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China's Consumer Revolution

DEBORAH S. DAVIS

Less than two years after Chairman Mao Zedong's death in 1976, the Communist Party leadership had designed a new blueprint for economic growth by jettisoning core principles of the Chinese Communist revolution and assigning central roles to private entrepreneurship and consumer demand. Initially these deviations from Maoist orthodoxy were endorsed as short-term compromises to spur efficiency and jump-start a stagnant economy. Individuals would not be allowed to accumulate significant capital or property rights, and any link between economic and political reform was explicitly rejected. By the early 1990s, however, when the initial reform had produced a decade of double-digit growth and ensconced Chinese industry firmly within the global capitalist economy, the leadership discovered that it could not reverse course. Nor could it control the social consequences of the economy's dependency on market transactions and private entrepreneurship. Millions of daily commercial exchanges not only calibrated the flow of material goods but also nurtured individual desires and social networks that challenged official discourse and conventions. The political regime remained intact, but relationships between the state and ordinary citizens had changed.

For China's urban residents, the financial gains from post-Mao economic reform have been rapid and impressive. Adjusted for inflation, per capita income doubled between 1978 and 1990, and between 1990 and 1994 it increased another 50 percent. Savings of urban households rose from \$2 billion in 1978 to \$63 billion in 1990 and to \$192

billion in 1994. Consumer durables such as washing machines and refrigerators that had once been available only to a specially connected minority became routine purchases, and a host of previously exotic products could be found in retail outlets throughout urban China. In 1990 there were 20,000 cellular phones in China; by the mid-1990s that number had risen to 3.4 million. English-Chinese dictionaries once had no official translation for “greeting card,” but by 1995 a street stall in Beijing reportedly sold 80,000 cards in one day. Shanghai in 1985 had 52 dance halls and discos; by 1994 it had more than 1,000. In Shenzhen the number of bowling alleys grew by a factor of 40 in one year.

When within less than a decade millions of people gained access to advanced modes of communication, new vocabularies of social discourse, and novel forms of leisure through newly commercialized outlets, it does not seem an exaggeration to claim that a revolution in consumption had occurred. Moreover, this rapid commercialization of consumption did more than simply increase consumer choice and raise the material standard of living; it also broke the monopolies that had previously cast urban consumers in the role of supplicants to the state. When party and government officials loosened their control over the flow of commodities, they also ceded greater autonomy to everyday sociability. In granting market principles new legitimacy to coordinate economic transactions, the reforms became increasingly indifferent to the ways in which citizens used their new commercial freedoms. And in this less censored terrain, urban residents initiated networks of trust, reciprocity, and attachment that differed from the vertical relationship and obedience between subject-citizens and party or government officials. The extent to which these investments in unofficial social relationships threaten the political monopolies claimed

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by the Leninist state remains open to debate and empirical investigation. But although the private has not triumphed over the public, the greater affluence and new consumerism of the 1990s have weakened the hegemonic sureties that defined urban life throughout the 1960s and 1970s.

THE REVOLUTION IN BASIC NEEDS

In the 1970s, workplace resources determined a Chinese family's standard of living as much as, or even more than, the wages earned by the household head. Enterprises not only distributed social welfare benefits that were otherwise unavailable but also allocated apartments and provided many consumer items that in capitalistic societies were discretionary personal expenditures: weekly films, fresh fruit at holidays, plastic summer sandals, even cakes to celebrate a birth. Through these noncommercial, redistributive practices, urban residents experienced what sociologist Hanlong Lu calls "massified" consumption.¹ Whether a household was headed by a professional or a blue-collar production worker, family members lived in comparable homes, rode the same buses to work, confronted similar food shortages, and faced equally limited choices of leisure activities and clothing selection. Material inequalities existed, and behind the closed doors and high walls of cadre compounds the political elite enjoyed a distinctive lifestyle. Overall, however, living standards were remarkably homogeneous within enterprises, and differences among city families were attributable more to variations in employer resources than to individual or family wealth.

