

RETHINKING EQUALITY AND INEQUALITY IN THE PRC*

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The Fairbank Center for East Asian Research has been in business nearly as long as the People's Republic of China, and the Center has played a key role in research on all aspects of the world's most populous society. During that period China has experienced extraordinary changes, and our understanding of that society has also been notably altered and deepened. I was not present at the creation, either of the PRC or of the Fairbank Center, but I was privileged to begin my own academic study of China here at Harvard forty years ago, in 1965, just as the Cultural Revolution was about to explode. So I was the beneficiary of the accumulated wisdom of scholars such as John Fairbank and Benjamin Schwartz, and I am pleased that two of my teachers then are still my colleagues today, Ezra Vogel and Dwight Perkins.

One of the topics I have struggled to understand over the course of my career of studying China is the changing contours of equality and inequality in the PRC, and particularly the contrasts between the Mao and reform eras.¹ In my talk today I want to offer some of my current thinking on this subject. I will be arguing that there is a conventional wisdom regarding trends in equality and inequality in post-1949 China, and that that conventional wisdom is oversimplified and misleading at best, and in some

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¹ See, for example, my papers, "Inequality and Stratification in the People's Republic of China," The China Quarterly, no. 64, Dec. 1975; "Destratification and Restratification in China," in G. Berreman, ed., Social Inequality: Comparative and Developmental Approaches, New York: Academic Press, 1981; "Social Trends in China: The Triumph of Inequality?" in A. Barnett and R. Clough, eds., Modernizing China, Boulder: Westview, 1986; "City versus Countryside in China's Development," Problems of Post-Communism, January 1996; "Chinese Social Trends: Stability or Chaos?" in D. Shambaugh, ed., Is China Unstable? Armonk, NY: M.E. Sharpe, 2000; "Chinese Popular Views about Inequality," Asia Program Special Report, Woodrow Wilson International Center, no. 104, August 2002.

respects dead wrong. Our understanding of the nature of Chinese society after the revolution and even today will be hampered unless we can recognize the flaws in, and overcome the influence of, this conventional wisdom. In advancing my alternative view I will be relying not only on my own research but on the work of many other scholars, and I will attempt to synthesize a variety of kinds of evidence and arguments into an alternative way of thinking about inequality trends in the PRC.

The Conventional Wisdom: Equality versus Efficiency

Many accounts of China during the Mao years, both scholarly and popular, emphasize that Mao Zedong was obsessed with trying to create a more egalitarian social order, not only in comparison with pre-1949 China, but eventually even in comparison with the Soviet Union. That obsession eventually led to the disasters of the Great Leap Forward and the Cultural Revolution, and to a Maoist social order in which egalitarian goals constantly interfered with economic efficiency. After Mao's death, so the conventional wisdom goes, Deng Xiaoping replaced the obsession with social equality with a similarly single-minded focus on economic development at all costs. The result has been a reversal of the trends in the Mao era, with much more successful and rapid economic development, but with sharp increases in social inequality as well. China's recent economic successes thus embody a repudiation of the egalitarian goals of the Chinese revolution.

Let me elaborate on some of the details provided in such conventional wisdom accounts. They all to one degree or another stress the importance of egalitarianism in Mao's thinking and in the goals pursued during that period.² To begin with there was, of

² For example, see the treatment of these issues in Maurice Meisner, Marxism, Maoism, and Utopianism: Eight Essays, Madison, WI: University of Wisconsin Press, 1982; Victor Nee and James Peck, eds.,

course, a standard socialist commitment to overcoming the inequities and exploitation of the pre-1949 social order through socialist transformation and the creation of centrally planned socialist economy, a transition completed by 1957. However, even as this transition was being completed, Mao was voicing dissatisfaction with the resulting, Soviet-influenced social order in China.³ Primarily, the conventional argument goes, Mao chafed at how stratified and unequal Chinese socialism turned out to be, with high level cadres, managers, and intellectuals enjoying their better pay, superior housing, and other perquisites, and ordinary workers and peasants still living much bleaker lives, as was the case in the USSR.

Eventually these sentiments coalesced into arguments by Mao and others that the Soviet Union was (or had degenerated into) a “revisionist” society, which meant that it was little different from a capitalist society disguised with socialist rhetoric. From this discontent arose a commitment by Mao to launch efforts to transform China further into a genuinely more egalitarian socialist order. An as yet vaguely formulated critique of Chinese society in the 1950s played a role in the programs and policies of the Great Leap Forward of 1958-1960 and, despite the economic disaster caused by the Leap, a more fully developed set of egalitarian ideas and priorities was embodied in the Cultural

China's Uninterrupted Revolution, New York: Pantheon, 1973. Obviously the portrait of Mao Zedong and his goals in such works is completely at odds with that conveyed in the recent biography of Mao by Jung Chang and Jon Halliday Mao: The Unknown Story, New York: Knopf, 2005, where Mao is portrayed as motivated only by a lust for total power, with any egalitarian goals a complete sham. Just as obviously, in the present paper I disagree fundamentally with Chang and Halliday in taking Mao's egalitarian interventions seriously, although I contend that their actual impact on Chinese society was very different than conveyed in the earlier conventional wisdom summarized here.

³ See, in particular, Mao Tsetung, A Critique of Soviet Economics, New York: Monthly Review Press, 1977.

