Socioterritorial Fractures in China: The Unachievable “Harmonious Society”?

Guillaume Giroir

Édition électronique

URL : <http://journals.openedition.org/chinaperspectives/2073>

DOI : 10.4000/chinaperspectives.2073

ISSN : 1996-4617

Éditeur

Centre d'étude français sur la Chine contemporaine

Édition imprimée

Date de publication : 15 septembre 2007

ISSN : 2070-3449

Référence électronique

Guillaume Giroir, « Socioterritorial Fractures in China: The Unachievable “Harmonious Society”? », *China Perspectives* [En ligne], 2007/3 | 2007, mis en ligne le 01 septembre 2010, consulté le 28 octobre 2019. URL : <http://journals.openedition.org/chinaperspectives/2073> ; DOI : 10.4000/chinaperspectives.2073

Socioterritorial Fractures in China: The Unachievable “Harmonious Society”?

GUILLAUME GIROIR

This article offers an inventory of the social and territorial fractures in Hu Jintao's China. It shows the unarguable but ambiguous emergence of a middle class, the successes and failures in the battle against poverty and the spectacular enrichment of a wealthy few. It asks whether the Confucian ideal of a “harmonious society,” which the authorities have been promoting since the early 2000s, is compatible with a market economy. With an eye to the future, it outlines two possible scenarios on how socioterritorial fractures in China may evolve.

The need for a “more harmonious society” was raised for the first time in 2002 at the Sixteenth Congress of the Communist Party of China (CPC). In 2004, the Plenum of the Party's Central Committee called for “the building of a harmonious society” (*Goujian shehuizhuyi hexie shehui* 構建社會主義和諧社會). During the sixth plenary session of the Sixteenth Central Committee of the CPC, in October 2006, President Hu Jintao raised the building of a “harmonious society” to a “more important position” in the work of the Party. The idea, a “harmonious society,” is invested with a wide range of meaning, encompassing the reduction of the gap between rich and poor, greater employment, improvements in fairness and justice, an end to corruption, the maintenance of public order and the protection of the environment. In March 2007, Jia Qinglin, the Chairman of the Chinese People's Political Consultative Conference, went to far as to rehabilitate the role of religion as a factor in promoting social harmony.⁽¹⁾ Various senior political leaders are now recommending to draw inspiration from Confucian, Buddhist or Taoist wisdom in order to achieve that objective.

The present study will concentrate on the question of disparities and social and territorial fractures. It will show that the real socioterritorial revolution that China has been experiencing since 1978 flatly contradicts this ideal of a “harmonious society” that President Hu has placed on his agenda. Since the policy of reforms and opening was launched in

1978, Chinese society has effectively ceased to be founded on egalitarianism; spatial disparities are to be seen on the same scale as in many other developing countries. In a political system still officially claiming to be communist, the theme of inequality has become a major issue in society: it has reached an “alarming level,”⁽²⁾ as judged by both the authorities and public opinion. Some officials anticipate a crisis some time after 2010 if the process is not reversed.⁽³⁾ In fact, the “process of social stratification” (*shehui cengci-hua*) in post-Maoist China supplies the material for an evolving branch of research in the social sciences. Inasmuch as the various social categories do occupy different territories, social stratification also reflects territorial fragmentation.

Our aim here is to draw up an inventory of this much-debated question while showing the difficulty involved in adopting a scientific approach to these fractures and to their dynamic, so varied are the present assessments and so governed by political considerations. We shall seek to reveal the strategies and the myths created by the authorities in order to play down the existing social and spatial disparities. Our analysis

1. *Xinhua News Agency*, 5 March 2007.

2. *Xinhua*, 26 December 2006.

3. *Straits Times*, 23 August 2005, citing the official newspaper *China Daily* quoting in its turn from a survey carried out by the Institute of Labour and Wage Studies, a think tank attached to the Ministry of Labour and Social Security.

will take two standpoints. The first, a wide-angle view, will show the process whereby sociospatial polarisation has intensified since 1978. The following three parts will take a close look at the uncertain outlines and blurred identity of the three main social categories, dealing successively with the middle class, the poor and the rich, placing each class in its own territory.

A Dynamic of Unprecedented Socioterritorial Fragmentation

Our aim is not to tackle in detail the vast question of social inequality in China since 1978, but rather to show how China has for three decades been experiencing an accelerated, indeed unprecedented, process of social polarisation and territorial fragmentation.⁽⁴⁾ The use of the term *shehui cengcizhua* 社會層次化 (the process of social stratification) in China's scientific literature and later in official speeches, indicates how disparities are widening in China. The growing incidence of this form of social and spatial discontinuity is found at every level: between regions, within the regions themselves, or between country people and city dwellers.

A Gini coefficient at the Brazilian level?