Distributing consumer goods and services by bureaucratic fiat rather than through markets also affected social relationships. Politicized ties between subordinates and superiors in the workplace could define the quality of one's personal life, and it was virtually impossible for employees or their family members to prosper without the active support of enterprise leaders. If an employer denied or failed to provide a benefit, an alternative source was rarely available. Even leisure time and revenues for socializing were rationed through bureaucratic channels under the supervision of the Chinese Communist Party.

By the mid-1990s, higher incomes and new retail markets had reduced the workplace's obligations to

satisfy consumer demands. Independent hawkers filled daily markets and sold such previously rationed items as seafood, meat, milk, and grain products. Private restaurateurs or subcontractors (*chengbao*) replaced workplace canteens, and a largely commercialized entertainment industry multiplied opportunities for individuals to relax or conduct business in the unofficial world away from work.

Weaker redistribution policies and increased reliance on markets also ended "massified" consumption patterns and widened economic differences among households. Economic reforms ushered in a decade of aggregate growth, but a minority experienced a decline in their standard of living. The story of the urban revolution in consumption is one of how market-based differentiation fostered both new forms of social solidarity and new patterns of inequality.

TO MARKET

In cross-national comparisons, household expenditures on food provide an inflation-proof metric for assessing a population's economic progress. The general assumption is that as real incomes rise, consumers spend a lower percentage of their income on food for home cooking and eat more animal protein, fruits, and prepared foods. During the early 1990s, urban Chinese conformed to these expectations. But close examination of household expenditures for food reveals much more than the relative share of protein in average diets.

China has one of the world's great cuisines, and buying, preparing, and enjoying food have cultural, medicinal, and ritual meanings that make grocery shopping a template for a wide range of social attitudes and behaviors. Older residents have searing memories of the near starvation they endured after the failure of the Great Leap Forward. Few adults have forgotten the monotonous diets of the 1970s, when many foodstuffs were distributed to workers at the end of the week or before a holiday, and grain and oil were sold through designated state outlets that required customers to use coupons and ration books. Throughout the 1980s, economic reforms fundamentally changed the experience of shopping and the dynamic of food retailing. The expanded food offerings of the 1990s and the end of rationing created an environment in which grocery shopping became a lively social context for observing the results of the consumer revolution.

In a study of Nanjing food shoppers, marketing professor Ann Veeck found that her respondents

¹The research of Hanlong Lu cited, along with that of Ann Veeck, David Fraser, Yunxiang Yan, and Kathleen Erwin, can be found in Deborah S. Davis, ed., *The Consumer Revolution in Urban China* (Berkeley: University of California Press, 2000).

spent six hours a week shopping for food, and in her community sample, families on average spent 52 percent of their household income on food (although the percentage varied widely, from 77 percent among the poorest households to only 18 percent among the wealthiest). Most surprising, however, was that the appearance of thriving, competitive street markets did not foster behaviors common in African and Latin American cities, where families also buy daily from individual food vendors. In those other settings, buyers often return to the same vendor for months and even years, and the marketplace creates enduring bonds of social solidarity. In Nanjing, by contrast, customers were extremely mistrustful of food peddlers and routinely carried a scale to market to verify the weight of their purchases. The marketplace was atomized and socially unpredictable. The government repeatedly forced markets to relocate, many peddlers were migrants with no fixed abode or identity as vendors, and—perhaps most important—vendors did not extend credit.

AT HOME

In the 1970s most urban housing was a “public” good owned and allocated by enterprises or municipal real estate bureaus. The first decade of economic reforms did little to change the ownership structure and instead concentrated on upgrading the quality and quantity of collectively owned housing. Public funds, primarily from state-owned enterprises, poured into urban housing construction, and between 1978 and 1992 average living space doubled from 3.6 square meters per capita to 7.1 square meters. In the 1990s, however, policy shifted to spur commodification of residential real estate.

At the Second National Housing Reform Conference in October 1991, the leadership announced three initiatives. First, rents were to be raised to cover the costs of maintenance; second, renters were to be encouraged to purchase their flats on the installment plan; and third, an increasing amount of new housing was to be offered for direct sale. Within a short time, these policy shifts produced far-reaching effects. By the summer of 1992, 5 million urban households held 12-year mortgages from the Chinese Construction Bank, and by December 1994, 30.5 percent of urban households held some

type of ownership rights.² Most home buyers purchased the rental units they already occupied at a highly subsidized price, but others bought newly built homes sold by commercial developers. A private real estate market had existed before 1991 but was concentrated in areas where overseas Chinese could purchase homes for themselves or their relatives in the People’s Republic. In the 1990s, commercial developments appeared throughout the country, and new homes were sold to individuals with no overseas connections.