Revolution launched in 1966, and in the many reforms in compensation, education, health care, and other realms carried out in the wake of that tumultuous campaign.⁴

The Cultural Revolution reforms substantially altered the workings of Chinese society beyond the frameworks derived from the Soviet Union during the 1950s. However, as a consequence China was beset by a variety of very serious problems, as egalitarian reforms undermined the incentives and differentials necessary for successful economic development while stigmatizing the intellectuals and experts whose talents and creativity were necessary for all Chinese organizations to operate effectively and efficiently. Political mobilization and the rewarding of political loyalty and activism proved inadequate alternatives to the structures of inequality and incentives favored both by capitalist societies and by the Soviet Union and its East European allies.⁵ As a result, industrial firms operated every inefficiently, with state-induced forced savings and massive investments of resources needed to compensate for poor productivity. Similarly, schooling had been massively expanded since the 1950s, but the poor motivation of students and teachers and the low quality of instruction produced graduates who were ill-equipped to fill China's pressing need for highly trained and motivated personnel.

⁴ See, for example, Donald Munro, "Egalitarian Ideal and Educational Fact in Communist China," in John Lindbeck, ed., China: Management of a Revolutionary Society, Seattle: University of Washington Press, 1971; Steven Andors, China's Industrial Revolution, New York: Pantheon, 1977.

⁵ On the failures of "virtuocracy" as a management regime in the late-Mao era, see Susan Shirk, "The Decline of Virtuocracy in China," in J. Watson, ed., Class and Social Stratification in Post-Revolution China, Cambridge: Cambridge University Press, 1984. It is worth noting that during the 1980s, two Polish sociologists argued that centrally planned socialist societies were more meritocratic than capitalist societies, essentially because rewards were based upon bureaucratic decisions to reward merit without being compromised by rewards derived from property ownership. See W. Weselowski and T. Krauze, "Socialist Society and the Meritocratic Principle of Remuneration," in G. Berreman, ed., Social Inequality, op. cit. I should state that I do not see Mao Zedong as so obsessed with pursuing egalitarian policies that he was willing to sacrifice economic development goals in the process. He clearly thought that his egalitarian policies would also lead to rapid and successful economic development. Some Western analysts even bought this argument. See John Gurley, "Capitalist and Maoist Economic Development," in E. Friedman and M. Selden, eds., America's Asia, New York: Vintage Books, 1971.

According to this conventional wisdom, after Mao's death China's new leadership, and Deng Xiaoping in particular, recognized the pressing need to repudiate the egalitarian policies and institutions fostered by Mao in order to prevent China from falling further behind economically, particularly compared to advanced Western countries and the booming economies of East Asia. For the first few years after 1978 this repudiation took the form mainly of reversing the specific egalitarian reforms of the Cultural Revolution era, such as the renunciation of material incentives and the repudiation of grades and test scores as devices for sorting and promoting talent in the educational system.

However, eventually China's reforms went far beyond a return to Soviet-style meritocratic management, with a systematic introduction of market-based distribution in place of central planning and bureaucratic allocation. The resulting changes have made possible incentives and rewards far beyond the scope possible in a planned socialist system, with the accumulation of private fortunes once again possible for the first time since the early 1950s. As a result China's economic efficiency has been promoted to an extraordinary and successful extent, but the other side of the coin is that inequality in China has exploded during the reform era, turning China from a remarkably egalitarian society into one of the world's most unequal societies. To sum up, the conventional wisdom is that excessive pursuit of egalitarianism in the Mao era led to problems and crises, and that Deng Xiaoping and his successors endorsed the opposite side of an inevitable tradeoff between equality and economic efficiency. So China since 1978 has had both buoyant economic growth but also rampant social inequality, while Mao-era China had neither.

Rethinking the Conventional Wisdom on Inequality in China

What is wrong with this conventional account of the contrasting stratification regimes of Mao- and reform-era China? The main problem with this conventional account is that it primarily focuses on individual rewards, incentives, and outcomes in both the Mao and the reform eras. The underlying assumption is that the distinctiveness of socialism of the Mao era was a determined and pervasive effort to institute reward systems that would reduce the income and other status disparities between elites and ordinary people, managers and subordinates, and so forth. This focus is not in itself erroneous, since in fact within Chinese organizations there were a wide range of such “leveling” practices instituted in the late-Mao era.⁶ However, this focus diverts attention from other features of the stratification system of Mao-era China, many of which were decidedly not egalitarian either in intent or consequences. Furthermore, the focus on individual outcomes obscures the extent to which a system of inequality was instituted in China under Mao that is qualitatively different in its operating principles from those we are familiar with in modern capitalist societies, a system in which the collectivity is a more meaningful unit of analysis than the individual.⁷ In other words, it was not simply that the replacement of market distribution by bureaucratic allocation used procedures that produced less inequality across individuals. In addition, that very system of

⁶ These practices are reviewed in my article, “Destratification and Restratification in China,” op. cit.