Many analyses refer to variations in the Gini coefficient to show how social inequality is intensifying in China. The Gini coefficient is one of the most commonly used indicators for measuring social inequality. 0 corresponds to perfect equality and 1 corresponds to perfect inequality. Like any measurement tool, it has its limitations: thus, a country with an average Gini coefficient may have millions of people living in the most extreme poverty; furthermore, it is a static measurement tool that takes no account of the dynamic of increasing incomes; the Gini coefficient also has the disadvantage of being based on official income statistics. Despite these imperfections, it does give an approximate and relatively true picture of the level of inequity within a given society. Before 1978, China's Gini coefficient was very low, lower than that of other developing countries: it was 0.16 in the cities and 0.24 in the countryside. In most of the developing world, the coefficients varied between 0.37 and 0.43 (cities) and between 0.34 and 0.40 (countryside).⁽⁵⁾ The post-Maoist period has had three distinct phases in terms of Gini coefficient. From 1978 to 1984, it reflected average growth of inequality: the Gini coefficient grew slowly, rising from 0.288 in 1981 to 0.297 in 1984. Between 1985 and 1989,

however, moderate growth was accompanied by the swift widening of inequality: the Gini coefficient increased from 0.338 to 0.444 by 1995.⁽⁶⁾

Over recent years, the Gini coefficient has been rising fast. It has become a political issue of acute sensitivity, with authorities and experts providing sharply divergent interpretations. In March 2001, the Prime Minister Zhu Rongji drew upon a survey carried out in 1999 in asserting that the Gini coefficient was still only 0.39, that is to say "close to international levels." The official figure is far from reassuring when we know that the level of 0.4 is internationally accepted as a warning sign regarding social inequality.

In reality, the figures provided by China's National Bureau of Statistics, undoubtedly an official body, show that the 0.4 level has already been exceeded: the coefficient rose from 0.386 in 1998 to 0.458 in 2000. In fact, a few days before Zhu Rongji's intervention, the *Xinhua* news agency had put the Gini coefficient at 0.458 and described it as "above the international warning threshold". Most analysts estimate that the Gini coefficient is today around 0.5. But some studies, such as that by He Qinglian, taking into account salaries, additional earnings and illegal income (tax fiddles, monopoly payoffs), put it as high as 0.6, that is to say, at the Brazilian level.⁽⁷⁾ It is recalled by some that at the time when Mao and the Communists took power in the 1920s the Gini coefficient was around 0.5 and, making due allowance for changing times, they establish a parallel with that explosive social situation today.

Generalised socioterritorial polarisation

Whatever the exact level of the Gini coefficient may be, the yawning disparities are easily verifiable at every level of Chinese society and right across Chinese territory.

The gaps between and within regions are still wide. In general terms, one can hardly fail to observe how, in China, levels

4. Bian Yanjie, "Social Stratification and Social Mobility," *Annual Review of Sociology*, vol. 28, 2002, pp. 91-116. G. Guiheux, "Les nouvelles classes sociales chinoises. Comment penser les inégalités?" in François Godement and Sophie Boisseau du Rocher (dir.), *Asie. Entre pragmatisme et attentisme*, Paris, La Documentation française, 2006, pp. 17-32. I. Thireau, "Stratification sociale," in T. Sanjuan et al., *Dictionnaire de la Chine contemporaine*, Paris: A. Colin, 2006. Wan Guanghua and Zhang Xiaobo, "Rising Inequality in China," *Journal of Comparative Economics*, 34, 2006, pp. 651-653.
5. Zhao Renwei, Li Shi, "Increasing Income Inequality and its Cause in China", *Journal of Economic Research*, N° 9, 1997.
6. B. Gustafsson, Li Shi, "Effects of the Transition on the Distribution of Income in China. A Study Decomposing the Gini Coefficient for 1988 and 1999," *Economics of Transition*, 9, 2001, pp. 593-617.
7. *South China Morning Post*, 24 April 2001.

of development and wealth decrease the further one moves inwards from the coast. But this shareout is complex. When the results of the first big national economic survey were published in December 2005, they revealed that variations in economic power were much more significant than earlier estimates had suggested. Even in the coastal areas of China, the economic dynamic is far from being homogeneous. The urban regions are also clearly regarded as highly privileged areas in China itself. The statistical revision in 2005 underscored the importance of the service sector as a dynamic force in the great Chinese cities. According to the latest figures, the GDP of the Beijing municipality, 68% of it deriving from service industries, has thus moved from fifteenth to tenth place nationally, overtaking far more populous provinces such as Hubei, Fujian, Hunan, Heilongjiang and Anhui. In terms of GDP per capita, the most dynamic municipalities are comparable with those in developed countries. In 2006, the Canton municipality, an urban region of seven million people, reached the US\$10,000 threshold of the developed countries, according to the World Bank.⁽⁸⁾ At the other extreme, GDP per capita in the province of Guizhou is put at US\$614; the Guizhou-Canton ratio is 1:16.

