per cent higher than those whose fathers worked in SOEs and 13 per cent higher than those whose fathers worked in collective enterprises. Generally speaking, those whose fathers used to work at public sector's work-units did better in achieving middle school to university level education than those whose fathers worked at non-public sectors.

Sponsored Education after the Reform

The job links between schools and workplaces in the pre-reform era only benefited a small group of students—those who were from families of party officials or industrial workers of good-class background (Unger 1982). Today, the free job market demands for skilled and educated employees and free mobility between and within workplaces mediates the political preferences set up by state policies. In particular, a market-oriented job hunting process gives people more motivations to enroll in continuing education to get a desirable job.

“After I joined my company, I realized how competitive it [the environment] is. So I took an IT course during my spare time. Later when a senior position opened up, the IT course totally paid off. The position also required knowledge of a foreign language, but you know, I majored in a foreign language, so I didn’t have a problem with that.” (Interview No.18)

Among those interviewees who entered the labor force after the start of the reform, about 80 per cent of the leading cadres and 50 per cent of the professionals received workplace-sponsored higher or continuing education. The cadres usually received both education opportunities and fee sponsorship, while professionals usually paid the fees themselves, in particular, if they were attaining professional certification, such as in finance, economics, law or information technology. They studied at provincial-level higher education institutions or party schools. The subjects covered both political and non-political topics, with emphasis on economic development related content. This experience later became important for their career advancement. A majority of them were promoted within the same workplace, and only a few (with professional certificates) left their old work-units and shifted into the private sector.

Compared to their parents, the younger generations receive more subsidized on-the-job training than formal education. Because employers provide less sponsorship for formal education, the younger generation informants, who were doing a part-time postgraduate degree, were usually paying themselves. Also, many of them were

studying for professional certification without any sponsorship as a result of a more competitive labor market.

“I got a very good job after I graduated from university in 1990. At that time, the market economy had started booming. It made me feel that the politics might change one day, and so too the relations with my supervisory leading cadres. The only thing that won’t change in the market economy is professional expertise. Therefore, I went to study for a professional certification in 1991.” (Interview No.12)

Market development not only brought changes to professional positions, but administrative positions as well. As higher education became universal for elite youngsters, they tended to achieve professional success before they advanced their careers. As Zang (2004) argues, political development in the reform era enhanced the division of labor between the CCP and the government in governance, leading to two distinctive career paths in these two systems. Specifically, all candidates for elite positions are screened for human capital and political credentials. But those on paths to government positions are screened more vigorously for human capital whereas those on paths to the CCP hierarchy are evaluated more vigorously for political loyalty. In particular, university education increases mobility rates for those in the government system. For those who still receive a workplace sponsored education, that assistance may mean education in top national academic institutions, even overseas education.

“My first job was with a provincial government office. They sent me to study in a three-year masters program about the national economy with one of the country’s best universities. My studying was organized by the human resources department of the provincial government. We had two or three days of classes every week. It was impossible for you to do this full-time, because first, the fees were so expensive that most of the people couldn’t afford it by themselves; second, not all the universities offered this kind of qualification. You needed to be recommended by the government to get in.” (Interview No.6)

“I have been working in this local university since I graduated. Now I am doing a PHD at the best university in our province. It is a four-year program. The first year is full-time study and the rest is part-time. My work-unit paid the four-year fees; it is about 36,000 Yuan. So I don’t have any financial pressure.” (Interview No.8)

As Lucas (2001, p.1652) argues, when a certain level of education has become universal, parents of the socioeconomic advantaged families would help their children

to obtain the same level of education but of better quality. Similar dynamics have been found for workplace sponsored education. As university education has become a universal requirement for higher posts, the better-off sectors started sponsoring better quality education for their employees. Overseas postgraduate degrees or short-term training have become common for workplace sponsored education. Different from the earlier period, the workplace sponsored education at the late reform stage is favored more to well-educated public sector employees, in particular, public servants.

“I have attended a one-month cadre training program at one of the best universities in the west. The program was organized by the human resource department of our provincial government. They organize fifteen training programs like this every year. There were about 30 people in my class. We had English language training, as well as classes on public administration.” (Interview No.83)

The generational differences in workplace-sponsored education show that when a certain level of education is not universal, workplace-sponsored education offers opportunities for advanced education. When a certain level of education is becoming universal, the workplace sponsorship offers a qualitatively better advanced education. One common factor in workplace-sponsored education over time is that opportunities are only offered to potential competent candidates in the state sector; and educational attainment is a part of the sponsorship for upward mobility of certain group members.

In sum, educational attainment through workplace sponsorship in China puts forward that the elite groups choose individuals according to some combination of ascriptive and behavioral characteristics, and that those chosen when young enjoy subsequent advantages in certain forms of educational attainment and career advancement. This workplace-sponsored mobility explanation assumes that the work-unit recruits different kinds of people early in life rather than later and that subsequent opportunities depend on the timing of their acquisition of membership. The important feature of this sponsored mobility is that early membership of party or state sector brings these career advantages. In other words, one's membership of a work-unit

acquired at a later stage does not operate as a credential that has the same advantage as that of its attainment at an early stage of one's career. What makes sponsored mobility relevant to the case of work-unit membership in a socialist state is the fact that particular groups exercise control over the allocation of elite status. And this process which is driven by state policies at different historical periods consistently enhanced the upward mobility opportunities for well-placed individuals within the system.

Economic Returns to Education after the Reform

The political agenda of the post-1978 reform era was to build a modern economy through a pro-market system. The need for men of skill forced the government to recruit from sections of the population that was not only composed of peasants and workers, whose class compositions were "correct". Professional classes began to be praised as the most important force for China's modernization, because their knowledge and expertise were much needed in this agenda. So one of the first moves of the reformists was to credit education and knowledge, and there was a rise in meritocracy in school and college admissions (Zang 2001a). The same trend started to appear in party recruitment after 1980, when the party began to make special efforts to attract educated youth into the organization. To justify this policy change, the party leadership declared intellectuals to be the members of the working class, rather than the capitalist class. As the reforms deepened, the party also explicitly de-emphasized class origin as a necessary indicator of political loyalty. The party further revised its promotion policy by providing greater opportunities to individuals with educational credentials for managerial and administrative positions.

As the market economy developed at an increasing pace after 1992, a higher return to human capital occurred as the market gradually replaced the state as the main mode of distribution (e.g. Nee 1989, 1991, and 1996). Also, the state promoted a trend

toward meritocracy in China, since it desired to foster a more efficient and dynamic bureaucracy. The emphasis on educational credentials resulted in the rising importance of higher educational achievement in both administrative and professional elite position recruitment (Walder 1995, Walder et al. 2000). Merit-based hiring procedures have been extended from elite recruitment at the national level throughout the system down to local levels, especially with the introduction of positions that require formal credentials and tested expertise (Lee 1991, Walder 1995, Zang 2001b, Xiao 2003).

This pattern occurred in a system in which skill-competition is predominant at each step of the educational ladder. The biggest generational difference lies in the declining importance of political credentials and in favor of educational credentials at the early stage of one's career advancement. With the expansion of university education, and a developing trend towards meritocracy, a university or higher education requirement is becoming universal for both the public and private sectors. In addition to a university degree, professional certificates and experience are becoming important too. Just as people used to actively participate in political activities to gain credits for promotion, nowadays people seek professional certificates and experience, especially those in skills- or expertise-oriented industries.

“When I finished my masters degree in physics, I heard that a local university was recruiting teachers. So I went to talk to them and they hired me. I worked there for ten years, until eight years ago, when I saw an advertisement for a technician position in the local telecom industry and applied for it. I remember at that time, the position required at least a university education, relevant specialties, and relevant work experience. Because of my specialization, I got in with no problem.” (Interview No.27)

“I left my old job in a local technical high school for a big international company. I majored in finance, and they desperately needed finance experts. So I got in. And later, I was sent for further training by my company. And I earned the intermediate level certificate during my own spare time. After I obtained the certificate, I was promoted.” (Interview No. 22)

In addition to the university degree, the rank of the school and whether the subject matter meets the employers' expectations are important for employment consideration. Some market-needed subject areas, such as engineering, computer

science, medical biology, law, and finance, became most desirable subjects for both formal tertiary education and continuing education. The interviewees who had professional certificates all studied for their certificate after they had started their first job and then realized that this kind of knowledge would be essential for their career advancement. Many of them took up a second job after obtaining a professional certificate. As is the case with after-school classes, those for professional certificates were offered by both public and private educational institutions, as a direct result of the increasing demand for this kind of educational services. According to CGSS 2005, the higher the level of education, the higher annual income among the respondents. University graduates' annual income was 22,274 Yuan, which was nearly double that of high school graduates (12,661 Yuan) and nearly three times of that of middle school graduates (8,018 Yuan), respectively.

Conclusion

Overall, empirical findings show that the effects of family class background and institutional arrangements in urban China varied over time in a way that was largely consistent with shifting state policies. Large-scale social experiments and political turmoil before and during the Cultural Revolution and state intervention into the market development after the Cultural Revolution, produced anomalous patterns of educational advancement in Communist China. My objective here, however, was not to use idiosyncratic historical events to explain patterns of educational advancement, but to demonstrate the importance of political processes and institutional arrangements in shaping stratification mechanisms and processes affecting individuals' life chances.

The findings provide strong evidence of persistent educational inequality in urban China over the entire period of PRC's history. The state's strong grip on the educational system in urban China, and parents' economic resources were less

important than parents' political status for educational attainment before the reform. After the reform, in a market-oriented educational system, parents' economic background became critical. Family social origins, however, were influential only to the extent that they are supported by state policies, which shifted the priority of its agenda from class struggle to economic development.

In addition to family background factors, the workplace sponsorship also offered individuals opportunities for continuing education and further career advancement, to fulfill the needs of bureaucracy or market development. Employees within the system have more opportunities to receive workplace sponsored education and for their subsequent upward mobility, but the impact of workplace sponsorship on different social groups varies according to their different career tracks. Early CCP members and early cadres or professionals were more likely to achieve educational advancement, particularly higher education. Moreover, sponsored educational opportunities vary according to the process of social and economic transformation. In the pre-reform era, sponsored education was offered to those recruited into the system at an early stage. After reform, recruitment favored those who had already obtained educational credentials. As a university education is becoming universal among elite candidates in the reform era, employers offer higher level or quantitatively equal but qualitatively better sponsored education.

As modernization and market development proceeds, contest mobility gains more ground, in particular at the early stage of one's career. However, sponsored mobility remains essential for people within the party/state system. The party/state-sponsored mobility helps us develop an understanding of the social mobility process in a society in which the state remains the main controller of valuable resources. All in all, the socialist state and its redistributive institutions have continued to shape China's

educational stratification significantly, even though these institutions are more “market-oriented” than “socialist” as they were in the past.

Thus, the relationship between parents’ social origins and children’s educational attainment in China, as well as the return to education, varied in different historical periods and these variations are best explained by political processes. When state policies involved active bureaucratic participation, the bureaucratic class played a key role in allocating resources and was in a strategic position to enhance their children’s educational attainment. Moreover, the relations between educational attainment and status attainment varied across different political processes, depending on the goals of particular political periods.

Chapter 3 Housing Career and Home Ownership Acquisition

Introduction

Traditional social stratification research which concentrates on labor market inequalities in income, class, and socioeconomic status, has often ignored the role of home ownership in shaping social inequalities. This school considers home ownership as a dependent source of economic inequality, insufficient to affect the distribution of social power (Harvey 1978, Kemeny 1980). They argue that access to home ownership closely follows the class, occupation, or earning of individuals and households, so capital gains to home owners were merely a reflection of income differences derived from the job market. Therefore, the housing market which is grounded in the labor relations is merely perpetuated, rather than reshaping the economic inequalities of capitalist societies (Thorns 1981, Forrest 1983). Following this trend, empirical studies tend to concentrate on housing conditions and policies, and rarely address stratification issues (Kemeny 1992).

A different school of thought, known as the “collectivist approach” (Rex and Moore 1967, Saunders 1978, 1990, Pratt 1982) regards instead home ownership as the most important form of family wealth or assets, affecting individuals’ life chances independently from one’s labor market position. According to this approach, a few unique characteristics of home ownership contribute to social inequality, despite the fact that access to home ownership closely follows the class, occupation, and individuals’ or households’ income. First, household assets can be transferred from one generation to the next, and intergenerational transfers could increase access to home ownership, so home ownership does not simply reflect individuals’ own labor market positions (Kurz and Blossfeld 2004, p.4). Second, home ownership can affect a household’s living standard and wealth independently from labor market position, because the real property value can be gained or lost over time (Saunders 1978, 1990). Further

sociological considerations addressed issues of the possibility and timing of access to home ownership are related to occupational positions in the labor market (Erikson and Goldthorpe 1992); and to what extent class position plays an indirect role in accessing home ownership (Kurz and Blossfeld 2004).

The debates between the two schools followed Marxist and Weberian arguments on whether social inequality arises from the sphere of production (primarily the labor market) or the sphere of consumption, such as housing market. By relating housing to individuals' life chances, the collectivist approach regards home ownership as the basis for formation of social groups, through home owners' shared common experiences in their housing consumption, as a result, a housing status group has formed through access to housing and then the exchange value of housing (Rex and Moore 1967, Saunders 1978, 1990, Pratt 1982).

By focusing upon individual's abilities to gain access to scarce and desired housing resources, Rex and Moore (1967) identify a hierarchy of housing classes ranging from owner occupier to private tenant, the important point being that these divisions cut across those arising from the labor market. Despite identifying the home owner groups as the 'housing class', they actually focused on housing consumption from which, according to Weberian conception, status group may derive, because '... 'status groups' are stratified according to the principles of their consumption of goods as represented by special styles of life' (Weber 1978, p.193).

Instead of addressing access to housing as a scarce resource, Saunders (1978, 1981) regards the potential exchange value and the rights of use, control and disposal as the privileges of owner occupancy. Saunders' idea of domestic housing class is preoccupied by the relative significance of housing market positions vis-à-vis labor market position. According to Saunders, the privileges of the owner occupancy then

form the basis of Weberian property classes, which are dependent on the proof of owner occupied housing as a source of real wealth accumulation.

Following this theoretical approach, empirical studies have argued that increased access to home ownership might well deepen labor market inequalities (Forrest and Murie 1995), or, alternatively, it might serve to level out those inequalities to some extent (Saunders 1990). Saunders also have described industrialized societies as “homeowner democracies” (Saunders 1990), in which class positions have lost much of their significance in shaping the lives of individuals while home ownership has become increasingly more important (Kurz and Blossfeld 2004). Case studies in Britain have shown that when home ownership is independent of labor market position, it becomes a determinant of life chances and could alter class consciousness and voting behavior (Forrest, Murie, and Williams 1990, Saunders 1990).

Despite the importance of housing tenure and housing consumption in shaping social structure, the collectivist approach ignored interactions between housing tenure and other social factors such as occupation, income, and state policy orientation. This chapter aims to establish the significance of housing tenure in a social context that is characterized by strong state policy intervention. I argue that it is not the housing tenure per se, but the housing-tenure-related social actions in certain social contexts that affect the material experience of private property rights. In other words, housing tenure is only one part of a housing provision system and the inequalities produced through home ownership do not lie solely at the point of consumption. Thus, I examine the interaction between the housing market and the labor market in order to identify the essential causal aspects of housing tenure relations, as they are structured by the economic, political and social characteristics at particular times and there are a variety of institutions that operate within the home ownership structure of provision.

Institutional factors largely influence home ownership acquisition in China, because the evolution of the housing market in China has been strongly oriented by state policies. Housing consumption is, to a large extent, an outcome of top-down reforms led by the socialist state. In the mid-1980s, comprehensive development replaced project-specific development undertaken by individual work-units, and became the main form of urban land development. Development companies were formed to undertake real estate construction projects. Housing units built were sold on the open market, with prices determined by the prevailing market conditions. Commercial housing (*shangpin fang*), the housing units put for sale by the development companies, replaced the work-unit welfare housing and created a class of homeowners in a very short period of time. Along with the housing reform, the state also promoted housing consumption to maintain economic growth. In 1994, the State Council's 'Decision on Deepening the Urban Housing Reform' called for the establishment of two distinct systems of housing provision: 'economic and suitable housing' for low- and middle-income households, and commodity housing for higher-income household. As the evolution of the commercial housing market, together with government policies encouraging commercial housing consumption, large numbers of modern commercial housing were built and purchased by urban residents. The nature of housing in urban China has largely been transformed from a welfare provision to a commodity. National statistics reveal that urban residents' home ownership nationwide reached 80 per cent in 2004 (Hou 2005).

Housing commercialization in the past two decades also formed a housing status group in urban China with privileged access to scarce and desired commercial housing. However, this housing status group is composed of consumers with different consumption patterns, according to their membership of different employment groups. Housing tenure in China does not stem necessarily from the accumulation of wealth as

it does in most industrialized societies. In this phase of China's reform it often still is an indicator of the work-units' ability to utilize housing resources through institutional arrangements. During this process, the public sector which used to be the sole housing provider, continued to provide advantaged access to housing to their employees' through privatization of work-unit housing and subsidies for commercial housing (Flesisher et al. 1997). Therefore, what characterized the housing market in China was not just the formation of consumer groups, but more importantly, formation of status groups via access to housing resources through group membership.

This chapter elaborates on the social stratification perspective of housing studies, and investigates relations between home ownership and individual life chances in the Chinese cultural and institutional context. In this chapter gated community residence is taken to indicate a specific privileged housing status group emerging from the economic reforms and state policies, with access to home ownership and better housing quality. I will show how gated community residency contributed to the residents' privileged status and what factors influenced their privileged home ownership acquisition when housing in the process of housing privatization.

Housing Allocation and Housing Inequality in Urban China

In the socialist era, housing allocation was considered a public welfare for work-unit employees, but not all employees had equal opportunities to be allocated the same size and quality of housing. Housing distribution was an ad-hoc process carried out by work-unit-level housing committees. The committee members were selected from the work-unit's middle- and high-level cadres. The committee meeting assessed the employees' applications through inspection of applicants' housing needs. The committee made decisions according to the assessment results and collected employees' opinions on whether the applicant would meet the allocation criteria from other

employees of the work-unit. The allocation criteria varied slightly among different work-units, but in general, the following criteria were essential. In many work-units, housing allocation was only available to married male employees. Female employees needed to seek housing through their spouse's work-unit after they got married. Single employees were either living with their parents or in dormitories provided by work-units.

Besides this gender difference, both political and work performances were important to gain credit for housing allocation. Family class-origin also affected the decision-making. “Poor and lower middle peasants (*pin xia zhong nong*)” were considered eligible class backgrounds. Those who were labeled “bad class”¹ were often excluded in the first place. A good reputation among employees also increased the chance of obtaining work-unit housing. By getting married and having a child at later age, for example, Mrs.19 gained a good reputation in her work-unit for abiding by the government policy of “late marriage, late birth” (*wanhun wanyu*). Thus the work-unit’s authority considered her housing application favorably. As a result, she was allocated with housing—which was very rare among female employees in her work-unit.

Work seniority was also considered important for getting work-unit housing. The longer one worked in a work-unit, the higher chance one could be offered housing. Senior workers and model workers (*laodong mofan*) in the factories had a particularly higher chance to be rewarded with housing. Employees’ housing needs were also taken into account. Those who lived in “three-generation families” (*san dai tong tang*) in tiny apartments might get bigger housing. Needless to say, a good relationship with the leading cadres in the work-unit also helped.

“Generally speaking, females had less chances of getting housing. Female employees in SOIs (*shiye danwei*) and government offices had higher chances than those from SOEs.

¹“Bad-class” origins included families of former capitalists, families of “Rightists”, pre-Liberation rich-peasant families, families of “criminal” offenders, pre-Liberation landlord families, and families of counter-revolutionaries. For detailed discussion, see Unger’s (1982) *Education Under Mao*, pp.13-4.

At the beginning, because my parents' apartment was too small to accommodate three people, upon an inspection by the work-unit cadres, I was given an apartment. We were given that housing when we got married, 16 square meters, sharing kitchen and toilet with two other families." (Interview No.34)

While the factors mentioned above were all significant for housing allocation, the most important factors to determine the quality of allocated housing were the work-unit's bureaucratic rank and industrial sector, as well as employee's rank and position within the work-unit. Access to work-unit housing was limited to employees in the state sector (Logan and Bian 1993, Logan et al 1999, Zhou 2004), although until the late 1970s that included a sizeable portion of the registered urban population. Institutional differences among work-units also resulted in variations in housing qualities in terms of size and facilities. The work-unit's size, its bureaucratic rank and the industrial sector it belonged to were positively related to better quality housing (Logan and Bian 1993, Logan et al 1999, Zhou 2004), because high ranking, resource-rich work-units received more financial assistance from the government (Walder 1995). And cadre position holders were in a more privileged position to get work-unit housing (Logan & Bian 1993, Wang & Murie 1996, Logan et al. 1999).

Although the housing was allocated to urban employees as a public good, the conditions and facilities of the housing were generally poor. The housing size was quite small¹, usually no larger than 40 to 50 square meters for three to five family members. It was very common to share kitchen and bathroom facilities with other residents. Also, because the work-units were the sole housing providers and managers, residents had to endure the poor condition of old buildings and bad locations with no other options. Facilities such as a kitchen, toilet, running water, fuel, and shower were common to be shared among a few households (Logan et al. 1999, Zhou 2004). One of my interviewee recalls:

¹ Logan et al. (1999) found that the average living space was about 6 or 7 square meters per person in the 1980s.

“I moved to a few different apartments within my work-unit from time to time. Conditions were never good. They were small, built in 1950s and 1960s, and with quite old facilities, and small size. Conditions were enough to live but not enough to enjoy.” (Interview No.34)

As a result of housing privatization and commercialization, both housing tenure and housing facilities have changed. Upon changing their housing tenure from work-unit housing allocation to owner occupier, urban residents also experienced a significant improvement in housing quality. Facilities that were typically shared under the planned economy such as a kitchens and bathrooms, have become private and necessary for housing in China today, in particular, for commercial housings. The size of my interviewees’ apartments ranged from 90 square meters to 260 square meters, normally with two to three bedrooms.

CGSS 2005 contained questions about the general housing situation of urban residents in contemporary China. Table 3.1 shows information on housing tenure¹ and housing size among different housing tenures. Generally speaking, more than 80 per cent of urban residents were reported as owner-occupiers. About 50 per cent of the respondents’ houses were inherited or self-built, and about 35 per cent of the respondents had purchased ownership which included about 27 per cent of full-ownership owners and more than 7 per cent of partial-ownership. Renting work-unit housing or public housing, which used to be the main mode of housing tenure in pre-reform China, became very marginal—less than 3 per cent of respondents rented work-unit housing and less than 5 per cent of them rented public housing. Renting private housing became more popular in the renting market—nearly 7 per cent of the respondents rented their houses from private homeowners. As to the housing size, inherited or self-built houses had the largest average size: 120 square meters. The

¹ CGSS 2005 respondents were asked to answer Question D2 (CGSS 2005 Questionnaire, p.7): “What is the type of ownership and renting status of your current housing?” with one of the following options: rented house/flat owned by work-unit; rented from public housing agency; rented private owner; house/flat owned by the household (inherited or self-built); house/flat bought (partial/limited/living only ownership); house/flat bought (full property ownership); and other (specify).

average size of purchased full-ownership and partial-ownership houses were about 75 square meters and 69 square meters, respectively, which were larger than rented apartments. Among the rented houses, those from private homeowners were about 15 to 20 square meters larger than houses rented from work-units and public housing.

Table 3.1 Housing Tenure and Average Housing Size in Urban China 2005

	Housing Tenure (%)	Average Housing Size (sqm)
Rented house/flat owned by work-unit	2.33	50.89
Rented from public housing agency	4.71	44.08
Rented from private owner	6.80	64.49
Inherited or self-built	50.28	120.96
Partial property ownership	7.38	69.99
Full property ownership	27.58	75.58
Others	0.92	71.72
Total	100.00	94.91

N=9686

Source: CGSS 2005

Table 3.2 illustrates the impacts of respondents' work-unit identification on their housing tenure and housing size. It shows that public sector employees were doing much better than non-public sector employees in achieving full-ownership. Around 50 per cent of SOE and SOI employees managed to purchase full-ownership housing and nearly 45 per cent of government office employees purchased full-ownership. While only less than 25 per cent of private enterprise employees managed to do so, perhaps because more than 40 per cent of private enterprise employees had inherited or self-built houses. About 5 per cent of collective sector employees still rented work-unit housing in 2005 and 9 per cent of them rented public housing, which were higher than the proportion of employees from other types of work-units. Private enterprise employees had the highest proportion of renting private housing—about 19 per cent of them did so, followed by employees from multi-ownership enterprises. Thus, more public sector employees were reported to purchase full-ownership housing, while more non-public sector employees were found renting houses.

A similar pattern was found for variations in housing size. Multiple-ownership enterprise employees and government office employees had the largest housing size,

which were about 96 square meters and 92 square meters, respectively. The average housing size of private enterprise employees was about 10 square meters smaller than the multi-ownership enterprise employees, while collective enterprises and SOI employees' housing size was 83 and 81 square meters, respectively. SOE employees reported an average housing size of about 65 square meters, the smallest among all the groups.

Table 3.2 Variations in Housing Tenure and Average Housing Size among Various Work-units in 2005

	Respondents' Work-unit					
	Government Offices	SOEs	SOIs	Collective Enterprises	Private Enterprises	Multiple-ownership Enterprises
Housing Tenure (%)						
Rented house/flat owned by work-unit	4.49	3.74	2.56	5.16	3.04	4.50
Rented from public housing agency	5.24	9.10	7.29	9.10	5.21	8.56
Rented from private owner	5.62	4.50	5.80	3.94	19.10	15.32
Inherited or self-built	28.46	12.98	20.38	29.48	40.81	23.87
Partial property ownership	8.24	16.71	12.55	10.60	6.13	8.56
Full property ownership	44.94	52.01	49.93	41.17	24.89	36.04
Others	3.00	0.96	1.48	0.54	0.82	3.15
Total	100.00	100.00	100.00	100.00	100.00	100.00
Average Housing Size (sqm)	92.98	65.81	81.32	81.60	86.01	96.41

N=9686

Source: CGSS 2005

Gated Community Residency and Privileged Social Status

Compared to the generally poor quality of work-unit housing, the establishment of a commodity housing market, and the availability of a choice of higher quality housing provided a decisive advantage to the better-off who had the ability to adjust to their changing housing needs. As found elsewhere, residential satisfaction is one of the most significant predictors of moving (Rossi 1980, Hu & Kaplan 2001, Clark and Huang 2003, Fang 2006). Almost all of the gated community residents whom I interviewed expressed dissatisfaction with their old apartment and satisfaction with their new apartment and the environment of their gated communities. Compared to their old

housing, especially in work-unit built residential compounds, their new commercial housing is of larger size, better design, has better facilities in terms of bathrooms, heating systems, parking, and so on. The most appreciated features of these gated communities are a tidy and green environment and the service of a professional property management company.

“When we planned to buy a new apartment, we went to see many newly built gated communities. We compared location, environment and facilities. In the end, we decided to buy this one because of its good location and green environment. Today we have more choices to buy apartments we like. It is not like when we were allocated work-unit housing, when we were not supposed to choose, but there was no other option, anyway.” (Interview No.28).

One major common type of gated community in Shenyang is the so-called commodity housing community (*shangpin fang xiaoqu*). These estates are developed by real estate developers and managed by property management companies. In most of the gated communities, the magnificent gates at the entrances and the service of property management are popularly used to promote an image of high-quality life. Residents also need to pay a management service fee between 1 and 2 Yuan per square meter per month for services, including heating, community security, care of the environment, and maintenance of communal areas, such as gym facilities, public gardens, and parking. Both the residency and management in this kind of gated communities are secured by high market prices. As a result, residents have been filtered through housing affordability and those with higher consumption abilities have been re-sorted into these highly priced gated communities.