⁷ This qualitative difference is not a total one, between collectivist China and individual-oriented Western societies. In Western market societies it is also the case that stratification outcomes are determined by both organizational processes and bureaucratic decisions as well as by market competition. See, for example, the classic discussion in Oliver Williamson, *Markets and Hierarchies*, New York: Free Press, 1975; also Richard Edwards, Michael Reich, and David Gordon, eds., *Labor Market Segmentation*, Lexington, MA: D.C. Heath, 1975; Charles Tilly, *Durable Inequality*, Berkeley: University of California Press, 1998. So many of the specific benefits I currently enjoy derive from bureaucratic decisions within Harvard University and are not the result of my competitive efforts in the marketplace (and are not available to those not affiliated with Harvard). However, in China the combination of virtually total suppression of markets in favor of bureaucratic allocation as well as of voluntary changes in residence and employment makes the dominance of one’s bureaucratic location rather than one’s individual human capital or other social background traits (and one’s resulting “market position”) much greater as a general rule.

bureaucratic allocation had decisive effects on the status and treatment of entire collectivities and organizations, with the differentiation of individual incomes and other status characteristics at the end of the process a subsidiary feature of the system.

Let me sketch here the rudiments of what I think is a more satisfactory way of understanding the structures of inequality in Mao-era China. As I do so it will become clear that many of the features I am drawing attention to are not some recent discovery of mine, but rather familiar elements in alternative analyses of post-1949 China over the years.⁸ My contribution to this discussion is simply to try to draw these alternative views together in one place and to contrast it with the conventional wisdom sketched earlier in this paper.

By the end of the 1950s, China had produced its own form of centrally planned socialism which, while broadly copied from the Soviet Union, had certain distinctive features. On the one hand socialist planning in China was more decentralized than in the USSR, with fewer decisions concentrated in the hands of planners in the capital. On the other hand, market-based distribution was suppressed to an even greater extent than in the USSR, with the absence of a labor market and widespread rationing producing a situation in which the fate of individual citizens was even more thoroughly dependent upon, and

⁸ For example, many of the ideas I am about to sketch can be found in one form or another in such disparate works as Audrey Donnithorne, China's Economic System, New York: Praeger, 1967; Andrew Walder, Communist Neo-Traditionalism, Berkeley: University of California Press, 1986; and Wang Feng, Boundaries and Categories: Income Inequality in Urban China, 1986-2000, unpublished manuscript. Also see, in particular, Andrew Walder, "Property Rights and Stratification in Socialist Redistributive Economies," American Sociological Review, 1992, 57: 524-39; and Wang Feng and Tianfu Wang, "Bringing Categories Back in: Institutional Factors of Income Inequality in Urban China," unpublished working paper, Center for the Study of Democracy, University of California Irvine, 2003. I also draw on writings about the socialist societies of Eastern Europe. See in particular, Ivan Szelenyi, "Social Inequalities in State Socialist Redistributive Economies," International Journal of Comparative Sociology, 1978, 19:63-87; Zygmunt Bauman, "Officialdom and Class: Bases of Inequality in Socialist Society," in Frank Parkin, ed., The Social Analysis of Class Structure, London: Tavistock, 1974.

circumscribed by, the particular *danwei* to which they belonged.⁹ In the resulting system, very considerable control over resources and decisions and power over subordinates was concentrated in the hands of bureaucrats in schools, factories, hospitals, rural production brigades, and other basic-level organizations, with individuals and families subject to that power having almost no ability to voluntarily “exit” from this highly dependent situation. These basic-level bureaucratic authorities could not exercise their power completely arbitrarily, and were subjected to a variety of kinds of regular and unscheduled oversight and inspection, and they were also regularly ordered by higher level authorities to alter their normal operating procedures in dramatic ways, such as by launching a new political campaign or changing the system of rewards for subordinates. Nonetheless, the structure of the overall system produced some distinctive distributional consequences.

Oversimplifying for the sake of highlighting the distinctive features of the particular form of socialism constructed in the Mao era, the primary units of resource allocation and status determination were collective—communities, industries, enterprises, in particular, but also broad categories into which the population was classified, such as household registration status (*hukou*—agricultural versus non-agricultural) and class origin labels (more than two dozen categories, but broadly reducible to “good class,” “middling class,” and “bad class” statuses).¹⁰

⁹ See Xiaobo Lu and Elizabeth Perry, Danwei: The Changing Chinese Workplace in Historical and Comparative Perspective, Armonk, NY: M.E. Sharpe, 1997 (particularly the essays by Rudra Sil and Kenneth Straus on Russian and Soviet work organizations, as well as the comparisons in labor mobility between China and the USSR presented in the chapter by Barry Naughton).

¹⁰ On the pervasive importance of *hukou* categories, see, for example, Sulamith Potter, “The Position of Peasants in Modern China’s Social Order,” Modern China, 1983, 9:465-99; T. Cheng and M. Selden, “The Origins and Social Consequences of China’s *Hukou* System,” China Quarterly, 1994, 139:648-68; on the role of class labels in Mao era China see Richard Kraus, Class Conflict in Chinese Socialism, New York: Columbia University Press, 1981.