In part, China’s immature financial institutions spurred home ownership. Families were accumulating substantial savings, and in the face of inflationary pressures the purchase of a home was an attractive investment. Yet this was not always the case. For example, historian David Fraser found in Shanghai that residents bought their own homes not only as wise investments but also because of the greater privacy and a sense of exclusivity they offered.

Given the high price of most commercial real estate, only 5 to 10 percent of Shanghai residents could actually afford to purchase the accommodations advertised in the evening paper. Yet 40 to 50 percent of city residents could realistically become homeowners if they purchased their current apartments. In this way, central government policy shifted to commodify a welfare good of the Mao years and allowed a broad cross-section of urban residents to respond positively to advertisers’ exhortations to “Buy a home and become a boss!”

Even when home ownership was impossible, urban residents could realize dreams for enhanced domesticity by redecorating, and in the mid-1990s home renovation emerged as a mass phenomenon. Publishing houses throughout China produced a range of lavishly illustrated home-decorating guides, and bookstore shelves were stocked with magazines dedicated to installing new floors, elaborate window treatments, and recessed lighting. Television stations broadcast do-it-yourself shows that simultaneously promoted local retailers and demonstrated how best to refurbish a small urban apartment.

In 1994, Shanghai’s Orient television station introduced a home-decorating contest, and People’s Art Publishing House published the top 100 designs, complete with floor plans and photographs of the winning entries. Some designs were extravagant, but most concentrated on how best to renovate a three-room apartment of less than 300 square feet. Of particular note were renovators’ efforts to separate adjoining households and reconfigure interior space to provide more privacy. Even as late as

² Three levels of home ownership existed: ownership with right to resell in the marketplace, ownership with obligation to resell to the employer, and ownership of use with no right to resell.

1992, only 45 percent of urban households lived in self-contained flats. Most families shared a bathroom or kitchen with neighbors, and many did not have a separate entrance. By 1996, 62 percent of urban households had achieved the level of privacy afforded by a private kitchen and bath and a separate entrance, and the goal was to make self-contained apartments universal within 10 years.

For both Nanjing shoppers and Shanghai homeowners, the expanded role of market transactions multiplied the opportunities to exercise personal choices. As the reforms pushed factories and other enterprises to concentrate on production and to shed responsibility for feeding, dressing, and sheltering their employees, the character and resources of production sites became increasingly distinct from those of consumption sites. Consequently, individuals conducting their daily routines could ignore the importuning of state agents in ways that were unthinkable during the first three decades of Communist Party rule. But increased autonomy in one dimension could mean new or intensified constraints in others. Moreover, many employees still “ate heartily from the big pot.”

By the 1990s the party-state had ceased to closely monitor domestic consumption. As a result, urban families were no longer supplicants or clients of the state on a daily basis. Yet the degree to which the new small freedoms in the domestic realm substantially realigned political power between the state and the people or, in the vocabulary of James Scott, provided “hidden transcripts” of insubordination that might precipitate fundamental political change, is unclear because family investments increased primarily in areas from which the party-state had willingly evacuated. Thus the increased reliance of consumers on lightly regulated commercial transactions served the interests of the party-state as much as it satisfied individual preferences. But an examination of the ways in which urban consumers used their new affluence and the multitude of new commercial venues outside the home to socialize suggests that new patterns of consumption did not always serve the interests of the party-state and may have instead directly challenged the political status quo.

FINDING NEW IDENTITIES

In years when the redistributive economy prevailed, urban social life was highly constrained.

People worked six days a week, twelve months a year. Few had more than a week's break at Lunar New Year, and nonofficial travel between cities was expensive and difficult to arrange. Personal telephone calls were rare and had to be made in such public locations as the post office, the workplace, or the neighborhood Residents' Committee. Even personal letters were subject to seizure and inspection. City parks provided what little space existed for socializing outside the home or workplace, and even there one did not escape the watchful eye of city employees.