The gap between the coastal regions in south China and those in the north has widened. The revised GDP figure for Guangdong, the epicentre of the reforms and of openness, reached US\$380 billion in 2006 and is expected by 2008 to overtake that of Taiwan (US\$323 billion in 2006).⁽⁹⁾ One of the main explanations for the increase in the figures is that the output from small and medium-sized enterprises, previously underestimated, has been evaluated more accurately. Thus, the estimated gap in GDP between Guangdong and Shandong, in first and second regional places respectively, shot up from 55 billion yuan to 380 billion.⁽¹⁰⁾ The survey revised downwards the GDP of seven provinces, some of them populous areas in the interior (Henan, Sichuan, Hubei). The north-east is shown to be catching up more slowly than foreseen: Liaoning, though a coastal area, is nevertheless one of the provinces for which GDP was revised downwards.

Since the reforms, the gulf between town and country has also widened considerably. In 1978, the annual per capita income (at current prices) of urban households was 2.57 times higher than that of rural households; later, after decollectivisation, the gap narrowed to 1.85 times by 1985.⁽¹¹⁾ But this process of partial catching-up in rural living standards was of short duration. Over recent years, the trend has clearly been the other way. By 2001, the average per capita income in urban households had risen to 6,859 yuan as against

© Mark Henley

2,366 yuan in rural households—a ratio of 2.9:1. By 2004, the figures were 9,421 yuan as against 2,936 yuan, the ratio having increased to 3.2:1. In reality, some economists put this gulf at over 6:1 when various government subsidies—for education, health and public services—are taken into account.

During the Maoist period, the countryside presented a largely undifferentiated picture of poverty. As in the rest of society, disparities among rural families tended to yawn wider. The reforms did enable a minority of peasants to enrich themselves. Most, however, could hardly benefit from them. Thus, the Gini coefficient among rural households doubled between 1978 and 1995, rising from 0.21 to 0.42.⁽¹²⁾ These intra-rural disparities coincide in part with a spatial divide. According to figures from 2004, rural households in 14 provinces or autonomous regions had net per capita income averaging less than 2,500 yuan per year; all 14 provinces were in central China or in fringe areas occupied by ethnic minorities. Conversely, in the three urban municipalities of eastern China and in the province of Zhejiang, peasant incomes averaged above 5,000 yuan. The most extreme contrast was between peasants in the outskirts of Shanghai who

8. *Xinhua*, 4 January 2007.

9. *China Daily*, 11 December 2006.

10. *Xinhua*, 13 January 2006.

11. *Business Weekly*, 4 December 2002.

12. Azizur Rahman Khan, C. Riskin, *Inequality and Poverty in China in the Age of Globalization*, New York: Oxford University Press, 2000. The National Bureau of Statistics puts the figure lower, at 0.35 by 2000.

in 2004 earned average incomes of 7,066 yuan, 4.1 times as much as the poverty-stricken peasants of Guizhou (1,721 yuan). Because of persistent drought and the scarcity of non-farm incomes, the countryside in the west of the country is beset with poverty. In the year 2000, the average per capita income was little more than half that of peasants in rural areas in the east.

The urban population, more favoured overall, also has a wide spread of earnings ranging from the expanding white collar class, to low wage-earners to those at the bottom: workers faced with unemployment, as well as the marginal and overexploited world of the temporary migrants. Some observers consider that the inequality of pay levels within urban areas has become more significant than that between town and country.⁽¹³⁾ The assertion seems quite logical when one considers that the urban areas, especially those of the great cities, house the richest population groups in the country⁽¹⁴⁾ alongside migrant workers living in wretched conditions in dormitories or makeshift lodgings on the fringes of the cities.

Having dealt in a generalised way with the question of social inequalities in China, we must try to outline more accurately the main social categories as well as their recent development. As in many branches of China studies, it is difficult to identify or evaluate social phenomena, so masked are the scientific questions by political considerations. Chinese society has, since 1978, experienced shattering upheavals. Leaving aside the rich, two social classes are today the subject of scientific and political debate:⁽¹⁵⁾ the middle class and the poor. The social and political acceptance of the phenomenon of the poor and the rich depends in part on how one measures the relative importance of these two categories, and on the ensuing discourse.

