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Urban Chinese Homeowners as Citizen-Consumers¹

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Contemporary China's attitudes toward consumer culture presents us with an irony. As the sole Communist polity profiled in this volume, it might be presumed that the Chinese party-state would be the most ambivalent about surging consumer spending. Yet in the last two decades party leaders have promoted rapid increases in consumer spending with little of the ambivalence seen in its capitalist neighbors, South Korea and Japan. Where the Chinese state remains wary of consumer culture, as this chapter illustrates, is in its potential to empower the consumer as citizen.

In the years immediately after the founding of the People's Republic of China in 1949 the Chinese Communist Party (CCP) drew on a rhetoric of modernization that lionized the industrial proletariat, stigmatized private property, and celebrated the state's ability to meet the material needs of a growing population. However, citizenship did not justify equal claims to the nation's resources, and the first constitution differentiated among citizens so that only a subset could enjoy the full benefits of the socialist transformation.² Improving the country's standard of living was a central goal of the revolutionary government, but the party-state would dictate the terms of improvement.

For urban residents these early CCP definitions of modernity and citizenship not only defined authority relations between urban residents and local state agents, but also created distinctively bureaucratized patterns of consumption that distinguished Chinese

experience from those East Asian societies (Japan, South Korea, and Taiwan) modernizing within free-market capitalist economies. The post-1949 CCP blueprint for development radically de-commercialized city life and contained consumption within locations of production.³ Employers issued ration tickets, originally designed to reduce wartime hardship, to control the peacetime sale of basic food items as well as a wide range of household furnishings and daily use items.⁴ City dwellings were distributed as a de-commoditized welfare benefit to the most deserving "supplicants" in a public housing queue.⁵ Through the late 1970s, urban families routinely purchased rationed staples from state-controlled warehouses and even depended on government or enterprise bureaus for leisure travel, entertainment, and recreation.⁶ The state renounced any role for consumer demand in their blueprint for economic development.

To some extent, Soviet experience guided the CCP leaders' decision to de-commercialize the urban economy and subordinate individual consumption to state-directed production quotas. However, Chinese leaders also built directly on their own civil war practices in the Yan'an base camps, and ultimately went further than the Russians in erasing consumers as economic actors and encapsulating urban life within production-focused enclaves.⁷ Furthermore, because lifetime job assignments and police control over residential mobility intensified the dependence of urban residents on the bureaucratic allocation of necessities, urban China took a path to modernization after 1949 that was particularly hostile to consumerism.⁸

Then, between 1979 and 1983, Deng Xiaoping decisively broke with these ideological preferences for de-commoditized modernity and collective consumption.⁹ The central leadership channeled investment into the production of consumer goods,

discontinued rationing for consumer durables, and advocated a substantial role for consumer markets as drivers of economic growth. For urban residents the government's enthusiasm for personal consumption dramatically improved the average standard of living. At the outset of Deng's market reforms, only a small minority of urban households had owned a television, a washing machine, or a refrigerator. Home telephones and air conditioners were unknown outside the compounds of high officials. Twenty years later, all these consumer items had become routine purchases (see Table 1 below). Most remarkably, by the turn of the century urban home ownership exceeded that of the United States rising from 15 percent in 1992 to over 80 percent in 2002.¹⁰

Table 1: Ownership of Consumer Durables among Urban Households, Dec.2001
(across 7 income levels)

	Lowest 10%	next 10%	next 20%	middle 20%	next 20%	next 10%	highest 10%
Color TV	103%	109%	115%	121%	126%	132%	138%
VCR	26%	31%	37%	43%	50%	54%	56%
Computer	4%	6%	8%	12%	17%	22%	26%
Camera	21%	26%	32%	40%	47%	54%	61%
AC	14%	20%	25%	35%	43%	53%	63%
Washing Machine	79%	85%	90%	93%	96%	99%	101%
Refrigerator	63%	71%	77%	84%	88%	93%	95%
Electric Rice Cooker	79%	86%	97%	108%	120%	126%	137%
Shower	31%	39%	45%	52%	59%	67%	71%
Stove Smoke Hood	34%	41%	49%	58%	64%	68%	72%
Mobile Phone	10%	15%	22%	32%	45%	53%	62%

Source: *Zhongguo tongji nianjian 2002* [China statistical yearbook] (Beijing: Zhongguo tongji chubanshe, 2002), 330.