Separating locations of production from locations of consumption in the context of increased affluence has fundamentally altered the experience and consequences of socializing outside the home. When the workplace lost its obligation to provide recreation activities, the commercial sector went into high gear. Whether it was pool tables at the roadside

or multilevel discos, entrepreneurs saw profitable niches, and the number of commercial venues where residents could relax beyond the purview of

their employers and their relatives grew exponentially.

Within a span of just three or four years, urban residents, especially young adults, had a lengthy and ever-changing menu of topics and leisure activities to discuss and experience. In the 1970s, personal networks helped people secure scarce goods and protection, but the explosive growth of new venues and modes for socializing expanded and altered social networks. To move ahead in the 1990s, one did not necessarily need privileged access or control over scarce goods; one could also forge varied social connections when enjoying low-cost leisure activities.

Throughout the world, feasting and dining out offer ideal conditions for transforming casual sociability into instrumental economic and political networks. In the Mao era, China was no exception. But during those years, dining someplace other than the workplace canteen or the home—not to mention banqueting—was a prerogative largely monopolized by those with political prestige and position. Thus one of the most telling indicators of China's consumer revolution is the rapid proliferation of restaurants and the increasing percentage of household budgets ordinary families spend on eating out. But as anthropologist Yunxiang Yan has demonstrated in a study of a Beijing McDonald's, consumers do not eat out only for the food or the chance to

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cement social networks; they also eat out because certain social settings allow diners to realize powerful fantasies, which in the case of McDonald's the producer willingly facilitates. McDonald's has succeeded in China because it sells meals more efficiently than local competitors. It has also flourished because the chain represents an extension of America. Ordering a Big Mac provides a "bridge" to the affluent industrial West, allowing Beijing customers to realize, if only temporarily, their emergent identities as discerning, modern individuals.

Anthropologist Kathleen Erwin has explored another novel social venue by analyzing the discourse of radio call-in shows and counseling hotlines spawned by the telecommunications revolution. She found what one might expect from the explosive growth of anonymous forms of public speech: when talk of private suffering and desire goes public, it liberates social discourse. Yet the spoken exchanges of Shanghai hotlines and call-in shows were not entirely "free." Counselors were party members, and several programs survived at the sufferance of corporate sponsors. In addition, Erwin detected a clear reassertion of traditional mores and norms of hierarchy that constrained the disembodied exchanges over the telephone wires and radio waves. In general, men talked explicitly about their sexual problems while women were more inclined to express their dissatisfaction in terms of emotional needs. Erwin also found that when counselors spoke with women rather than men they were more likely to encapsulate the callers' complaints within regimes of traditional family expectations that subordinated individual sexual desire. Erwin interpreted the telephone- and radio-mediated dialogues at two levels. At one level they exemplified greater individual freedom and expansion of social space. At another they facilitated a moral discourse that ultimately constrained listeners by reinforcing identities congruent with traditional family regimes of hierarchy and power.

GROWING INEQUALITY

When Deng Xiaoping launched the policies of decollectivization and relegitimated private entrepreneurship, he defined success as realizing a relatively comfortable (*xiaokang*) society with a per capita annual income of \$800 by the year 2000. But the connotations of that achievement were broader. As Hanlong Lu has pointed out, the popular understanding of *xiaokang* derives from its origins in the Confucian Book of Rites, where the appearance of a *xiaokang* society signaled the demise of a society of equality (*datong*) in which "all under heaven is

public" (*tianxia wei gong*) and its transformation into a stratified society where "all under heaven belongs to the family" (*tianxia wei jia*). Thus in proclaiming the goal of reform to be the establishment of a *xiaokang* society, the Communist Party leadership legitimated a society stratified by financial inequalities. Moreover, the reform policies to enlarge the cash nexus and increase efficiency virtually guaranteed the uneven distribution of gains.

Until 1990, the majority of urban adults worked in state-owned enterprises and enjoyed the "iron rice bowl" of lifetime employment, egalitarian wages, and generous welfare benefits. The introduction of bonuses and piece rates during the 1980s chipped away at workers' security, but most managers still felt obligated to distribute wages and noncash benefits evenly within their enterprises. However, as nonstate employment surged, and the party proclaimed in 1992 that China was a "socialist market economy," the iron rice bowl turned to clay. State firms furloughed hundreds of thousands, workers moved quickly to maximize their individual advantages, and income disparities widened.