The Emergence of an Urban Middle Class, Uncertain Still and Fraught With Problems

The present emergence of the middle class (*zhongchan jieji* 中產階級) raises great hopes among Chinese leaders. During the Sixteenth Party Congress held in 2002, Jiang Zemin, the former General Secretary of the CPC, proposed for the first time that the proportion of the population earning average incomes should increase. The announcement was taken as a major political signal. This phenomenon is considered not only as indicative of the maturity of Chinese society but also as a means of reducing social tensions and the polarisation of rich and poor. The middle class, which is pre-

sumed to be conservative and moderate, is perceived as a powerful force for the social economic and political stability of the country. The term “middle class” generally refers to the category of the population whose members can afford to buy their own house or apartment and a car, and to take on the expense of education and leisure. In China, it comprises five professional categories: entrepreneurs in high technology firms, managers in foreign multinational companies, managers in the big state-owned financial institutions, senior technicians, and private businessmen. These are the favourite targets for the multinationals, who see in the middle class the heart of the consumer market.

Nevertheless, the numerical importance of the middle class is disputed.⁽¹⁶⁾ Estimates vary noticeably, according to which criteria are used to define it.⁽¹⁷⁾ According to the criteria applied by the Chinese Academy of Social Sciences (CASS), families with assets worth between 150,000 and 300,000 yuan belong to the middle class. By that measurement, in 2003, CASS estimated the class as 19% of the total population (as against 15% in 1999). It puts its share of urban households at 49%.⁽¹⁸⁾ Looking ahead, CASS expects the middle class to expand to a 40% share of the total population by 2020. According to calculations by the BNP Paribas bank, China had more than 50 million middle class families in 2002, each with an average annual income of 75,000 yuan and assets worth 310,000 yuan. The bank predicts that, by 2010, the number should increase to 100 million households earning yearly average incomes of 150,000 yuan and owning assets worth 620,000 yuan. The National Bureau of Statistics estimates the urban middle class at 24.5 million families, about 75 million people, representing 13% of all urban households. By 2010, the Bureau expects that proportion to swell to 25%, corresponding to 57 million homes and to 170 million people. Looking beyond all these differing estimates, there is a universal acceptance that the middle class is emerging rapidly. Thus, what is taking place in China is the change from a social structure of hierarchical and pyramidal form, with strong social polarisation at the top and bottom, to an olive-shaped structure in which the middle class will be dominant.

13. *Worldwatch Institute*, 22 August 2006, citing *Shanghai Security Newspaper*.

14. Cf. the chapter below on the rich and the “gated communities.”

15. The theme of “social structure” (*shehui jiegou*) is at the centre of this debate.

16. Zhou Xiaohong (ed.), *Zhongguo zhongchan jiecheng diaocha* (Survey of the Chinese middle classes), Beijing, Social Sciences Academic Press, 2005, 411 pp.

17. *China Daily*, 27 October 2004.

18. CASS figures cited by the Chinese Embassy in Washington, 29 March 2004.

Yet, some sociologists are strongly sceptical of this phenomenon and even see in this type of discourse a myth created by some researchers or in the media. Li Chunling, a researcher at CASS, has carried out with his team a survey of 5,860 people aged from 16 to 70 in 12 provinces and urban municipalities at the end of 2001. Defining the notion of “middle class” on the basis of four criteria (profession, monthly income, consumption/lifestyle and subjective identity), he puts the number of people belonging to the middle class at only 35 million. In his view, the middle class, having appeared only towards the end of the 1990s, could not so soon have coalesced into a social group. He suspects the authorities of seeking to overestimate this phenomenon in order to mask the scale of present-day social disparities. He suggests that their purpose in so doing is to emphasise the effectiveness of social mobility: the more one can demonstrate that the middle class is significant, the more the phenomenon of the wealthy will appear socially and politically acceptable. If the poor can attain middle class status, it means that social mobility is functioning properly and that it is possible to move from one class to another. Actually, in November 2002, *Time Magazine* quoted a researcher who, under cover of anonymity, reckoned at only 5% the number of people with annual incomes between US\$2,500 and US\$10,000.⁽¹⁹⁾ Other researchers, such as Song Linfei, of the *Jiangsu Academy of Social Sciences*, consider that there will be no real middle class as long as the peasants continue to represent 60-70% of the population and to earn derisory average incomes per head of 2,622 yuan per year (that is around 220 yuan *per month*, the equivalent of around US\$40). In the view of the sociologist Li Peilin, China does not yet satisfy the two main criteria for the formation of a middle class: 50% urbanisation and a 50% contribution by service industries to GDP (these rates today have reached 40% and 32% respectively). Moreover, the present political system will not allow a middle class to flourish in the fullest sense of the term. For evidence of this, one need look no further than the Party leaders: one minute they are appealing for the emergence of a middle class capable of backing up the government—and the next they can hardly bring themselves even to mention the term “middle class”. Indeed, the People’s Republic was founded upon the abolition of class distinctions. Most significantly, is the rise of the middle class not the harbinger, sooner or later, of democracy? Will the urban middle class not give birth, in the longer term, to the bourgeoisie? China’s politicians prefer to employ other terms: “white collar staff” (*bailing*

白領), “middle income stratum,” “middle income group,” or just “middle stratum.”