In terms of material living standards and reliance on commercial transactions, re-legitimizing markets produced a consumer revolution for urban households.¹¹ It also reshaped a political system that for decades had relied on controlled access to necessities—or what Dorothy Solinger has termed "organized solicitude"—to discipline and motivate urban citizens.¹² Deng's embrace of consumer-demand, private ownership,

and global markets, however, did not include loosening the political monopolies of the Leninist party-state. As one would expect, the decision to expand consumer, but not political, choice created tensions that are not unique to contemporary China, but are fundamental to understanding the Chinese experience.

After 1979, officials increasingly defined national success in terms of consumer gains, and citizens in turn calibrated the legitimacy of the party-state in terms of an improved standard of living. These trends do not mean that China by the twenty-first century had become a middle-class society where consumer demands drove national politics or that all households had reaped equal consumer gains.¹³ Rather, I argue, Deng's reforms so dramatically reduced the dependency of households on bureaucratic allocation that urban residents experienced a heightened sense of autonomy in their personal relationships. At the same time, state agents while not endorsing formal political democracy became increasingly tolerant of unofficial forms of sociability centered on personal consumption.¹⁴ In the case of new urban homeowners, control over a valuable financial asset liberated them from "the organized solicitude" of the Mao years (1949-1976), and the new tolerance for unofficial sociability and associational life in private realms unleashed citizen energies in directions with which the party-state became increasingly uncomfortable and conflicted. To place the experience of these new homeowners in a larger institutional, and cross-national perspective, I first review the policies of the 1950s that de-commercialized urban life and turned consumers into supplicants. I then describe how the contemporary political economy opened up social and political spaces for consumer-based activism that discomfited the architects of the economic reforms.

Creating and Dismantling a Socialist Property Regime

After their 1949 victory in the Civil War, the CCP prioritized heavy industry and socialist transformation. Their development blueprint marginalized—and later obliterated—individual property rights and they envisioned an urban property regime built on the superiority of collective ownership and bureaucratic management. In 1950, all urban land became state owned. Current homeowners could retain title to their homes, but they could not transfer their property rights to anyone other than a state agent or an immediate family member. Real estate development moved from the productive to the non-productive side of accounting ledgers, and urban shelter became a welfare benefit that employers allocated according to need and seniority. The result was a socialist property regime that guaranteed the social right to shelter while dissolving the civil rights of ownership.

Over time, however, the material consequences of collectivizing real estate and erasing consumer choice became increasingly problematic. As the baby boomers of the early 1950s came of marriage age, crowding increased and building quality and maintenance deteriorated. By 1978 average per capita living space was less than it had been in 1952.¹⁵ Partially in response to these hardships, Deng Xiaoping announced the first experiments to privatize home ownership and thereby ignited the housing reforms that ultimately dismantled the institutions of the socialist property regime by the end of the 1990s.¹⁶ In 1988, the National People's Congress (NPC) amended the constitution to allow transfer of land use rights and in 1990, the NPC passed an ordinance allowing cities

to sell long-term leaseholds on state land and retain the profits.¹⁷ In 1991, Shanghai adopted the Singapore model of provident funds that required both employees and employers to contribute to savings accounts dedicated to home purchase (see Sheldon Garon in this volume). Subsequently state banks developed a range of financial instruments for individual loans and long-term mortgages.¹⁸ Large coastal cities aggressively courted overseas real estate developers, and a national housing reform group worked with central and local governments to clarify ownership rights for those who bought flats that had previously been collective rentals. The most decisive break with past practice came in July 1998 when State Council Circular No.23 announced that as of year's end employers would be out of the housing business and "welfare housing" would be restricted to a small minority of low-income households.¹⁹