Not surprisingly, the greatest wealth and some of the greatest inequalities emerged in the special economic zone of Shenzhen, where the export-processing area established in 1980 attracted thousands of investors from Hong Kong and Taiwan. Subsequently, 14 other coastal cities were permitted to allow market forces greater leeway. By the mid-1990s, these coastal cities had moved furthest from the planned economy, and their residents enjoyed the highest per capita income, the greatest supply of new consumer goods, and the most improved infrastructure. Cities farther inland and in northeastern China lagged behind, and their residents experienced less dramatic gains in their standard of living.

Substantial regional inequality and the advantaged position of such cities as Beijing, Guangzhou, and Shanghai had existed during the Mao era, but the decentralization of the economy and the disappearance of redistributive policies exacerbated the differentials. For example, in 1985 per capita consumption expenditures in Shanghai were only 299 RMB higher than the national urban average, but by 1990 the gap had grown to 663 RMB, and by 1995 it had jumped to 2,929 RMB. In Guangzhou and Shenzhen the 1995 differential reached 4,663 RMB and 7,134 RMB, respectively. By contrast, consumption expenditures in inland cities like Nanjing, Wuhan, and Xian remained close to the national average, while in the northeastern city of Harbin consumers actually experienced a decline in relative rank.

Certainly these financial inequalities affected the extent to which urban residents in different cities owned such consumer durables as color televisions, refrigerators, or cameras. Moreover, the mere fact of ownership did not mean that everyone owned items of the same quality and style. For example, by 1995 almost all urban families owned a washing machine, but only a minority of wealthy individuals could purchase the top-of-the-line Siemens washer-dryer.

Official surveys and observations in urban homes reveal that those with the least income purchased few consumer durables and did not engage in expensive new leisure pursuits unless they were invited as guests. We also know that poorer families spent more of their incomes on food and had simpler diets and fewer housing options. In the cities—even the rich coastal cities—millions of rural migrants lived in wretched shacks and worked for months without a single visit to a disco or a McDonald's. Moreover, many of these migrants were not short-term sojourners; in Shanghai, Beijing, Guangzhou, and other metropolitan centers, they have settled down and created a dual society.

By the mid-1990s, urban wealth was far more concentrated than in the 1980s, and both policymakers and Chinese intellectuals feared greater inequality would destabilize urban Chinese society. Still, studies carried out in the mid-1990s by Beijing sociologist Li Qiang revealed a surprising tolerance of income inequality and even a perception that urban life is less stratified than it was in the more egalitarian 1970s. Li's explanation for this apparent contradiction is that, through the mid-1990s, urbanites retained an optimism about the uneven gains because political status was of less consequence in determining an individual's social position and lifestyle than in the past. Thus, while increased income inequality certainly suggested increased stratification, the decline in the consequences of political discrimination created the perception of a more open opportunity structure and less oppressive class hierarchies.

But the decline of political stigma and the narrower scope of political repression only partially explain why a minority of Li's respondents were resentful. First, despite the considerable commodification, several core elements of the prereform "public goods regime" survived into the 1990s. As a result, low or stagnant salary did not necessarily exclude individuals from experiencing the consumer revolution. Seventy percent of urban residents continued to rent their apartments from a municipal real estate bureau or from their employer,

NOT BOWLING ALONE

MCDONALD'S WAS within the budgets of many residents of metropolitan China in the 1990s; a small burger, fries, and a Coke cost 10 RMB (or less than \$2). Fancy discos or a meal of a Big Mac, an apple pie, and coffee would require five times as much. But the basic admission price made dancing and meals at McDonald's items of mass culture. By contrast, a night of bowling in Shenzhen could exceed 400 RMB (approximately \$50). Bowling therefore did not provide easy access to global mass culture; instead, the bowling alley became a new enclave of luxury.