“I don’t care that much what kind of people I am living with. And I don’t think I need to care, because the housing price here already automatically selected them for me.” (Interview No.45)

The major consumer forces for this kind of community are wealthy business people (mainly private entrepreneurs), powerful government officials, high-ranked managers from big state-owned enterprises and professionals particularly in finance, law, and technologies. The average annual income of government officials and SOI

employees in the commodity housing community I have visited was about 50,000 Yuan. That is almost four times higher than the average annual income in Shenyang, but not enough yet to make someone wealthy. For professionals and private entrepreneurs, annual income could vary between 200,000 Yuan and 1 million. More than half of the residents in this kind of community were private entrepreneurs.

“We bought our apartment with a bank loan. We paid 500,000 Yuan at first, and then we pay 10,000 Yuan per month for ten years. We have our own business, so this mortgage is just like our pocket money. The interest is more than 200,000 Yuan, and that’s expensive. I don’t think everyone should buy housing through mortgage, because they don’t have the financial ability to pay back the loan.” (Interview No.31)

The development of a mortgage market toward the end of the 1990s facilitated the purchase of commercial housing. The loan term was extended to 30 years for new housing and 20 years for second-hand housing. At the same time the down-payment requirement was reduced to 20 per cent for new housing and 30 per cent for second-hand housing (Li & Li 2006). More than 50 percent of my informants bought their current housing through a home loan, and their monthly repayment was between 1,500 and 4,000 Yuan, with the length of the mortgage ranging from ten to twenty years.

“I paid about 400,000 Yuan at first, and now I pay 10,000 Yuan per month. That’s no pressure for me, because I started my own business since I finished university. It is lucky that the government had this policy (buying housing through a mortgage). Now we can enjoy the high quality housing in advance. And the mortgage gives you motivations to work hard and make more money.” (Interview No.29)

The time when these business people started their business is also important for their personal wealth accumulation. Most of them abandoned their old jobs in the public sector and started in private business in the early 1990s. Research found a higher level of earnings for those who began in the state sector but later transferred to the market (Wu and Xie 2003). With the development of a more mature market, private business operators feel the market is more competitive today than it was at the beginning of the economic reform.

“The residents here are mainly foreign investors and private entrepreneurs. Government officials were not allowed here at the beginning, including those SOE general managers.

Now their income has risen, so they've moved in. The consideration at that time was that the government officials couldn't afford the expense here. Also, that excluded the possibilities of bribery. The residents at that time were foreign and Taiwanese businessmen, as well as private entrepreneurs who were operating restaurants and nightclubs and who were making lots of money. Salaried people couldn't get in at all. Even if you let one of them in he wouldn't do so, because once he moved in, the Party's Discipline Inspection Committee would notice him." (Interview No.55)

Cadres and professionals, with higher income and redistributive powers as well as human capital, also received a boost to their capability to upgrade their housing (Tomba 2004, Li and Wu 2006). Better-off work-units such as government offices and large enterprises, became another consumer force through their collective consumption. Either directly developing or purchasing commercial housing from the market, the work-units then sold them to their employees at a discount. To offset the huge increase in housing expenditure arising from the abolishment of the public housing allocation, some work-units, especially government departments and public institutions, offered cash subsidies to their workers. Some workplaces use a generous salary package and subsidies to attract highly skilled employees (Tomba 2004). Profitable enterprises can provide 30 percent or more of the monthly cost of a housing or car mortgage to their employees, as well as monthly subsidies.

"My wife and I are both technicians in the telecommunication industry. When we bought the apartment, we had to pay nearly 60 percent of the price. We used up all our savings, and we had to borrow 100,000 from our relatives. After calculating the price, I thought I would never ever be able to afford it. But in the past few years, I felt it was ok, not a big pressure. We paid back all our debt, including the 15-year mortgage, in 3 years. Because our company provides a really generous package for technicians like us. I am blessed that I can use my technical skills and knowledge to make money today." (Interview No.27)

The importance of housing to urban residents today is also its use as an investment. Rising real estate prices in recent years made residents more satisfied with their purchase. When asked how much they spent on housing, they always told me the bought price first, and then laid particular emphases on the current market price of their apartment. On average, the market price of their apartments have risen 30 per cent. The fact that their property is appreciating also boosts the status of the gated community.

As China's transitional economy moves from being centrally planned towards a market-oriented, the housing system will slowly form a more complete housing market. Being able to materialize their intentions on the one hand shows the stronger economic ability achieved by certain groups, on the other hand, it is a function of the increased housing choices for these residents. The rationale for choosing a gated community over another are mainly based on three considerations: security concerns, professional management services, and what it symbolizes vis-à-vis the social status of other residents. As the income gap widened after the economic reforms, security in residential areas became a concern for the new wealthy. A gated community with walls and fences, CCTV and 24-hour security guards provided not only a comfortable but also, and more importantly, a safe living environment. The gates have the practical function of enhancing the sense of safety (Webster 2001, Atkinson & Blandy 2006).

"I sold my villa in the periphery of the city, because I spent two nights there and some peasants crossed the wall of the villa compounds in both nights. I was horrified. So I decided to move back to a gated community in the city center. The only concern we had was security. We wanted to live in a high-class community because there is not much income difference in this kind of place. If we lived in an ordinary community where both the rich and the poor live together, the poor would envy our money. In this community, we have security because it is gated, and the outsiders can't come in." (Interview No.32)

Commercial housing estates represent not only quality housing, but also weakened ties between workplace and residence (Wu 2005). The residents are enjoying all kinds of services in their residential areas that could not be provided by their work-units. In the newly developed commodity housing estate, the resident becomes a client rather than a favored employee. Informants ranked "a good management" as one of the top two criteria along with "good location and environment". Most of them agree that a good management within the gated communities is part of a better-off lifestyle.

"My daughter bought the apartment for us. She has her own business so she could afford it. Public servants like us would never be able to buy an apartment like this. You know, we pay 3,000 Yuan for our annual management fee. This fee alone is unaffordable for many other people." (Interview No.33)

The gated community represents more than a higher socioeconomic status. It is also a distinct lifestyle and cultural milieu. Many real estate developers put much effort in the sale of a prestigious lifestyle as part of their brand rather than merely promoting their apartments. Particularly, for private entrepreneurs, the pursuit of status is not limited to wealth accumulation. More importantly, how their wealth is presented contributes to the pursuit of their status.

“It has to be a gated community, because first, it is safe; second, that is the only way to make sure the status of your neighbors are pretty much the same. Housing in China today is the most important thing. Once you have your housing, you have your life, because that is the only guaranteed part of your social status.” (Interview No.78)

Institutional Sponsorship

Work-unit Housing and Subsidies

Not all urban residents have realized their dream of home ownership through housing privatization. Housing reform was arguably to be actually limited to those who work in the public or non-enterprise sectors and had access to welfare housing in the state sectors (Wang 2000, Wang and Murie 2000, Gong and Li 2003). Those who benefited under the previous distribution system also benefited most from privatization because the opportunities to purchase new housing were largely restricted to what housing people were living in at the time of reform (Wang and Murie 2000). High ranking position-holders and employees of state work-units had privileged access to better quality and cheaper housing units (Wang 2000, Wang and Murie 2000, Li and Siu 2001, Li 2003), thus they became the biggest beneficiaries from the housing privatization policy.

The “within the system” effect fundamentally changed the life chances of those who entered the workplace (mainly in public and state sectors) before the end of the 1980s, who had been entitled to rent housing almost for free from their work-units. When housing reform was launched, they were the first group of people to obtain full

home ownership, after purchasing their welfare housing from their work-units at very low prices. They were also among the first groups to move out of the old work-unit residential compounds (Li 2005), becoming the first of the gated-community residents, when they cashed in their housing to upgrade to their new, modern and better quality housing.

Thus, state intervention, combined with market forces, aggravated existing housing inequalities in the socialist period (Huang 2005), by offering favorable opportunities for party and government cadres and managerial and professional workers to possess prestige accommodation (Li and Niu 2003, Li 2005, Tomba 2004). More than 90 percent of my interviewees secured welfare housing from their previous or current work-units between 1980s and early 1990s. During housing privatization in the 1990s, they remained in their apartments and they usually spent 10,000 to 30,000 Yuan to buy full ownership of their work-unit housing. Many of them subsequently re-sold their apartments at prices 4 or 5 times higher. The price at which they sold it normally contributed 50 percent of their current gated community housing. Some alternatively rented out the apartment when they upgraded to a brand-new, better quality apartment in a gated community. Those who took on a mortgage debt, sometimes used rental income from their old apartment to pay back their loans every month.

Not all public sector employees who experienced housing privatization had the financial ability to upgrade to commercial gated-community residency. Two main factors influenced this outcome: the type and quality of the housing people were living in, and access to stable income and subsidies after the housing reform. Many among my informants started their career as ordinary workers in state-owned enterprises before the 1980s, because state-owned enterprises were the most resource-rich work-units at the time they entered the workforce. But most of them switched to other jobs, voluntarily or involuntarily, when state-owned enterprises lost their dominant power in the social

economy. Accordingly, some of them had access to welfare housing provided by their resource-rich work-units when housing privatization was implemented. Therefore, among the public sector employees who experienced housing privatization, the biggest beneficiaries were those who were living in housing provided by a well resourced work-unit when the housing privatization was carried out, because they were the only group who could cash in their desirable housing at a much higher price in the market later. Some of informants had experienced several rounds of housing allocation with a gradual improvement of housing quality, and they were the biggest beneficiaries at the time of privatization.

“I was transferred from Beijing to Shenyang in 1985, and I was allocated a two-bedroom apartment a year later, because I had an engineer professional title. There were not many engineers at that time. So I was allocated a 49-square-meter apartment in line with my professional title. It was really considered an excellent apartment at that time. Six years later, I was offered a job in the provincial government office. So I gave back my apartment to my old work-unit, and I got another 83-square-meter apartment from the government office. At the beginning I didn’t have full ownership, and then in 1996 when the housing reform started, I spent 16,000 Yuan buying that apartment in accordance with a series of favorable policies. In 1999, I became a department-level cadre (*chuji ganbu*). According to the policies, I was eligible for a 105-square-meter apartment. So my work-unit sold me my current 123-square-meter apartment at a high discount. Looking back at all the apartments I’ve received which expanded from 49 to 83 to 123 square meters. I feel very lucky thanks to Deng Xiaoping who brought special attentions to intellectuals.” (Interview No.48)

Moreover, individual factors, such as position, party membership and education, influenced the acquisition of better quality housing, which could further be transferred into a commodity. Most of the informants got their final, usually the best quality allocated housing when they achieved departmental level cadre (*chuji ganbu*) position or equivalent, some 20 years after they commenced working.

“I got my first apartment from my work-unit. Because I had a high administrative position, and cadre ranking as well, my work-unit distributed an 85-square-meter apartment to me. At the beginning, my work-unit let us live there in 1995 and then later they sold the apartment to me. We spent 30,000 Yuan buying full ownership. That was also a kind of work-unit welfare. In 2003 I sold that apartment for 200,000 Yuan. With that money and our personal savings of 30 years, we bought a new 160 square-meter apartment in a new (gated) community. The facilities in my old apartment were not good, it was old, dark and very cold in winter. So I really wanted a new and comfortable living environment. And in 2003, housing was not as expensive as it is today. I only

spent about 400,000 Yuan on my 160 square-meter apartment. Both my wife and I have low salaries, and we couldn't afford housing like this if we had not sold our old apartment." (Interview No.1)

A stable income and access to housing subsidies after housing privatization are also important for individuals to acquire gated community residency. Except for private business groups, all of the other informants have been receiving housing subsidies according to their positions at their work-units and the sectors and ranks of their work-units. Moreover, they all have a pension and medical care, which gives them the security to invest more on housing. All this work-unit welfare is accompanied by a rising stable income.

The 1994 reform called for the establishment of a nationwide Housing Provident Fund (*zhufang gong ji jin*) (HPF). Under this system every worker in state work-units would set up an account in the local HPF management centre. Employers and employees are required to contribute the same amount to the employees' HPF account. Initially this was set at 5 per cent of the monthly salary (Ministry of Finance 1994). This account can be used for home purchase (outright purchase, down-payment and monthly repayment) as well as for building and repair of homes. The remaining funds will be returned to the employee upon retirement, thus the HPF also serves as a retirement savings scheme (Wang & Murie 1999, Wang 2001).

HPF is employment-based, it has no effect at all on the many households who are unemployed or marginally employed. This is reinforced by the fact that even most working lower-income households are not in the kind of official, full-time, and typically public sector positions likely to have access to HPF benefit. Further, because employer matching takes the form of a percentage of income, higher-income households receive a larger benefit (Li 2000, 2003). As a result, "the introduction of housing provident funds in the nineties did not enhance egalitarian distribution of housing assets...the funding schemes ended up advantaging employees in the financially and economically most

viable enterprises and, within this group, privileged employees with a high level of employment stability and prestige.” (Tomba 2004, pp.17-18)

Thus, higher income, higher profits from selling work-unit housing, as well as housing subsidies and other redistributive perquisites combine to enable these salaried public-sector personnel to afford residency in fancy gated communities. Thus, despite increasing deregulation and privatization, those “within the system” have done better than those outside the system in obtaining access to quality housing and, in turn, to higher social status.

Workplace-sponsored Community

With the termination of work-unit housing distribution in 1998, some government offices and large enterprises have nonetheless developed their own housing estates. In this type of gated communities, the apartments are sold to employees at a discount. Although the residents living in these communities may be employed in various work-units, these generally belong to the same supervisory department or to the same government administrative system (*yige xitong*). In most cases, workplace-sponsored housing communities are off-limits to “outsiders” who are not employees of this administrative system or a specific work-unit. In addition to cheap housing prices, residents in these workplace-sponsored communities also enjoy other benefits, such as cheaper management fees or free heating. Management companies in workplace-sponsored housing communities are normally hired and paid by the work-unit or the supervisory department and provide better quality services at lower fees.

“We have 210 households here. All the residents here are cadres from XYZ bureau. It was almost like a work-unit housing distribution. If you were a department-level cadre without an apartment, you could get one. Or if your apartment was too small or too old, you could exchange it for a new one here. We got it after housing privatization. So we all had full ownership.” (Interview No.44)

“When we moved in, we paid prices according to position and working experiences. Since my husband was ranked in the top three, we paid a few thousands for this 98-

square-meter apartment. All the residents here are from the bureau or higher level (*juji yishang*) work-units. Ordinary people were not allowed to live here. Your administrative rank was crucial to get an apartment here.” (Interview No.50)

AJF community is famous for its residents’ high-level occupations. The residents there are all mid-level cadres or above from resource-rich, well-placed government departments. The community identified its unique status with a majestic gate built with funds contributed by the residents, because they wanted to let people know that “who we are”. There were two ways to obtain full ownership of an apartment here. The first involved an exchange with their old work-unit housing, which was relatively smaller in size and poorer in quality. A formula was developed to calculate how much the employees should pay for the new apartment, based on the cadre’s administrative rank, work seniority, etc. A departmental level cadre was entitled to a 105-square-meter apartment (roughly the average size of those new dwellings). In most cases, the residents’ old apartment was smaller than 105 square meters, and, the price they were asked to pay was only for the extra square meters. The other method for those who did not already have work-unit housing, was to buy the apartment at a discounted price.

In addition to directly developing a community, well-off work-units also bought a large bloc of apartments for their staff members through a collective purchase which offered discounts to group buyers. Usually the supervisory bureau bought the apartments and then distributed access to the deal to different work-units, which, in turn, redistributed or sold the designated apartments to their employees at a discounted price. Usually the work-unit put a restriction on selling the apartment to outsiders, as an exclusive offer to their employees. This form of segregation can also be seen physically. In a mixed gated community, usually the residents could accurately point out which buildings belong to which bureau.

In some communities, commercial housing and workplace-sponsored dwellings coexist. Work-units that build their own compounds often strike deals with developers. In exchange for high-quality, low-priced apartments to be sold to employees, the developer is assigned land-use rights for a number of buildings with apartments to be sold at market prices, mainly to wealthy business people. Therefore, in those mixed communities, the majority of the residents are employees from the same administrative system, and other residents are from different backgrounds, similar to the commercial housing communities. Often identical in quality, subsidized and commercial housing are built next to one another, producing a mix of different types of owners who pay different prices for the same apartment and different management fees for the same services.

“One main reason we moved here is because two thirds of the residents here are public servants. Their work-units bought the apartments and then sold those to them at a discount. I bought commercial housing in this community, so I paid the market price that is 30 percent higher. Although it is not allowed to have work-unit housing distribution any more, they can still get it as a work-unit reward. They all are public servants, thus we assume they are people of much higher quality (*suzhi*). We love to live with these kind of people.” (Interview No.46)

Similar to their cadre counterparts, the intellectuals and professionals who work at large state-owned enterprises or organizations also secured advantageous access to a residence in gated communities, in accordance with their status in the hierarchy of professional titles. Market reforms led to a higher return to human capital (Nee 1989, 1991, 1996, Xie and Hannum 1996, Zhou 2000), and professionals became major beneficiaries in terms of higher salaries and more importantly, access to valuable resources such as housing (Tomba 2004). The positive influence of this position in or near the public sector can be clearly observed in Shenyang. Professionals sometimes get access to high subsidies or reward from their workplaces to keep or attract highly skilled employees. The Scientist Garden, for example, is a famous gated community in town, because scientists are among its residents and because each apartment is particularly

spacious (about 200 square meters per household). This is a workplace-sponsored community, whose apartments were distributed to the employees who held high professional titles in a number of big state-owned hospitals, scientific research centers, and universities, as well as experts working at high-tech economic development zones. The residents paid about one third of the market price to purchase full ownership with subsidies from their work-units. Although the residents own fully own their apartments, they are not allowed to sell the apartments to outsiders but only to someone from the same system.

Generational Differences

The “within the system” effects have been documented as evidence for the conversion of political power into socio-economic benefits in a transitional economy (Bian and Logan 1996). However, the existing scholarship has ignored the variation of the “within the system” effects over time. As China’s market economy develops, the younger generation of “within the system” employees appear to be less advantaged. For those who entered the workforce after the formal end of housing allocations in the late 1990s, access to housing has become increasingly difficult, as it now relies mainly on a relatively high and stable income and limited public subsidies. This generational disadvantage produces a “reverse dependency” of the younger generation on the older generation, who might be able to sponsor their children by selling at market prices the apartments they had purchased cheaply in the 1990s from their work-units. In some cases, the mother and father have each separately been given an opportunity to purchase a subsidized apartment; and in some other cases, a father who held a favored status was able to purchase two work-unit apartments. Parents who worked in positions of authority in the public service or in large state-owned enterprises, and who retired before the industrial restructuring find themselves in a position to contribute to their

children's livelihoods. As housing prices keep rising while housing subsidies keep decreasing, for many younger people today their parents' financial sponsorship becomes a very important part of their mortgage plan.

“We had two 100 square-meter apartments as welfare housing from my husband's work-unit. So when we sold them, we could sponsor our children (one son and one daughter) for their own housing needs. We paid 20 percent of the price for each of their new apartments, and they themselves pay 1,000 Yuan per month in loan repayments. Each couple has about 4,000 Yuan income per month in total. They don't earn much, so we have been saving money for their expenditure on housing and for their own children.” (Interview No.28)

Earlier research showed the declining importance of a family's political background, in particular the father's class origin and communist party membership, and of their effect upon the children's life chances in post-socialist China (Walder et al. 2000). Meanwhile, a family's socio-economic background is becoming more important for the younger generation to get ahead. Although the younger generations do not have access to low rent work-unit housing any more, those who have access to parents' housing find themselves in more advantageous positions, when this housing is transferred from one generation to the next.

“My parents had three apartments. One is 50 square meters, and the other two are 100 square meters. They are all housing from their work-units. So I can rent out or sell them, if I want to buy a luxury apartment somewhere.” (Interview No.24)

“I feel free to do my own business instead of having a proper job, because my parents have housing in two cities. So I don't have to worry about not being able to buy an apartment. I can do whatever I like. I am pretty lucky in that way.” (Interview No.83)

Table 3.3 shows the impacts of father's work-unit identification on children's home ownership acquisition. Those whose fathers worked in the public sector, in particular SOEs, were much more likely to have purchased full- or partial-ownership. Nearly 50 per cent of the respondents whose fathers worked at SOEs had purchased full ownership housing, while less than 30 per cent of respondents whose fathers worked at multi-ownership enterprises managed to do so. Compared to respondents whose fathers worked at public sectors, those whose fathers worked in non-public sector enterprises

were more likely to have inherited or self-built houses. As to the housing size, those whose fathers who were working as government officials or who were private enterprise employees had the largest housing size: about 95 square meters on average, followed by that of those whose fathers were collective enterprise employees—about 80 square meters. While those whose fathers working at SOEs had the smallest housing size: 66 square meters on average. This indicates that parents' work-unit housing could be an important contribution to children's housing tenure and quality.

Table 3.3 Variations in Current Housing Tenure and Housing Size by Respondents' Fathers' Work-units When Respondents Aged 14

	Father's Work-unit When Respondents Were 14					
	Government Offices	SOEs	SOIs	Collective Enterprises	Private Enterprises	Multiple-ownership Enterprises
Housing Tenure (%)						
Rented house/flat owned by work-unit	3.98	3.64	4.06	3.87	2.09	2.13
Rented from public housing agency	5.18	10.80	8.11	8.84	7.05	2.13
Rented from private owner	7.57	5.81	6.70	8.84	10.18	8.51
Inherited or self-built	29.48	14.57	22.05	32.04	35.77	48.94
Partial property ownership	11.95	15.14	11.99	8.29	5.48	6.38
Full property ownership	40.24	49.07	45.50	37.02	38.90	29.79
Others	1.59	0.96	1.59	1.10	0.52	2.13
Total	100.00	100.00	100.00	100.00	100.00	100.00
Average Housing Size (sqm)	95.12	66.40	80.61	82.79	94.66	81.50

N=9686

Source: CGSS 2005

Although the younger generation do not benefit from the public-sector welfare system as much as their parents did, the market economy development and institutional changes have offered them diverse opportunities for upward mobility. Since the workplaces do not provide free or low rent housing any more, high salaries are necessary if the younger generations want to own housing without much dependence on parents. Within the younger generation, those who are outside the system and who are successfully engaged in market-oriented jobs, such as in private business, high-level management in private or foreign companies, and high technical positions, and so on, are more likely to be able to afford high-prestige commercial housing because they earn high salaries. Nevertheless, generous housing subsidies and mortgage plans are

provided by better-off state-owned enterprises and private and foreign companies, in particular to young professionals.

A rapidly growing private business market provides a wide range of job choices for the younger generation. During interviews, most of the young people expressed a willingness to start their own businesses if they had the chance.

“I was allocated a position in the provincial government in 1996 when I finished university. I guess I had a promising career in the government because I am young and well educated. My supervisor liked me. He said I could be the youngest office director (*chuzhang*) in the department. But you know, the salary was too low, 600 Yuan per month. And they might let me live in a single studio in their staff accommodation. But I wouldn't be able to buy it. And with that low income, I could never afford my own housing. I don't think that is the kind of life I want. So I left my job two years later and started my own trading company. Now I can buy an apartment anywhere I like.” (Informant No. 13)

The younger generations' access to valuable resources such as housing is more market-oriented than what it was for their parents. The within-the-system employees are secured with stable income, pension, and medical insurance and housing subsidies. They get housing subsidies based on their position rank and monthly salary. Work-units have flexible policies for the amount of housing subsidies. Other better-off, market-oriented enterprises can provide much more generous subsidies.

Conclusion

This chapter examined the mechanisms of social stratification in post-socialist China from the perspective of home ownership. Based on fieldwork information and an analysis of CGSS 2005 data, the main findings suggest that market factors such as individual or household income, have a major influence on home ownership acquisition and access to better quality housing in a gradually mature housing market. Compared to market factors, political credentials, such as CCP membership, which were crucial for improving one's life chance in the socialist era, are found not to be important for home ownership acquisition in the current period. However, institutional factors particularly

one's position in the workplace and the sector the workplace belongs to, actively influence even the market-oriented housing distribution processes. More importantly, the dominant role of the state in housing distribution in the socialist era, and the active interventions of state institutions into the housing market in post-socialist era, together have had a strong influence in empowering well-placed within-the-system individuals' purchasing power in the housing market. Those who have enjoyed stable occupations within the public system of employment generally find themselves in a better housing situation than others. This is due to the fact that resource-rich work-units have been able to distribute better housing for decades (Logan and Bian 1993, 1999). During the reform period, either the government or the employer provided assistance for employees who wished to buy the houses that they occupied through housing polices and a number of subsidy schemes.

Moreover, the older generations who have been "within the system" and have had access to work-unit housing and a stable income, could manage to relocate from work-unit residential compounds to gated communities. For those who were "outside the system" and started their private business at an early stage of the reform period, the accumulation of their personal wealth is the main determinant of their gated community residency. Younger generations who are "outside the system" have more diversified choices provided by the market economy but in a more competitive environment. Their peers "within the system" have exclusive access to workplace-sponsored communities if they achieve a higher-level position, and parents' financial assistance may be important as well.

The significance of China's gated community residency lies in the freedom of consumption choices, secured private life, and better-off lifestyles that residents generally enjoy. The ability of urban Chinese to become residents in these upper market compounds depends on three main factors: when they entered the workforce, what type

of employment they had, and their current employment status. The analysis here shows that those who entered the workplace before the housing reform, those who are or have been working “within the system”, and those who have market-oriented occupations (such as private entrepreneurs) have been advantaged in their housing-class-status attainment.

China’s home-ownership-oriented housing policies resulted in the formation of homeowners as a social group, through their shared housing consumption experience. Gated community residency is related to individuals’ life chances and is a marker of upward social mobility. What characterizes housing careers in post-socialist China is individuals’ group membership which led to access to housing resources. In accordance with the collectivist approach, the findings suggest that the privileged status group formation is rooted in their housing consumption. But the analysis also highlights that it is not the housing consumption per se, but the economic, social and institutional factors related to housing consumption that distinguish the housing status groups from the other social groups. The within-the-system and the outside-the-system employees reached this status through path dependent tracks which offered them different access to housing resources. Also, the time at which they had access to particular kind of housing resources, such as work-unit housing, housing subsidies, and free housing choice, had a large impact on their ability to utilize the resources.

Chapter 4 Social Networks and Status Attainment

Introduction

Previous chapters have adopted status attainment models which attribute gated community residents' opportunities for upward mobility to their positional power and qualifications. This chapter examines another perspective—a social resource and network approach, which considers status attainment as a process by which individuals mobilize and invest resources for returns in “socioeconomic standings”—valued resources attached to occupied positions (Lin 1999). Microlevel mobility theory argues that status gains reflect an individual's social resources—the individual's social networks and social ties. According to Heider's (1958, Ch7) balance theory of interpersonal attraction and its network implications, strong social ties—ties characterized by frequent contacts and emotional closeness (Granovetter 1974, Marsden and Campbell 1984) link individuals who are similar to each other. The more similar they are, the stronger their ties. Conversely, it is only through weak social ties that individuals may connect to persons with different characteristics. Applying this theory to occupational status, it seems that only weak social ties link a job seeker to persons with labor market information and influence beyond the job seeker's own. In this sense, weak ties are said to be “strong” because they facilitate attainment (Liu and Duff 1972, Granovetter 1973). Microlevel mobility research has been guided by two predictions (Wegener 1991): (1) that the status of the contact persons and the status of the found jobs should be positively related, i.e., the higher the status of the contact person, the higher the status of the job; (2) that the strength of social ties and the status of found jobs should be negatively related, i.e., the stronger the tie, the lower the status of the job (Lin 1982, Marsden and Hulbert 1988).

Based on the findings that workers frequently locate jobs through acquaintances (“weak ties”) rather than close friends and relatives (“strong ties”), Granovetter (1973,

1974) argues that weak ties play an important role in determining labor-market outcomes. In other words, while individuals use their personal networks to search for work, they are matched to jobs more frequently or more effectively through weak ties than through strong ties. This hypothesis is known as the “strength-of-weak-ties” (SWT) theory. The “strength-of-weak-ties” theory has received supportive empirical evidence showing that across different societies weak ties are more likely to help workers to get a job by providing timely access to non-redundant information and influencing employers directly (e.g., Lin et al. 1981, Lin 1982, Montgomery 1992, Yakubovich 2005).