Over the next twelve months, the central and local governments fully capitalized urban housing stock by legitimating the resale of public flats and expanding the role of commercial banks in underwriting individual loans.²⁰ Most critical to this final stage toward full privatization were the Temporary Procedures (No. 69) issued by the Ministry of Construction on the resale of the collectively-owned flats that had been sold to sitting tenants at highly subsidized prices. These procedures went into effect May 1, 1999.²¹ Henceforth all those who held full rights to their homes, regardless if they had purchased the home privately or through a subsidized sale of their original rental units had the right to sell the property and retain all after-tax profits.²² Three years later, the government announced that 80 percent of previously collectively-owned housing stock was in private hands.²³ For all practical purposes, the socialist system of welfare housing had vanished, and the bulk of urban housing stock had become capitalized, privately-owned assets.

Did this revolution of homeownership create consumers willing to take action in defense of their new property rights, or did it simply extend the existing social rights to shelter without eroding party-state monopolies of power? Because privatization of property rights and expansion of consumer choice in China did not occur simultaneously with political reforms as they had in the former Soviet Union nor in the context of a developed capitalist economy like South Korea or Singapore, high levels of home ownership may simply leave urban residents politically inert within the new hybrid system of communist-capitalism.

Five years after the demise of "welfare housing," it is too soon to assess the long-term political consequences of the rapid privatization on consumer activism. But from close reading of the contemporary press and recent fieldwork in the major coastal cities it appears that the homeowner revolution has unleashed social and economic forces whose autonomy the CCP had not anticipated and against which they are now imposing new constraints. Nevertheless, the rhetorical enthusiasm of the official media for consumers indicates that the leadership harbors a lower degree of ideological ambivalence towards rising consumer spending than Garon, Gordon, Maclachlan, and Nelson observed in Japan or South Korea during comparable years of rapid economic growth. Rather, the Chinese government's discontents are primarily with the associational autonomy and grass-roots activism that pro-market, pro-consumer economic reforms support—not with the diversion of savings to increased levels of personal consumption.

The Party-State's Rhetorical Embrace of Consumers

Over the decade of the 1990s, Chinese official media diversified and direct CCP control weakened. The number of officially registered newspapers and television stations grew ten-fold, and the Internet created an entirely new terrain for exchange of commercial information.²⁴ In 1997, Ding Lei created Netease, the first commercial Internet provider, and approximately 600,000 people logged on. By 2003, Ding was the wealthiest man in China; 68 million people per week were logging on; and 48 percent of the 470,000 sites in China were commercial enterprises.²⁵ Nevertheless, the party-state remained vigilant against criticism of national leaders and continued to view the state-owned media as a primary tool to disseminate party-state orthodoxy throughout the country.²⁶ Therefore, even in the midst of heightened media commercialization, articles in the state-owned newspapers and magazines provide a template of official policy on consumers and consumer rights. To capture these positions of the party-state, I summarize results from an overview of articles published between 1995 and 2002 in the party's premier newspapers *People's Daily* [Renmin Ribao] and in *Chinese Civil Affairs* [Zhongguo minzheng], a monthly magazine sent to local officials in residential neighborhoods throughout China.²⁷ Because China's first Consumer Protection Law went into effect in January 1994 and China entered the WTO in 2002, one could hypothesize that between these years the official media might increase their attention to the roles of consumer rights and consumer purchases. I then situate this contemporary discourse historically by examining coverage of consumers over the past half-century.

Between January 1995 and 2002, *People's Daily* ran 6,154 stories containing the word consumer. At the same time, there were only 117 articles that mentioned both consumers and excessive luxury, and only 181 that discussed consumers and waste.

Moreover, over these eight years this pairing of consumption and excess declined while those including both consumers and waste remained steady at about 3 percent.²⁸

The decline of negative stories on consumption in *People's Daily* did not translate into explicit support for consumer rights. Only 18 percent of the selected articles included any mention of consumer rights or interests, and the specific phrase consumer rights appeared merely seven times between 1995 and 2002. Nevertheless, it was noticeable that the first two articles in *People's Daily* to describe homeowners as activist consumers presented the government as standing on the side of the consumer.²⁹ In both cases, residents initiated complaints of shoddy construction by approaching the local government and party leaders and then seeking monetary compensation from the private contractors through the courts.