However, when bowling alleys first appeared in Shenzhen, offering exotic, sophisticated entertainment, those who could afford the exorbitant charges did not use the high cost to exclude others. Instead, they deliberately used their ability to play generous host as part of a strategy to advance their careers. Given the power of state agents to constrain or sponsor commercial activity, ambitious entrepreneurs needed good relations with cadres, and luxury leisure activities provided an ideal opportunity for businessmen to make officials sympathetic to their interests. The entrepreneurs used their ability to play host to build personal ties to further their own commercial careers. The government officials enjoyed luxury goods beyond their incomes but in accord with their position of authority. D. S. D. ■

and even after a decade of government reforms to commercialize rents, tenants rarely paid more than 6 percent of their official income for housing. Food preparation at workplace canteens was routinely subcontracted out, but meals remained subsidized. Similar practices reduced the direct cost of public transportation. Thus, through the mid-1990s, many necessities remained relatively inexpensive, which meant that even low-income families felt able to participate actively in the new consumer markets. As further withdrawal of subsidies raises the price of necessities and an increasing number of state employees lose their jobs, low-income households will likely develop lifestyles more congruent with their incomes.

A second reason income differences did not immediately segregate consumers by social class was that many of the new goods and services—stylish accessories, fast food, discos, greeting cards, radio call-in shows—were disproportionately targeted at young people and often required only an eagerness to try something new, not high expenditures. When urban men and women called a sex hotline, bought birthday cards for close friends, or danced away a boring Saturday afternoon in a dark

disco, they were cultivating an identity that distinguished them from older generations or from the opposite sex. They were not necessarily cultivating a lifestyle tied to a particular financial position or drawing on codes of cultural etiquette tied to positions of social superiority or subordination.

In addition, the high percentage of households in which two adult generations co-resided allowed the younger members more discretionary funds than their incomes might have predicted. Before marriage, very few urban residents lived separately from their parents, and although many reimbursed their parents (usually their mothers) for the cost of their meals, they spent most of their wages on personal goods and services. Because young workers could spend a third of a month's wage at a disco or on stylish shoes, personal income was often an imperfect predictor of many consumer choices, and lifestyle distinctions varied as much by generation as by socioeconomic position.

THE MARKET AS DEMOCRATIC INCUBATOR?

After June 4, 1989, it was difficult to be sanguine about the emergence of a robust Chinese "public sphere," especially the classic Habermasian version, which requires open critical discourse of the state as well as citizens' ability to defend individual rights. In the immediate aftermath of the 1989 Tiananmen Square massacre, some observers even argued that Chinese society was culturally incapable of developing a true public sphere. While not explicitly sharing the pessimistic views of Eastern European intellectuals such as Vaclav Havel, who disdain mass consumer culture as anathema to critical public discourse and active citizenship, some post-Tiananmen pessimists have treated increased autonomy in informal socializing as apolitical escapism with no connection to formal advances in the area of property rights or civil liberties.

The failure of the Beijing protesters to create an effective organizational buffer to protect speech and actions critical of the regime undoubtedly delayed political reforms. But that failure did not eliminate the corrosive potential of nonstate market forces, and many who lived in urban China during the 1980s have observed that unofficial socializing created personal networks that challenged the monopolies of state agents and reduced the earlier domination of ordinary citizens by state agents.

Yet the degree to which market reforms increased the freedom of urban citizens or eroded the power of the state is unclear. One cannot easily trace a causal link between intensified reliance on the cash nexus and heterodox political ideals or antistate action. Yet when the Communist Party leadership redefined the essence of socialism as economic growth, it granted the masses new grounds on which to question party orthodoxy. And by ceding an increasing proportion of public space to personal use and by allowing the disparate desires of urban consumer-citizens to make legitimate claims on societal resources, the party inadvertently reduced its own leverage and legitimacy.

Deng Xiaoping knew that a *xiaokang* society would demolish the massified conditions of the Mao era, but neither he nor any of his immediate successors could control the attachments and investments spawned by the promotion of commercial mass consumption. Regardless of whether the millions of apolitical market transactions have realigned institutional power and authority, the multiplicity of horizontal ties and the increased invisibility and privacy of personal life have already created a society for which the past conventions of the authoritarian rule appear ill suited. Eating a Big Mac will not bring down a dictator, but it can send a million daily messages that the old ways have changed. ■