Along with the strength of ties, social capital theory also focuses on the characteristics of the job searcher’s social networks and the role of information and its influence in the job searching process. In this context, social capital is defined as “resources that are accessible through one’s direct and indirect ties” (Lin 1999, p.468). Social capital theory posits that the benefit of using contacts to find work depends on how well connected the contact network is. It argues that what matters is not the use of contacts per se but the quality and quantity of the social resources accessed through contacts. Individuals find better jobs by contacting persons with superior knowledge and influence. Overall, social capital models suggest that individuals with well-connected social networks do better in the labor market.

Critics of the social resources and network perspective focus on its debatable theoretical consumption and biased empirical sample selection. The “strength-of-weak-ties” theory assumes that the strength of social ties affects all subgroups of job searchers similarly. However, it has been argued that, in a heterogeneous network, weak ties matter only for individuals near the upper end of the network’s status continuum (Wegner 1991). For these persons, weak ties offer a chance to contact someone of a status outside the status range of their own network. All others can contact persons

within the network via strong ties. Moreover, the causal effect between individuals' well-connected social networks and their success in the labor market has been challenged by the possibility that workers who have better-connected social networks should be more likely to use contacts to find work (Mouw 2003). As a result, a test of whether particular social capital factors have a causal effect on job opportunities needs to consider whether these factors increase the probability of using contacts to find work.

Granovetter's (1974) original study was also criticized for using a sample of professionals and managers, which led to the biased result that the "strength of weak-ties" is valid only for individuals in high social strata (e.g., Marsden and Hurlbert 1988). Further studies (Wegener 1991) showed that, balanced sample designs including people including people indifferent level positions, would result in both a negative effect of strength of social ties on advancement for high status job searchers and a positive effect for job seekers of low status. In other words, status of prior job would mediate the effect of tie strength. Other research results also questioned whether the effect of social capital in the existing literature reflects the tendency for similar people to become friends rather than a causal effect of friends' characteristics on labor market outcomes. Little is known about whether these effects remain when other factors relevant to mobility are controlled, such as the job searcher's education level and labor force experience and father's status.

I argue that the use of social capital and its true effects on status outcomes depends on the access to social resources as well as the mobilization of resource. Therefore, it is necessary to consider individuals' prior status when linking individuals' outcomes to the average characteristics of friends or contacts. This chapter will firstly examine the access to social capital through one's social network, and then move on to analyze the role of social capital (through weak or strong social ties or both) in occupational status attainment. My central argument is that privileged access to social

resources contributed to higher status attainment in post-reform urban China, in that some social groups have an ability to mobilize both interpersonal resources and institutional resources unavailable to members in other social groups.

***Guanxi* in China**

The application of social resource and network models in the Chinese social context adds further confusion and controversy to the existing literature. Chinese society has long been known for its emphasis on interpersonal relationships as a particular form of social resource. A widely used but loosely defined term describing this form of social resources is *guanxi*. Literally meaning “relationship” or “relation”, the essence of *guanxi* is a set of interpersonal connections that facilitates exchanges of favors between people (Hwang 1987). Against those who would portray *guanxi* as a traditional feature of China’s Confucian culture, some social scientists insist that such practices are practical adaptations to the communist socioeconomic structure (Kipnis 1997). Yang (1994) argues that *guanxi* practice is often used as an alternative path to formal bureaucratic processes and procedures, “a shortcut around, or a coping strategy for dealing with bureaucratic power.” *Guanxi* as a particular form of social resource in Chinese society has special effects on individuals’ everyday life. In a very general sense, *guanxi* resembles Pierre Bourdieu’s concept of “social capital,” that is “the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition—or in other words, to membership in a group—which provides each of its members with the backing of the collectivity-owned capital, a ‘credential’ which entitles them to credit, in the various senses of the word.” (Bourdieu 1989, pp. 248-249) In line with Bourdieu’s interests in conversion from one form of capital into another,

guanxi as social capital is accumulated with the intention of converting it into economic, political, or symbolic capital.

A few important aspects of *guanxi* nonetheless, set it apart from a generalized notion of social capital, and impart a special significance to interpersonal relations that turns *guanxi* into an “indigenous Chinese category” (Yan 1996, p.14). The first is familiarity or intimacy—for any two individuals to develop *guanxi*, they must know a great deal about each other and frequently share information. The second characteristic of *guanxi* is trustworthiness—the result of relatively long-term interaction and the basis for future exchange relations. The third and perhaps most important characteristic of *guanxi* is reciprocal obligation. *Guanxi* is “based implicitly (rather than explicitly) on mutual interest and benefit. Once *guanxi* is recognized between two people, each can ask a favor of the other with the expectation that the debt incurred will be repaid sometime in the future” (Yang 1994, pp. 1-2). The notion of reciprocal obligation and indebtedness is central to the system of *guanxi* in China. Thus, this is more than simply an issue of social embeddedness and social connections; “it is a system of gifts and favors in which obligation and indebtedness are manufactured, and there is no time limit on repayment” (Yang 1994). The reciprocity between strongly tied persons is intensified by added moral and expressive dimensions. When one fails to fulfill one’s obligations, one might pay the ultimate price of losing one’s *guanxi* networks and the social resources embedded in them.

Scholars tend not to agree on the role of *guanxi* in the Chinese transitional economy. Some scholars argue that as the state has loosened its grip on the economy, the role of *guanxi* has expanded in Chinese society and its role will continue to expand, leading to an economic system that is substantially different from the one of Western market economies. For example, Yang (1994) argues that *guanxi* practice is becoming more relevant in the period of economic reform. Bian (1997, 2002) found that the use of

guanxi were more effective in job searching process in China. Others believe that the role of *guanxi* is declining in the era of economic reform, and that eventually formal rational law will supplant the norms of the personal economy. Guthrie (1998, 2002) argues there is a declining significance of *guanxi* in China's economic transition because of the emergence of a rational-legal system in the urban industrial economy.

These studies suggest that *guanxi* as a particular form of social capital could be mobilized through both weak and strong ties. It could bring either information or influence or both. The outcomes vary according to the strength of the ties and the characteristics of the contact. In a hybrid economic system, how *guanxi* and other forms of social capital are mobilized through what kind of social ties in different social networks still remains a puzzle. Is *guanxi* entirely driven by Chinese culture? Or is it produced by certain institutional arrangements and historical circumstances that happen to be common to China's recent and current experience?

This chapter aims to examine whether and how *guanxi* and the role of social ties are changing during China's economic reforms; and how the changes influence individuals' status attainment. I hypothesize that, for the process of career mobility, *guanxi* was more effective in the early reform era than in the late reform era, particularly since late the 1990s. And weak ties are more useful for getting information, while strong ties are more effective in getting the essential help to obtain the desired job. Individuals' prior position within and outside the system resulted in variations in access to social capital and the probability of using contacts.

Social Networks in Urban China

Discussion Networks

Personal network analysts usually want to know which types of people are in what type of networks (are they composed mostly of kin or friends?), what kinds of

relationships they contain (strong or weak ties; frequent or infrequent contact?), and what kinds of resources flow through different kinds of networks (do kin provide more emotional support than friends?). This section mainly examines the access to social capital among urban residents which has been accumulated from previous life experiences. It investigates whether the urban well-off are better-connected and how their social capital is accumulated through their relations with other individuals and state institutions. More specifically, the discussions focuses on social relations with kin and non-kin such as friends, colleagues, neighbors, and acquaintances etc, as well as relations with state institutions.

Like elsewhere in the world, kin is an important component of networks. There have always been concerns among China scholars about the decline of family in China under the communist rule. Davis and Harrell (1993, p.1) pointed out however that the socialist government produced a paradoxical environment for Chinese families since 1949. For example, restrictions on residential and occupational mobility have, until quite recently, made generations of family members reside in close proximity, while the lack of market alternatives for services made mutual help among family members indispensable.

In post-reform China, both spatial mobility and increased opportunities may have weakened the conditions that helped to maintain family cohesion. Moreover, the market economy and new community life provide better goods and services, which reduced people's dependency on their relatives as well as on their workplaces (Chen & Sun 2006). But kinship is still considered one of the most important interpersonal relations and foundations of strong ties among the gated community residents. Their networks contain a large proportion of kin overall. The socially closest member of their network tend to be with immediate kin—children, parents and siblings. A majority of the interviewees regularly visited their relatives. Those who did not visit each other

often, they kept in touch by phone calls. Family members and relatives became the main source of emotional support. When more and more traditional extended families were replaced by nuclear families, despite the increased residential mobility, more families tend to choose to live in the same community or neighborhood as their relatives—of course, this would require a similar financial ability to afford living in one of those gated communities. Although living separately, the close spatial distance helps to maintain frequent contact.

CGSS 2003 contained a principal network question: “Most people often discuss important matters with others. The ‘others’ may include your spouse, family members, relatives, colleagues, classmates, neighbors, friends and other people. In the past half year, with whom did you discuss any matter important to you?”¹ After respondents gave the names of people with whom they had discussed important matters, they were asked to report the five people’s relations to the respondents. Relationships were classified into six categories: family members, relatives, friends, schoolmates, colleagues, neighbors and others.

According to CGSS 2003, the average size of a discussion net is 4.87 persons², which is higher than the earlier findings—the mean was 4.58 names in 1986 and 3.39 in 1993, respectively (Ruan et al. 1997). As to the respondents’ discussion network composition, nearly 31 per cent of the discussants were family members, which was the highest proportion among all the categories, and close to 19 per cent were relatives. More than a quarter of the discussants were friends and less than 15 per cent were colleagues. Less than 9 per cent were neighbors and fewer than 3 per cent were others. In short, family members, friends and relatives are the three most important constituents of their discussion network. Their social communications were more family-centered.

¹ Question E1 in CGSS 2003 Questionnaire (p10).

² CGSS 2003 respondents were asked to provide the total number (up to 5) of people who are the most important to the respondent. The calculation result (4.87) is the average number of people the respondents mentioned.

When asked “What did you mainly discuss with him/her?”¹, about 9 per cent of the respondents reported that discussions were about specific matters, and about 40 per cent of the discussions were about emotional problems or problems related to life, work or other aspects of social life, and about 50 per cent of the discussion content were a mix of both.

Interpersonal-relation-based Networks

Education provides a social setting where people meet and become friends. Educational credentials also provide a source of social status in modern societies, and a powerful way to gain other forms of high status like better jobs, so a higher, better education also leads to better social capital (Blau et al. 1991, Lin and Erickson 2008). Among my interviewees, old schoolmates were found to be important components of one’s social networks and they serve both emotional and instrumental needs. More than half of my interviewees spent time socializing with their old schoolmate friends during their leisure time. A majority of them participated in social gatherings, such as dinner parties with their old schoolmates at least two or three times a month. Not all of my interviewees were connected to schoolmates in the same way. Those who came and stayed in the network were usually those who had achieved similar economic and social status. The networks of gated community residents include people with similar occupational backgrounds, such as public servants, professionals, and successful businessmen. Social gatherings usually became opportunities to exchange information that is relevant to their lives, such as “who got promoted and who got rich”, and information on jobs, children’s education, and health care. Some of the friends in the network had become reliable emotional support for the interviewees if they encountered any crisis in their life.

¹ Question E1_a in CGSS 2003 Questionnaire (p.10).

Economic development, reform and the diversification of a labor market structures generated more varied networks. In addition to old schoolmates, colleagues and people known through work have become important components of one's social network. People in their social networks are usually those who hold important resources in different sectors, which is important for business operations.

“My job requires lots of interaction with government officials and managers. My friends' occupations are very diverse: government officials, tourism company managers, and real estate developer. I am in tourism, so my largest friendship network is composed of friends in tourism. I also have another friendship network, which is composed of entrepreneurs, managers, and other professionals. My third network is mainly public officials.” (Interview No.12)

Government officials are an important component of the networks of most of the gated community residents regardless of their own occupations. In particular, for private entrepreneurs, government officials are significant contacts in their networks. A good relationship with government officials is believed to help to get things done more easily during the period of economic transition. Due to the fact that government officials have privileged access to or control over resources that are out of reach of other occupational groups, they have become an important part of the social capital for the urban well-offs. Government officials can also provide a platform for someone to know more people who can help one's career later on. In particular, for those who are within the system at the moment but thinking of starting their own business, government official friends could provide help that would make things much easier.

“I keep good *guanxi* with my friend who is a government official, although he is not a high-ranking cadre. Sometimes I invite him to dinner parties, and sometimes I give him gifts. But I won't let him down. I know where the line is. I just need to have some little things sorted out smoothly with his help.” (Interview No.31)

Those who left their old work-units—because of retirement or lay off—have much less contact with their old colleague friends. In particular, those who are successful in their own business or other careers after leaving the factories have very few contacts with their old colleagues, mainly because of their uneven economic

conditions. Many people feel that they have not much in common any longer. Bian et al.'s (2005) analysis of visits during the Lunar New Year celebration suggests an urban society simultaneously divided along two axes: one by economic success in the more privatized economy and one by distinctions in political authority at the workplace. The gated community residents' social network also reveals a manual/non-manual divide and social isolation of workers from those with authority and wealth.

"I don't have much contact with my factory buddies. Many of them are laid-off, and they don't want to hang out with us any more. Some of them like me, who were successful in a career as public servant or private businessman, usually get together. The others don't want to come at all. We never looked down on workers, because we were workers. But they still don't want to join us." (Interview No.31)

Institution-based Networks

Ruan et al. (1997) points out that not only did Chinese urban residents previously depend on their workplace to satisfy their needs, they depended specifically on influential people at work to obtain the necessary goods and services. Now in order to meet their daily needs, and to access some of the newly available services and opportunities, individuals have to move out of the workplace, and establish new social contacts in new settings. To facilitate access to the new, more segmented social milieu, they need to establish more 'weak ties'. In addition, under economic reform, there is a new kind of social opportunity space. There are simply more places to go and more things to do after work, and consequently there are more opportunities to meet people and to establish ties beyond their workplace and family. Thus, the increase in ties outside of work and family may be no more than a reflection of the increase in people's chances of making contact with others who are neither kin nor co-workers.

Lu (2002) has pointed to the possession of institutional resources as the most important criterion for social stratification in contemporary China. The key element of this "institutional resources" is the ability to access resources (including human capital, economic capital and social capital) that are controlled by government and party

institutions (p.8). In addition to the social capital acquired from interpersonal relations, the social capital accumulated from relations with state institutions can also prove helpful. Social capital produced by interpersonal-relations mainly provides emotional and financial support, while the institution-based social capital provides to the right people when you need to have things done, particularly in the context of a post-socialist market economy. For people who set up their own business, contacts with state institutions or to a company affiliated to a state institution could provide useful channels to send their products to the market. My private entrepreneur interviewees have in general, higher trust in state institutions than in other individual businessmen, because “at least, state-owned enterprises wouldn’t run away without paying.”

“I was working as a cadre until I retired in 1993. At that time, a few retired bureau chiefs and party secretaries set up a trading company, and asked to join. When I went to hospitals to promote the products, I always introduced to them that our company belongs to the Public Health Bureau system. It became much easier for them to trust me when I told them that. We had a government office as our strong supporter, good products, and some phone calls from leading cadres, so things went through smoothly and I didn’t feel any difficulty at all.” (Interview No.33)

Cyberspace-based Networks

The younger generations also have a new channel to access social capital which their parents never experienced—the online community. Online communities attract well-educated young people with higher and stable incomes. Through online discussion and activities among the online communities, many urban young elites have expanded their social networks. Thus, their social networks have more “structural holes” by knowing people not related in their real lives, but who share an identity of possessing privileged social status.

“I joined an online discussion group whose members are all young mothers who just had a baby or who are expecting a baby. I met lots of friends through the group. We organize lots of activities including annual meetings. I have many friends in real life, but I had more fun with friends I know from the group. I saw a post introducing this group on the internet, and then I joined. Since then I started knowing more people. And I have met some of them in person, and now we have become very good friends.” (Interview No.15)

Online communities can be classified into two categories: interest or hobby-based groups and locality-based groups. The initiative to set up or join an interest or hobby-based online group was to extend friend networks through leisure activities and hobbies such as “car-lovers club”, or through shared interests such as “good mum group” whose members are women who recently had babies or are expecting babies. Most members found the group information when they were surfing the internet. Members of such groups are usually young, educated and computer literate. Some of the group members became good friends through the online group discussion and activities organized by the group.

“I joined an online group. I think it is very interesting. I have lots of friends in real life, but I have more fun with my online friends. We often do online shopping together. We bought snacks and looked for entertainment activities. It is a completely different feeling.” (Interview No.15)

Not limited to online discussion, they spend more time together doing other activities after they have become friends. Mr 31 was a member of online car-owner club and he joined many activities organized by his group, such as organized field trips, playing soccer and went fishing together. Rather than just online friends, those friends became part of Mr 31’s real-life social networks. He still kept in touch and had regular gathering with those friends after he withdrew from the online group. The level of trust online group friends is very high to the point that they even organize collective online shopping together. That is, they sent money and a list of items they wanted to buy to the group member who was organizing the shopping. Then the organizer could thus bargain with the online seller for a discounted price. Nobody was concerned that the organizer would profit from the collective shopping, because should this become known, the organizer would be kicked out of the group and would never be allowed to join again. The high level of trust is built on both strict admissions and public accountability among group members.

“As the founder of my online group, I require strict eligibility norms. Not just a car lover, you have to be in Shenyang, to have a car, and to have the same level of quality (*suzhi*) as us. There is public monitoring within the group. What kind of comments you made, what kind pictures you posted, everyone would know.” (Interview No.24)

The size and the density of this kind of online group networks sometimes exceeds that of the networks established through one’s family, education and workplaces. When Ms. 59 recently purchased a new apartment as an investment, the sales agent told her that the whole sales team (ten agents) need to sell 1.6 million Yuan to get a bonus. Since she was very satisfied with the apartment, she introduced the real estate agent to her online group members. The real estate agent soon attracted attention of many online group members, because of her recommendation. In the end, the agent alone sold 1.2 million Yuan worth of properties, only through the online group networks.

Another kind of online group is more locality-based, such as residents’ online groups within gated communities. Only residents are allowed to join in these online groups, who are required to register with their building and room number. The rationale for this kind of online group is to improve communications among residents, which in general is very limited. The online group was also meant to provide a platform for residents to discuss issues relevant to homeowner rights. However, due to the fact that not every resident is interested in joining the online group, the most active members are those in their mid 30s or early 40s who have a relatively stable life and some spare time, or university students. Many are young couples without children, who join the group together when they see the information on the community notice board.

The online groups extend group members’ networks, but only limits to social groups such as young, well-educated white collars and private entrepreneurs. The size of the networks increases but not the varieties. The online group membership also becomes a symbol of higher social status due to its strict group admission and group member composition. Since gated community residents are usually very isolated from

each other (details will be discussed in Chapter 5), the online group normally becomes a channel for residents to get to know each other and to create a sense of belonging to the community. Once they know each other through the group, the same as other online groups, they also organize leisure activities such as playing poker, hiking and fishing together—although they only know each other’s online name and sometimes the phone number.

“I used to feel that we lived in an environment made of concrete. I wanted to know more people. Before I joined this group, when I returned from work, I went straight back home. Now when I come back to the community, I start looking around to see whether there are people I know around. We need a sense of belonging. No matter if at workplaces or at home, we don’t want to live alone, we need communication and mutual emotional support.” (Interview No.27)

The above analyses reveals a few characteristics of urban well-offs’ social networking. Generally speaking, their social communication and interaction is divided by their socioeconomic status. A privileged education and occupation leads to privileged access to social capital among the urban well-offs. Moreover, intermediate and high-ranking government officials are important components of urban well-offs’ social networks, because of their unique access to institutional resources. Compared to their parents, younger elites had accesses to diverse forms of social capital, indicating less dependency on employment and more social communication and interactions among those of a similar social status.

Social Networks in Transition

Guanxi Practice

Guanxi in China has been studied for their functional importance in Chinese economic transactions as well as social life, such as finding a job (Bian 1994, 1997), and getting ahead and rich in contemporary urban China (Buckley 1999). Meals and gifts are common and effective methods of cultivating *guanxi* (Yang 1994, Kipnis 1997). Oi (1999) regards *guanxi* as the “operational code” for how best to get things

done in China. When *guanxi* was considered in social network analysis from a comparative perspective, the most significant difference appeared in the role of the strong and weak ties in the job-searching process.

Using data from a 1988 survey in Tianjin, Bian found that in the 1980s *guanxi* contacts were predominantly relatives and the intimate friends of *guanxi* users. When they were simple acquaintances or distant friends, connections tended to be established through intermediaries to whom both *guanxi* users and contacts were strongly tied (Bian 1997). The difference between this *guanxi* practice and the “strength-of-weak-ties” theory is due to different resources being mobilized through networks: weak ties in western countries are used to gain information about job openings, whereas strong ties in China as of the 1980s were meant to secure influence with authorities that was more difficult to obtain (Bian 1997). Thus, the assumption of Chinese social embeddedness and the notion that Chinese people have a natural tendency to manufacture reciprocal obligation within this “web of social relationships” became starting point for all further analyses (Gold et al. 2002, p.13).

Bian’s findings were criticized for the use of inappropriate data (Guthrie 2002, pp.40-41). Guthrie questioned whether the data gathered from individual-level survey research and individuals’ employment histories actually revealed information on hiring decisions occurring at the organizational level. In other words, Bian’s analysis was not revealing whether *guanxi* had an impact on the hiring decisions at the organizational level. Further, and perhaps more importantly, no information on relative qualifications (i.e., the qualifications of others competing for a given job) was collected, so there was no way of assessing the importance of *guanxi* when human-capital variables made their way into the models. Whether the individual had the best set of qualifications in the pool or whether other individuals in the pool also had *guanxi* ties are essential pieces of the puzzle and critical to understanding the importance of *guanxi* in the allocation of

urban jobs. Moreover, Bian's arguments on strong ties was based on the data from a 1988 survey at a relatively early stage of development of China's market economy. Thus, it is necessary to consider the use of *guanxi* at different times, and the particular social and economic context for *guanxi* practice at that time.

The use of strong ties and *guanxi* were found to have been more prevalent among my interviewees' job searching before the reform and at the early stages of the reform. Most of their first jobs were through official job allocations, and their later job shifts were affected by a relatively freer labor market. During these two periods, *guanxi* and social ties operated differently. For people who started their career before the early 1990s, job allocation was the major and sometimes the only way of securing employment. Without knowing where the alternative job opportunities were, university graduates had to wait to be allocated by official committees to certain work-units. Jobs in the "good" or "desirable" work-units were the most competitive to get. In addition to good academic qualifications and political performances, recommendations from teachers, particularly teachers with administration titles, were essential for university graduates to secure a good job.

For those who were not satisfied with their job allocation or who were more ambitious, a family's *guanxi* resource was vital for getting a decent job. The *guanxi* were sometimes playing a key role in getting public sector jobs, particularly SOIs. Usually parents or a spouse who had *guanxi* contact working in the public sector would help to get a position there. Most of the time, it was the same sector where the parents or spouse worked. But sometimes a good *guanxi* could help to get a job in a different sector that provided more benefits at the time. Good *guanxi* could provide an essential influence that could not be accessed through other channels.

"After I finished high school, my father used his *guanxi* to help me get into a work-unit affiliated to Finance Bureau, because he knew the Bureau Chief. There was no other way I could get in, because at that time that job was very "hot", and they gave you all kinds of benefits." (Interview No.23)

Mr. 12 was a high-level government officer. His wife was allocated to the local railway and worked there for 10 years. Mrs. 12 never liked the job there and always wanted to find another job. After working in the government for many years, Mr. 12 had a large network with key actors in many government offices.

“You know, it is important to operate *guanxi* in China. A friend of mine was the general manager of an agent company affiliated to the Foreign Affairs Department. So I used my *guanxi* to transfer her to that company.” (Interview No.12)

The explanation for an effective *guanxi* practice in the early reform era lies in the characteristics of the Chinese labor market under a planned economy, in which hiring decisions were centralized, and a job assignment was less constrained by merit considerations. There was more room for discretion in China as job assignments were largely based on ad hoc decisions by authorities making it possible for personal networks to influence the process. Moreover, because the job assignment was centralized, job seekers knew where to locate the decision-makers regarding jobs. The difficulty for Chinese job seekers was to find strong tie routes to job controllers. One could use direct strong ties to job controllers, or one could use a chain of strong ties to reach job controllers.

For Walder (1986), the use of *guanxi* in the form of patron-client relations within the work-unit was a response to the situation where powerful officials controlled access to scarce, rationed necessities such as housing, non-wage benefits, and even promotions. Guthrie (1998) built on this argument by claiming that the emergence of rational law and a market economy in China are diminishing the importance of *guanxi* in Chinese society, a position, he asserts, that underlines the institutional roots of this phenomenon. He views *guanxi* as an institutionally defined system—i.e. a system that depends on the institutional structure of society rather than on culture—that is changing in stride with the institutional changes of the reform era. He argues that *guanxi* and *guanxi* practice are increasingly viewed as distinguishable institutions in the economic

transition. And while *guanxi* is often embraced as an important part of business in a market economy, a clear distinction is made between “establishing good business relations” and using social relations to take care of procedures in economic and political situations. The latter which is considered corrupt—“backdoor” practice—is increasingly taboo for many large urban industrial firms.

The central notion for all of these scholars is that there are specific structural and institutional conditions that have given rise to the reliance on *guanxi* to accomplish tasks in China’s transforming economy, and this phenomenon has little if anything to do with Chinese culture or Chinese society per se. As reforms were carried out, the use of *guanxi* and the role of social ties during the process of job searching also experienced change.

Those interviewees who started looking for jobs after the abolishment of job allocation in 1989 had more sources of information. More and more jobs were publicly advertised so that job information became more accessible to job seekers. With the efforts to adopt a meritocratic process for the transitional labor market, the importance of *guanxi* declined. Nearly half of the interviewees had found their current jobs through publicly advertised information and majority of the positions were in the public sector. Usually these advertised jobs were very competitive, and the application rate was about 1:30 to 1:20.

Also, people known through previous jobs sometimes became key persons when they wanted to change jobs. And those key persons became accessible social capital which were important for them to achieve higher social status. According to Lin (2008, p.8), later in the life course social capital becomes greater for those who work for pay and thus meet people through work. Social capital gains from work are especially great for those who work in higher-level positions, which typically include much more diversified, in-depth interaction with people. Some found that those with higher

incomes have greater social capital. Some other found that the more unequal a stratification system is, the greater the resulting differences in social capital, for instance, Angeluse and Tardos (2008) found that wealth had a greater effect on social capital stock after the free-market transition in Hungary. An interviewee noted,

“When I graduated, everyone wanted to be allocated to a job in the university. So it was very competitive to stay on. But I got in because one of my teachers strongly recommended me. When the construction company came to look for Russian language interpreters, I heard the information from my schoolmates. So I went to apply. And then, my supervisor recommended me to a joint-investment company, which was partly run by his bureau.” (Interview No.18)

Many interviewees developed their personal contacts with senior manager level position holders who later became the people who provided job information or influences to obtain their new positions. Some even became their new bosses. It seems like that those who benefited from the reform were the same group of people with social capitals who could be mobilized and facilitate status attainment throughout the reform era. Although the practical form/meaning of social capital were changing at different time periods, the ability to mobilize social capital became more important than social capital per se.

CGSS 2003 contained questions about which channel was more popular among job seekers¹. As shown in Table 4.1, still more than half of the respondents were assigned to their current jobs, which made assignment the most common channel. Recommendation by others was another popular channel—around 17 per cent of respondents obtained their current job through recommendation. More than 16 per cent of the respondents had applied for jobs by themselves and more than 11 per cent of the respondents were self-employed. Job seekers much less commonly adopted other channels, such as replacement, going through job agents or human resource centers.

¹ Question H1a in CGSS 2003 Questionnaire (p.17).

When asked which channel was most decisive¹, more than half of the respondents stated 'assignment'. When asked the source of information for their job searching² (see Table 4.2), informal networks were mentioned as the major source—about 37 per cent of the respondents obtained their job information through informal networks. Institutions were the source for nearly 22 per cent of the respondents who used information from their company or a government office. Other channels, such as media, agents and informal organizations were not as useful. Official arrangements still remained the major channel for career mobility, despite more options available for obtaining a job. When it came to non-official channels, people relied more on their own social networks for resources.