Overall, between 1995 and 2002, *People's Daily* presented consumers as economic actors who improved the functioning of the macro-economy. Reporters explained that because consumers shop for the best quality at the lowest price they send signals to producers that increase overall efficiency and eliminate damaging monopolies.³⁰ In one March 1995 editorial, the writer went so far as to praise the perfect virtue of consumers who in their purchasing decisions were free of all selfishness.³¹ More startling, reporters invoked the very icons of orthodox Leninism when writing about the need for officials to be responsive to consumer complaints. One such citation appeared in a January 4, 1995 article that favorably identified consumers not only as "gods," but also as those whom party organizations should serve in the spirit of Lei Feng.³²

For a political party committed to the superiority of atheism, praise for deities is remarkable, but drawing on the iconic Maoist hero, Lei Feng, is even more striking. Lei

Feng was a People's Liberation Army soldier lionized during the Cultural Revolution for his life of ascetic simplicity. Thus the reporter's exhortation for government officials to serve consumers in the spirit of Lei Feng represents a conspicuously positive endorsement of consumers in the official discourse of post-Mao modernity.

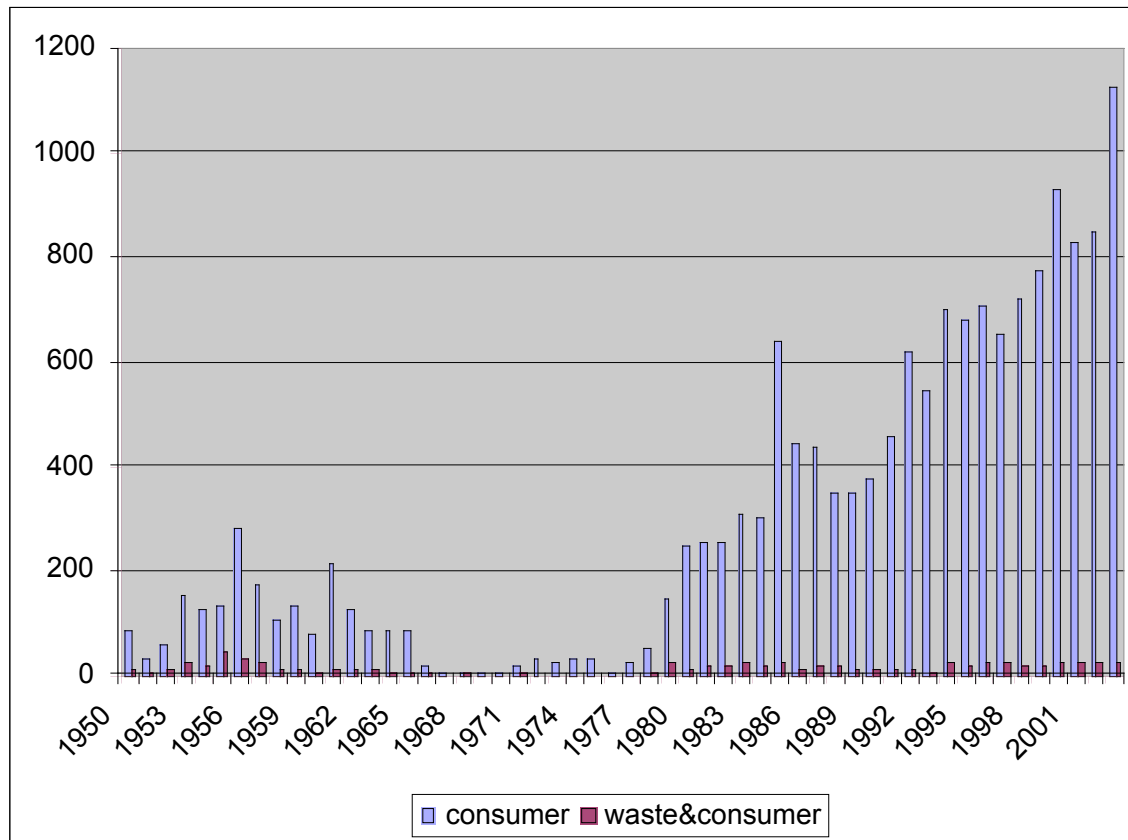
With a narrower readership of government employees, *Chinese Civil Affairs* might be expected to have departed from broad messages in support of consumer gains, and exhorted local administrators to eliminate specific consumer behaviors that degraded neighborhood life or impeded local governance. Yet in contrast to the South Korean and Japanese governments' emphasis on frugality and savings campaigns, the editorials of *Chinese Civil Affairs* never once charged officials to mount anti-consumption campaigns or cast consumers as unpatriotic.³³ If anything, the editors rather consistently adopted a consumerist language and in particular focused on the economic benefits of creating fee-paying "consumers" for traditional welfare programs.³⁴