It is essential to recognize that Mao's egalitarianism did not extend to the cleavages and inequalities created and reinforced by such collective boundaries. The fact that it did not is somewhat ironic, for in the late 1950s Mao presented sociologically astute observations on the importance of these "non-class cleavages" in such speeches as "On the Ten Great Relationships" in 1956 and "On the Correct Handling of Contradictions among the People" in 1957.¹¹ However, the effect of official policy in the Mao era was to in multiple ways exacerbate the inequalities across these collective boundaries, rather than to reduce them. To some extent this occurred due to state neglect, as when the absence of any systematic institutional means to redistribute resources from rich communes and localities to their poorer counterparts allowed rich communities to build upon their successes to widen their advantages.¹²

However, many of the cleavages involved were widened as a result of specific and intentional state policies and priorities—for example, the systematic institutional favoritism shown toward urbanites rather than rural residents and toward state enterprises in general compared with collective enterprises, and then within the category of state enterprises, the systematic favoring of centrally-managed and heavy industrial and military-related enterprises compared with provincial and locally managed and light industrial and service enterprises. In such instances you have the paradoxical situation

¹¹ Both speeches are contained in Mao Zedong, Selected Works of Mao Tsetung, Volume 5, Peking: Foreign Languages Press, 1977.

¹² To be sure, there were instances of targeted redistributions from some rich localities to some poor localities, as in the Mao-era policy of redirecting resources and personnel from Shanghai to help develop new industrial bases in the interior and the massive "third front" program launched in the 1960s. See Nicholas Lardy, Economic Growth and Distribution in China, Cambridge: Cambridge Univ. Press, 1978; Barry Naughton, "The Third Front: Defense Industrialization in the Chinese Interior," China Quarterly, 1988, 115:351-86. However, there was no systemic redistributive mechanism, and many of the specific efforts portrayed at the time as helping to bridge such inequality gaps, such as the program of sending urban educated youths to the countryside in the 1968-78 period, arguably were socially divisive and counterproductive.

that a leadership supposedly committed to creating a more egalitarian society was, in fact, redistributing from the poor to the rich!¹³ This inegalitarian reality was to some extent hidden from view, perhaps even from the leaders themselves, since its direct effect was on collective and corporate units, rather than on rich or poor individuals and social classes. Or, to put the point in a different way, the very concerted efforts in the Mao era to condemn and attack differences in individual wealth and status and to launch one class struggle campaign after another did perhaps inhibit the development of wealth- or knowledge-based social classes (at considerable social cost?), but they did nothing to repudiate or reverse the official policies and institutions that were exacerbating multiple inequalities across organizations and communities.

Compensation, fringe benefits, and access to other resources and opportunities were affected in particularly powerful ways by one's location in China's socialist organizational/institutional structure. In many respects your location was more central to your standard of living and status than were individual status characteristics, such as educational attainment and occupation. Individuals with similar personal characteristics might differ dramatically in their income and access to benefits and opportunities, depending upon whether they lived and worked in a favored community and work enterprise or disadvantaged ones. Some enterprises in the Mao era and beyond were well endowed with employee housing, medical clinics, child-care centers, recreational facilities, and other workplace benefits, while others had few or none.¹⁴ I recall the surprise expressed by a distinguished social scientist from outside the China field when

¹³ My statement here echoes the observations made by Ivan Szelenyi in his earlier work on socialist redistributive economies of Eastern Europe. See his book, Urban Inequalities under State Socialism, Oxford: Oxford University Press, 1983

¹⁴ See the evidence on the variable provision of such benefits in Tianjin in 1986 documented in Andrew Walder, "Property Rights and Stratification..." op. cit.

he attended one of our conferences and learned that well endowed organizations in socialist China practiced a particularly valuable special benefit—an employee could take early retirement and thus secure a job in their *danwei* for their son or daughter.¹⁵

The primacy of group membership over individual status characteristics is conveyed in an anecdote journalist Fox Butterfield tells about his arrival in China in 1979. When trying to register in a hotel he was surprised to be asked, not what he did (i.e., his occupation, the usual first identifying question not only in America but also during his earlier periods of residence in Taiwan and in Hong Kong), but “Where are you?” (*Ni nar?*). Only after recovering from his initial confusion did he realize that he was being asked to reveal his work unit.¹⁶

Furthermore, one crucial mechanism for promoting social equality across collective boundaries was pretty thoroughly disabled during the Mao era—the mechanism of human migration. In most societies, developed or poor, individuals and sometimes entire families in disadvantaged communities and firms can “vote with their feet” by moving to new communities and firms in search of better opportunities. If successful, they can benefit their original communities and kin in multiple ways, including remitting a portion of their earnings, helping to foster chain migration, and even in some instances returning to invest their new resources and knowledge in

¹⁵ This was the “*dingti*” institution practiced in many state enterprises in the late Mao era, but since formally repudiated. The social scientist was Ronald Dore, an expert on Japan and on comparative industrial systems generally. One study argued that the widespread use of the *dingti* practice in China in the 1970s and 1980s substantially weakened the quality of the Chinese workforce, as large numbers of skilled and experienced parents took advantage of the practice to obtain secure employment for their inexperienced, and sometimes least capable, children, a tendency that led to efforts to stop the practice after 1986. See Yanjie Bian, *Work and Inequality in Urban China*, Albany: SUNY Press, 1994, p.66.