Table 4.1 Channels of Employment 2003

	Channels Attempted *		Most Decisive Channel ^
	Yes (%)	No (%)	(%)
Replacement	6.29	93.71	6.52
Assignment	50.81	49.19	50.66
Directly applied by myself	16.60	83.40	14.26
Employment services	2.36	97.64	1.26
Human Resource Exchange Center	3.16	96.84	1.46
Recommendation from others	17.35	82.65	15.31
Self-employed	11.48	88.52	10.53
Total	n/a	n/a	100.00

*What channels of employment did you attempt at getting this job? (Choose all that apply)

^Which of the above channels was most decisive for your getting the current job?

N=5216

Source: CGSS 2003

Table 4.2 Channels of Job Information 2003

What channels did you use for collecting job information at that time? (Multiple choice)			Yes (%)	No (%)	Total
Job advertisement			7.83	92.17	100.00
Internet			2.44	97.56	100.00
Newspaper/radio/TV			7.05	92.95	100.00
Employment services			5.46	94.54	100.00
Hiring organizations/companies			21.97	78.03	100.00
Labor department of government			22.59	77.41	100.00
Other organizations			5.04	94.96	100.00
Various social networks			37.7	62.3	100.00

N=3077

Source: CGSS 2003

¹ Question H1b in CGSS 2003 Questionnaire (p.17).

² Question H3c in CGSS 2003 Questionnaire (p.17).

It is important to distinguish between *Guanxi* practice and *guanxi*, as they operate differently in China today. *Guanxi* practice stands in conflict with the rational-legal system emerging at the state level, while *guanxi*, more broadly conceived as a form of social capital, is often viewed as a necessary part of the market reforms and business transactions in a market economy (Guthrie 1998). The declining importance of *guanxi* practice and the persistent influence of *guanxi* illustrates a mechanism which is labeled as “institutional holes” by Bian (2002, p.128). This explanation argues that because of the fast removal of hierarchical institutions and slow growth of market institutions, emergent labor markets in Chinese cities are full of institutional holes, making formal channels ineffective for transmitting information, building trust, and binding obligations between job seekers and prospective employers.

Thus, the institutional explanations are more valid than a cultural explanation when the changing role of *guanxi* in the career mobility process is considered. *Guanxi* was more effective in the early-reform era due to a lack of a rational legal system. The labor market in the latter reform era provided more supportive evidence for the “institutional holes” theory. Moreover, the “institutional holes” explanation seems more effective when career mobility occurs from within the systems to outside the system, where the holes are concentrated. Thus, the role of social networks fulfills different functions in different institutional settings, and the meaning of network structures depends on other institutional and social factors. Social relations with others are not just “weak” or “strong”, they differ on a broad range of qualities (Feld 1981).

Key Contacts during Job Searching Process

This section mainly examines the role of social capital during the process of securing the desired job or a job that contributed to the individuals’ current social status. The finding suggests that strong ties are more helpful for transferring across systems

while weak ties seem to work more effectively for people who move within their original section of the labor market. The difference lies in the fact that information weighs more in the process of getting the job within the system, and direct influences are more important for people outside the system to obtain the desired job. *Guanxi* and other forms of social capitals are found to become a bonus credit for those who were qualified for the position.

As pointed out by Gold (1990, p.170), the “individual economy” promoted in the early stages of reform in urban China had a strong family component rather than being really “individual”. For private entrepreneurs, starting a business was mainly facilitated by financial support from families and partnership with friends, as well as connections with the local government. As discussed in an earlier chapter, many private entrepreneurs left their public sector jobs for private business mainly because of economic concerns. Thus the start of their businesses was always considered difficult mainly due to their weak financial capacity. A majority of private entrepreneur interviewees started with between 20,000 and 50,000 Yuan, mainly contributed by their family. Since they had left their old job when they were too young to have much savings, their family’s financial support became essential for their career in private business. In a business partnership, old schoolmates and friends from work who had similar plans were the main source of information and collaboration. Strong ties at this point facilitate both the flow of information and assistance for private business operators to get a good start. Some private enterprises which were operated by family members at the early stages later were in need of professional management skills as the businesses grew. But they were reluctant to trust strangers, so they almost always hired people they had known for many years and who had managerial experiences in the public sector to take up the general manager positions. In particular, those who used to

work for the government were the most desirable not just because of their administration skills but also their connections with the government.

Individuals who occupy high prestige positions in a network must go beyond the boundaries of their network to contact persons of even higher prestige. Thus, this can only be done by using weak intimate ties. Most of the interviewees mentioned a key person critical to the recruitment process. Usually this key person was non-kin and had very close relations with the persons who were in charge of the recruitment, or this key person him/herself was in charge of the recruitment. These kind of connections were usually limited to people who already possessed certain resources within the system, or what Lu (2002) called “institutional resources”.

Ms 24 was assigned to teach Communist ideology at a local university, when she graduated from university. She always complained that the tight policy control made her class into boring textbooks. So she wanted to leave for a more exciting job. Under the influences of her husband who was a lawyer, she taught herself law and became one of the first group of lawyers with professional certificate in Shenyang. Through her husband’s network, she became friends with many senior lawyers before she started her own career as a lawyer. But she believed her success was due to the lawyer’s certificate test¹.

“They were advertising a position, so I came to apply. I knew their director, and I asked him whether they would like to have me work here. The director said if I passed the lawyers’ certificate test, I could come to work for them, because they desperately needed someone with that qualification. So I came to work here.” (Interview No.24)

The opportunities usually came when some close friends, such as schoolmates and colleagues offered a job or passed job information, and the interviewees were considered competitive enough for the job. Moreover, since they were considered as competent candidates, there was no obligation for reciprocity during the process. This is the fundamental difference between the use of social capital in later reform China and

¹ Equivalent to “bar exam”.

traditional *guanxi* practice. During this process, the key person recognizes the interviewees' competence first, and then the key person helps them out. In this situation, even when people sometimes still refer to the term *guanxi* to illustrate the process, the *guanxi* in these situations operated only when interviewees meet the job requirements. And this kind of *guanxi* practice is more like the use of weak ties to get information beyond one's network. The key persons usually hold high level managerial positions who could provide strong recommendations or could make the hiring decisions.

“When I was working for the government, I met a private entrepreneur. After I quit my government job, I went to work for him. Then I went on a business trip to Beijing where I met a few friends. I liked that kind of working atmosphere, so I joined their team. When I came back to Shenyang, I was (head) hunted by my current boss, because he heard of me from my Beijing colleagues.” (Interview No.13)

“When we started our own business, only my sister and I were involved. When I decided to close my own business, a friend of mine who worked at the Civil Affairs Bureau suggested me to invest in the elderly care center, which would be partly sponsored by the local government. That friend is my old schoolmate. I followed his advice and started investing, in the elderly care center.” (Interview No.17)

In CGSS 2003, sets of questions were asked to examine the essential help provided to job seekers. Firstly, respondents were asked “What help did your relatives or close friends provide when you were searching for this job?”¹ Around 22 per cent of the respondents reported that someone helped during the job seeking process. The average number of the help person is 2.29². Among those who received help, 87 per cent provided job information and nearly 60 per cent provided other help. Then the respondents were asked whether there was a key person among those who helped to get the job³. If yes, the respondents were asked to answer a few questions about the key person's social and economic characteristics⁴. Around 40 per cent of the respondents

¹ Question H4 in CGSS 2003 Questionnaire (p.17).

² The calculation is the average number of people who helped the respondent collect job information or provide other assistance.

³ Question H5 in CGSS 2003 Questionnaire (p.18).

⁴ Question H5a-H5h in CGSS 2003 Questionnaire (p.18).

reported that there was a key person in the process of obtaining their current job¹. Table 4.3 presents the description of the characteristics of these key persons². Relatives and friends were the two main types of key persons—more than 30 per cent of the key persons were relatives and more than 25 per cent of the key persons were friends. About 65 per cent of those who received help from the key persons were well acquainted with the key persons. More than half of the key persons held lower or middle level managerial positions and more than 55 per cent of them were working at SOEs. About 68 per cent of the key persons were acquainted with the person in charge of recruitment and about 10 per cent of them were in charge of recruitment. And around 77 per cent of respondents still kept in touch with the key persons.

Table 4.3 Characteristics of the Key Person 2003

What was the key person's relationship to you?(%)		How much acquaintance did you have with him/her? (%)		
Family Members	19.10	Don't know each other	1.76	Not a managerial job
Relatives	30.96	Not acquainted	8.49	Lower-level manager
Friends	25.81	Relatively acquainted	24.74	Middle-level manager
Others	14.93	Quite acquainted	65.01	High-level manager
Total	100.00	Total	100.00	Total
What was his/her work-unit type?(%)		How much acquaintance did he/she have with the person in charge of recruitment?(%)		
Government offices	16.00	Don't know each other		6.04
SOE	55.14	Not acquainted		14.92
SOI	13.51	Relatively acquainted		41.23
Private enterprises	15.35	Quite acquainted		27.45
Total	100.00	He/She was the person in charge of recruitment		10.36
		Total		100.00
Do you still have contact with him/her?(%)				
Yes	77.07			
No	22.93			
Total	100.00			

**Was his/her job a managerial position? If yes, what is his/her managerial level?*

N=925

Source: CGSS 2003

There are variations in the key person's characteristics among different occupational groups. As shown in Table 4.4³, relatives were more likely to be the key person, in particular for managerial position holders—more than 60 per cent of them

¹ The calculation is based on respondents' answers to Question H5 in CGSS 2003 Questionnaire (p.18): "Was there a key person among those who helped you to get this job? (1. Yes 2. No)".

² This analysis is only limited to those who answered there was a key person among those who helped to get the job. Those who answered 'No' were excluded from this analysis.

³ This analysis is only limited to those who answered there was a key person among those who helped to get the job. Those who answered 'No' were excluded from this analysis.

had relatives as the key person. The use of people related by other means was more common among private business owners than any other social group. About 71 per cent of the cadres were quite acquainted with the key person, while only 53 per cent of the private business owners were—which made them the group least acquainted or intimate with the key person. This may be because that private business owners needed less official recruitment help to get their positions. Lower-level managers and middle-level managers were found to be more helpful for cadre (about 59 per cent) and manager positions (about 44 per cent), respectively. High-level managers were more helpful for

Table 4.4 Variations of Characteristics of the Key Person by Respondents' Occupation 2003*

	Cadres	Managers	Professionals	Non-manual workers	Manual workers	Private business owners
What was the key person's relationship to you?(%)						
Family Members	21.15	0.00	22.22	21.61	18.71	13.41
Relatives	34.62	61.11	29.17	28.39	31.29	28.05
Friends	28.85	22.22	25.00	24.15	25.48	30.49
Others	15.38	16.67	23.61	25.85	24.52	28.05
Total	100.00	100.00	100.00	100.00	100.00	100.00
How much acquaintance did you have with him/her?(%)						
Don't know each other	0.00	0.00	1.38	2.92	1.92	2.38
Not acquainted	1.92	5.56	7.59	8.33	9.58	11.90
Relatively acquainted	26.92	16.67	27.59	23.75	20.77	32.14
Quite acquainted	71.15	77.78	63.45	65.00	67.73	53.57
Total	100.00	100.00	100.00	100.00	100.00	100.00
Was his/her job a managerial position? If yes, what is his/her managerial level?(%)						
Not a managerial job	28.85	44.44	33.57	32.47	29.74	34.94
Lower-level manager	34.62	11.11	24.29	24.68	25.16	28.92
Middle-level manager	25.00	33.33	27.86	27.71	26.80	20.48
High-level manager	11.54	11.11	14.29	15.15	18.30	15.66
Total	100.00	100.00	100.00	100.00	100.00	100.00
What was his/her work unit type?(%)						
Government offices	18.75	25.00	16.43	15.11	14.75	20.00
SOE	50.00	56.25	53.57	59.56	52.46	51.25
SOI	20.83	6.25	10.71	10.67	16.07	12.50
Private enterprises	10.42	12.50	19.29	14.67	16.72	16.25
Total	100.00	100.00	100.00	100.00	100.00	100.00
How much acquaintance did he/she have with the person in charge of recruitment?(%)						
Don't know each other	2.17	6.25	5.19	7.08	6.52	7.79
Not acquainted	17.39	12.50	16.30	15.04	14.86	14.29
Relatively acquainted	47.83	43.75	38.52	38.94	42.75	42.86
Quite acquainted	28.26	37.50	31.11	27.88	23.19	25.97
He/Sge was the person in charge of recruitment	4.35	0.00	8.89	11.06	12.68	9.09
Total	100.00	100.00	100.00	100.00	100.00	100.00
Do you still have contact with him/her?(%)						
Yes	88.46	77.78	82.07	75.53	74.52	72.62
No	11.54	22.22	17.93	24.47	25.48	27.38
Total	100.00	100.00	100.00	100.00	100.00	100.00

*This analysis is only limited to those who reported that there was a key person who helped to get the job.
N=925

Source: CGSS 2005

manual workers (about 18 per cent). As to the key person's work-unit background, SOEs were dominant in all the occupations—more than half of the key persons were working in SOEs. SOIs background was more helpful to achieving cadre positions—

more than 20 per cent of key persons who helped to get cadre positions are from SOIs. Key persons from government offices were more helpful for managerial positions (about a quarter), as well as helpful for private business owners (about 20 per cent). About 30 to 40 per cent of the key persons were relatively well acquainted with the person in charge of recruitment—the percentage for cadre (47 per cent) and manager positions (43 per cent) was higher. Having the key person was in charge of recruitment was more helpful for working class people (about 11 to 12 per cent) than cadres (4 per cent) and professionals (8 per cent). About 88 per cent of cadres and 77 per cent of professionals still retained contact with the key person, while about 27 per cent of private business owners did not keep in touch with the key person.

The above analyses show that weak ties are more useful for information flow, while strong ties are more effective to exert influence in the Chinese labor market. In particular, strong ties seem to be helpful for those who meet job requirements and those who switch jobs between systems. In commenting on American society, James Coleman (1988) has suggested that social [network] capital conditions the development of human capital in a positive manner. My interviews suggest that this argument is applicable also to the occupational processes in China. That is, persons with both high levels of social network capital and human capital are most active in the labor markets and are best able to get hold of job opportunities. Their high levels of human or political capital will help them maintain and advance quickly in their jobs. Persons with high levels of social network capital but low levels of human and political capital are expected to be active in the labor markets, but they will have a slow pace of career advancement. Persons with low levels of social network capital are less active and less able to obtain job opportunities in the emergent labor markets, even if they have high levels of human and political capital. Finally, persons who are low on any of these three

forms of capital are least able to avail themselves of job opportunities and are the last to succeed in their careers.

Structural Holes

According to Granovetter (1973), strong ties are less effective in facilitating status attainment because they generally do not bridge social boundaries or hierarchical levels, while weak-ties are wide-ranging and are therefore more likely than strong ties to serve as bridges across social boundaries. Although not all weak ties are bridges, Granovetter argues that weak-tie bridges “provide people with access to information and resources beyond those available in their own social circles” (Granovetter 1982). This bridging function appears to be important for “getting things done” at the emergence of the market economy. The declining planned economy and the rising market economy created many structural holes which needed to be connected with bridges. In the context of market transitional China, the bridges connected not only individuals, but more importantly, market institutions and socialist institutions (Zang 2003).

In the early reform era, the lack of official recognitions of private business owners’ marginalized status, which in turn resulted in a widespread lack of trust on their business operations (Gold 1990, 1991). It was almost impossible to get government financial investment or to get a business loan, and policies established many restrictions. SOEs and collective enterprises were called “red hats”, while private business were called “black hats”. Thus, if private business operators wanted to gain more political and social recognition, they would need a “grey hat”. That is, finding a government office as an affiliation work-unit, which guarded all the investments of the private enterprise and charged a certain amount of management fees annually. The amount of management fees depended on the relations and negotiations between the

two sides: it could be nil, or it also could be very high. As a result of gradually loosened policy restrictions and increasing market power, the “grey hat” started to become less influential.

“I started with 50,000 Yuan investment. I was affiliated with a vice bureau chief of SH district. He was the first *xiahai* CCP member in Shenyang. I had to pay him 30,000 Yuan per year, which put a huge pressure on me. Later I could leave him. Because the policies became less restricted. The grey hat couldn’t protect private business that much. I needed to rely on the market.” (Interview No.8)

The connections and strong ties with socialist institutions were even more essential for private business owners or operators to gain official support. Having a schoolmate or an old friend working in the relevant government offices would bring important policy information and help. Especially at the beginning of the reform, state policies and the level of support were not publicly accessible to most of private business operators. Also, having a connection with state institutions always helped to gain trust from the customers.

“At the time when I retired, three retired bureau chiefs and party secretaries set up a foreign trade company. They wanted to look for someone reliable. You know, they are old people, very conservative. They thought that if I had worked in the government office for my lifetime, I could certainly be trusted. They came to ask me to join their company as the chief executive.” (Interview No.33)

The ambiguous attitudes towards to undefined market activities created a vacuumed space for the interaction between the two sides. Thus personal connections served as a bridge to facilitate the interactions between the two actors. Having connections with socialist institutions always helped to get things done in efficiently. Thus, the connections with socialist institutions also became important for those who wanted to be engaged in market activities. Those who wanted to switch to more market-oriented work-units within the public sectors needed to show strong connections with public sector work-units to operate market activities more effectively.

“Our living standard indeed has been improved a lot. But relatively speaking, there is a huge gap, the rich are too rich. Deng Xiaoping said let some people get rich first. But those who got rich first made ordinary people feel that it is unfair. I used to work in a bank, so I know that the majority of those who got rich through business loans and most

of them didn't pay those back. Government policies were too loose at that time and leading cadres put pressure on the bank to approve the loans, in order to show good performance in improving economic growth and thus get promoted. As far as I know, 80 per cent of those people had *guanxi* with the local government. Otherwise, the bank wouldn't approve loans that are unlikely to be repaid." (Interview No.40)

According to the Weberian definition, status groups are characterized by enclosure, but will maintain a certain level of openness if it benefits their interests. If the participants expect that the admission of others will lead to an improvement of their situation, an improvement in degree, in kind, in the security or the value of the satisfaction, their interest will be in keeping the relationship open. Through market activities in China, status groups based on their relations with socialist institutions or market activities use enclosure to secure their unique group benefits on one hand, but also open up to a certain extent to gain benefits from their counterparts on the other.

Many public sector work-units set up affiliated firms to exact more revenues by engaging in market activities. When actively setting up those firms, the work-units needed to choose work-unit employees to take charge, and then hire people outside the work-units to carry out the operation of market activities. Usually the person in charge looked for people through his or her personal networks rather than going through formal recruitment procedures. And the selected candidates needed to be or had been affiliated with public sector work-units. The reason lay in the fact that they think people they know already are more reliable, and more importantly, those people are in the same rewarding system which is exclusive to the work-unit employees. Thus the status group based on their relations to socialist institutions would open up to selectively recruit new members to get market rewards. But they would not prefer not going through formal, market-oriented procedures but use personal networks, because the benefits provided by public sector work-units are not transferable to private sectors.

The relations between social structure and the use of interpersonal networks leads to a more complicated intertwining of different privileged status groups, which

also improves their abilities to utilize social capitals. The use of networks among those groups would consolidate their control on valuable social resources as a result of group efforts instead of individual abilities. Thus, the state structure facilitates the reliance on the use of networks because of not only because of the structural holes caused by the hybrid economy, but also the characteristics of enclosure and openness of status groups.

Conclusion

This chapter examines the urban well-offs' access to social capital and their ability to mobilize the social resources embedded in their social networks to achieve better jobs. In addition to applying social capital and social resources theory to examine social networks in a transitional economy with increasing social stratification, this chapter also examined one country-specific factor—*guanxi* and its changing role in individuals' job status attainment as China's economic reforms progressed. The findings suggest that there is an unequal access to social capital in Chinese urban society, which is mainly due to the state's control of institutional resources. Networks with larger sizes and greater diversity emerged over time among the urbanites. But the ability of one's own network to bridge into the networks of others varies. The formation and development of social networks vary in accordance with individuals' socioeconomic status. Intermediate and high-level government officials are often positioned at the center of urban well-offs' social networks.

The results of my research suggest that the *guanxi* networks were more effective in the early-reform era mainly because of the lack of a rational legal system. In late reform era, weak ties were found to be more helpful for information flow, while strong ties were more helpful for exerting influence. The structure of China's transitional society facilitates or encourages the reliance on networks to accomplish tasks; it is the society's institutional configuration that leads to the patterns of behavior that prevail in

Chinese society. At an early stage of the reform, because of both economic shortage and weak legal infrastructures, networking and trust became fundamental parts of economic transactions. As the reforms continued, over time the institutions of the economy and society changed, and so did the reliance on social networks. A more complicated dynamic of social ties which helped to achieve a higher job status is found both in mobility within the systems and mobility across the systems. The multidimensional social structure in China's transitional economy and the state's control of institutional resources contribute to unequal access to social capital and a verified ability to mobilize social resources, which further impacts individuals' life chances.

The importance of social resources, in particular, *guanxi*, expanded from resources embedded in interpersonal relations to resources embedded in social institutions. Moreover, the access to social resources is no longer limited to individual abilities, group membership is important to get access to institutional resources exclusive to members within the group. The transitional economy created structural holes, which also provided opportunities for social groups with the ability to utilize the social resources to gain more benefits. Therefore, the structural holes are not only the outcome of a transitional economy, but also an outcome of group efforts in pursuing benefits through utilizing social resources across different employment and reward systems.

Chapter 5 Lifestyles and Social Attitudes

Introduction

Chapter 5 and Chapter 6 will examine the consequences of the upward mobility of gated community residents from sociological perspectives. The next two chapters focus on the formation of group-based lifestyles among gated community residents, their social attitudes and identity, and civic engagement. For Weber (1978), lifestyle is the most typical way through which members of different status groups, even within the purely conventional and relatively loose status orders of modern societies, seek to define their boundaries—that is, to establish cues or markers of inclusion and exclusion. Cultural taste and consumption are considered aspects of lifestyle that symbolically communicate “distinction” and thus produce a form of hierarchy that is set apart from that of mere economic advantage (e.g., Bourdieu & Peterson 1997, Bourdieu 1984, DiMaggio 1987).

Consumption of material and cultural goods serves as a primary way in which individuals become connected and thus integrated into the social structure. Individuals who are not involved in consumption are therefore more likely to be disconnected from others and alienated from all of the benefits that derive from network relations under the banner of social capital. Insofar as high-status occupants are also the more avid consumers, they will also be the ones capable of sustaining larger social networks. Earlier sociological studies have argued that consumption knowledge and practices vary along the lines of class, age, income and education (DiMaggio 1994). In general, those with higher levels of educational attainment are more likely to have been to a Western restaurant, read a book, listened to classical music, and frequented a shopping mall, as well as having the highest rate of attendance at ‘high’ cultural performances; whereas those with lower level of educations and engaged in routine manual work are more

likely to watch football at home, bet on horse races, watch TV entertainment and engage in minimal physical activities (Laurent 1987, p.360-89).

Economic growth and the evolution of a consumer society in China generated widespread assumptions that it has led to a new middle class with spending habits to match their expanding aspirations. Due to urban well-offs' economic wealth and consumption potential, they have been described as the driving force of a consumer revolution (Davis 2000), and the Chinese new middle classes (Goodman 1999, Zhou 2005). Those studies consider the new rich consumers in China as the foundation of China's middle class. They provide information not only on how the consumer groups dress, spend, and live, what they buy, drive and eat, but also on their anxieties about maintaining their lifestyles. The exceptional interest in China for finding and explaining the middle class also reflects the attitude of the Chinese government that sees the middle class as a force for economic growth and social stability (Li 1999, 2001, Zhu 2005, Li 2006, Liu 2006).

Writers in western industrialized societies tend to regard the middle classes as the drivers and guarantors for their vision of modernity, democracy and freedom. This is especially the case when they view societies and polities in transition from authoritarianism, as it is the case in China. The ready assumption that the middle classes are a universal phenomenon is challengeable and certainly requires greater interrogation in relation to China. Moreover, not enough attention has been paid to the role lifestyles play in creating rather than maintaining class identities. "Class" as a historical phenomenon is not a 'structure' or 'category' that exists as an 'It' with ideal interest or consciousness, but something which happens in human relationships. The outcomes emerge as 'a result of common experiences' inherited or shared (Thompson 1968, p.9). Therefore the rise of the Chinese urban well-off is an important example of a new social formation in a post-socialist society, and it is necessary to consider the extent of

similarities and differences between this group and comparable social groups elsewhere. As argued by Cai (2005), the concept of the “middle class” is too broad to provide a meaningful sense, particularly in China, of whether members of a middle-income group or an emerging stratum of “new rich” will share political views or engage in similar types of activities.

“Middle class” is a catch-all phrase, that neatly sidesteps previous categorizations which are of little practical advantage in China, rather than an indication of homogeneity (Donald and Yi 2008, p.74). The findings of previous chapters on occupational attainment, educational achievement, home ownership acquisition, and social resources distribution have illustrated a path-dependent upward mobility mechanism for those who get ahead in today’s urban China. Given that they achieved their current status through a dual pattern, I would argue that this path-dependence has led to heterogeneity among the so-called Chinese middle class, which includes incoherent lifestyles and consumption patterns, as well as diversified social attitudes and group interests. Due to their different relationships with the market and socialist institutions, they lack a common basis for identity and interaction, challenging the very premise that China’s new rich or consumers might shape the foundation of China’s new middle class. China’s urban well-off may engage in similar economic activities and appear to share similar interests, but they perceive and defend their interests in different ways because of widely varying social and political identities defined by their group memberships.

This chapter will examine how the path-dependent upward mobility of different social groups contributes to the heterogeneity of the privileged status groups’ identity; mainly from two perspectives: the lifestyles and social attitudes. Chapter 6 will move on to discuss their civic engagement. Specifically, this chapter will explore the patterns of the groups’ consumption and leisure activities, then will examine attitudes towards

social change and the creation of a *suzhi* hierarchy among gated community residents. The chapter will conclude with a discourse on groups' self-evaluation of middle class identity.

Lifestyles

Consumption

In line with the schools of thought associated with Weber (1978, pp. 926-40) and Bourdieu (1984), the new urban well-offs' consumption and definition of taste can be seen not only as symbolic communication, but also as a means of establishing social relationships, networks and status groups. In general, and unsurprisingly the gated community residents often dine out and they prefer to go to good restaurants. A majority of them choose name-brand clothing. For their social activities, some of them, in particular younger private entrepreneurs, would choose places such as members-only clubs to spend some leisure time with their friends.

“We always go to private clubs, mainly because we like the feeling of security there. All the customers in the private clubs are people from our stratum; we can discuss anything we want. There is no discrimination against each other, because people here have almost the same status.” (Interview No.6)

‘Taste’ is theorized to act as the basis of social exclusion by which one group prevents other groups from gaining access to valuable resources such as educational credentials (Bourdieu and Passeron 1977), business contacts (Kanter 1977), and the in-group's marital patterns (DiMaggio and Mohr 1985, Kalmijn 1994). As shown in Table 5.1, based on the CGSS 2003 data, variations exist among different educational and occupational groups, in terms of material and cultural consumptions¹.

Generally speaking, respondents of CGSS 2003 were not very fond of luxury goods and activities. But compared to people who were less educated, people with higher education were more likely to consume name-brand and high-grade products and

¹ Question J2 in CGSS 2003 Questionnaire (p.20).

purchase of works of art. More than 28 per cent of the respondents with university education always shopped at famous department stores, while only about 5 per cent of those without any formal education did so. Those with higher education were also major consumers of name-brand and high-graded products—more than 20 per cent of them

Table 5.1 Consumption Patterns among Various Education and Occupational Groups 2003

	Shopping# (%)	Graded^ (%)	Decoration* (%)
Education			
No Formal Education	5.14	4.74	3.58
Primary School	7.14	6.48	4.12
Middle School	11.30	8.08	4.57
High School	16.84	12.40	9.78
University	28.75	20.50	15.14
Total	15.64	11.51	8.17
Occupation			
Cadre	19.63	18.09	15.55
Manager	24.22	25.20	12.90
Professional	23.65	17.94	12.49
Non-manual Worker	15.46	10.98	7.06
Manual Worker	11.34	8.03	5.43
Private Business Owner	16.76	12.03	7.99
Total	15.98	12.03	8.21

#I always go shopping at famous department stores.