The Party-State's Rhetoric in Historical Perspective

During the run-up to their entry into the WTO, it is not surprising that Chinese leaders moved quickly to speak in a pro-consumer discourse compatible with the expansion of global commodity chains and international trade. But to understand why a firmly established Communist leadership made the transition from plan to market with so little ideological trauma, it is helpful to place the Party-State's rhetoric in a longer historical perspective. Using digital archives that allow full text search of all articles ever published in *People's Daily*, figure 1 summarizes both the total number of articles that contained the word consumer (*xiaofeizhe*) at least once, and among those articles all those

where the word waste (*langfei*) also appeared . During the 1950s, *People's Daily* published 1,297 articles with the word consumer and 203 with both consumer and waste. During the decade of the Cultural Revolution (1966-1976), consumers virtually disappeared from the pages of *People's Daily*. But after market reforms took off in 1978, references to the consumer rose steadily and after 1991 never fell below 500. Not only did consumers appear ever more frequently on the pages of *People's Daily*, but between 1995 and 2003 consumers became even more visible than either workers or university students .³⁵ These simple enumerations only capture the grossest distinctions, but they do demonstrate that consumers were erased from the pages of the party's premier daily only for the years of the Cultural Revolution, and that even in the most heady days of the Great Leap Forward (1958-60) to accelerate the realization of communism, the party rarely conjoined consumers and waste. Instead the legacy of the orthodox past is for the CCP to view consumer gains as a material metric of the party's wisdom.

Figure 1: Coverage of Consumers and Waste in *People's Daily*, 1950-2003



Source: <http://willard.library.yale.edu>

Consumer Protection Law

In October 1993, the National People's Congress passed China's first Consumer Protection Law.³⁶ In September of that year, the NPC had passed the Law Against Unfair Trade and a year later the Advertising Law.³⁷ Together these three pieces of legislation established the legal framework that articulated individual rights in the consumer marketplace. Most relevant to urban homeowners were the provisions of the Consumer Protection Law that guaranteed consumers the right to correct information (articles 8 and 13), the right to choose and exercise supervision over commodities and services (articles

9 and 15), the right to fair trade including fair measurement (article 10), the right to receive compensation for damages (articles 11, 35, 36, 37, 38, 39, and 49), and the right to form social groups to safeguard their legitimate rights and interests (articles 12, 31, and 32). In addition, the law required the state to listen to consumer opinions when formulating laws (article 26) and the courts to simplify the procedures for consumers to file a lawsuit (article 30).