In sum, a generally urban middle class is emerging swiftly; but it is still only at an incipient stage of formation. In its present state, it does not yet seem to be in a position really to challenge the social polarisation at the extremes that is at present observable in China. The phenomenon is not without consequence: it is plainly charged with political implications.

A Declining Rate of Absolute Poverty, the Persistence of Relative Poverty and the Appearance of New Forms of Poverty

Historically, the question of poverty was considered a rural issue. It was also claimed that the dynamic of growth would progressively shrink this mass of poor peasants. Over a period of some years, the question of poverty has become crucial in China, while the process of analysis uncovers ever greater complexity. Whereas for around fifteen years China has been experiencing an exceptional rate of growth, the phenomenon of poverty is still ubiquitous. This paradox attests the complex relationship between economic growth and the reduction of poverty. Here again, the subject of poverty is arousing a debate with a strong political resonance. The official discourse tends to conclude that poverty has almost disappeared: one purpose among several is to make less publicly distasteful the extravagant wealth enjoyed by a minority of the population.

Difficulties with reducing poverty

The inventory drawn up by the economist Hu Angang⁽²⁰⁾ gives us precious insights into understanding this question over the 1987-2002 period. He shows clearly that during the 1980s the reforms policy adopted from 1978 onwards did bring about a massive reduction in poverty. According to the internationally accepted measure of poverty (US\$1 per day), China had 542 million people living in poverty in 1980. By 1990, that figure had dropped to 375 million, a fall of 167 million in barely ten years.

The reasons behind this achievement—historically unrivalled on this scale—are linked to the post-communist transition,

19. *Time Magazine*, 18 November 2002.

20. Hu Angang, Hu Linlin, Chang Zhixiao, *China’s Economic Growth and Poverty Reduction (1978-2002)*, IMF seminar, New Delhi, 2003, 40 pp.

Extreme poverty at city outskirts

but also to some specific and in some cases innovative measures taken by the Chinese government. Despite the influence of economic cycles and despite a high level of inflation at the start, economic growth was generally strong and relatively continuous. Decollectivisation in the countryside (and particularly the disbanding of the People's Communes), the return to family farming and the partial lifting of price controls stimulated people's energies and considerably increased agricultural productivity. The creation of food surpluses enabled the authorities to relaunch urbanisation after a twenty-year administrative freeze. The massive switch of rural labour into township and village industries, bolstered by a boom in exports, enabled the peasants to earn non-farm incomes. The ban on settling in the cities prevented the creation of shanty towns. The anti-poverty measures adopted by the authorities (offering subsidies, opening up the roads, providing water and electricity schemes for the villages) also had their effect, sometimes a decisive one.

Since the early 1990s, by contrast, there has been a slowdown in the rate at which poverty is declining. According to international criteria, about 115 million people were brought out of poverty during the 1990s. In Hu's view, this slowdown is explained by a fall in the quality of economic growth: increases in per capita income and consumption levels were well below that of per capita GDP. Similarly, there was a fall in the contribution made by agricultural production to GDP and in the ratio of peasant incomes to per

capita GDP. Job opportunities in rural areas became more scarce because the enterprises in townships and villages were no longer taking on labour—indeed, they were shedding it (by eight million jobs between 1996 and 1998). The underlying fall in the prices of agricultural products brought about by the general application of market mechanisms had a direct impact on peasant incomes: between 1997 and 2000, relative prices fell by 22%, causing an overall drop in peasant earnings of over 301 billion yuan.⁽²¹⁾

Over the most recent period in China, the numbers affected by the most extreme forms of poverty have edged downwards. According to the official figures, the population living in absolute poverty⁽²²⁾ (defined as earning a net yearly income per capita of less than 688 yuan and not having enough food to eat or clothes to wear) totalled 26.1 million in 2004.

The rural population defined as "low income" (net yearly income per capita of between 669 and 924 yuan) totalled 49.77 million in the same year. Thus defined, the two categories added together come to around 76 million people. Even so, while the characteristics of poverty are less evident, the phenomenon itself is largely under-estimated when defined in these ways: the maximum yearly income threshold (924 yuan, or barely 77 yuan a month) is set ridiculously low—and well

21. *China Statistical Yearbook 2001*, cited by Hu Angang, p. 23.

22. The term is used without emphasis; if a moral standpoint were applied, one might say "abject poverty".

below the international standard. According to estimates by the World Bank, based on a threshold fixed at US\$1 per day per person, 22% of Chinese people live in poverty. If we accept a still very low threshold of US\$2 per day per person, then nearly 58% of Chinese people might be considered poor.⁽²³⁾ Other estimates are still more bleak: if we add together all the people, peasants and city dwellers, earning less than 200 yuan a month—that is, the great majority of peasants representing 67% of the entire population, plus 45% of all city dwellers—one arrives at a figure of one billion people.⁽²⁴⁾ A few figures relating to consumption levels support that picture. In 2004, yearly consumption expenditure per capita among rural households did not exceed an average total of 2,184 yuan in China: this works out at 182 yuan a month, or about US\$40. In Guizhou province, each peasant spent on average over the year just 55 yuan on clothes and 47 yuan on health.