^Most durables in my home are name-brand and high-graded.

*My family uses lots of artistic items and paintings to decorate our home.

N=5190

Source: CGSS 2003

reported that most items in their home were name-brand and high-graded, which was about 8 per cent higher than people with high school education, and 12 per cent higher than people with middle school education. Moreover, they also built class culture by purchasing works of art. More than 15 per cent of those who had university education decorated their homes with art, which is about 5 per cent and 10 per cent higher than those who had high school education, and middle school education, respectively.

In addition to education, financial ability also led to stratified consumption patterns among different occupational groups. Generally speaking, managers, professionals, and cadres held stronger consumer power, while workers (including both non-manual and manual workers) were the most conservative consumers. Although

private business owners reported higher incomes, they were less likely (about 12 per cent) to consume luxury goods than cadres (about 18 per cent) and professionals (about 17 per cent) who reported lower incomes. People with higher incomes, such as managers and professionals, were more likely—nearly a quarter of them—to shop at famous department stores. They were also the major consumers of brand-name and high-grade products. Although more than 16 per cent of private business owners always shopped at famous department stores, they were more conservative in spending on art works. Less than 8 per cent of them decorated their homes with art, which is half of the proportion of cadres reported as the most active consumers of artistic works. The findings suggest that although the large majority were not engaged in purchasing luxury items and art, managers, professionals, and cadres, as well as the better educated were more homogenous in terms of their consumption patterns.

Although consumption patterns were closely correlated with each group's financial ability, high incomes were not the only explanation for the variations in consumption patterns among China's urban well-offs. For example, some public sector employees have privileged access to goods provided as work-unit welfare, so they do not necessarily need to purchase their desired goods or services. Car ownership is a clear example. All the private entrepreneurs I interviewed possessed at least one car, and the majority of them own two cars. Very few public servant interviewees own private cars, but their work-units usually provided cars and drivers for their transportation to work, and this is more common among the "departmental and higher" level (*chujī yishang*) cadres as an entitlement.

Two forms of consumptions are shared by all gated community residents—housing and children's education. As discussed in Chapter 3, prestige housing has become a symbol of higher status in contemporary China. As market factors contribute more to the real estate market, more consumption choices and freedom have become

available to urban residents. Private entrepreneurs, as well as professionals and public servants have all invested in prestigious housing in gated compounds. In the cities of China and among high-income groups, 'owning your own home' has become the most important material pre-requisite for a good life or a successful lifestyle and one of the observable changes in cityscapes has been the growing numbers of apartment blocks and villa estates.

In Shenyang, the dream of homeownership is now ubiquitous: it fills newspapers and glossy magazines, TV commercials and street advertising boards and the internet, where homeowners now account for a large proportion of Chinese citizens. In the city of Shenyang, a former bastion of the revolutionary working class, advertising slogans everywhere adorn billboards: "Ideal for White Collar Elites!" or "Become a neighbor to nobility!" or again "Living here will change your life!" linking housing and lifestyle with the pursuit of status.

"They did a great advertisement. In addition to newspaper and TV commercials, they had a special sales team to introduce the estate. They just made me feel that being a home owner here really represents a high social status. When they were advertising, they said this estate has the quality of the new century, European style, like you are living in Venice." (Interview No.31)

Despite their different access to gated community residency (see discussions in Chapter 3), a majority of them eventually acquired the type of home ownership that contributed to their privileged social status, which differentiates them from other social groups by the walls of their residential compounds and the social boundaries of housing consumption. Housing consumption is intertwined with the high expense of education, which is another big expenditure for the urban well-offs (Lin 1999, Rosen 2004a, 2004b).

As found in most societies, school is a central tenet of class formation and maintenance. Curriculum, values and pedagogy all combine to shape an image of how the child may be formed as an educated and acculturated subject within an emergent

social formation (Hunter 1988). As discussed in Chapter 2, despite the state policy intervention into educational admission system, family background has consistently been a critical factor for educational attainment. Whereas a family's political background was dominant particularly before the reform era, after reform a more market-oriented value, together with rigorous academic admissions examinations, resulted in a rising importance of family socioeconomic background for educational attainment. Two major reforms became critical during this process: "quality education" (*suzhi jiaoyu*) and higher education expansion. In post-reform China, although there is more freedom for social mobility through other channels, education remains the primary choice for students and their parents. That is the result of both a more meritocratic trend brought by marketization and the expansion of educational opportunities. The expansion of educational opportunities led to a more competitive job market with a pool of candidates with higher qualifications. This kind of pressure made parents invest more in their children's education. The investment concentrates on achieving both a higher level and quality of education.

The "quality education" (*shuzhi jiaoyu*) reform is premised on a criticism of exam-oriented education, and reverses the logic of the long-standing relationship between exam success and assessments of an individual's quality in post-Mao China (Kipnis 2006). The reform planned to reduce the importance of exams, shift exam content to wider and more lively materials, place more emphasis on non-examination subjects, and reduce school hours and homework. While the exam-oriented education has not changed fundamentally as a result of this new policy, what changed is the rise of commercialized education under the banner of 'quality education'.

The commercialization of education provided opportunities for private and informal educational institutions to offer commercialized educational services. This created a booming market for after-school classes, which struggles to meet the ever-

growing demand for quality education by well-off urban parents. After-school classes include subjects tested in the university entrance examinations such as mathematics and English, as well as non-tested lessons that are nonetheless believed to be “good” to improve a child’s quality, such as piano, painting, dancing, and even taekwondo. Parents send their children to two to five different after-school classes every week, in order to guarantee that their children “won’t lose out at the starting point”. Because of the high cost of after-school classes, children’s education is considered the biggest expenditure for most of the middle-aged parents.

“Our biggest expense is our daughter’s education. She didn’t do well in last year’s university entrance exam, so we decided to let her re-sit the exam. We sent her to a special class and the fees are more than 10,000 Yuan a year. I also hired two private tutors to help her with mathematics and English, 300 Yuan per hour. I pay more than 3,000 Yuan per month for the tutoring.” (Interview No.1)

“We signed up for many classes for him, including exam subjects and violin class. We don’t have plans to send him to study abroad because I have closed my own business. I can’t afford it any more. Now the biggest expenditure is his education. As parents, we pay everything the school asks for. 200 Yuan today and 300 Yuan tomorrow and so on. We never ask the school what it is for. The tuition fees are not expensive, but everything else is expensive. We have been saving for his college fund. Based on today’s situation, kids from poor families have a hard time getting a good education.” (Interview No.70)

In addition to direct investment in education, many parents consider buying an apartment in a neighborhood near a good school. Shenyang officially abandoned the system of exam competition during the school years of compulsory education, which means students now enroll in local schools based on their residency registration. When asked why they moved into their current residences, more than half of the interviewees mentioned a good school in the neighborhood as the crucial criterion. My interviewees proudly told me that the real-estate price in their neighborhood was almost 30 per cent higher because a good school is in the neighborhood. The seek of higher quality education for their children started as early as primary school. Although primary school enrollments were only available to the children living in the neighborhood, in some situations when there is a school with a good reputation in a nearby neighborhood,

parents would use personal contacts to help their children to get into the school and quietly pay higher fees. As Kipnis (2006) has pointed out, quality education reforms eventually benefit students from urban middle class families and reduce the educational opportunities of rural students.

In addition to the promotion of quality education, the Chinese government restructured and decentralized large numbers of universities in the mid-1990s in an attempt to improve quality and promote economies of scale. Because education financing has been decentralized and privatized under local governments, universities increased fees to make good the shortfalls in central government funding which are necessary to sustain their institutions. University fees have risen incrementally since the end of 1990s. University tuition and other fees can amount to hundreds of thousands of Yuan per year depending on the course undertaken, rank and location. With the belief that better education leads to higher paid jobs, parents were keen to send their children to the high ranking universities, and more expensive majors, such as law, engineering, and computer science.

While elite universities are enjoying the greatest portion of government funding, non-elite universities, especially vocational institutions, have found it hard to survive on their own means. Consequently, tuition fee rises, lower teaching quality and poor conditions for teaching and learning have all become serious problems that affect the quality of higher education which, in turn, affects the employability of graduates (Bai 2006, pp.139-40). The expansion of university student enrolments—at a faster rate than the economic growth seems to allow—means greater competition for the jobs available. The high rate of graduate unemployment leaves students with no other option but to pursue post-graduate degrees, in the hope that this would help them find better jobs. Meanwhile, postgraduate enrolments have also been expanded. Thus, post-graduate studies have become the only choice for those who are reluctant to lower their job

expectations. The expense is even higher for postgraduate education. Almost all interviewees had already sent or planned to send their children to high-prestige universities in China or overseas.

Gated community residency and their children's privileged education started to form the boundaries of the privileged status groups. Their consumption patterns are characterized by material consumption, as well as a class culture, or what Bourdieu refers to as "taste". However, despite some common consumption patterns such as housing and education, stratified consumption is found for expenditure on daily necessities and leisure activities. The existence of the incoherent consumption pattern is largely determined by the fact that the within the system groups rely more on material benefits provided by their work-units, while those outside the system are more connected to the market through their consumption. Apart from housing consumption, educational consumption is a useful means of creating and maintaining these residents' status. Children's education and occupations their children are channeled into a kind of symbolic capital of the so-called middle class life, which is being reproduced across generations.

Leisure Activities and Social Communications

Leisure is, historically, an important form of conspicuous consumption (Veblen 1939). Leisure activities are also considered important for class culture and identity formation because of the interpersonal relations created through leisure activities (Hsiao 1993, Chua 2000). A central feature of contemporary consumerism is the expansion of leisure activities. Leisure has become not only a serious business, but also people's preoccupation, especially among the younger members of the middle class (Robison & Goodman 1996, Pinches 1997, Wang 2005). Studies of urban middle class taste in liberal democracies assumed that wealth would lead to a middle class leisure and taste,

and community-centered networks (Havighurst and Feigenbaum 1959). My findings instead suggest that leisure activities of Chinese urban well-off are occupation-based and the social relations they establish are more family-centered than community-centered.

Most of the gated communities I visited provide communal activity facilities, such as a gym, playing halls for card games and *majiang*, and so on. But people usually prefer to participate in workplace-organized leisure activities instead. For instance, retired cadres usually prefer to go to the Retired Cadre Activity Center (*lao ganbu huodong zhongxin*) instead of their community activity center. Some retired residents go to Seniors College outside the community, where they developed new networks of friends and spend more time socializing with their classmates. Tourism travel is another important indicator of consumption and leisure activities. Private entrepreneurs and professionals outside the system more often travel on their own or with their families. The within-the-system employees are more likely to go on trips organized by their work-units. Usually traveling costs of the work-unit-organized trips are very low or even nil as a work-unit benefit. A majority of the within-the-system interviewees travel with their work-units at least twice a year. This benefit is also available to those retired, but restricted only to the employees of the work-units. On the other hand, gated-community organized short trips are usually poorly attended.

Since residents are not often involved in organizing leisure activities, the Community Committee¹ (*shequ weiyuanhui*) (CC), sometimes together with Management Company (*wuye guanli gongsi*) (MC), play a role of organizing residents' leisure activities. Some residents still preferred to go to work-unit-based activity centers, while other residents who are not closely attached to their work-units rely on

¹ Community Committees, under the control of Street offices (the lowest level of municipal government), provide liaison between the grass roots and the municipal authorities and police, which include large portions of the urban territory, and have take over some of the administrative tasks traditionally in the hands of work-units. Details of Community Committees will be discussed in Chapter 6.

the CC for their community activities. The CC organizes a community choir and community classes such as Chinese calligraphy and painting classes. Also, the CC organizes Party committee activities for residents who are CCP members. Some CCs also provide free exercise and entertainment facilities such as table tennis and *majiang*.

“I am active here. Don’t you see that the CC director and party secretary all know me? I’ve joined lots of activities, such as group dancing. Every evening there is a large group dancing in our park. I also go to the community seniors’ college to learn to play the keyboard. I am quite busy every day.”(Interview No.37)

Not in every gated community however CCs are active organizing community activities, and where there are lots of activities, the participants are mainly retired residents. In most communities, majority of the residents have no contact with other residents or the CC. Their leisure activities are mainly located outside the community with their friends and colleagues. Residents seem to prefer spending more time outside the community than inside. In contrast to those retired, middle-aged generations have less time to socialize—they prefer to have dinner parties with their friends or colleagues. The younger generation residents usually regard themselves as too busy to enjoy leisure time within the community and instead tend to join online activities and club-based activities more actively.

These leisure patterns impact on people’s social communication. Havighurst and Feigenbaum (1959) found that middle-class people in the West may be community-centered in lifestyle and in leisure, but working-class people are either home-centered or generally have low levels of social and leisure. However, I found the Chinese urban well-offs to be more home-centered than community-centered. Most the residents complained that the physical structure of the concrete buildings, and the desire to retain their own privacy, tend to isolate them from other residents. This is an obvious contrast to the life in the traditional work-unit compound where everyone knew each other. The connections between gated residents have become very weak. More than half interviewees do not know much about their neighbors, and about a quarter of them have

no contact with their neighbors or other fellow residents at all. The interviewees develop their networks mainly through their workplaces. Former schoolmates are mentioned as another important part of their networks, but only under the condition that the schoolmates are similarly well-off.

“Most of my close friends are my schoolmates. We play badminton together on a regular basis. We paid for professional athletes to play with us. We are that kind of people who have time, energy and money. So we can get together.” (Interview No.78)

Unlike the traditional work-unit residential compounds in which residents lived and worked together, went to work and came back home together, gated community residents have relatively little interaction with each other both because the physical structure of the apartment buildings and the accelerated pace of everyday life in a competitive market economy. Many residents, especially younger ones, rarely spend much time at home. This is partly because the heterogeneity of residents created boundaries between them. Those who work in the same sector got to know each other more easily, others less so. Although many communities have communal gardens, most residents go straight back home from the underground car park. Those who spend more time in the communal areas, such as those who often walk their dogs, the elderly who come downstairs for a walk, and the parents or grandparents who take the children to the playground, have more opportunities to meet other residents. But in general, the communications among residents are few.

“We rarely communicate, because it’s not necessary. In my old work-unit residential compound, my neighbors knew what I made for dinner. And we always shared dumplings with others. On summer evenings, all residents came out to have a chat. Workers were all like that, they liked to come out. In this community, people are from different work-units. All kind of people, those from other cities, those from the countryside, all live here. So status is different. And people’s personalities, thoughts and mentality are all different. Some people don’t like socializing. Some think they are wealthier, so they don’t want to socialize with you. Some prefer to keep their background a mystery, so they don’t want to socialize either. We public servants do not look down on private businessmen. But there is always some distance. We don’t have anything in common to discuss, and some of them are hard to get along with, not like the work-unit workers.” (Interview No.33)

In general, urban residents also do not actively participate in many of the activities organized by civil society groups. If even they do, they have little contact with each other outside the organizations. CGSS 2005 asked whether they participated in any activities outside their work-units during their leisure time¹, more than 75 per cent of respondents reported that they had never attended any gym or undertook volunteer activities. More than 80 per cent of the respondents never attended entertainment or social/reunion activities organized by social organizations (*shetuan zuzhi*), and nearly 95 per cent of them never attended any religious activity organized by religious groups (*jiaohui*).

Therefore, the urban well-off in China do not engage in common social activities, as is expected of the middle classes elsewhere. Despite some shared consumption patterns such as housing and education expenses, stratified consumption of leisure activities, which is considered a marker for structural class formation, does not have a bonding effect. In fact, there exists a bifurcation of consumption patterns largely determined by the fact that the ‘within-the-system’ groups rely more on the material benefits provided by their work-units, while those outside the system rely more on the open market for their consumption. Despite the common image of the ‘good life’ often attracted to gated communities, new homeowners have yet to develop a coherent “middle-class” lifestyles. In this sense, consumption and leisure activities among the gated community residents illustrate more the effect of group membership influences and are not a marker for class structure formation.

Attitudes and Adaptation

When asked what their attitudes were towards the social and economic changes of the past three decades, almost all my interviewees were highly impressed by the

¹ Question E18 in CGSS 2005 Questionnaire (p.16).

dramatic changes in their everyday lives. The rapid improvement of their own living standards made them grateful to economic reform. None of them previously would have dreamed of the apartment and community they live in today. In addition to improved living standards, the higher level of economic and social freedom offered by both the state and the market also inspired their adventurous spirits. Although the changes have been dramatic, the adaptation is recognized as a gradual process. On one side they recognize that they are beneficiaries of the reform, on the other side, they prefer gradual change to sudden revolutions. Thus, problems like widening income inequality and the miserable situation of laid-off workers should and would be solved gradually.

“Living standards have been improved, maybe to different levels for different groups of people. Ordinary people are still the biggest beneficiaries, because we are a socialist country. Workers in SOEs are a bit worse off, but it is hard to avoid that. That is the short pain during the reform. It won’t last long.” (Interview No.47)

CGSS 2005 provides information on whether people think their income is reasonable¹. As indicated by Table 5.2, about 55 per cent of those who completed university education consider their income reasonable. About 61 per cent of the managers, 54 per cent of professionals and 55 per cent of private entrepreneurs consider their income reasonable, while 53 per cent of the cadres think their income as unreasonable. Around 60 per cent of the workers consider their income unreasonable. Except for those who worked at government offices, more than half (50 to 60 per cent) of the employees from other types of work-units consider their income unreasonable. In particular, about 65 per cent of SOE employees and about 60 per cent of SOI employees were unsatisfied with their income.

¹ Question E8 in CGSS 2005 Questionnaire (p.13).

Table 5.2 Do you think your current income is reasonable?

	Unreasonable	Reasonable	Total
Education(%)			
No Formal Education	55.68	44.32	100.00
Primary School	55.19	44.82	100.00
Middle School	57.71	42.29	100.00
High School	56.68	43.32	100.00
University	44.56	55.44	100.00
Total	55.25	44.75	100.00
Occupation(%)			
Cadre	53.97	46.03	100.00
Manager	38.96	61.04	100.00
Professional	45.53	54.47	100.00
Non-maual Worker	58.55	41.45	100.00
Manual Worker	61.99	38.01	100.00
Private Business Owner	46.78	53.22	100.00
Total	56.74	43.26	100.00
Work-units(%)			
Government Offices	38.46	61.54	100.00
SOI	60.13	39.87	100.00
SOE	65.35	34.65	100.00
Collective Enterprises	51.70	48.30	100.00
Private Enterprises	52.24	47.76	100.00
Total	56.74	43.26	100.00

N=10372

Source: CGSS 2005

When it comes to the question of who has benefited the most from reform, different groups came up with different answers. Among my gated community residents, public servants and professionals appreciate the changes that brought them opportunities and benefits under the market economy. They regard those who had knowledge and professional skills, as the biggest beneficiaries of the reform. The higher return to education, in terms of both economic rewards and in-kind rewards, brought satisfaction and gratitude among public servants and professionals. Although they benefited from economic growth and the development of the market economy, they are more likely to attribute their satisfaction to the state's policy changes which made market development possible while retaining their own redistributive benefits at the same time.

“The largest factories used to take care of everything, they had their own school and hospitals, everything. That was too much. I think it was right to cut those off. I am from the countryside. Looking at my life today, I am very satisfied. Only a few people from countryside could end up like this. When I got married, my apartment was 10 square meters, later it was 20, then 50, then 80, now it is 160. I benefited from the reform. Looking at society as a whole, those who have knowledge benefited most. Because the space has opened up, you can fly to wherever you want. And there is more respect for knowledge now. Workers moved up a little bit slower, but they are not victims. It is hard to predict what will happen, we should improve social harmony.” (Interview No.49)

As shown in Table 5.3, CGSS 2005 shows that cadres were considered those who “have benefited most in the past twenty years”¹ by different educational and occupational groups. Respondents with different levels of education all consider cadres as the main beneficiary group. Compared to other educational level groups, less people with university education (31 per cent) considered cadres the biggest beneficiaries. And more people with university education (about 20 per cent) considered that managers or professionals benefited most in the past 20 years. A similar trend is found among different occupational groups. All occupational groups thought cadre group benefited

Table 5.3 “Which of the following groups do you think benefited most in the past 20 years?” by Different Groups

	Workers	Peasants	Cadres	Managers	Professionals	Property Owners	Others	Total
Education(%)								
No Formal Education	0.41	1.65	46.57	11.89	13.54	19.32	6.61	100.00
Primary School	0.72	1.24	43.40	13.95	16.25	22.36	2.07	100.00
Middle School	0.52	1.23	41.96	15.30	17.41	22.39	1.20	100.00
High School	0.29	1.05	38.73	16.78	18.42	23.80	0.93	100.00
University	0.29	1.54	31.28	20.12	20.31	25.99	0.48	100.00
Total	0.48	1.27	41.06	15.38	17.18	22.71	1.92	100.00
Occupation(%)								
Cadre	0.51	2.53	32.32	22.22	19.70	21.21	1.52	100.00
Manager	0.00	0.00	39.24	10.13	16.46	34.18	0.00	100.00
Professional	0.11	1.41	33.66	17.70	19.76	26.17	1.19	100.00
Non-maual Worker	0.30	1.07	41.73	16.36	16.89	22.88	0.77	100.00
Manual Worker	0.47	1.42	45.29	16.56	14.52	20.75	0.98	100.00
Private Business Owner	0.00	1.01	40.24	18.91	17.91	20.52	1.41	100.00
Total	0.33	1.31	41.65	16.97	16.43	22.32	1.00	100.00
Work-units(%)								
Government Offices	0.37	3.00	22.85	22.47	16.85	31.09	3.37	100.00
SOI	0.39	1.02	45.23	16.29	14.84	21.34	0.88	100.00
SOE	0.14	0.82	43.61	18.07	16.44	20.79	0.14	100.00
Collective Enterprises	0.15	1.60	39.97	16.42	18.31	22.60	0.94	100.00
Private Enterprises	0.54	1.63	37.07	17.39	18.37	23.59	1.41	100.00
Total	0.33	1.31	41.65	16.97	16.43	22.32	1.00	100.00

N=10372

Source: CGSS 2005

¹ Question E11 in CGSS 2005 Questionnaire (p.14).

most in the past 20 years. About 34 per cent of managers and 26 per cent of professionals consider property owners the biggest beneficiaries. More variations emerge among employees from different types of work-units. Government office employees—about 31 per cent of whom considered the property owners benefited most in the past twenty years. But employees from other types of work-units all considered cadres as the biggest beneficiaries of the reform (about 37 to 45 per cent). There are, in short, differing perceptions among different social groups regarding the economic rewards offered by market operations and the material rewards offered by state socialism in the reform era.

Private entrepreneurs might have been comparatively more impressed with increasing economic freedom, as restrictions on private businesses have been reduced significantly over past quarter century (Krug 2004, Krug & Polos 2004). For those who started their private businesses at the early stages of the reform—no matter whether they used to work in the public sector before or not, the biggest challenge and difficulties they faced were government policies (McMillan & Woodruff 2002, Dickson 2003). Private entrepreneurs on one side today are more confident of their status, and on the other have been co-opted by the state's policies. The consistency state policies over a relatively long period of China has diminished private entrepreneurs' earlier concerns that a policy shift could destroy many years of hard work overnight. The security was also brought by the growth of private business. Those I interviewed expected small changes but no longer worry about the general trend of social development.

“We have grown to a point that can not be ignored by the state and its policies. The state won't destroy us of the way it brushed away the *getihu* (small vendors). It is impossible to do that in China today. The security we have, rather than the stable policies, is from the growing strength of private enterprises. We are stronger, and we are not afraid.” (Interview No.8)

The growth and development of private business in China greatly depended on state policies. Private businesses today receive more support than restriction from state

policies (Tsai 2002, 2005) and more bureaucrats are also actively engaged in market activities (Duchett 1998, 2001). Entrepreneurs at this stage are concerned with market conditions on which their survival depend than with stage policies. A man who quit his government job to take a plunge into private business in the early reform period observes:

“Now the country is developing very well and policies are becoming more standardized and comprehensive. At this stage, I don’t have the ambition to take risks. All I want now is the stability.” (Interview No.17)

“We don’t worry about policy changes. We already have arrangements abroad, and if something goes wrong here, we will move overseas right away. But we don’t see that will happen. Because SOEs are also being privatized. If you ask people to go back to a previous period, probably no one would do that.” (Interview No.32)

The urban well-off have a common content with the improvement of their livelihoods but recognize the widening gap of socioeconomic inequality. In general, the interviewees are satisfied with the reform progress and the performance of the central government. They might think their counterparts benefited more from the reform, although they all agree that they themselves are among the beneficiary groups. And the determinant factor in this, they acknowledge, is the gradual change in state policy, which made market rewards available to them. According to CGSS 2005, cadres and professionals were more “desirable occupations”¹ than other occupations, due to the benefits as well as job stability. As shown in Table 5.4, about 37 per cent of the people with university education consider professionals as the most desired jobs, followed by cadres, which is considered as the most desired career by more than a quarter of university graduates. Nevertheless, about 32 per cent of managers and about 22 per cent of private business owners regard entrepreneurs as their most desired occupations. About a quarter of non-manual workers and manual workers consider being a cadre or professionals the most desired job. Half of the government office employees consider being a cadre the most desired job, while about a quarter of employees from other types

¹ Question E6 in CGSS 2005 Questionnaire (p.13).

of work-units consider professionals as their most desired job. Together with findings in Table 5.3, the results here show that although human capital are expected to be more important for people's life chances, different social groups found that socialist redistributive power is more influential in today's urban China. "A cadre class of party officials occupies a privileged status in postsocialist China" (Davis and Wang 2009, p.14), as they used to (Lin & Xie 1988, Bian 1996, Walders 2003, Li 2004, Lu 2004, Li 2005).

Table 5.4 "Which of the following occupations is your most desired job?" by Different Groups

	Enterprunners	Cadres	Private Enterprise Managers	Foreign Investment Managers	Professionals	Others	Total
Education (%)							
No Formal Education	6.52	20.64	3.96	1.57	19.49	42.94	100.00
Primary School	10.78	21.38	6.79	2.38	24.25	28.43	100.00
Middle School	13.91	21.68	8.67	2.72	25.46	18.05	100.00
High School	14.09	24.39	9.00	5.89	25.27	10.39	100.00
University	14.05	25.02	6.74	7.51	37.05	7.99	100.00
Total	12.30	22.44	7.52	3.70	24.57	20.85	100.00
Occupation (%)							
Cadre	8.59	33.84	3.03	2.02	18.69	22.73	100.00
Manager	32.91	20.25	8.86	8.86	11.39	7.59	100.00
Professional	8.90	22.58	5.10	5.43	37.35	11.51	100.00
Non-manual Worker	13.04	25.37	10.14	4.92	21.16	12.74	100.00
Manual Worker	13.07	24.35	6.84	4.00	24.50	16.13	100.00
Private Business Owner	22.13	17.71	17.10	1.81	16.90	17.91	100.00
Total	13.28	24.08	8.22	4.29	24.54	14.75	100.00
Work-units (%)							
Government Offices	8.99	50.56	1.87	1.87	16.48	13.11	100.00
SOI	9.65	26.61	5.72	3.99	25.72	14.88	100.00
SOE	12.91	20.92	6.25	3.26	25.14	17.80	100.00
Collective Enterprises	20.28	17.88	13.66	3.13	23.47	15.70	100.00
Private Enterprises	15.54	20.43	11.20	8.48	24.35	10.98	100.00
Total	13.28	24.08	8.22	4.29	24.54	14.75	100.00

N=10372

Source: CGSS 2005

Although the various privileged status groups might attribute their upward mobility to different paths, they share with the dominant state discourses to retain economic, political and social stability. In addition to the current situation, the stability of the well-off situation over a certain period of time is also a major concern among gated community residents. The rapid social change and dramatic improvement of some social groups' livelihood and life chances caused same insecurity about their current situation. Also, the widened inequality gap between different social groups and persistent equality within certain groups highlighted the boundaries of each group's

identity. As beneficiaries of the reform, they recognize the unequal distribution between them and other social groups, in particular, the non-profitable SOE workers and the laid-offs.