Since 1994, the Consumer Protection Law has also gained prominence in official publications directed at professionals. In 2003, the weekly magazine of the China Law Society identified the Consumer Protection Law as one of the ten most influential laws enacted since the beginning of market reform.³⁸ To illustrate the law's significant impact on Chinese society, the Law Society cited surveys that showed an increase of more than 50 percent in the number of consumers filing for damages between 1994 and 1999; by 1999, it reported, even those whose losses were less than 2,000 *yuan* (or approximately \$240) were routinely seeking compensation.³⁹

In the same year, one also finds official support for applying the protection of the Law to homeowners. Previously, a major obstacle for homeowners seeking to invoke provisions of the Law had been sellers' arguments that the Consumer Protection Law did not apply to the purchase of housing. In particular, sellers argued that home buyers, had no right to invoke the law's Article 49, which guaranteed compensation of double the sale price whenever consumers could prove that merchants had sold a fraudulent product or shoddy service. During the late 1990s, consumer activist Wang Hai popularized this principle of "double compensation," tirelessly publicizing his success via television appearances and his own website.⁴⁰ News of his success even reached the pages of

Chinese Civil Affairs, motivating one local official to post an article to explain why "hero" Wang Hai need not pay income tax on the refunds he got from merchants who had sold him faulty merchandise.⁴¹

Whenever homeowners tried to follow Wang Hai's example and invoke Article 49, however, developers argued that Article 49 applied only to moveable items for daily use, and the courts generally supported them.⁴² Then in 2003 the official government organ of the real estate industry wrote that the Law did cover home buyers because consumer protection laws in other countries extend to home purchases and the original law placed no restrictions as to which consumer purchases were protected.⁴³ When the house organ of the state real estate industry speaks unambiguously in support of consumers and explicitly against past court rulings, millions of homeowners who are prepared to sue and hire consultants to defend their claims gain principled support from the agents of the party-state.

The passage of laws that define consumer rights and repeated official endorsements of citizen's civil rights distinguish recent party-state discourse from that of the first four decades of CCP rule. However, since 1949, the CCP party-state has consistently disregarded the letter of the law whenever individual entitlements threatened its monopolies of power, and rarely have courts enforced claims of individuals against those of the party-state.⁴⁴ Therefore, it would be naive to read the new Consumer Protection Law either as a consistently enforceable contract between citizens and the government or as an unambiguous endorsement of consumer activism. On the other hand, because the passage of the Consumer Protection Law occurred within an expansion of legal rights that empowered citizens and weakened their dependence on local state

agents, the Law provided a rights based "road map" to guide aggrieved consumers in their struggles for compensation. Between 1982 and 2004, China revised its constitution four times to provide more legal protection to market institutions, and Chinese citizens gained substantial new rights and protections particularly in civil disputes.⁴⁵ Therefore while Chinese citizens remain constrained by the politicization of the courts and the monopoly power of the CCP, top-down legal reforms opened up a social and legal space in which consumers could mobilize.⁴⁶ Legal scholar Benjamin Liebman, for example, has recently demonstrated how consumer demands for compensation, as stipulated in the several consumer protection laws, created important precedents for future consumer plaintiffs by strengthening the more general application of the Civil Procedure Law to class action suits.⁴⁷ Precedents do not guarantee enforcement and given the difficult history of consumer activism in democratic capitalist societies, it is prudent to interpret the recent legal gains of Chinese consumers as improved terms of engagement not a clear victory.

On the other hand as fieldwork done in several of China's largest cities documents, even when buyers fail in court they become ever more aware of their rights as consumers and more sophisticated in how they will subsequently protect their interests.⁴⁸ In response local leaders find themselves forced to consider new associational forms to cope with more rights conscious residents who can not be easily dismissed or ignored.

I next draw on my own observations of one Shanghai estate between 2002 and 2004 to illustrate how officials ever more enmeshed in providing consumer services and endorsing the rights of consumers remained vigilant to curtail organized consumer activism.

The Limits of Consumer Power in a Communist Party State

Throughout the Mao years, a nested honeycomb of party-state control extended into every urban neighborhood through a system of residents' committees that were tightly linked and subordinated to the next higher level of city government.⁴⁹ The committees oversaw sanitation, maintained the household registries, and after 1978, monitored compliance with the one-child campaign and re-employment of laid-off workers. On average, a committee of five to eight residents supervised four hundred to six hundred families living in adjacent buildings.