The new poor

The liberalisation of the economic system in China has even been reflected in the appearance of new forms of poverty.⁽²⁵⁾ Despite strong economic growth—and sometimes because of it—poverty is extending to new population sectors and new territories, both in the countryside and in the cities. Indeed, though the socialist system did not provide for economic growth in the countryside, it did provide minimum living standards for the most vulnerable. The introduction of market mechanisms destroyed the old collectivist system with its guaranteed public services. The explosion of expenditure on schooling and above all on health has thrown some families back into poverty.⁽²⁶⁾ Even worse, the industrial boom has produced a scramble for building space, reflected in massive numbers of evictions of peasants from their land: those driven out, usually compensated at absurdly low rates, can no longer rely on their vegetable patches to feed themselves.

Urban poverty is a new and widespread phenomenon. Thus, one study has shown that the disposable income of nearly 60% of city dwellers is below the national average.⁽²⁷⁾ The stability of urban society in Maoist times was founded on security of employment and accommodation. The liberalising of the economy has led to a wave of redundancies among wage-earners; the privatisation of accommodation has sharpened this loss of status. Yet, the worst-off individuals are the “unofficial poor,” that is to say, the rural migrants who have been living in “semi-legal” situations sometimes for as long as several years (in direct contradiction of the term “*liudong renkou*,” 流动人口 or “mobile population” used to define them). The work done by Wang Yaping on the poor residential areas of two high-unemployment cities, Chongqing and Shenyang, gives an accurate portrait of the new

urban poverty.⁽²⁸⁾ In two out of five homes, not a single family member has a job. Half of the families live each in one room, sharing it sometimes with another family. Only one in five households has exclusive access to an indoor toilet and over 30% have no kitchen. More than one-third of the families surveyed have earnings below the official poverty threshold.

The Wealthy and their Territories, a Fast-Expanding but Little Known Archipelago

The phenomenon of the rich has developed at an unbelievably fast and spectacular rate. It represents nonetheless one of the least expected and most troubling aspects of the socioterritorial revolution that has been taking place in China for more than 25 years. If we consider that, prior to 1978, the rich did not exist as such (apart from a fraction of the *nomenklatura*), it is appropriate to speak mainly of the “new rich.”

The new rich, an ill-defined phenomenon

There are several indicators that may help us take the measure of the phenomenon. The concentration of wealth is one of the most evident: in China, a survey of 54,000 families has revealed that the richest 10% of city dwellers possessed 45% of the cities’ wealth, while the poorest 10% possessed scarcely 1%.⁽²⁹⁾ The rapid growth in personal fortunes is also very significant. For some years, foreign magazines such as *Forbes* and *Euromoney* have been publishing lists of rich Chinese businessmen in order to establish the hierarchy of the country’s richest people. And since 1999, Rupert Hoogewerf, a young British researcher, has been combing through extensive Chinese sources to draw up a list of Chinese millionaires. Thus, the richest person is named as Huang Guanyu. His fortune is put at more than US\$1.3 billion.

23. World Bank, *World Development Indicators 1999*, Washington, cited in J.-C. Chesnais “Les revenus, une pauvreté persistante et des inégalités croissantes”, p. 469 in I. Attané (ed.), *La Chine au seuil du XXI^e siècle*, Les Cahiers de l’INED, 2002, n° 148.
24. *Business Weekly*, 4 December 2002.
25. D. Solinger, “The Creation of a New Underclass in China and its Implications”, *Environment & Urbanization*, 18-1, April, 2006, pp. 177-193. A. Chan, *China’s Workers under Assault. The Exploitation of Labor in a Globalizing Economy*, Armonk: M. E. Sharpe, 2001.
26. *Financial Times*, 26 December 2006.
27. Li Zijun, “China’s Income Gap Widening, ADB Says Addressing Rural Poverty is the Solution”, *Worldwatch Institute*, 2006, citing a study by the Chinese Academy of Social Sciences published in 2005 *Social Blue Book*.
28. Wang Yaping, *Urban Poverty, Housing, and Social Change in China*, London: Routledge, 2005, 182 pp.
29. AFP, 19 June 2005, citing official figures taken from the *Xinhua* agency reporting data from a survey by the National Bureau of Statistics.

He made it by creating a chain of shops selling electronic products. Second on the list is Chen Tianqiao with US\$1.15 billion, credited with creating China's online game industry. Number three is Larry Yung (Larry Rong Zhijian), Chairman of the investment company CITIC Pacific, and said to be worth US\$1.09 billion. A significant proportion of China's richest people owe their fortunes to the property boom.