“The changes since the reform have been huge. During Chairman Mao’s time, we had a Z turn. Now everything is good. I benefited from the reform. My income rose up, my living standard improved, as have my housing conditions. Now people care about four problems: housing, employment, prices, and security. I solved the first two problems in my personal life. But I think the prices are too high and I don’t feel the economy very stable. Because it is hard to find a job and there is wealth inequality, workers and laid-offs feel left out. Under Chairman Mao, workers’ pension and medical care were the same as cadres. Everything was guaranteed. But today, you see, cadres have got everything, cars, a house, and money. What do the laid-offs have today? No wonder they feel left out.” (Interview No.75)

In particular, interviewees feel it unfair that some got rich because of the uncertainty of state policies at the beginning of the reform, when their good *guanxi* with the local government provided unfair advantages. This occupational group had called for accelerating the pace of reform in the 1990s (Tang and Parish 2000, p.125), but they now appreciate the current environment in terms of a higher level of personal freedom, a higher respect for knowledge, and higher rewards from the market economy. They are optimistic about the future, and wish for a stable environment.

While interviewees consider social inequality has resulted in insecurity among the privileged group members, they want this problem to be resolved without damage to their privileged status. According to Weber (1978), privileged status groups always use their monopolized power to ensure the security of their economic position by exercising influence on the economic policies of political bodies. The Chinese urban well-offs have become supporters of the state’s call for “constructing a harmonious society”, in that they use the same rhetoric and discourses of “harmonious society” that focuses mainly on social stability. Earlier studies on the “harmonious society” discourse mainly focused on the state’s strategies to create political and social stability for economic development (Li 2005). I consider the “harmonious society” discourse the privileged status groups’ strategy for maintaining their privileges based on their exclusive access

to resources which are unequally distributed to other social groups. The state's "constructing a harmonious society" policy is warmly accepted by the private entrepreneurs as well as the public servants and professionals. The policy deliberately sought to assure those who benefited from reforms that their situations were secure, and thus eliminated this constituency as a potential challenge to the state's authority.

"Once our generation has benefited from this, we won't give up so easily. You can't use those who didn't get the benefits to smash those who got the benefits. That's why we need harmonious development." (Interview No.6)

Table 5.5 shows that despite the recognition of enlarged social inequality, a majority of urban residents believe there are opportunities for people to move upwardly¹, no matter what family background they are from. About 58 per cent of the respondents agreed that "it is normal for some people to earn more and some people to earn less". Compared to respondents' attitude towards the income gap, attitudes were more optimistic about the opportunities for people to obtain a higher education and higher social status. About 80 per cent of the respondents believed that their children would have the same chance of acquiring a higher education as long as they were smart and work hard. Despite the differentiations of benefits offered to different social groups, About 73 per cent of the respondents agreed that "in our society, the children of workers and peasants have the same opportunities as the children of others, to obtain wealth and achieve a higher social status". This manifests is a strong belief of the meritocratic process in the post-reform China, and its harmonious development.

Table 5.5 Respondents' Attitudes towards Upward Mobility 2005

To what extent do you agree with the following statements?(%)	Agree	Don't Care	Disagree	Hard to Say	Total
It is fair that today some people earn more money but some people earn less.	58.16	13.02	27.07	1.30	100.00
Children have same opportunities to get schooling as long as they are hard working and intelligent enough.	80.22	7.16	12.72	0.89	100.00
In our society, peasants' or workers' children have same opportunities to become rich and high-status as those of others.	73.79	8.15	16.90	1.16	100.00

N=10372

Source: CGSS 2005

¹ Question F14b, F14c and F14d in CGSS 2005 Questionnaire (p.20).

Creating a Quality (*Suzhi*) Hierarchy

Another form of social hierarchy based on what in China is known as *suzhi* (quality) also developed among urban gated community residents. In late-reform China, the notion of “individual quality” (*geren suzhi*) is perceived as a critical element of classification among different social groups (Anagnost 2004, Kipnis 2007). Generally speaking, high quality (*gao suzhi*) is associated with university education, good manners, white-collar jobs and urban residence. Recent studies have pointed out that the *suzhi* rhetoric draws a sharp distinction between the educated middle class and the unemployed or the rural migrants (Hsu 2007, Anagnost 2008). Hsu (2007) notes a transformation of hierarchy “from one based on the logic of state socialism to one based on the logic of *suzhi*” (p.22), a Chinese variant of “cultural capital”. Tomba (2008) points out that the state has propagated stereotyped models of “quality” behavior, which takes middle class behavioral modernity as exemplary. In particular, the classifications of residents into “high *suzhi*” (those who are thus deemed able to govern themselves) and “low *suzhi*” (those who thus are in need of state supervision) has been adopted by the state to govern its population with different strategies (Tomba 2008 p.50-51). The *suzhi* hierarchy is shaped by the residents’ own perceptions and contributes to explain the lack of communications among residents.

When asked to evaluate other residents in their community, most interviewees started with evaluations such as this: “Generally speaking, the residents’ *suzhi* in this community is high. But not everybody who lives here has a high *suzhi*...” A *suzhi* distinction was drawn mainly between two occupational groups: residents who were employed in the public or foreign investment sectors and residents who were self-employed—that is, public servants and professionals on the one side, and private entrepreneurs on the other. The public servants and professionals see themselves as “high quality” people (better educated and better behaved), and label the wealthy

business people, particular non-high-tech private business owners, as “low quality”, mainly because of their lower education, and what the well educated salaried residents consider as poor manners: use of coarse language and selfish behaviors. Many informants complained their private business owner neighbors only cared about their own interests and ignored other residents’ benefits and feelings.

“Both the human and natural environment are good in this community. The human environment is people’s *suzhi*, by which I mean, people’s education, mentality and morality. For example, urban people have a higher *suzhi* than rural people, because they are better educated and they see more things and communicate with more people in the cities. The residents here are teachers, public servants and businessmen. The teachers and public servants have a higher *suzhi* than the businessmen who are selfish and isolate themselves.” (Interview No.35)

Residents’ educational background marked the most significant differences in the *suzhi* hierarchy. The well-educated private entrepreneurs obtained greater respect and they did not consider themselves in the same group as the more poorly educated private entrepreneurs who had started their businesses at the early stage of reform as a marginalized group. Wealth does not seem to be considered as a marker of one’s *suzhi* status, whereas education is generally seen as one.

“The residents’ *suzhi* is high here because all of residents here are public servants. Now as long as you have money, you can move into those other fancy gated communities. But having money doesn’t necessarily mean having a high *suzhi*. Those postgraduates, they have high *suzhi*, and they will make good money later. Their wealth would validate their high *suzhi*. But those who are doing illegal business, they could be very rich but their *suzhi* would be very poor.” (Interview No.47)

“Higher quality” professionals are generally deemed to be the people who have been the beneficiaries of housing reform and subsidy policies and as a consequence live in residential areas they could otherwise not afford (Tomba 2009). This quality hierarchy became a barrier for socialization among residents. People tend to communicate with residents who are considered of similar or higher *suzhi*, rather than a similar socioeconomic status. In particular, those who live in a mixed community which accommodates both work-unit-sponsored residents and commercial housing residents, feel the segregation more obviously. Private entrepreneurs are considered the wealthiest

group, but lower in *suzhi*. Yet, the private entrepreneurs hardly agree that their counterparts have a higher quality, because of the widespread perception of government officials' corruption problems.

“They call us fast money, and we call them corruption building. We know that they look down on us. They turned us down when we proposed to have a joint resident committee with them. So we organized our own. Now our committee is running well, but their committee is paralyzed. It is because all their committee members wanted to take advantages of their positions in the committee for their own benefit; just like they took advantages from their work-units. At the beginning, we thought their *suzhi* was quite okay, but we don't think like that any more. If they can't even resolve the problem of their own resident committee, what kind of *suzhi* do they have?” (Interview No.54)

As more and more collective actions emerged among gated community residents against the estate management companies, those who were supporting collective actions were criticized as low quality residents by those against collective actions. Disagreement or conflicts are common among the two sets of residents, as I will elaborate in more details in the next chapter. *Suzhi* is a rhetorical weapon. As long as disagreements existed, people talked about their opponents as low *suzhi* people. However, most residents show a very vague understanding of the term *suzhi*, which has become a catch-all-phrase for personal attributes. Each group likes to use 'high *suzhi*' to label their own group to legitimate or maintain the privileged advantages they enjoy; while using 'low *suzhi*' to label other groups that they consider enjoy unfairly acquired privileges. The bifurcation of the middle class and the constant use of the '*suzhi*' terminology in conversations erodes trust among residents, which has led to an awkward form of self-governance in these gated communities. This point will be discussed in detail in the next chapter.

“Those with low *suzhi* would never understand the difference between self-governance and management services. They said we are not management companies, so they wouldn't pay the fee to us. They also didn't recognize that we can handle self-governance. What kind of *suzhi* is that? Mentalities are so different. High *suzhi* residents were high-level cadres. Those from the outside [of the system], doing all kinds of jobs, have low *suzhi*.”(Interview No.44)

Suzhi is gradually becoming the most important criterion for evaluation of other social groups within the community. And it also influences people's housing consumption choices. When asked whether, when looking to purchase a home, they considered what their potential neighbors would be like, most people responded they expected their neighbors to be "higher quality", or "just like us" in their quality. The high price of gated community apartments excluded people with insufficient financial ability, and the *suzhi* hierarchy often separated the private business owner group from the professionals and public servants. Feeling this pressure, the private business owners seem reluctant in this situation to communicate with other residents about their business or their background, people prefer to have neighbors as professionals and public servants who are considered trustworthy because of their transparent occupational background and their willingness to share information with other residents. Therefore, higher *suzhi* became a commercial brand for work-unit-sponsored communities to attract outside buyers to pay for apartments there that were placed on the market. Many outside buyers chose work-unit-sponsored communities such as "public servants community" mainly because of the homogenized resident composition and 'high quality' residents, although they needed to pay nearly 30 to 50 per cent more to get in.

Ambiguous Middle Class Identity

Earlier studies considered the gated community residents exemplifying China's new middle class because of their higher socioeconomic status and their shared consumer identity (Li and Niu 2003, Tomba 2004). How those privileged groups perceive themselves is left unanswered. The fieldwork interviews suggest that there is an ambiguous class identity among gated community residents. When asked whether they think of themselves as middle class, less than half of the interviewees considered themselves middle class and nearly half of them were uncertain about what a definition

of middle class should be like. When asked to evaluate their socioeconomic status within their community of residency, a majority of the interviewees see themselves as middle level or lower-middle level within the community.

“What kind of people are the middle class? I would like to know whether I am or not. I don’t think I am. Maybe many people would think I am middle class if they only consider my income. The concept of middle class, I think should mean a stable and comfortable life. More practically speaking, they should have their own house, own a car and have a stable income. No debt. It is just a life without anything to be worried about.” (Interview No.13)

“Middle class? Not sure. Maybe we are better-off than salaried people in other occupations. Compared to those businessmen in our community, we are so far behind. That is where our position is. We are satisfied with our lives and have no pressure.”(Interview No.27)

Although education, economic situation, and work-unit types or employment all have an impact on individuals’ self-evaluation, economic factors seem more easily used to identify middle class status. For instance, private entrepreneurs and younger professionals are more likely to identify themselves as middle class. Other factors such as occupation seem to be more complicated to identify China’s middle class status. There are divergent attitudes between occupations within and outside the system. Both the within-the-system group and outside-the-system group see their counterparts as enjoying more of the advantages that make them middle class. The public servants considered private entrepreneurs middle class mainly because of their wealth, while private entrepreneurs considered power and privileged access to resources offered by the work-units to public servants as determinant factors for achieving middle class status. There is also a diversified attitude among different occupations within the system. SOI employees’ salaries usually follow the government officials’ wage scale, but not all SOI employees get the same fringe benefits from their work-units as the public servants did. In recent years, state policies were designed to raise the salaries of public servants, which also benefited some of the SOI employees. Although a majority of the SOI employees are satisfied with a wage scale that is often identical to that of the

public servants, they are dissatisfied with the wide range of fringe benefits distributed by the government offices to the public servants. This usually leads to SOI employees ranking public servants—a group with the same salary—as having higher status.

“I think the real Chinese middle class are those who work at the government offices. After five or ten years when they achieve a certain administrative level, they become middle class. Some professionals, like doctors, are also middle class because they can live in a stable situation for years. They have higher economic reward, and they also have better social resources, and more importantly, they are very stable.” (Interview No.6)

One observation here is that the understanding of middle class is one of some kind of privilege and an indicator of “doing better than ordinary people”. While in the West, middle class is general the majority not a privileged minority. The perceived privilege of being middle class is related to a few factors, such as wealth and good education.

“Sure, I am middle class. I have a house and cars and my own store. Income is important. If you have your own house and car, you are middle class in China. Also our family members are all well educated.”(Interview No.31)

The self-evaluation of belonging to a privileged middle stratum among my interviewees presents the problem of how to define middle class in the context of urban China. First of all, most agree that wealth is the primary indicator of middle classness, although there is no consensus on the amount of wealth required. Public servants would consider professionals working in foreign firms or private entrepreneurs as middle class because they have a higher salary, while private entrepreneurs or SOI work-unit employees consider that in-kind benefits contribute more to a middle-class lifestyle.

Secondly, education and *suzhi* are considered indicators of middle class status. Public servants, professionals and entrepreneurs all think education and *suzhi* were important. The label of “low *suzhi*”, do not prevent private entrepreneurs from stressing the importance to education. Some private entrepreneurs consider themselves middle class not only because of their wealth, but also because they sent their children to

university and in some cases postgraduate schools. The ideal type would be those whose *suzhi* grew together with their wealth accumulation.

“No, I am not middle class. Middle class is a concept of spiritual civilization and high *suzhi*. It is accompanied by a good education. There are some university professors living in our community, they are middle class. They have a high salary, spend more, and they have good manner and *suzhi*. The growth of your wealth should be accompanied by improved *suzhi*. There are also people with fast money living here. They are all poorly educated. There is no way to communicate with them and have a nice conversation, never.”(Interview No.29)

Last but not least, a comfortable lifestyle without pressure is considered part of the definition of ‘middle class’. In this, it is important to consider one’s lifestyle over a certain period of time. Regional and occupational differences resulted in inequalities in the past thirty years and have caused a lack of consensus on the status of an individual’s life. The insecurity caused by the dramatic social changes made the stability of a better-off situation more desirable than the status quo of the better-off situation. That explains why the public servants are most often considered the “real middle class” in China. Some professionals do not consider themselves middle class because high expenditure on their children’s overseas education and their feelings of insecurity vis-à-vis their jobs. High expenditure and insecurity cause the pressures that are not considered a part of middle class lifestyles.

“I consider myself middle class, because I have a stable life, no financial or life pressure. What’s important in being ‘middle class’ is satisfaction with life.” (Interview No.78)

“I don’t think we are middle class. We worked so hard to get everything we have today. A middle class person should have a stable job. My job is not. I think if a couple are public servants, or they both have a stable business, they should be middle class. Middle class should be considered as long term, not short term.” (Interview No.46)

Conclusion

The evidence presented above suggests that at present, China’s urban well-off homeowners are more divided than a coherent middle class. Although the urban well-offs may share certain broad interests such as housing consumption and investment in

children's education; they have a varied lifestyles and diversified identities. Rather than exhibiting growing homogeneity, the urban well-offs have grown increasingly diversified in terms of group membership. Public servants, professionals and private entrepreneurs, due to their different upward mobility paths and their different status group memberships, have different resources, identities, attitudes, and values, which result in different behavioral patterns. The urban well-off, thus, do not present themselves as a coherent class.

The explanation for the divided class identity lies in the path-dependent mechanisms through which different social groups achieve upward mobility and higher socioeconomic status. Given the relative newness of these social groups, their relationships with the market and the socialist redistribution in terms of their occupational backgrounds, is a better indicator than income of how they perceive their social status and how they interact with each other in pursuing and maintaining their status. Given this diversity among these groups, it is premature and misleading to assume that they represent the formation of a "Chinese middle class". In short, it is simplistic to view the urban well-off as a single class that shares common identities, interests, and behaviors.

From the state's perspective, the middle class is actively produced through a new model of citizenship: whose success is measured in commodified expressions of social distinction, and whose identity is defined in terms of consumption (Anagnost 2008 p.515). However, this so-called middle-class formation includes a diversity of people, who are not ready to accept the label "middle class", nor do they perceive the grounds for an overarching middle-class identity because of the diversified paths to achieve a satisfactory and more secure life status, which is variously shaped by the labor market and state policy.

Chapter 6 Self-governance and Homeowner Identity Formation

Introduction

Studies of the political effects of home ownership acquisition in Western countries have produced a consistent finding that homeowners tend to be more politically active than non-owners (e.g. Forrest et al. 1990, Saunders 1990, Gilderbloom & Markham 1995, Purcell 2001). They are more likely to participate in both local politics, through community activism and neighborhood organizations, and to turn out to vote. Various reasons are given for this: owners generally have lived in their homes longer and are less inclined to move; moving is more costly for them so they prefer to address problems head-on than to leave the neighborhood; they have better established social ties with neighbors and this favors mobilization and participation; they have a vested interest in protecting the quality of life in their neighborhood and the value of their homes (e.g. Rossi & Weber 1996, Gilderbloom & Markham 1995, Putnam 2000). But, in China, it is not ownership alone that spurs on this participation. Rather, it is a combination of factors: the purchase of a home within a new and ill-regulated market; mistreatment or fraud by the developer or property-management company; and the existence of government policies that provide legitimacy, albeit somewhat reluctantly, for a specific organizational form (Read 2007). As pointed out by Gaubatz (1995), the continued increase in spatial and functional specialization in Chinese cities is strongly tied to increased autonomy and diversity in the social and economic spheres.

One thing that is substantially different in China is the fact that most homeowners are new to the experience and have bought apartments in new, large development not in existing neighborhood. In the West, people move into a neighborhood normally with some history, social characteristics, etc, while in China people generally move into a new development. Residency in gated community has also created a situation in which individuals develop relations with other citizens and with

the state not at the level of the workplace but rather in a community. Community “self-governance” of housing estate, introduced at the end of the 1990s, has also been used as a government strategy to turning the better-off citizens into “autonomous and “responsible” consumers (Tomba 2008, p.51). Endowed with personal control over assets, homeowners acquire new interests and may strive to act collectively on their own behalf. This is further facilitated by other elements of reform-era policy that have led to a much greater degree of openness and pluralism in the realms of social organization, media and culture.

Social capital theory highlights the social and political consequences of participation in community affairs or “civic engagement”. According to Putnam (1995b, p.67), networks of civic engagement facilitate coordination and communication, amplify reputations, and thus allow dilemmas of collective action to be resolved. Moreover, dense networks of interaction potentially broaden the participants’ sense of self, developing the “I” into the “we,” or enhancing the participants’ recognition of collective benefits. Non-family associational memberships—in other words, civil groups—generate interpersonal trust which Putnam regarded as the glue of society (Putnam 1995b, p.67), and promotes democratic institutions. The theory of social capital presumes that, generally speaking, the more we connect with other people, the more we trust them, and vice versa. Social trust and civic engagement are strongly correlated. That is, with or without controls for education, age, income, race, gender, and so on, people who join civil groups are people who have a higher trust in other people.

In a non-democratic country, strong associations could reduce the ability of the state to directly oppress citizens and provide a space for the growth of organized opposition to create democracy. Through participation in trust-based associations, individuals may experience changes in their values, preferences, and capacity to act. As

they participate more, the quality of their participation increases (Dahl 1971, Morris & Hess 1975). The urban space in contemporary China has been considered as the potential for autonomy at grassroots level (Davis et al. 1995). The community self-governance organizations provide further resources to collectively mobilize and pursue specific goals in a society at large (McAdam et al. 1996, Benewick et al. 2004).

Gated community residence provides a social context for examining the conditions of civic engagement among privileged status groups. With the decline of state-led allocation of labor and community services, urban residents are no longer “work-unit people” (*danwei ren*) and are becoming “societal people” (*shehui ren*) or “community people” (*shequ ren*). Individuals have more freedom and options to have their social interaction take place in private spaces such as residential communities and not only at the workplace (Bray 2005, Goldman 2005). This creates a situation where relations with other citizens, and with the state, occur not at the level of the workplace but rather within a community. Communities are less directly controlled by political authorities and civic organizations have gained at least some autonomy to manage community affairs (Bray 2006).

Although China retains its one-party system, as a consequence of decentralizing economic and political control, the government encourages community self-governance as a way to share the burden of providing services. Conflicts at community level, involving owners, management companies, development companies and local neighborhood organizations, no longer belong to the Chinese Communist Party’s traditional concept of “conflict” which meant conflict between classes (Kraus 1981). The conflicts at the community level usually deals with private issues and involve private and local players, rather than politics. Political control at this level of the polity is not as tight as at other levels. According to Read, the new self-organized homeowners’ organizations “might constitute a novel type of autonomous forum within

which individual interests are discussed and collectively addressed--and may even lead to a form of neighborhood-level democratization.”(Read 2003, p.33).

The emergence and operation of homeowners’ organizations generate research interest regarding whether they strive to generate the kind of independent associational life that would constitute an emergent civil society (Zhang 2004). Previous studies on these issues are characterized by controversial findings: some studies found promising evidence of collective actions carried out by home owners (Tomba 2005), others were conservative about the role of self-governance organizations (Read 2007). The controversy, I argue, is because those studies considered gated community residents as a coherent group due to their consumer identity and ignore the complexity of conflicts. Findings in Chapter 5 suggest that class identity is divided rather than shared among gated community residents. Therefore, I propose to examine the gated community residents’ activities that are generated by conditions they shared—not their socioeconomic status—but gates, space and ownership. Also, I will try to account for the complex nature of conflicts. Generally speaking, conflicts emerge from the desire to protect private property rights. More specifically, the conflicts involve housing quality, community environment and residents’ gated status, etc. Residents’ reactions might vary according to different kinds of conflicts. Through the analysis of neighborhood level collective actions, this chapter will analyze gated community residents’ civic engagement and its achievement. In particular, this chapter examines how residents improved their communication, trust and mutual support through self-governance, and how these experiences led to the formation of a homeownership.

Following Putnam (1993,1995), the term “civic engagement” refers here to people’s connections with the life of their communities, not merely with their participation in the political process. Civic engagement and political participation might be empirically related, but are logically quite distinct. According to Putnam, social

trust—trust in other people—and political trust—trust in political authorities—are distinct from each other. “I might well trust my neighbors without trusting city hall, or vice versa.” (1995a, p.666) Thus, the findings here are expected to discover the relationship between the increasing stock of trust and mutual support in Chinese gated communities and the residents’ participation in community affairs, but not in broader political issues, which have been popularly discussed by earlier scholarships (e.g., Reeschemcyer et al. 1992, Pearson 1997, Tsai 2005, 2007, Herberer 2006, Hurst 2006, Perry & Goldman 2007).

Community Governance and Awkwardness of Self-administration

The reform of neighborhood institutions labeled with “community self-administration” (*shequ zizhi*) consolidated grassroots-level administration resources in the hands of Community Committees (*shequ weiyuanhui*). Community Committees evolved from Resident Committees (*jumin weiyuanhui*). Shortly after taking power, CCP established Residents Committees in most neighborhoods of major cities, which were managed by the Street Offices (*jiedao banshichu*)—the lowest level of municipal government, to provide liaison between the grass roots and the municipal authorities and police (Benewick & Takahara 2002). In 2000, the Ministry of Civil Affairs started referring to these organizations as ‘Community Residents’ Committees (*shequ jumin weiyuanhui*). In general, Community Committees, still under the control of Street offices, include larger portions of the urban territory than the earlier Residents Committees, and have taken over some of the administrative tasks traditionally in the hands of work-units, in particular, some social security duties such as pension and medical insurances¹ (Read 2003 pp.37-8, Tomba 2005 p.936).

¹ In Shenyang, the name of Residents’ Committees (*jumin weiyuanhui*) has been replaced by Community Committees (*shequ weiyuanhui*), although a certain number of other cities still use “Residents’ Committees” to refer to their Community Residents’ Committees.

Community Committees (CCs) facilitate a substantial list of government programs, especially the provision of services and subsidies as well as social and political campaigns. For example, the CCs help the city government identify which households are most in need of welfare relief. At the same time, their detailed knowledge of local affairs allows them to help the government and police target unwanted migrants, violators of the strict family planning policy, criminals, dissidents and other deviants. They also serve as sounding-boards for residents, who can come to them with all types of problems and grievances; they often attempt to mediate small-scale disputes. The CCs cultivate positive relations with those residents who are receptive to their work. People who are uninterested in the CC are free not to volunteer to participate in its activities and can ignore it unless they are doing something that is considered wrong.

In Shenyang, a CC is typically composed of seven or eight staff members, which includes one director (sometimes also doubling as the party secretary), and hired staffs in charge of different administrative areas such as birth control, pensions, medical insurance, community environment, residents' CCP member activities, and social security provision, and so on. The CC system in Shenyang was designed to provide social security in under class communities, in particular after the closure of many industrial factories. In the gated communities, where the management company is in charge of services, CC has a smaller role to play (Tomba 2008).

One major duty of the CC is to distribute social security support for worse-off families on behalf of local government. In poor communities, this function could result in dependence of community residents on CC officials—because the CC has the right to decide who gets the subsidies and who does not. This does not apply to the better-off households who live in a gated community who generally have little contact with CCs. CC's functions as organizer or security provider are not fully recognized and accepted

by my interviewees, who enjoyed financial and social autonomy. More than half of the interviewees do not know where their CC office is or have never heard from their CC. Nearly ninety per cent have no contact with their CC office. The high security offered by management companies (MCs) in the gated communities clearly made it much harder for CC staff members to get into residents' homes.

Residents are keen to keep their privacy and are irritated by CC officials' intrusion. They sometimes complained that CC did not provide useful information or services to them but just arbitrarily carried out its administrative duties. For a variety of reasons, most gated community residents are not willing to provide information about their household, and are irritated by the CC's intrusion into their home to collect such information, as the number of people living in the apartment and what relations among them, employment situation or whether they have married children living with them and whether the married couple have applied for "birth permission" (*zhun sheng zheng*)¹, etc. Although CC staff members always considered themselves as service providers and the Chinese law defines CCs as a level of administration (*guanli*) and not of government (*zhengfu*) for the residents, their administrative duties on behalf of the local government made them subordinate of government activities.

Many interviewees have vivid memories of their life in work-unit residential compounds where the work-units' control reached into every household's social life. In gated communities, the state's penetration into individuals' life is challenged by the privileged status groups' desire to enjoy privacy with no intrusions from their workplaces or the local government. Many CC staff members complained that wealthy residents showed no respect and always refused to open the doors when they went to collect residents' household information. One gated community CC director told me: "In poor communities, residents come to our offices to ask for help; but here, if

¹ The same as the earlier Residents' Committee, CCs have taken family planning as one of their main duties.

residents agreed to come, they would do us a big favor!” The state’s visibility and capacity in the gated communities is losing ground.

“I don’t know. I have no contact with them. I don’t even know what the name of our CC is and where it is. A friend of mine works in a street office. I ask him what they do. He explained to me that they could do many things. Then I said none of these things is my business. I have no idea what they can do for me. I never need their help. They did a few real things, but most of the time they were just formalistic (*xingshi*). Why do I need a CC anyway? The CC wanted to set up a community library, but I have more books in my collection at home. I don’t need welfare payment (*dibao*) either. So the different CCs in China should have different functions. They can’t be simplified into the same form everywhere.” (Interview No.24)

“We never contacted CC, but CC officials always comes to us. After we moved in, they came to collect household information. I guess they got our basic information from the property management company, because we all filled in a form with the management company when we bought the place. If the CC made me do things I was not willing to do, I would feel I was being disturbed. For instance, when the Party Central Discipline Committee came to our community for an inspection last month, the CC posted lots of anti-corruption flyers and slogans in the community. I don’t think that was necessary. That was too much actually. I don’t want to live in an environment like that. And the CC is not capable of solving these problems anyway.” (Interview No.45)

For example, birth-control duty became a main difficulty for the CC’s work in gated communities. Many gated community residents left their household registration within their old neighborhoods, so the CC have difficulties identifying which residents are under their responsibility—the administration only covers residents whose household registrations are in the neighborhood. Due to the lack of comprehensive household information, the CCs usually fail to find out “suspicious” pregnant residents in their communities. Also, if the residents insist on having another child, the CC normally could do nothing except repeatedly explain the state’s birth control policy, because the residents are willing to pay for the high penalty fine and they might move to another house in another neighborhood during the pregnancy to avoid trouble. When they move back with a baby who was successfully registered with the local police, the CC has no bargaining power but frustration. Sometimes the CC ask for the police’s cooperation, but residents’ social networks are often able to influence even the police leaving the CC helpless.