¹⁶ Fox Butterfield, *China: Alive in the Bitter Sea*, New York: Times Books, 1982, pp. 39-40. My colleague Liz Perry confirms Butterfield’s observation, reporting her own amusement while living in China during the early 1980s at being asked first, “Where are you?” in telephone conversations with strangers at the time.

businesses back home. Pre-1949 China was a famously “open” society in these terms.¹⁷ However, the distinctive mechanisms of household registration and migration restriction developed during the 1950s made such voluntary, opportunity-driven individual migration almost impossible by the end of that decade.¹⁸

Perhaps China’s primary social cleavage, in the late Mao era and still today, is a product of natural advantages reinforced by official policies of preference and discrimination. Through multiple mechanisms (e.g. state investment patterns, budgetary arrangements, price setting, and agricultural procurements, plus the combination of household registration and migration restrictions), urban citizens of the PRC enjoyed advantages in terms of income, consumption patterns, cultural life, etc. that are unusually large in comparative terms.¹⁹ The fact that rural people were effectively “bound to the soil” in the late-Mao era constitutes perhaps the ultimate irony of Maoist egalitarianism. China’s rural revolution, led by a son of the soil, ended up creating a social order that appears more akin to “socialist feudalism” than to egalitarianism.

I have been stressing, as have some other researchers, that the key to understanding stratification in Mao-era China is to focus on groups and categories, rather than on individuals, occupations, or social classes as is usually done in studying market societies.²⁰ However, within any one community, commune, or enterprise there was also

¹⁷ See, for example, G. William Skinner, “Chinese Peasants and the Closed Community: An Open and Shut Case,” *Comparative Studies in Society and History*, 1971:270-81.

¹⁸ The primary exception to this generalization was migration at marriage, with women most often following the traditional pattern of moving into the community of their husband. However, in the rigid hierarchy of urban places of the Mao era, moves at marriage were almost always lateral rather than upward (i.e. from one village to another), and even a rural woman who married an urban man was not able to change her household registration status to non-agricultural, not to mention to seek urban employment.

¹⁹ See Keith Griffin and Zhao Renwei, eds., *The Distribution of Income in China*, London: Macmillan, 1993; Azizur Khan and Carl Riskin, “China’s Household Income and its Distribution, 1995 and 2002,” *China Quarterly*, 2005, 182:356-84;

²⁰ See Wang Feng and Tianfu Wang, “Bringing Categories Back in,” op. cit.

inequality in income and other resources enjoyed by individual residents, commune members, and employees. What are the links between the stratification at the level of collectives and categories discussed so far and inequality at the individual level?

It is certainly not the case that individual members or employees in an organization in Mao-era China were treated equally. Rather, in terms of wages, access to housing, and many other benefits, individuals were treated unequally. However, there were several distinctive features of the patterning of these internal inequalities, again in comparison with the patterns familiar in market societies. First, as already indicated, the disparities and gaps among members or employees in any organization were generally more modest than the disparities across organizations and communities.²¹ Second, the internal disparities that did exist were less closely tied to conventional measures of socioeconomic status (particularly education and occupation) than in market societies, and more heavily influenced by other factors operating within a predominantly bureaucratic system of allocation, such as status categories (e.g. class background label, permanent versus temporary worker, etc.), organizational rank, and the quality of personal relations with supervisors and superiors. A third distinctive tendency is that the relative treatment and status of various members or employees of an organization were potentially unstable, as the launching of a new campaign or a change in the bureaucratic rules about distributing scarce resources could alter, sometimes dramatically, the patterns of distribution of one or more resources. For example, intellectuals and experts of various types were in many instances hounded out of their more spacious housing early in the

²¹ This contrast is documented extensively in Wang Feng, *Boundaries and Categories*, op. cit. Wang demonstrates, for example, that the variations in income across cities in the United States is less tied to city location and more tied to differences in human capital and resulting market position than in China, where the reverse patterns still held sway in the 1990s.

Cultural Revolution, with space taken over by their less-educated colleagues or neighbors, but a restoration of preference for intellectuals and experts at the end of the 1970s resulted in eviction of the squatting masses so that the experts could once again enjoy better housing.²²

A number of rather distinctive social consequences of this combination of features of the bureaucratic socialist allocation system of the Mao era can be mentioned. For example, the “returns to education”—that is, the extent to which people with more years of schooling or higher degrees tend to enjoy higher incomes and better access to housing and other desirable resources—were for a period of time in China (particularly in the 1970s) virtually wiped out, a phenomenon that is unprecedented in the experience of either market or other socialist societies.²³

In addition, in many realms, the sorts of association normally found in other societies (including in Taiwan and in pre-socialist China) between socio-economic status and patterns of attitudes and behavior became weaker or disappeared entirely in the 1960s and 1970s (and beyond). For example, in developing societies around the world, youths from more educated families tend to reject parental marriage arrangements and choose their own spouses and live independently of either set of parents more than do less educated youths. A survey I directed in Chengdu in 1987 found this expected pattern for those who had married in the 1940s and 1950s, a pattern also shown in research on

²² Not all of the bureaucratic rule changes involved socio-economic status traits. For example, earlier rules that allowed those with more children higher priority for new housing allocation were switched after the 1970s to rules that penalized families with “excess” children, on housing allocation and many other fronts.

²³ See, for example, the evidence presented in William Parish, “Destratification in China,” in James Watson, ed., *Class and Social Stratification in Post-Revolution China*, op. cit. For evidence on the conventional “returns to education” in East European socialist societies, see Weselowski and Krause, “Socialist Society and the Meritocratic Principle of Remuneration,” op. cit.; also see Xueguang Zhou and Olga Suhomlinova, “Redistribution under State Socialism: A USSR and PRC Comparison,” *Research in Social Stratification and Mobility*, 2000, 18-163-204.