The consumption of luxury products and the accelerating spread of luxury boutiques (and even "global stores" like the one opened in 2004 in Shanghai by the French group LVMH) in the big cities are further evidence of the spectacular enrichment of a fringe group within Chinese society. A study by Morgan Stanley estimates at around 13 million the number of people able to afford luxury goods. Within 20 to 25 years, that figure could swell to nearly 100 million.

While there are innumerable pointers to the existence of China's new rich, the phenomenon seems to have been neglected by researchers; and the information available to us is fragmentary. The abundant output of research into the poor and into poverty is in striking contrast with the dearth of material on the phenomenon of wealth—surely no less revealing in a post-communist society.⁽³⁰⁾

There are several explanations for this anomaly. Firstly, it is true that studying the rich is less urgent in terms of social utility and fits uneasily into the study of development problems. The question of the new rich underlines the contradictions of the system of government. At a time when Deng's catchphrase "Getting rich is glorious" has offered political backing for the emergence of the bourgeoisie so reviled in Maoist times, and when bookshops are stuffed with translations of American manuals on how to make money, the theme of the wealthy is still a sensitive one. A survey jointly conducted by the *China Youth Daily* newspaper and the Sina.com website indicates that more than 72% of the 10,250 people questioned ascribe the increase in inequality to the existence of a privileged group.⁽³¹⁾ The general public is all the less inclined to tolerate the existence of the rich when their wealth has been acquired illegally. Bearing in mind the scale of social disparity and public sensitivity about corruption, the phenomenon of the rich is embarrassing and clearly difficult to handle in official political communications.

All these reasons also explain why even the study of wealth is still very restricted within official research centres in social science. Within the academic community it comes up against powerful practical, ideological and institutional constraints. Thus, most sociological studies adopt a macro-centred approach, or one based on quantitative indicators, usually watered down or giving only a vague picture of the phenomenon of the rich in China. It is extremely rare to come

across micro and qualitative surveys,⁽³²⁾ because they are too sensitive and difficult to conduct among a social group addicted to privacy. Many provincial businessmen prefer to live in obscurity. In recent years, a number of rich entrepreneurs have abruptly disappeared from the millionaire listings because they were not able to be transparent as to the origins of their wealth. Recently the Shanghai *Tatler* carried the headline "The Invisible Billionaires." The rich have to bear a high level of political insecurity originating not only in the collective memory of humiliations suffered during the Cultural Revolution but also in the fate that recently befell two tycoons accused—rightly or wrongly—of tax evasion and banking fraud. Mou Qizhong was sent to prison for life and Yang Bin was jailed for 18 years.

The gated communities, islands of luxury in a private archipelago dispersed around the great cities

The rich have access to territories with special morphological attributes, functioning according to their own specific logic. So if we combine the social approach and the spatial approach we may show more accurately how the formation of the social class is linked with the creation of these resi-

30. Cf. the analogous conclusions of Michel Pinçon and Monique Pinçon-Charlot, the sociologists who pioneered the study of the rich in France, though it was in an entirely different sociopolitical context. See in particular their study *Dans les beaux quartiers*, Paris, Éditions Du Seuil, 1989.

31. *Xinhua*, 26 December 2006.

32. Cf. the pioneering study by D. Fraser, "Inventing Oasis. Luxury Housing Advertisements and Reconfiguring Domestic Space in Shanghai," pp. 25-53, in D. Davis (ed.), *The Consumer Revolution in Urban China*, Berkeley-Los Angeles: University of California Press, 2000, and various studies by G. Giroir:

"The phenomenon of gated golf communities: the case of China," International conference of the Royal Geographical Society, London, 30 August-2 September 2005, 28 pp. Available on http://www.soton.ac.uk/~sh1/index_files/IBGfullpapers.html. Soon to be published in Fulong Wu (ed.), *China's New Urbanism*, London: RoutledgeCurzon, 34 pp., 2007; "The Purple Jade Villas (Beijing): a golden ghetto in red China", in K. Frantz, G. Glasze, C. Webster (ed.), *Private Cities. Global and Local Perspectives*, London: RoutledgeCurzon, 2006, pp. 142-152; - "The Fontainebleau Villas (Shanghai), a golden ghetto in a Chinese garden", in Wu Fulong (ed.), *Globalization and the Chinese City*, London: RoutledgeCurzon, 2006, pp. 208-225; "The Yosemite Villas (Beijing): an American-style gated community, reflection of representations of the rich and of emerging Chinese capitalism (*zibenzhuoyihua*)", First World Forum on China Studies, Pudong (Shanghai), 19-22 August 2004. Published in "Yosemite Villas-Mirror of Emerging Capitalism? An American-style gated community in Beijing", *China Perspectives*, Hong Kong, n° 64, March-April 2006, pp. 13-22; " 'Hard enclosure' and 'soft enclosure' in gated communities: some theoretical perspectives and empirical in China," Pretoria International Symposium (South Africa), 27 February-4 March 2005, 31 pp., available on CD, 2005; "Gated communities, clubs in a club system. The case of Beijing," 10 pp., International conference of Glasgow, 18-19 September 2003, *Gated Communities: Building Social Division or Safer Communities?* Available on the website of the Department of Urban Studies of the University of Glasgow, Centre for Neighbourhood Research: www.gla.ac.uk/departments/urbanstudies/gated/gatedpapers/gatedconfpapers.html, 2003; "Le phénomène des *gated communities* à Pékin, ou les nouvelles cités interdites" (*Gated communities in Peking, or the new forbidden cities*) *Bulletin de l'Association de Géographes Français*, Paris, December, 2002, pp. 423-436.