Street offices (the sub-district level of government) also assigned CC the task of mediating the conflicts between residents and management companies or developers, and to prevent collective actions. I will explain the situation of the conflicts in detail in the next section, but I would like here to lay emphasis on the CC's role in preventing collective actions from spilling out of the community. In one case, residents of FY community planned a group visit to the local government office (*shangfang*), when they discovered the poor quality of the construction after moving in and that they had been cheated on the promised community garden. The CC director had set up a network of informants to monitor the development of the residents' actions. She had one key informant in each building who would let her know if any problem was arising. Otherwise, "we have two or three thousand residents here, and we could have had serious problems a long time ago." The director received the information about the residents' visiting plan from a few "key" residents she had good relations with in the community, and managed to report to the local government about the plan so that the local government could be prepared to deal with the "inharmonious situation".

This intervention, however, is not welcome among the residents. Mr 31 observed: "CC should encourage residents to defend their rights. But most of the times, the CC didn't do anything. All they want is peace with no conflicts. If there is any, they will use all means to suppress it." Thus, the tasks assigned by the local government result in an awkward position for the CC whose work is evaluated by such criteria as the number of conflicts their neighborhood experienced. All CC staff members complained that they are not taken seriously by the residents because they have no authority or power but to report to the local government. A CC director expressed her frustrations:

"Residents thought we could do anything. But actually, the only thing we could do was to mediate on behalf of the government. What worries me most is the *shangfang* (visits to government office to complain). No matter how much work I have done, as long as there is one *shangfang* case, all my efforts would be gone. If there was a *shangfang* and I didn't know in advance, the street office would fire me. If I knew and reported in

advance, the responsibilities would be handed over to the leading cadres I reported to. Therefore, I must know at all times what is going on among the residents.”

The awkwardness of CC’s “self-administration” results in an extremely low participation in the CC election among wealthy residents. A majority of the interviewees had never heard about the CC election and almost all interviewees knew nothing about the candidates for director or the party secretary position. Participation in a CC election for these residents means an administrative duty rather than an exercise in democracy. What residents want in their community is a CC that could respond positively to residents rather than serving as a government agency endeavoring to “govern their life”.

“We don’t really have CC elections here. Only once, the CC party secretary candidate went to residents home and asked us to vote for her. After that, she seemed not to know us at all. There was no statement, no speech. She just introduced herself when delivering the ballot papers to our homes. All the other candidates didn’t even say a word. So we voted for her. They asked us to put our votes in a box downstairs. Actually, we didn’t know any of the candidates.” (Interview No.19)

Data from CGSS 2005 confirm a general lack of participation in the Resident/Community committee election¹, as shown in Table 6.1. Generally speaking, respondents were not actively participating in their resident committee election. More cadres voted for resident/community committee election than other occupational groups—although nearly half of them did not vote at all. Cadres had higher percentages (16 per cent) of going to vote voluntarily instead of being requested by local authorities than any other occupational group, followed by private business owners (12 per cent). The work-units, in particular SOEs still had an influential impact by mobilizing the employees to vote. The government office employees had the highest rate of voluntarily voting—more than 26 per cent, which is double the percentage of SOI and SOE

¹ Question F5 in CGSS 2005 Questionnaire (p.18).

Table 6.1 Voting Behaviors of Resident Committee Election among Different Occupational and Work-unit Groups in 2005

	Didn't vote	Vote as requested by authorities	Vote voluntarily	Total
Occupation(%)				
Cadre	53.03	30.30	16.67	100.00
Manager	67.09	21.52	11.39	100.00
Professional	67.64	20.52	11.83	100.00
Non-maual Worker	71.25	18.26	10.49	100.00
Manual Worker	66.11	23.08	10.81	100.00
Private Business Owner	64.39	22.94	12.68	100.00
Total	67.21	21.57	11.23	100.00
Work-units(%)				
Government Offices	54.68	19.10	26.22	100.00
SOI	70.57	20.53	8.90	100.00
SOE	60.73	27.04	12.23	100.00
Collective Enterprises	61.63	23.69	14.68	100.00
Private Enterprises	74.02	17.93	8.04	100.00
Total	67.21	21.57	11.23	100.00

N=10372

Source: CGSS 2005

employees and triple the proportion of collective or foreign or private enterprise employees. SOE employees had the highest percentage of going to vote as requested by the authorities. Hence, generally speaking, the participation in community self-governance is low. Work-units, on behalf of the state, still exert a big impact on managing massive political participation.

In some cases, such as YL community, the government and the developer tried to achieve a higher level of integration between the private and the public organizations. Here, the general manager of the real-estate developer was self-nominated and appointed as the party secretary of the CC. And the developer company advertised the CC director position and selected the director from seven applicants. The director was paid by the developer rather than by the street office and enjoyed a relatively higher salary. The director gained the support of the residents because of her excellent work performances in dealing fairly with the conflicts and providing convenient services for the residents. She was most popular for providing information about nannies and cleaning ladies. The residents in YL community now prefer to have the CC director hired rather than elected, because they usually do not know much about the candidates

in the election and they consider a hired CC director would be more competent and responsible than an elected one. Therefore, the CC's identity as a "residents' self-administration organization" has almost lost its meaning.

Owner Committees and the Dilemma of Self-governance

Unlike the CC, residents' Homeowners (Owners) Committee (*yezhu weiyuanhui*) is a self-governance organization which only homeowners (*yezhu*) are eligible to join. The goal of an Owners Committee (OC) is to represent homeowners' collective interests and protect homeowners' private property rights from being violated. The OCs are elected by homeowners and staffed of volunteers. Thus, they are not responsible for government administrative duties; and their main task is to present and defend the interests of the homeowners, vis-à-vis the management company. The real estate developers usually take for granted their right to leave in place a property-management company that would operate indefinitely. In the absence of any competition, these firms are well positioned to reap handsome profits from management fees. OCs' main right is to fire the MC and select another one to take care of maintenance and other functions in their housing complex, but the independence of the OCs is to be constrained by law. The state policy spelt out that the new groups would be formed "under the direction of the housing administrative agencies" and must be approved by state authorities (the district level government) on a case-by-case basis. They CCs are often concerned that the homeowner groups are usurping their authority by claiming to represent the residents. As Benjamin Read notes, "This is an understandable worry, because it gets to the heart of the contradiction with the RC (Resident Committee) system...—the conflict between its rhetoric of citizen self-administration and its actual practice of serving state needs first and foremost." (Read 2007, p.157)

Homeowner committees' operations are different in different places. In some communities, residents complained that the elections are not open to all residents. In other cases, the Management Company (MC) or the CC dominates the nomination of candidates for OC election, because they are able, especially in a new community, to mobilize more residents, when residents just move in and are still unable of setting up any meaningful self-organizations. In order for an OC election to be legitimate, it is a legal requirement that two-thirds of the homeowners attend the resident election meeting. One of the main challenges for self-organized, competitive elections is that many communities do not succeed in organizing residents' meetings with participation of two-thirds of the residents should attend. It is common for MC or CC to deliver ballots papers to the residents' home, without detailed introductions about the candidates. The only information the residents could obtain from the voting paper is a candidate's name, age, and work-units. Therefore, many residents lose their interest in voting because they do not know any of the candidates, and believe that the elected would not represent the owners' interests.

In Shenyang, I found three ways to carry out OC elections. Usually it is the MC that sets up the first OC after the residents move in. Sometimes it is the CC that organized the first OC, although the residents' information has to come from the MC anyway. The MC tries to choose those who have purchased more than one apartment in the community, or who have purchased larger size apartments, and therefore have a bigger personal interest and are well acquainted with the MC through the transaction process. A second way of setting up an OC implies the leading role of the CC when they get to know more residents sometime after the residents move in. In some cases, the candidates are picked by the CC or nominated by other residents without even being informed about their candidacy. Some candidates were even absent at the election

meeting and some did not even know that they were elected until they saw the notice posted on the bulletin board.

“The first OC had been set up by the developer. My neighbor who bought three apartments in our building became the director of the OC. At the end of the first term he stepped down. The second OC was set up by the MC. All the members were students at the community’s senior college. The MC delivered ballot papers to our home, with a few names on it. We knew none of them and no one had contacted us. If we didn’t vote, then we were counted as voluntarily giving up our right to vote. I don’t even know who was elected in the end.” (Interview No.41)

The OCs elected through these two channels find it hard to obtain recognition and/or support from the other residents. Many interviewees complained that their OC never contacted them and they even did not know who were OC members. Also, because OCs elected with the help of MC or CC are considered to represent the MC’s or OC’s interests rather than that the residents, they are even considered to be against the residents’ interests when conflicts between the MC and residents emerged.

When such conflicts emerge, a call arises for a third type, more autonomous, self-elected OC. Those who feel their rights are violated generally become the activists, and accept to be candidates in the OC election. They question the legitimacy of the existing OC (if there was one), and start sending messages to other residents through posters or organizing petitions. Usually those activists also became candidates. Once elected, they would have the right to negotiate with the MC on behalf of the residents and to fire the MC if negotiations fail.

Even for those OCs that are elected and recognized by the residents, once elected they are often not in a position to reach an agreement. Mobilizing the participation of hundreds or even thousands of households requires significant effort on the part of OC volunteers who are required to plan meetings, circulate announcements, and often knocking on doors from home to home. OC members need to gather opinions from their neighbors and negotiate with the developers, the management company, and government offices. The lack of support from their fellow residents and disagreement

among residents is a major source of frustration among OC members. When asked whether they would like to be on the board of the OC, most of the interviewees said no. The extra work and long hours do not seem a challenge many are willing to accept. The frustration sometimes emerges from difficulties in reconciling opinions among residents.

“What is frustrating is that those residents don’t think that I stand up for their rights. They think that I stand on the side of MC and CC. The decisions made through the OC meeting, should be respected by everyone. Some of the residents have different opinions and they think we are not there for them. But standing on their side does not necessarily mean that I have to follow their opinion.” (Interview No.40)

Moreover, during this process of negotiating with the MC, the OC face pressure from both the CC and the residents. The CC’s main concern has always been the possibility of autonomous OC activities can produce opportunities for collective actions. Thus, CCs are often included in negotiating with both sides as a third party. Its action sometimes contributes to the resolve of the conflicts, some other time the CC itself become part of the problem.

When asked what was the biggest difficulty their OC was facing, OC members almost invariably mentioned the lack of support from the residents as their biggest frustration. The low turnout at the residents’ meetings make it harder for the OC to collect residents’ opinions and carry out their proposals. The lack of residents’ support is due to either a split in opinions, or free-riding. Many residents, especially those who work in the public sectors are reluctant to give their support because they do not want to be labeled as a “troublemaker”, nor to confront the CC, which is regarded as the lowest level of government bureaucracy. They would rather rely on the CC than the OC to resolve the problems. In commercial housing communities, OC activists are generally private entrepreneurs or the retirees who had availability of time.

Many residents think that OC members’ are only concerned with solving their own problems rather than defending the general rights of all homeowners. One common

situation in the gated communities is that some residents stop paying management fees as a form of protest against the poor quality of management services or maintenance. Thus the financial pressure exerts on the MC makes it impossible to operate normally, so that it provides even poorer services. At the end of the day, those who continue to pay fees blamed those who do not pay for the poor services. Often those who have problems with the MC and stop paying the management fees have also become involved in the OC, so residents who pay the fees complain that the OC members are causing problems, not solving them. Ms. 53 was displeased with the OC in her community, because “As far as I know, those who propose to stop paying fees are all those OC members.”

Residents sometimes join the OC only after they felt their own rights were violated. Therefore other residents often question whether the intention of the owner committee members is to pursue their private interests instead of serving the community. On the other side, however, the low turnout at residents’ meetings makes it harder for OC members to collect residents’ opinions and represent their interests.

“They thought we were making trouble because of our personal interests. Well, everyone started from one’s own interests, but when all personal interests came together, they became common interests. We had to explain to some residents that we were not making trouble, we acted according to the regulations. I spent 5 or 6 hours working here everyday. I think I am doing voluntary work. I don’t feel any fulfillment because residents still think we do this for our own benefits. So it is hard for us to draw the line.” (Interview No.31)

When living in the work-unit residential compound, community life was simply managed by the work-units. When the first time residents are allowed to express their opinion and to make decisions for themselves, the diversities of opinions and the lack of similar democratic participatory experiences have become main obstacles to people used to authoritarian processes. Ironically, having a good knowledge of government policies, laws and regulations among residents becomes another challenge for the OC operations. The residents consider themselves as “high quality” and “not ordinary”

people, and some of them know policies very well. They would be more likely to challenge the OC decision on the basis of their knowledge of state policies. This leads to challenges for both the elections and performance of the OC.

“The quality (*suzhi*) of the residents here is higher, but it is harder to reach an agreement on anything. This is the biggest difficulty. They all know the policies and they all have their own opinion. It was much easier to *guanli* (manage/control) them when they didn’t know any policies.” (Interviewee No.49)

Collective Action

Although self-governance in gated communities met contradictions, common interests lead to a growing collective “homeowner” identity among residents. It is the role of locality-based interests that determines patterns of interactions between neighbors. Homeowners are also becoming members of a “status community,” where the lifestyle of one’s neighbors becomes the social context for one’s own lifestyle. The enclosed and cohesive spaces they inhabit also play a central role in shaping their autonomy: they would hardly have any chance for (or interest in) collective action without the protective and magnifying effects of the community’s walls. The contested ground for collective action in Chinese urban neighborhood (Davis 1991) expands to gated communities.

Most of the conflicts in the gated community are between residents and developing companies under the form of confrontations between residents and MCs, because most MCs are affiliated firms of the developing companies and most of the time they were the only approachable representatives of the developing companies. The sources of conflict mainly include: poor maintenance of the housing-estate facilities, excessively high management fees (Tomba 2004), and poor quality of services. Among residents, the risk that poor management of the gated community could cause the real value of their investment decline is a central concern. And that helps motivate a willingness to attend to meetings and a willingness to act. When conflicts emerge

residents ask for the (re-)election of an owner committee. More activists and voluntary workers become involved, doing tasks such as posting fliers in the elevator, initiating more frequent discussions and organizing meetings. During this process, the CC gradually loses its dominant position, and instead becomes active as a mediator in order to prevent collective actions and maintain stability within the community.

When negotiations fail to resolve residents' problems, as concluded elsewhere (Read 2003, 2007, Tomba 2005), collective actions often emerge. And despite rules that call for a considerable degree of government oversight in the forming of these groups, they sometimes organize themselves in a highly spontaneous and independent way. Broadly speaking, collective action refers to joint action in pursuit of a common objective (McAdam and Snow 1997). Here collective action represents organized, group-based efforts that are publicly enacted, change-oriented, and tend to be non-institutional (Turner and Killian 1987). Such collective actions are more frequently observed in commercial housing compounds than in workplace-sponsored communities where residents normally turn to their work-units for help. Residents who are "within the system" also appear more conservative than those who are "outside the system". They may be willing to participate in discussions, meetings and sometimes strategy planning, but they try to keep away from direct confrontation with management companies, developers or government offices. Collective actions enhance the communications and interactions, through which a homeowner identity gets formed. I have chosen three case studies of collective actions to present here, showing conflicts with an MC, local enterprises, and residents in neighbor communities, respectively.

In one of the most established and wealthy gated communities in Shenyang, after a few months of negotiations on reducing management and parking fees, the company turned down the residents' requests. Some residents since refused to pay the fee. Activists alleged that the MC put up big character posters criticizing them, harassed

them, and obliquely threatened violence against them and their children. It was only after the husband of one of the organizers, a high ranking official at a powerful state-owned enterprise, threatened to deploy his formidable political connections against the obstructionists in the district government that approval was forthcoming. The issue came to its head on one morning when activist residents found that the tires of their cars had been punctured. They accused the management company of organizing this as a punishment for their refusal to make their monthly payments. One month later, when the mayor of Shenyang came to inspect the community as recommended by the local government, residents took advantage of the visit. Nearly thirty of them, including all the OC members, demonstrated with slogans such as “protect our owners’ rights” (*weihu yezhu quanli*) and “the management company is a bully” (*wuye gongsi hengxingbadao*). Some slogans were also hanging from the windows of residential buildings. A small group of owners led a rights-upholding (*weiquan*) movement against the housing developer, collecting voluntary contributions from their neighbors to pay for legal fees and a large protest banner. The demonstrators obtained a meeting with the mayor, who promised to help them. In the end, the homeowner committee hired a new management company to replace the old one, and re-discussed the fees. This was the first victory achieved by a group of homeowners in Shenyang.

While in this case leadership was mainly in the hands of private entrepreneurs, in the second community’s case, collective action was carried out by a larger and composite group of residents as a whole. RCH community is located in an old industrial district which is now emerging as a new residential area. The residents there were looking for a residential environment surrounded by trees with the blue sky. They were therefore very concerned when they found out that a local telecommunications company was planning to build a transmission tower next to their community. Residents spread the news and notices were posted in every building saying that the tower would emit

radiation that will affect residents' health. Some residents organized a meeting with the telecommunications company, but their request to relocate the tower was turned down. After the failure of this first negotiation, some thirty residents organized a protest outside the local primary school which was also next to the tower, during the hour when school was dismissed and parents came to pick up their children. When the parents saw the protesters' slogan with "save our kids", they eagerly asked for more information and later joined the residents' delegation for a visiting to the street office and district government. The telecommunication company in the end relocated the tower under pressure from the residents, parents and the local government. Ms.68 was very excited when she recalled the protest outside the school:

"Our protest was completely spontaneous. When we started our protest, the police came. We were not afraid of the police, because we had good reasons. The police surrounded there, didn't do anything. This experience made us feel that problems can be solved as long as we work together." (Interview No.68)

The third case, HP community, is a modern gated community located next to a traditional work-unit residential compound of a local factory. The developer built a door instead of a wall between those two communities. The door was open for two hours in the late afternoon everyday. Once the door was open, residents from the factory community could come to the garden area of HP community for a walk and to use the exercise facilities in the park. The door was named "Family Door", by which the developer company wished to create a harmonious image in a segregated residential area. The initiative was not well received by the private owners who urged that the door be closed and presented a petition signed by 100 per cent of the residents. They were worried that once the door was open, anyone could get into the gated community, making the costly gated environment less secure. Moreover, the residents were not happy that the factory community residents could use the facilities paid by the residents in HP community. Thus under the pressure of the residents as a whole, the MC eventually locked the door.

“The family door is closed now. Because we bought apartments in a gated community. If this door was open, it wouldn’t be secure here. They could come over to use our public facilities, but they didn’t pay for the fees. Of course, our residents didn’t like that. We understand that it was a nice gesture by the developer, but it was not realistic. Our residents had only one opinion at that time--shut the door. Actually the quality (*suzhi*) of the residents next door is high, because they are retired intellectuals of a factory research institute. But we still didn’t want the door open.” (Interview No.74)

The different group interests and different social mobility path (that I have shown in previous chapters) resulted in a divided pattern of conflict resolution. People within the system tend to rely on the higher level government to solve their problems, while people outside the system prefer to find alternative ways. More importantly, their collective actions rarely mean a challenge to the state authority, which is instead often called upon to solve private conflicts. Civic engagement and collective actions only provide grounds for residents to practice democratic processes by participating in decision-making at a grassroots’ level, but they do not elsewhere to become a threat to political legitimacy.

“We didn’t want to challenge the authority of the local government. All we wanted was for them to help us resolve our problems. But if the local government failed to protect our rights, we would go to Beijing to ask the central government for help. We believed that no matter which level we will need to go, eventually someone will solve our problem.” (Interview No.28)

Generally speaking, collective action is usually the last choice urban residents prefer to solve the conflicts related to property rights violations, which follows a similar pattern to resolve conflicts in a broader context. Asked by CGSS 2005, which channel they would prefer to solve the problems if they had conflicts with the government¹, more than 40 per cent of the respondents said they would go to court, and about 25 per cent of the respondents said they would ask for help from their supervisory leaders. More than 10 per cent reported that they would “bear it”, while less than 4 per cent said they would inform the mass media for help, and only around 2 per cent chose collective actions such as collective visits to government offices. This shows that in generally,

¹ Question F21c in CGSS 2005 Questionnaire (p.21).

urban residents depend more on the state authorities to solve conflicts rather than conducting collective actions.

Homeowner Identity

Although OCs are still at an early stage of evolution as more homeowner collective actions have succeeded, they have gained a stronger influence among other gated-community residents. More and more residents and other groups identify themselves as “homeowners” and recognizing the importance of “defending rights”. This identity has become a marker of one’s socio-economic position and social status in post-socialist China. According to Putnam (1995, 2000), networks of civic engagement embody past successes at collaboration, which can serve as a cultural template for future collaboration. As more actions were carried out, more gated-community residents consolidated their homeowner identities as a way of preventing private property rights violations. For instance, some communities I visited set up internet discussion groups that only the residents can join. In such forum, residents discuss community affairs such as owner committee elections, and raise problems they expect to negotiate with management companies and developers. The phrase “our homeowner rights” is used frequently in discussions. As new as the emergence of gated communities, this kind of community online forums are also a new factor of residents’ community life, which often only exist in gated communities. And what connect the group members together is the evolving “homeowner” identity.

If collective identity is “the shared definition of a group that derives from its members’ common interests and solidarity” (Taylor 1989), its mobilization is often aimed at the recognition or acceptance of stigmatized or new social identities (Cohen 1985, Melucci 1985). Those who were engaged in private property rights protection at

an early stage were not recognized as legitimate by government organizations. They were called *diaomin*—“shrewd and unyielding people” (Li & O’Brien 1996).

“I felt so embarrassed at that time. No matter which government office or officials we went to, for them, we were not protecting our own rights, we were just *diaomin*. Nobody said our names, and they just used this word instead. But why are we *diaomin*? We are just protecting our own rights! That label really hurt!” (Interview No.27)

Due to the different upward mobility path I explained in previous chapters, different status groups’ attitude to their homeowner identity and the “defending rights” (*weiquan*) activities varies. Although often labeled “lower quality”, private entrepreneurs feel that they have “a stronger sense of defending rights” (*weiquan yishi qiang*). Many of them are not sure whether their “defending rights” behavior have any direct relation with their experiences in private business operations, they emphasize the importance of mobilizing resources, including financial resources, during the conflict process.

“In a poor community, even if residents wanted to work together to defend their rights, they didn’t have the financial ability when it came to the real business. We donated 10,000 Yuan per person at the beginning. Our economic situations are better, so this amount of money didn’t affect our lives at all.” (Interview No.29)

Cadres and professionals seem instead to rely more on the official authorities to help in solving the problem. They feel angry with their rights being violated, but the anger is often overshadowed by the sense of responsibility implied by “we government people”. Also, they would not be willing to cooperate with their “lower quality” neighbors because it was always “hard to communicate with them”. The mobility path which has led to their current status creates not only a dependence on the distribution mechanisms, but also a preference for top-down processes of conflict resolution. Such attitudes also affect their willingness to engage in collective actions. Their responses are often based on careful calculations of the social costs of such activities.

This higher sense of responsibility for social stability is even stronger in work-unit-sponsored communities. In these types of communities, the MC is normally

affiliated to some profitable firm owned by the work-unit. The work-unit hires or appoints the manager of the MC and sets the fees for the MC. This is set much lower (usually 40 or 50 per cent lower) than the market price, and the work-unit normally makes up for the rest by subsidizing the MC. This situation means that the residents are unlikely to look for an alternative MC in case of troubles and risk of losing the work-unit subsidy.

This dependence on their work-units or local government notwithstanding, a homeowner identity eventually appears when the residents' property rights or their high-status community come under threat. AJF community is composed of employees from three key work-units of one government department. The residents stopped paying the management fees after a long time due to the poor services provided by the MC. Due to the lack of funding, the MC moved out of the community in 2005, and the community has had no professional management since then. The only OC in the community was regarded as having been set up by the old MC, and therefore, the OC did not exist after the MC left. The residents could not reach an agreement on whether hiring a new MC or stick to the old one. Without professional management, residents experienced break-ins, an untidy environment, and continued maintenance problems. In the end, the residents organized a "self-governance committee" (*zizhi weiyuanhui*) under the guidance of the CC, in order to "protect our homeowners' rights and community prestige".

Different from the OC, this "self-governance committee" was performing some of the MC duties including hiring cleaning and security staff. Also, the "self-governance committee" was charging fees for these expenses. The CC organized a resident general meeting and 11 residents representing the 11 buildings in the community were elected to the "self-governance committee". The main problems of housing maintenance however could not be solved by the "self-governance committee". In the absence of

either OC or MC, the self-governance committee could only help to negotiate with the sponsoring work-units or let the residents negotiate with the work-units by themselves. In this case, the self-governance committee became a community self-management board, under the residents' desire to protect their homeowner identities.

Successful experiences of self-governance and collective actions in these communities lead to a higher level of trust among residents. During this process, the increasing communication and interaction between residents provide opportunities to improve residents' mutual understanding and trust. The neighborhood mutual help has transformed from community-based welfare system (Chan 1993) to mutual support for defending homeowners' rights. Successful collective actions, in particular, consolidate a "homeowner identity" and the belief that "by working together, we can make a change"¹. Earlier studies have argued that trust leads to political tolerance, and a tolerance for ambiguity, plus a sense of independence, and faith in political systems. According to some studies of civil society (Almond and Verba 1963), these values are helpful in sustaining a democratic system. Inglehart (1999) showed the positive effect that interpersonal trust has on the successful functioning of democratic institutions. In China, the lack of such independent civil groups in a corporatist state would presumably result in less interpersonal trust, which, it has been argued, is a reason for China's lack of democracy (Tang 2005, p.102). Empirical studies have generated some contradictory findings that challenge these assumptions. For example, in the 2000 World Value Survey (WVS), when citizens in different countries were asked whether they thought most people could be trusted, China exhibited one of the highest levels of trust (Tang 2005, p. 103). Tang explained that Chinese having trusting relations within their own personal circles, and that the concept of trust extends only to trusting one's "own

¹ This question "Do you agree that by working together, we can make a change?" has been consistently used by World Value Survey as a main indicator of measuring the relationship between the stock of trust and its social and political outcomes.

people” and not strangers. This kind of trust is easier to develop, since the inner circle has more built-in certainty and security (Tang 2005, p.106).

Following Deutsch (1962), I regard that trust as that which renders the truster vulnerable to being betrayed by a person, group, organization, or an institution. Therefore, it is necessary to distinguish trust in different groups when using trust as an important indicator to measure relations between individuals and relations between individuals and social organization in China. My interviews suggest that there is a relatively high level of trust among residents within the community, but a very low level of trust among strangers in the society. The dramatic social changes brought about by the reforms resulted in insecurity and in turn, a low level of trust on strangers. The gate and the walls of the gated community, and the homogenized socioeconomic background of residents created feelings of security.

“Yes, I can trust people in the community. Since they can afford living here, they have achieved a higher level of both material and spiritual life. Sometimes I feel it is a symbol of social status. But I don’t think I can trust most of the people in society.” (Interview No.27)

CGSS 2005 shows supportive evidence of variations in the level of trust among different groups/categories¹. Table 6.2 shows that there is a higher level of trust for neighbors, fellow residents, relatives, colleagues and old schoolmates—those who are bound by strong ties. And trust for those who are bound by weak ties, such as people from the same town (*laoxiang*), acquaintances and people known only from social activities is relatively lower. About 75 per cent of the respondents thought most of the strangers cannot be trusted, and about per cent considered strangers trustworthy. Trust is more likely to develop in a well-established market economy in which business behavior is well regulated and predictable, than in an emerging hybrid market such as China (Tang 2005). The high level of interpersonal trust in China is not generated by

¹ Question E14 in CGSS 2005 Questionnaire (p.15).

associational group membership, but by a combination of close family ties and lively informal social interactions.