Taiwan. However, for those Chengdu residents who married after 1958, the influence of educational attainment on these and other marriage behaviors disappeared.²⁴

Another survey study examined the distribution of “modern” versus “traditional” attitudes in the Tianjin area in 1990 and found similarly dramatic departures from expected social patterns. In research done by the lead researcher, Alex Inkeles, and others in many different countries since the 1960s, invariably it had been found that individuals with more education, who lived in cities, and who worked in factories had more modern attitudes (such things as a sense of personal efficacy, a willingness to use science to solve problems, relative absence of feelings of fatalism and dependency, etc.) than did their less educated counterparts and those who lived in villages and were dependent upon farming. In the 1990 Tianjin survey, in contrast, the most educated individuals actually had slightly less modern attitudes than less well-educated respondents, and urban factory workers had the most “traditional” attitudes, while farmers and workers in rural factories had significantly more modern attitudes than others.²⁵

This sort of obliteration or even reversal of “normal” links between individual social background characteristics and expected patterns of attitudes and behavior only begins to make sense if we recognize the enhanced role of group and category membership, and the reduced role of individual human capital and other personal status characteristics, in shaping the social world of Chinese citizens in the Mao era and

²⁴ See my paper, “Wedding Behavior and Family Strategies in Chengdu,” in D. Davis and S. Harrell, eds., *Chinese Families in the Post-Mao Era*, Berkeley: Univ. of California Press, 1993. For the contrasts with Taiwan, see my paper, “From Arranged Marriages to Love Matches in Urban China,” in Chin-Chun Yi, ed., *Family Formation and Dissolution: Perspectives from East and West*, Taipei: Academia Sinica, 1995. The evidence for the near-universality of the association between education and freedom of mate choice around the world, see William Goode, *World Revolution and Family Patterns*, New York: Free Press, 1963.

²⁵ Alex Inkeles, C. Montgomery Brooded, and Zhongde Cao, “Causes and Consequences of Individual Modernity in China,” *The China Journal*, 1997, 37:31-59.

beyond. What has mattered in China, in the Mao era and afterwards, is not so much your market or economic class position, but your particular organizational affiliation and your place within that local social hierarchy.

This distinctive stratification order also affected patterns of social life and access to facilities and opportunities outside of one's community or work unit. It is well known, for instance, that as in the Soviet Union, there were entire networks of special stores, hospitals, publishing houses, vacation resorts, information sources, and other facilities that were not available to the general public, but only to those of the proper bureaucratic affiliation and rank. Hotels and other facilities also exercised categorical selectivity and variable pricing. For example, all tourist spots had special shops with more desirable items, but higher prices, available only to foreign tourists. Many hotels were only open to certain social categories and then charged different prices for those of different classifications. (My securing of a foreign expert "white card" in 1987 allowed me to stay in modest hotels and inns normally off-limits then to foreigners, and to pay below the normal rate for foreign tourists even at better hotels.) Those visiting the Ming Tombs outside Beijing in the early 1980s could observe admission prices posted in four ascending levels—for Chinese citizens, for Hong Kong and Macao "brethren," for foreign experts, and for foreign tourists. On a related note, I vividly recall hearing an angry and anguished tirade from a Vice-Mayor of Beijing who had initially been denied entry to the Beijing Hotel in 1979 while on her way to have a talk with me there. This was a hotel run by the city she supposedly helped lead, but she was not able to enter until she threw a tantrum in front of the security guards!

These details are hardly systematic, but they help to convey a China in the Mao era that was anything but egalitarian. By focusing on determined and in some respects successful efforts to minimize or reverse status differentials between social classes and within organizations, the conventional wisdom account I summarized at the outset misses perhaps the most important parts of the Chinese stratification story. Through selective inattention to some social cleavages and intentional policy interventions that aggravated many other cleavages, the socialist society built during the Mao era was a decidedly inegalitarian place. The absence of large differences in personal fortunes and the fairly uniform patterns of dress and fashion are in this respect misleading, for forms of stratification and inequality that are qualitatively distinctive from those found in predominantly market societies were reproduced and in many cases substantially enlarged.

Stratification in the Reform Era: How Significant are the Changes?

My focus in this paper up to now has been primarily on the Mao era. What has happened to the stratification system of that period in the face of the dramatic post-1978 reforms? Have the dismantling of central planning, the decollectivization of agriculture, and the systematic promotion of market distribution in place of bureaucratic allocation transformed the nature of stratification in China, reducing the salience of location, ranks and categories, and organizational membership, while heightening the importance of individual human capital and other social background traits?

Debates on this issue have been contentious, and I do not intend to review that debate here.²⁶ However, to date most evidence points to a mixed picture of partial

²⁶ Much of the debate centers around the views and publications of Victor Nee, who has argued that the replacement of bureaucratic reallocation by market distribution in the reforms has produced a fundamental

change but much continuity, rather than to a thorough dismantling of the distinctive institutional structures of Maoist socialism in favor of market distribution and free-flowing social mobility across group and category boundaries. The fact that some of the examples I used earlier in describing the “Maoist system of stratification” come from the 1980s or even 1990s indicates that the bureaucratic system of Chinese socialism has left powerful residues.