During the early 1990s, city governments seeking to professionalize municipal services appointed non-resident administrative staff to the residents' committees.⁵⁰ However, by the end of the decade party leaders reversed course and again looked to local residents to "strengthen the connections and emotions between the party and the masses."⁵¹ Despite their desire to re-insert party power into the neighborhood fabric, home ownership and the new consumer freedoms that had destroyed the "organized solicitude" of the Mao years challenged an easy return to past practice. Two specific market-based innovations of the commercial residential estates—management companies and owners' committees—assumed key obligations that had previously fallen under the jurisdiction of the residents' committees. Management companies and owners' committees first appeared after 1994 in estates built by Hong Kong and Singaporean developers.⁵² Both organizations subsequently appeared in commercial estates throughout China. The management companies were fee-charging businesses that provided sanitation services, routine building maintenance, and care of the grounds. Owners' committees, on

the other hand, were voluntary, elected associations that represented the consumer interests of owners in their negotiations with the management company, the developer, other owners, and the local government.

Fieldwork by other scholars between 1999 and 2002 indicated that although legally the party-state supported consumer empowerment through elected owners' committees, in practice officials opposed the associational autonomy promised in Articles 12, 31, and 32 of the Consumer Protection Law.⁵³ My own interviews in one Shanghai estate—which I will call Western Garden—illustrate how one local government responded when newly empowered consumers attempted to act on their new consumer rights.

Western Garden is a commercial estate selling two- and three-bedroom apartments at prices that are average for new neighborhoods outside the city center. The first buyers moved in during 1994, and by July 2002 there were more than nine thousand residents. In April 2004, the estate had reached its planned capacity of 4,300 units with more than twelve thousand residents. Like most new commercial estates in urban China, Western Garden is a gated community, which the developer has marketed as much for its modern life style as location or price. The developer maintains an elaborate website with multiple chat rooms where residents can register complaints or link up with other residents for a wide range of recreational activities.⁵⁴ The website also has multiple links to real estate listings in adjoining estates and in other cities of China. Pop-up advertisements and short video clips constantly move across the screen promoting a wide variety of consumer services as well as new real estate offerings of the developer.

Western Garden is not exclusively a residential neighborhood. Within the estate there are many private businesses. In the oldest buildings of Phase I and Phase II, stores, beauty salons, and restaurants occupy the ground floor, facing parking spaces and interior roads. In Phase III retailers cluster in a two-story mini-mall across the street from the central administration building and tennis courts. It was in this mall during a visit in April 2004 that I observed a striking documentation of the explicit link between homeownership and consumers. On more than fifty light posts the developer had installed multi-colored banners promoting his newest logo. There were similar promotional decorations along residential sidewalks in other developments I had visited. But only in Western Garden did I find a logo that so explicitly defined residential areas as neighborhoods built around consumers and consumption. At Western Garden, the banners read "consumers make neighbors."

When I first visited Western Garden, the residents' committee occupied a five-room suite in one of the oldest Phase I residential blocks.; by 2004 the committee had moved to new quarters in a building that also housed a rental agency and the offices of the management company. When I asked in 2002 why the residents' committee had such large accommodations within a private estate, the party secretary of the committee explained that government regulations require developers to provide space for a residents' committee in proportion to building construction.

In her briefing, the party secretary read directly from a promotional script of the developer. She stressed that the estate was a "closed community" and that since 1995 had been recognized as a city level "civilized district," a designation the city government grants to residential neighborhoods that have had no sanitation violations, no reports of

crime, and no members of the heterodox religious group Falun Gong. In 2004, a rental agent told me that the designation of "civilized district" also increased real estate values.

When the first tenants moved to Western Garden in 1994, the developer sponsored a directly elected owners' committee for Phase I. However, in 1998, after the leaders of the owners' committee had tried to mobilize other owners to seek compensation for shoddy building materials, the district government installed a residents' committee and greatly restricted the powers of future owners' committees. The party secretary explained that because the owners' committee included many non-owners, the local government deemed the original organization illegal. Subsequently, the residents' committee asked each household to nominate one member to vote for seven representatives whose main duties were to operate a nightly telephone hot line. Nevertheless, the party secretary told me that she found it difficult to control non-party members, unfavorably comparing the activism among the members of the owners' committee to that of residents who had volunteered to host informational sessions for prospective buyers.