Table 6.2 Variations in Levels of Trust towards Different Groups of People

	Most can't be trusted	Half can be trusted	Most can be trusted	Total
Neighbors	5.67	18.50	75.83	100.00
Fellow residents	10.91	29.75	59.34	100.00
Relatives	2.11	10.25	87.64	100.00
Colleagues	4.87	25.80	69.33	100.00
Acquaintances	26.22	42.83	30.95	100.00
Schoolmates	6.57	27.49	65.95	100.00
Cotown men	29.13	41.44	29.43	100.00
People known through leisure activities	24.06	45.98	29.96	100.00
People known through religious activities	31.54	41.17	27.29	100.00
People known through social activities	22.12	42.34	35.54	100.00
Strangers	75.58	19.07	5.35	100.00

N=10372

Source: CGSS 2005

Conclusion

This chapter found that the self-governance in gated communities encountered dilemmas and collective actions to secure material interests rarely went beyond the community affairs, and never challenged the state's authority or legitimacy. The dilemma of self-governance and the conservative potential of gated community residents to engender social change, I argue, is determined by individuals' various relations with the state and market which influence their life chances, and, in turn shape the path they took to acquire their home ownership and develop their identity and worldview.

The awkward situation of CC's 'self-administration' indicates a rising autonomy of the private sphere of gated community residents. They largely ignore the state's governance in their residential areas and refuse to actively participate in the administration process within the gated communities. Thus, the CC's situation in gated communities illustrates how the state has gradually lost ground in the private realm of privileged status groups, in which they had gained more autonomy in their everyday life due to their higher socioeconomic status.

Autonomy is accompanied with a dilemma of self-governance. Due to the lack of democratic experiences and dealing with different attitudes towards community self-governance, self-governance in gated community is characterized by manipulated elections and disagreements on decision-making. A homeowner identity is progressively formed through the experiences of collective actions against violations of their private property rights. The three case studies show that gated community residents reacted differently to assaults on their homeowner rights, their community environment and their gated status. Despite their different reactions however, during the process of self-governance, particularly the collective actions, residents improved their communication and cooperation. Those experiences of the participatory democratic practices—although never went beyond the gate—helped to increase mutual trust among the gated community residents.

Thus, despite the fact that most of self-governance and collective actions do little to further political reform, the OCs are distinct from other kinds of grassroots organizations. Their purposes are first and foremost economic, and membership and representation are based on property ownership rather than citizenship. They are committed to the private interests of collections of individuals. The homeowner identity generated within this context has brought about more active and democratic homeowners' groups. Their efforts may contribute to broader political goals, through their participation in community affairs in a longer term.

Conclusion: Changes and Opportunities

This study contributes to social mobility theory and theoretical debates on market transition by analyzing how the interactions of socialist institutions and market factors influenced urban residents' life chances and constructed a new privileged social stratum in post-reform urban China. My analysis suggests that the formation of new privileged social strata is a gradual process that is resulted from the consolidation of pre-existing patterns of inequality inherited from the pre-reform era, under the condition of the market economy. Two types of privileged status groups emerged: the market-activity-based or the outside-the-system status groups pursued their elite status mainly through rewards to market activities; and the redistributive-power-based or the within-the-system status groups got ahead mainly via legitimizing or maximizing their unique advantages obtained from socialist institutions. Group membership through privileged employment determines their access to valuable resources and the distribution of those resources. Work organizations have become agents of marketization or socialist redistribution to stratify employees into different groups with different access to resources.

More specifically, I investigate a particular social group—gated community residents as the members of a privileged status group. I conducted data analysis mainly through life histories of 81 gated community residents in Shenyang, and I also analyzed data from CGSS 2005 and 2003 for implications and explanations within a specific national context. My findings suggest that individual credentials, family background and institutional arrangements together influence the privileged status attainment in post-reform China. To what extent individual credentials, family background or institutional arrangements determine their status achievement depends on the state's control and intervention into the market economy. Two principal types of career patterns in post-reform China have offered individuals dual mobility paths with

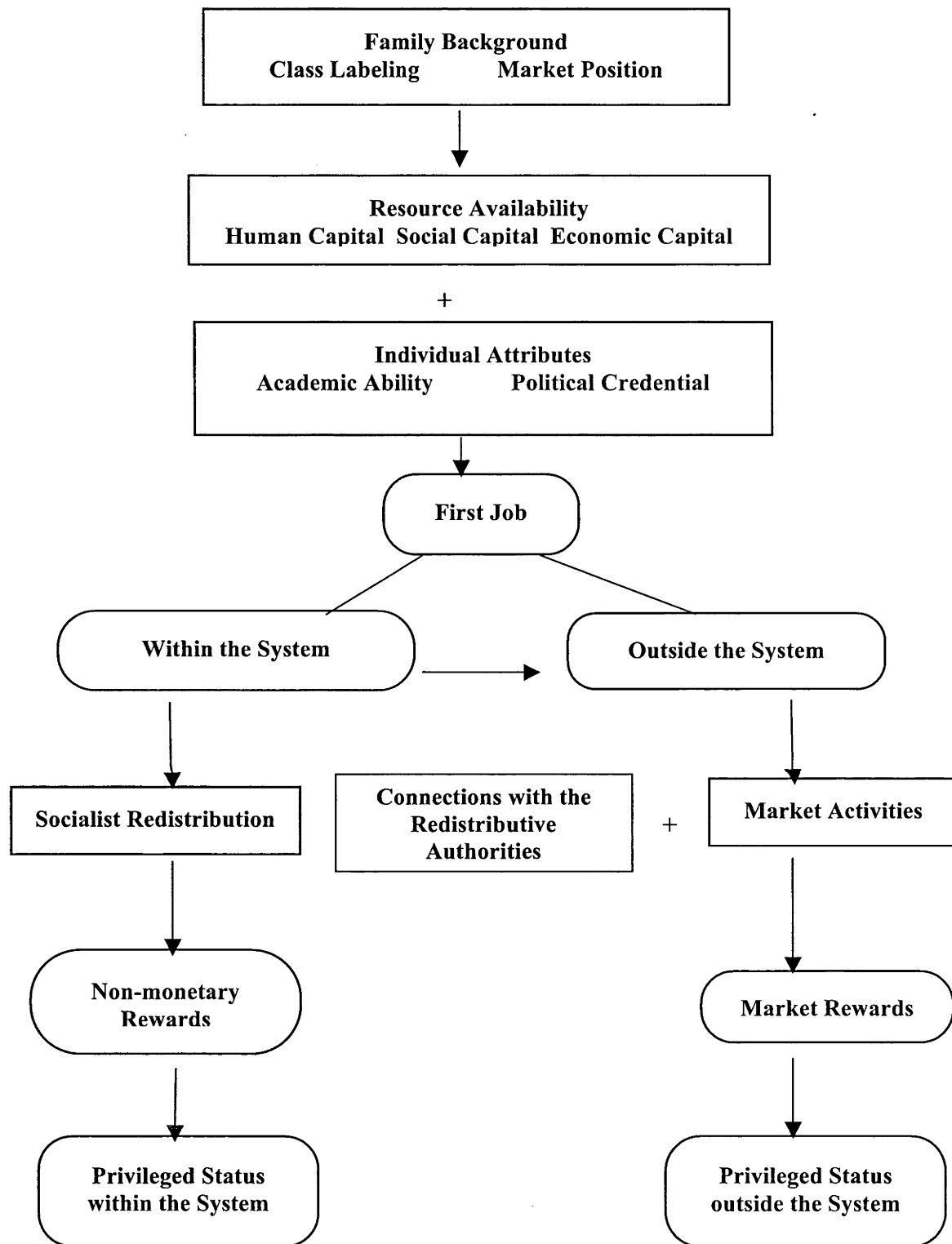
different reward systems. Individual attributes and institutional arrangements contributed to maximize the opportunities to get ahead on each path.

An Explanatory Model for Upward Mobility in Transitional Societies

The thesis is composed of two parts. The first part (Chapter 1 to Chapter 4) examines the factors that influence the privileged status group members' life chances, in terms of occupational attainment, educational achievement, home ownership acquisition, and social networks. Based on the analyses of the different social groups' upward mobility patterns, the second part (Chapter 5 and Chapter 6) investigates the outcomes of the privileged status group formation, in terms of social attitudes and collective identity formation. The findings lead to the construction of an explanatory model of upward social mobility in transitional societies (as shown in Figure 1), including factors during the upward process and the outcomes of the mobility.

Figure 1 indicates that similar to conventional social mobility models in industrialized societies, family background is considered the starting point of the mobility process. The difference in transitional societies like post-reform China is that the role of policies and socialist institutions modifies the meaning and impacts of family background. In Chapter 2 I showed how educational attainment is a good example to illustrate how the political process influences and alters individuals' life chances. The shift of the political agenda from class struggle to economic development changed what was meant by an advantaged family background. During the Maoist period, a politically defined revolutionary class label was the most desirable family background, while in the reform era a family's advanced socioeconomic situation assists children to get ahead from the starting point. Family class background and financial situation had different impacts on children's educational attainment at different times during the PRC history, as a result of shifting in the state's policy orientations. Thus, due to this change in

Figure 1 An Explanatory Model for Upward Social Mobility in a Transitional Economy



political agendas, family-based mobility resources such as human capital, social capital and economic capital played considerably different roles in the pursuit of upward mobility. Political advantages and market advantages also often coexisted in post-reform China. Families in privileged positions during the Maoist era could carry over their advantages in the new market economy and pass it on to the next generation.

Similarly, individual attributes had different effects on upward mobility during different phases of China's reform period. The career histories described in Chapter 1 show that, initially, individuals' political performances, together with "red" family background, helped them enter resourceful work-units. As marketization began, meritocracy was promoted in both the public and non-public sectors. Those with higher educational achievements were more likely to get into desirable workplaces or obtain good positions. Thus, similar to the conventional mobility model in terms of occupational attainment, individuals' educational credentials mediated family background influences as marketization deepened. However, this change in transitional societies was not only a result of industrialization, but also a result of changing political agendas for the purpose of maintaining the redistributive power over marketization.

Whether and how an individuals' first job mediates the influence of family background is much more complicated to explain in a society like urban China. The complexity lies in the fact that the reward systems in a transitional society operate not only according to market rules, but also still relying on socialist redistributive institutions. Chapter 1 has shown that one's occupation means more than simply a source of cash income for Chinese urban residents, because it also provides access to different reward systems. Those "outside the system" are rewarded through their market activities with higher status, while those within the system are more likely to be rewarded through socialist redistribution. Thus, the influences of individual factors on

status attainment in urban China are limited to the context of dual reward systems and their institutions: market and socialist redistribution.

Those “within the system” have more resources to mobilize. The work-unit has become an agent for reward distributions. For example, individuals’ could achieve higher educational levels through work-unit-sponsored education for further career advancement (Chapter 2). The within-the-system employees also could take advantage of the latent benefits offered by the work-unit, such as upgrading from public housing to gated community housing or receiving work-unit subsidized housing at a fraction of their market value (Chapter 3). Their access and ability to mobilize those valued resources largely contributed to their privileged social status.

As a free labor market developed, within-the-system employees had the option of to leave their public sector employment. The institutional backup—keeping work-unit welfare and positions (Chapter 1), and good relations with the redistributive authorities (Chapter 4) facilitated their market activities to gain higher rewards. Such former within-the-system employees who rose through their market activities held these twin advantages relative to those who started their career through market activities.

As a result of different upward mobility paths, two elite status groups are formed—“with-the-system” privileged status group and “outside-the-system” privileged status group—based on their relations to redistributive powers and market powers. The lifestyle and attitudes of the within-the-system status group are largely attached to their positions in the system. Leisure time relates to their work-units and consumption patterns were shaped by the quantity and quality of the benefits their work-units could provide (Chapter 5). The within-the-system benefits and the higher monetary rewards outside the system coexisting led to each group thought of the other as the main beneficiary of the reform and representing China’s new middle class. My findings suggest an ambiguous middle class identity divided among the privileged status groups

(Chapter 5). Through the experiences of community self-governance, a collective identity based on private property ownership formed (Chapter 6). This shows that the new social stratification in urban China has only produced a market-oriented model of consumption, rather than a new class structure as observed in western industrialized societies.

As explained above, in a transitional economy, the key factors in the process of upward mobility are redistributive institutional arrangements on one side and market activities on the other. Although the introduction of a market economy generated new inequality patterns in the market realm, the inequality patterns inherited from socialist redistribution were partially maintained. These two aspects intertwine and maintain a hybrid equilibrium, which benefited the successful members of status groups from each system. During this process, the privileged status groups from both systems exchanged resources to legitimize or maximize their advantages. In order to do so, they needed to be cooperative rather than competitive to secure opportunities. Due to the monopolies of different valued sources, the real competitions took place within each rewarding system rather than between the two rewarding systems. That is why rather than showing a tipping point where redistributive power disappears as the market develops as argued by part of the market transition literature, this model shows a sustained hybridity.

Membership and Status Attainment: *one status, two paths*

The scholarly work, guided by theoretical agendas in comparative social mobility research, highlighted the role of individual attributes versus that of inheritance factors during the mobility process, to test hypotheses derived from existing mobility theories. The characteristics of the political economy of socialism resulted in modifications of standard status attainment models when they were applied to China.

As shown in previous chapters, family origin, individuals' political and educational credentials, and their workplace identification all modified the status attainment model.

China's economic, political and social transformation was not solely driven by individuals' aspirations, but to a large extent, by socialist institutions. The institutional transformation was carried out as a direct result of the shift in CCP's ideology from class struggle to economic development. With the state constructing the discourse of "getting rich is glorious", individuals were offered opportunities to "get rich first". As shown in previous chapters of this thesis, the institutional arrangements, together with individuals' ascriptive and achieved attributes, determined the upward mobility chances and paths of individuals from different social groups.

The new role of institutions in the attainment of a privileged status generated a different theoretical perspective "that will help us understand and explain agents, sources, and mechanisms of change in the system of social stratification and social mobility" (Bian 2002, p.109). Institutional factors should be considered as explicit inequality-driving forces, rather than aspects of individual attributes indicating their institutional affiliations. It is not just the individual attributes that have resulted in upward mobility. At least equally important is the fact that upward mobility is an outcome driven by the efforts of groups that have either been realigned or newly created in China's post-socialist transformations. Although these groups might operate differently, they variously enjoy the privileges to utilize valued resources. Not denying the importance of the individualistic approach to examining social inequality, this research highlights its inadequacy by bringing in the role of institutional arrangements as driving forces for social inequality. The institutional arrangements contributed to the creation of the privileged status groups by offering group members higher income or in-kind benefits or exclusive opportunities regardless of their individual merit.

According to Tilly (1998), long-lasting inequality is the outcome of collective efforts by group members aimed at maintaining or enhancing members' advantage, not the outcomes of personal attributes, propensities, or performances (p.7). In this sense, the formation of privileged status groups is the outcome of an organized effort by which certain group members utilize their shared advantageous or monopolistic positions, to benefit economically or socially. This process is defined as "opportunity hoarding" (Tilly 1998). Recent studies identify contractual principal-agent relationships that allow those in positions of bureaucratic authority to extract excessive rents (Liu 2009). Wang (2008) argues that social inequalities in post-socialist China "are outcomes of differential positions of social categories that originate from China's post-socialist political economy and from a deep-rooted social and cultural tendency that privileges group membership and within-group egalitarianism." (pp.4-5)

The institutional arrangements enabled individuals to occupy privileged positions not only as the position-holders, but also as members of a status group. Theoretically speaking, their status group membership is an affiliation to an enclosed social group that holds a monopoly over valued resources in the transitional society. Empirically, this group membership is one's employment with a certain work organization which has the ability to utilize, mobilize and distribute resources only among its employees. Due to market and redistributive institutions offering different arrangements, the individuals who took different paths to achieve privileged positions have diversified group memberships. The group membership determines access to monetary rewards, latent redistributive benefits, and social resources. The monopoly over valued resources and enclosure of the groups offered individuals the ability and opportunities to access and mobilize the resources not only as individuals, but more importantly, as group members. The process of privileged status attainment reveals a social process in which institutions create and maintain inequality.

Workplace and Privilege: *marketization with socialist institutions*

The importance of work-units on Chinese urban residents' everyday lives, as well as their contribution to the urban social structure, commenced with the foundation of the PRC. As basic but powerful economic, social and political units of socialism, work-units had an extremely influential impact on Chinese urban residents' access to resources. The transformation of work-units aimed to abandon the burden of providing social welfare and thus focused the work-unit's responsibility more exclusively on production. The bankruptcy of large numbers of SOEs raised concerns of the future of work-units: it might disappear as class struggle did or it might survive as production unit only, or it might evolve into another form of institutional control.

However, not all work-units went through the same experiences. Non-profitable enterprises were eliminated from the system, dragged into bankruptcy due to inefficient production, outdated techniques and facilities, and large numbers of employees requiring comprehensive social welfare. Profitable enterprises, government offices and state-owned institutions managed to survive, and to consolidate their resources. When comprehensive social welfare and lifetime employment is no longer the norm for work-units, provision of partial or full social welfare has become desirable. A new inequality has been generated based on the ability of the work-units to offer these kinds of rewards. As a redistributive institution, work-units which used to maintain the order of egalitarian society now generate inequality among employees by creating privileged status groups within the system.

Resources at a work organization's disposal are contingent upon its sector, ownership and bureaucratic rank (public sectors only). Given the fact that base salaries in work-units are largely regulated by the government, whether and to what extent a work-unit can generate bonuses and rewards in-kind has become an essential issue for employees' well-being in the post-reform era. The incentive not only exists in the

industrial sector, but also in government offices, educational institutions, and hospitals, etc. The industrial sector work-units are more engaged in bonus distribution and subsidies, while government offices and SOI work-units still distribute rewards in-kind. On one side, Chinese work organizations have become less dependent on resource allocation by the state; on the other, employees are still dependent on their work organizations for their financial and social well-being. Therefore, members of the same work organizations share a common interest in the generation and maintenance of the resources central to their own reward system besides the defined base-salary system. The state-owned work organizations managed to establish subsidiary profit-making enterprises using state-owned assets. As Xie and Wu (2008) argue, the maximization of profits is not a work-unit's only objective, but they also sought to distribute bonus rewards equally among the employees as a group. (p.563) Chapter 1, Chapter 2 and Chapter 3 demonstrated that resourceful work-units managed to promote opportunities for their employees, such as desirable occupations, sponsored education and free or subsidized housing.

Because the ability to generate bonus rewards varies among work organizations, employees' well-being is dependent more on the organizational attributes than on individual characteristics. Working in the same organization, sometimes, is the only explanation for employees' acquisition of bonus rewards, despite differences in individual characteristics, such as educational achievement. Thus, those who happen to work in resource-rich, powerful or profitable work-units have structural advantages to benefit economically or socially. The bonus rewards appear as entitlements guaranteed by a powerful, resourceful, or profitable work organization, rather than the outcome of market competition. Membership in a successful a work organization continues to be an efficient way of moving upward. Thus, work organizations have become agents serving

as intermediaries between employees and the market or the state, and help to generate the social stratification order.

Transition and China's Housing Status Groups: *harmonious inequality*

The gated community residents analyzed in this thesis are the beneficiaries of either market outcomes or institutional arrangements. They include a wide range of occupational groups, and employees from different types of work organizations. In the midst of economic and institutional transformation, some of them managed to transform or maintain the benefits of being bureaucrats, some have become embourgeoised administrative or managerial cadres, some have become incorporated capitalist entrepreneurs—while intellectuals (professionals, cultural elites, and technocrats), who normally in history have held an ambiguous class status, have gained increased prestige and institutional access.

Gated space produce something similar to club realm between the public and the private arena (Christopherson 1994, McKenzie 1994, Mitchell 1995, Low 2001). The demise of state-organized collective consumption and the emergence of commodified urban spaces create new relations between work and living. Gated communities provide a familiar living environment which is not available outside (Wu and Webber 2004). For upwardly mobile residents, the choice of gated community is motivated by the search for a “good life” in “privately governed” and anonymous space (Wu 2005). The enclosure provides an effective way of organizing high-level services and forging status symbols. Security and privacy is of course the first consideration. Moreover, a similar socio-economic status of fellow residents is also desirable for those who used to live in heterogeneous residential compounds.

The rise of China's urban well-off who have experienced upward mobility in the reform era was expected by both domestic and international media and scholars to be a

force of consumption of stabilizing power in transitional social structures, and a growing democratic force to challenge the political regime. China's urban well-off attracted attention not only because of their privileged socioeconomic status, but also the groups to which they belonged and the interest groups they would fight for. The housing status group, while relying on different sources of income and reward, share a common privileged status that indicates their membership in a social group that can "hoard opportunities". This kind of membership, somehow, consolidated them into a social stratum that converts occupies opportunities and resources into a better-off lifestyle and status in contemporary urban China. The significance of the formation of such housing status group is that it indicates an inequality dynamic created by institutional arrangements through marketization.

Despite higher returns from market incentives, cadres did not lose their advantage as had been expected by market transition theorists. Not only cadres, but also other occupations within the system, as a whole group, managed to maintain or transform their advantage under the redistributive economy into privileges under the market economy. The dynamic is a continuation of persistent inequality from the socialist redistributive economy. The within-the-system status group replaced the "bureaucratic class", in a scenario similar to transferring old wine into a new bottle and re-labeling it "marketization". On the other side, the rise of the outside-the-system status group is in keeping with the political agenda of boosting economic development.

People's life experiences shape their behavior and attitudes. Path-dependent upward mobility led to diversified attitudes and identities among gated community residents in urban China. Thus, the formation of privileged status enclaves is based on the group's monopolies over valued resources and enclosed group membership. Given that redistributive and market institutions monopolize different types of resources in China, individuals achieve their privileged status through access to different resources

rather than a universal industrialization pattern. Therefore, their different lifestyles and consumption patterns indicate a more diversified than homogenized middle class identity (Chapter 5).

Thus group members (both within the system and outside the system) were given opportunities to initiate market incentives and be rewarded from market activities, with the cooperation of the state's redistributive powers. Path-dependent upward mobility resulted in status groups defending and securing their privileges through group efforts. Both the within- and outside-the-system status groups defended their redistributive and market privileges, so that a self-reinforcing mechanism was created to consolidate the social structure. As a result, the formation and growth of the privileged status groups met the goals of "maintaining economic growth through consumption" and "maintaining social stability".

Therefore, it is not difficult to explain why gate community self-governance encountered dilemma and collective actions that rarely go beyond the gate (Chapter 6). However, due to their different access to housing consumption, their consumer identity has been shaped by their position in or outside the system. The lack of democratic experience, the intervention of state administration, and the heritage of work-units' control on employees' private lives all contributed to the formation of conservative democratic leanings. Home ownership is the only shared interest among the different privileged status groups. The collective identity of being private property owners is stronger than that of being China's new middle class.

The life histories of China's urban gated community residents and the explanatory model for upward mobility presented in this thesis have shown more support for institutionalism theories. The formation of privileged status groups is a combined result of inequality designed by redistributive and market institutions. Who would progress through which path is part of the general development strategies of the

prevailing political agenda. To what extent individual attributes contribute to a successful status is a process of privileged status in the making. In other words, behind individuals' privileged status are the group strategies to define and distribute valued resources in the transitional society. As Davis and Wang (2009) point out, "Inequality is generated...within changing social and economic institutions. Such structures are products of historically and culturally defined processes created by contemporaneous political, economic, and social forces. It is such historical and structural forces that make inequality durable."(Pp.18-9)

Thirty years have passed since China's reform period commenced. Many urban Chinese now live in a life they never dreamed of thirty years ago, or even ten years ago. The improvement in living standards, the increase in freedom for occupational mobility, and the rising trend of meritocracy all lead to opportunities for individuals to turn their dreams into reality. Since the foundation of the PRC, the Chinese people's dreams have been constantly changing, from the passionate dream of being a construction worker for a communist society, to the bitter dream of surviving the long-lasting dramatic political campaign, to the desired dream of getting a iron-rice-bowl, to the uncertain dream of getting rich first, to the realistic dream of being private property owners. All of the dreams, at different levels, were implanted by the state in individuals' life. Who gains or loses during the transition depends on who initiated and interpreted the dreams, and more importantly, who created the environment to facilitate the transformation of the dreams.

During the reforms, the process of social change created an outcome-oriented development. The enlightening remark of "letting some people get rich first for the rest to follow" launched social change that emphasized the outcomes of development. Who should get rich first through what means, and when and in what way the rest should follow was not explained. The famous saying "It does not matter whether it is a black

cat or a white cat, as long as it catches mice, it is a good cat.” explained the evaluation guideline for the social change. People’s everyday lives were oriented on status attainment outcomes without consideration of mobility mechanisms. Social mobility since 1949, particularly after the reform, has been a by-product of the re-justification of the political agenda, rather than universally defined outcomes of industrialization. In other words, individuals’ social mobility and status attainment in PRC has rarely been based on choices initiated by individuals and their families. Efforts to possess valued resources have promoted inequality in urban China. Thirty years on, we can see that some people did get ahead, now the question is will others follow and how?

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Appendix: List of Interviews

No.	Gender	Position	Institutional Type
1	M	Party Secretary	Education
2	F	Lecturer	Education
3	F	Lecturer	Education
4	F	Staff	Education
5	F	Manager	SOE
6	M	General Manager	Private Enterprise
7	F	Lecturer	Education
8	M	Owner	Private Enterprise
9	F	Editor	Media
10	F	Owner	Private Enterprise
11	M	Vice Bureau Director	Government
12	M	General Manager	SOE
13	M	General Manager	Private Enterprise
14	F	Journalist	Media
15	F	Editor	Media
16	M	Department Manager	Media
17	F	Owner	Private Enterprise
18	M	Office Manager	SOE
19	M	Party Secretary	SOE
20	F	Meical Doctor	SOE
21	M	General Manager	Collective Enterprise
22	F	Office Chief	SOI
23	F	Office Manager	Collective Enterprise
24	F	Partner	Law Firm
25	M	Department Director	Government
26	F	General Manager	Foreign Business
27	M	Senior Technician	SOE
28	F	Department Director	Government
29	F	Owner	Private Enterprise
30	M	Journalist	Media
31	M	Owner	Private Enterprise
32	F	Owner	Private Enterprise
33	F	General Manager	Private Enterprise
34	M	Office Director	SOE
35	M	Office Director	SOE
36	F	Staff	Government
37	F	Staff	SOE
38	F	Staff	SOE
39	M	Owner	Private Enterprise
40	M	Department Director	Bank
41	M	Owner	Private Enterprise
42	M	Department Manager	Collective Enterprise
43	M	Department Director	Government
44	M	Department Director	Government
45	M	ice Department Directe	SOI
46	F	Office Manager	Collective Enterprise
47	M	Department Director	Government
48	M	Department Director	Government
49	M	Department Director	Government
50	F	Staff	Government
51	F	Staff	SOE
52	F	Staff	Government
53	F	Department Manager	Government
54	M	Party Secretary	SOI
55	M	General Manager	SOE
56	F	Staff	Government
57	F	Office Director	Government
58	F	Staff	SOE
59	F	Staff	Collective Enterprise
60	F	Owner	Private Enterprise
61	M	Staff	Government
62	M	Office Director	SOE
63	M	Office Director	SOE
64	F	Office Director	Government
65	F	Staff	SOE
66	F	Office Director	SOI
67	F	Office Director	SOE
68	F	Staff	SOE
69	M	Department Director	Government
70	F	Office Director	SOI
71	F	Lecturer	Education
72	F	Staff	SOE
73	M	Office Director	Government
74	F	Office Director	SOI
75	M	Senior Technician	SOE
76	F	Department Director	Government
77	M	Office Director	Government
78	M	General Manager	Collective Enterprise
79	F	Lecturer	Education
80	F	Staff	Collective Enterprise
81	M	Lecturer	Education