dential districts. In this context, the study of the process of sociospatial fragmentation in China within the theme of the gated communities is of particular interest. In terms of methodology, the communities provide an exceptional source of information about the effects of the processes of transition and of globalisation in China. These luxury residential spaces, closed and guarded, are one of the most significant end results of the riches produced by economic liberalisation. The luxury villas represent an often dominant proportion of the personal property accumulated by the rich during these early stages of globalisation.

The gated communities are in their way the reflection of the intense socioterritorial rearrangement that is taking place on the mainly agricultural fringes of Chinese cities. They are often associated with other territories functioning like so many clubs (golf clubs, riding clubs, or private international colleges); they resemble, not so much isolated micro-territories, but a private archipelago of residential and recreational spaces, a real system of clubs that is increasingly shaping the peripheries of the great Chinese cities. The area covered by these residential complexes extending sometimes over several hundred hectares shows that the promoters have purchased vast stretches of cultivated land—often very cheaply; the result is that hundreds, even thousands, of peasants have moved out. The villas are in general grouped together, not contiguously but closely. While the gated communities, taken individually, are usually quite small, their spatial concentration sometimes expands them into real city districts. Furthermore, in their function as groupings of the economic or political elite they also tend to act as significant command centres. For that reason, the promoters describe them as Central Villa Districts (CVDs). According to census data, in August 2005 China had a total of 1,007 villa areas. It is particularly difficult, perhaps impossible, to know how many people live in these villa areas. But the total number of luxury villas in Beijing is estimated at around 42,000 villas.

Conclusion

What emerges clearly is that the economic miracle is not enough by itself to prevent socioterritorial fractures. And furthermore it is itself producing new disparities. While China's extraordinary economic growth has undoubtedly improved people's overall living standards, it is also responsible for a powerful dynamic of social stratification and territorial fragmentation, with unforeseeable effects upon the system of governance. It does seem difficult precisely to measure the exact scale of these fractures, but the authorities' emphasis on the

need for a “harmonious society” bespeaks the urgency of the question. In the end, is the ideal of a harmonious society compatible with a market economy, or with a market society?

When we come to look ahead, two positions are possible. If we take an optimistic viewpoint, socioterritorial fractures are only the secondary and temporary effects of the transition and of growth, which is what economic theory predicts. They are expected initially to intensify, then to become stable and progressively to decrease. Central government has started to take countermeasures: abolishing farm taxes, for example, increasing subsidies to grain producers and introducing a minimum wage for migrant workers. It is endeavouring to lay the foundations of a welfare state. In such advanced provinces as Guangdong, the authorities say they are no longer restricting their ambitions to GDP growth but seeking also to achieve sustainable development. Thus, the Eleventh Five-Year Plan proposes to limit annual growth to 9% (instead of 12%) to reduce imbalances.⁽³³⁾

A more sceptical, pessimistic or critical position would stress the fact that the worsening of socioterritorial fractures will continue inexorably and that China will remain imprisoned by its own dualistic form of development. According to Fan Gang, the Director of the National Economics Research Institute and Chairman of the China Reform Foundation, it is unlikely that inequalities will be corrected over the next decade.⁽³⁴⁾ In the present context of export-led growth, the competitiveness of Chinese products depends on low labour costs. From this perspective, poverty may seem an intrinsic part of China's growth mode. Similarly, the increase in the numbers of the rich is in part attributable to what one economist described as “the socialist corruption mode” (Julia Kwong). Behind the question of fractures, far more comprehensive questions are being asked in relation to the very structures of the regime: to China's form of political governance, for instance, or to the contradictions between the state's official ideology and the social and economic dynamism that drives the country forward. •

• Translated by Philip Liddell

33. *Xinhua*, 4 January 2007

34. *Worldwatch Institute*, 22 August 2006.