I will not attempt here to describe this partially reformed system of stratification of the reform era in the kind of detail provided earlier for the Mao era. More research is needed to see how much the social lives and opportunities of Chinese citizens in various places and organizational settings today are shaped by new versus old institutional practices. However, I will try to at least sketch some of key indicators of the mixed or only partially reformed nature of Chinese stratification today.

On the change side of the ledger, some of the status categories of the Mao period—particularly class background—have been renounced and are no longer important in determining how people are treated today. Also, the shift in national priorities led to a pervasive change in the criteria used in the remaining bureaucratic allocation of mobility opportunities, with educational credentials being stressed much more highly than before. As a result, more “normal” patterns of “returns to education”

change in which traits such as education and occupational skills are becoming more important in determining income and other stratification outcomes than things such as party membership and links to cadres. See, for example, his papers, “A Theory of Market Transition: From Redistribution to Markets in State Socialism,” *American Sociological Review*, 1989, 54:663-81; “Social Inequalities in Reforming State Socialism: Between Redistribution and Markets in China,” *American Sociological Review*, 1991, 56:267-82; and “The Emergence of a Market Society: Changing Mechanisms of Stratification in China,” *American Journal of Sociology* 1996, 101:908-49 (and the responses to this last paper in the same journal). One problem with the kind of analysis that Nee carries out and the data he has collected is they involve examining individuals to see who is winning or losing (in terms of income or other status characteristics). In his writings the role of organization membership and of barriers and boundaries that restrict social mobility are not generally given sufficient attention.

are now found in China today (i.e. with those with more education rising into higher status occupation, earning higher incomes, and having access to better housing), and leadership positions at all levels in China are filled with much more highly educated people than in the past.²⁷ A large proportion of the opportunities for upward social mobility that have arisen in China since 1978 have occurred outside of the existing organizational structures or “outside of the plan” and thus have been subject much more to market signals than to bureaucratic decisions.²⁸ In addition, individuals and families are not so fixed in place as in the past. The loosening of regulations has allowed an estimated 80-100 million rural migrants at any one time to leave their home villages to seek new opportunities elsewhere, and particularly in the large cities and special export zones. Similarly, individuals can now more freely leave their jobs in the state sector for new private business or other opportunities (known as *xiahai*, or going into the sea).

Also, the phasing out of rationing and the increased commercial abundance available have helped reduce reliance of employees on their work units to supply their basic needs. Furthermore, China’s farmers are now much more free to determine what they will grow or even how much they will remain active in farming, with their economic success much more dependent upon their own efforts, and less on the community to which they belong, than in the Mao era. Such developments as the decline in collective medical insurance coverage in favor of pay-as-you-go medical care and the increasing importance of tuition payments, as well as the rising abundance and variety of unrationed consumer goods have clearly increased the role of personal and family income as determinants of consumption patterns and social prestige, relative to one’s membership in

²⁷ See, for example, Wei Zhao and Xueguang Zhou, “Institutional Changes and Returns to Education in Urban China: An Empirical Assessment,” *Research in Social Stratification and Mobility*, 2002, 19:357-73.

²⁸ See Barry Naughton, *Growing out of the Plan*, Cambridge: Cambridge University Press, 1995.

a particular organization or social category. Many but not all of the bureaucratic restrictions and variable prices of hotels, tourist spots, and shops of the Mao era have been dismantled in favor of allowing in anyone with the necessary cash. These and other related changes suggest very substantial weakening of the bureaucratic-collective structures that were the primary shapers of inequality in the Mao era.

On the other side of the ledger, both the pace and extensiveness of these changes have been very uneven. Rural areas were affected earlier and more thoroughly by market and other reforms than were urban areas. In urban areas market reforms during the 1980s forced enterprises to increasingly operate in a market environment, but in terms of resources such as employment and housing, didn't yet require individuals to do so. Most state employees in the mid-1990s still had their jobs, subsidized housing from their work units, and so forth, and at the time few had been laid off, had left their jobs for new opportunities, were renting or buying private housing, or in other ways beyond daily shopping were having their lives transformed by market signals and opportunities. Indeed, it was only in the late 1990s that total employment in SOE industrial firms began to decline, despite long-standing criticisms of SOE inefficiency and calls for SOE reforms. Similarly, it was only in the late 1990s that systematic, privatizing urban housing reforms were carried out, and even then they mainly operated through work unit subsidized purchasing arrangements, so that the advantages that individuals in high priority and well-endowed firms had enjoyed in the socialist period were transformed into advantages in the amount and quality of the resulting privately owned housing.²⁹ Similarly, the shift from bureaucratic allocation to jobs of university graduates to

²⁹ See the evidence presented in Luigi Tomba, "Creating an Urban Middle Class: Social Engineering in Beijing," The China Journal, 2004, 51:1-26

individual choice and competitive recruitment only was completed in the late 1990s. A labor market is beginning to emerge in China, but the barriers to changing jobs are still substantial, with institutions that would facilitate such changes still poorly developed.

Furthermore, some features of the Mao-era stratification system have proven stubbornly persistent. The prime example is the household registration system and the two-caste, semi-feudal division between rural and urban populations that it created. Even though rural residents (as well as urbanites) are now more free to migrate than in the past, to date they have only in restricted and complicated situations been able to change their household registrations into non-agricultural, urban registrations in their new locations. Rural migrants may be able to find jobs and even places to live in Chinese cities, but they have still generally faced systematic discrimination, unable to send their children to urban public schools (unless they can pay high fees), ineligible to be employed in many listed occupations, and vulnerable to official and police harassment in their daily lives. Many and perhaps even most Chinese officials and intellectuals seem to be in agreement that the *hukou* system is inequitable and must be phased out, but the effort to do so has only just begun.

It is not clear whether other aspects of the Mao-era stratification system are gradually “withering away” in the face of market forces as some have predicted, or whether they are actually being strengthened. One of the fundamental thrusts of China’s reforms has been to decentralize the fiscal system, making each enterprise and locality much more responsible for their own profits and losses than in the past. But since the endowments and resources of localities and organizations were unequal at the reform

“starting line,” some have been much more successful than others.³⁰ Localities and organizations can as a result draw on their own profits and resources, rather than being dependent upon official priorities and favoritism. Residents/employees in successful places and firms receive multiple benefits from their association, and local leaders and managers use their newly acquired profits and resources in part to spread the wealth and try to keep those in their charge satisfied. While particular rural locales have profited handsomely from success in attracting new investments and running new businesses, rural China as a whole remains starved for resources, with the income gap between city and countryside widening substantially after the mid-1980s.³¹

One significant consequence of these developments, according to one study, is that the major share of the increase in inequality in incomes that has occurred during the reform period is attributable to rising inequalities across localities and organizations, rather than among individuals.³² Put in another way, the continuing importance of locality and organizational membership in China’s stratification system, relative to individual variation, still produces inequalities that are somewhat muted within collective boundaries, while growing more rapidly across such boundaries. Even though China’s leaders today are very worried about popular anger about rising inequality, these tendencies of the stratification order probably make Chinese citizens more willing to accept current inequalities than they would be if these were predominantly manifested in

³⁰ Obviously, it is not always prior advantages that promote current economic success. Guangdong and Fujian provinces were not highly favored during the Mao era, but their special advantages in attracting overseas Chinese investors from Hong Kong and Taiwan have produced booming growth since 1978. See, for example, Ezra Vogel, *One Step Ahead in China*, Cambridge: Harvard University Press, 1989. The opposite side of the picture is China’s previously favored Northeastern provinces, where the reduction of state financial support and the shift away from heavy industry has produced economic distress in recent years.

³¹ See the figures presented in Azizur Khan and Carl Riskin, “China’s Household Income and its Distribution, 1995 and 2002,” *op.cit.*

³² Wang Feng, *Boundaries and Categories*, *op. cit.*

wide gaps among individuals in the immediate social environment. In our 2004 national sample survey on inequality and distributive justice (N=3267), when we asked for opinions on the distribution of incomes nationally, 72% of all respondents indicated they thought the gaps were too large. However, when we asked about their opinions on income gaps within their own work units and in their neighborhoods, only 40% and 32%, respectively, thought the gaps were too large—in other words, the majority of respondents thought the size of income gaps among their colleagues and neighbors were either appropriate or even too small!³³

Conclusions

These observations reinforce generalizations made earlier. China during the centrally planned socialist era under Mao developed a system of stratification that, while sharing some features with the former Soviet Union or even other complex societies generally, displayed a relatively distinctive tendency for location and organizational membership to matter a great deal more in determining one's social world and access to opportunities, and for individual social background characteristics and market or social class position to matter less. Along some dimensions the Mao era social order produced unusually low levels of inequality, and some of these features (the minimum differences in pay within organizations and localities, the relatively uniform style of dress) have colored many conventional accounts of that era, leading some observers to characterize the Maoist social order as egalitarian to an unusual degree. However, it is now clear that the Mao era social order was very inegalitarian, but with many of the most important

³³ The survey was conducted in collaboration with the Research Center on Contemporary China of Beijing University, directed by Shen Mingming, using spatial probability sampling, with the final sample including respondents in 23 of China's provincial units. The figures given here are weighted percentages, with weighting used to correct for the fact that we oversampled urban residents.

inequalities manifested in ways that were less visible to observers accustomed to seeing inequality mainly in the form of differences among individuals and social classes.

The reform era has introduced major changes in the way in which Chinese society is organized, and in the process key features of the way stratification works in China have been altered. On balance for many and perhaps even most Chinese, their locality and organizational affiliation matter somewhat less now, and their personal and family incomes matter more, than in the late Mao era. However, this has not been a simple process in which market distribution has steadily replaced bureaucratic allocation, making individual meritocratic competition increasingly the engine that determines who becomes rich and successful and who does not. Instead, large parts of the institutional structure that shaped the distinctive, group boundary-dominated stratification system of the Mao era have survived into the 1990s and beyond. Whether and how organizational and local boundaries may weaken further, so that more free geographic and social mobility of citizens with equal legal status and entitlements will arise, remains an open question for the future. Any account of Chinese stratification trends that concludes that today's inequalities are the inevitable and perhaps regrettable consequence of China's post-1978 rush to embrace markets and join the nation's fate to global capitalism, while failing to stress the inegalitarian legacy Mao-era institutions, has missed the most important part of the story.