In Western Garden, we observe a situation in which the government has withdrawn support for a consumerist organization that it once endorsed as an ideal form of community governance for new commercial estates. We also see a merging of state and market authority over private residential space, as well as the marked commercialization of the official obligations of local government staff. In Western Garden, the Chinese party-state has become deeply implicated in, if not comfortable with, consumer politics. It speaks in the language of individual consumer rights when it encourages citizens to rely on their own initiative and entrepreneurship, but becomes

ambivalent or hostile when consumers use their autonomy to challenge party-state political monopolies or business partnership with private developers. In Western Garden the party-state still holds the balance of power, and it is not obvious when the provisions of the Consumer Protection Law will live up to its high praise by the Lawyers' Association as one of the most influential legal reforms since 1980. However, the difficulties of Chinese consumers in realizing legal promises are not attributable only to an authoritarian communist polity. As suggested by historical work on the ebb and flow of consumer power in America, the struggles of the Japanese consumer movement, and the changing political influence of British consumers, consumerism is not a consistently robust and powerful political force.⁵⁵

Consumer identity rarely provides a focus for broad-based citizen activism. In contrast to business associations or large corporations, consumer organizations are weak because they cannot easily tax members or redirect profits to fund lengthy legal battles. In China, the CCP's hostility to any form of pluralist politics, the legal constraints on all NGOs, and the weakness of civil society further challenge consumer activism.⁵⁶ To readers familiar with the Maoist assault on all forms of material pleasures and the criminalization of private entrepreneurship during the Cultural Revolution, the possibility of citizen-consumers wresting legal protection from a still strong communist party may seem particularly utopian.⁵⁷ Nevertheless, despite the continuity of Leninist political monopolies and the defeat of owners in Western Garden, I would stress that the rhetorical support for consumers in the official media, the explicit legislative protection for consumer rights, the celebrity of Wang Hai, and the continued existence of consumerist organizations like the owners' committees—even when they fail to realize their initially

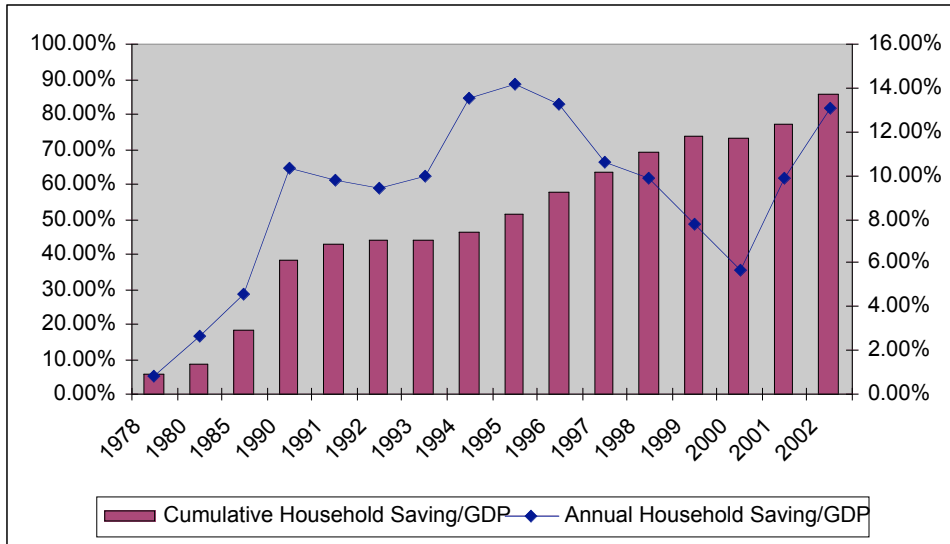
designated autonomy—have inserted consumer activism and struggles over consumer rights into the contemporary political landscape. The Consumer Protection Law continues to spawn court cases as well as out-of-court compensation. Each new estate must have an owners committees with elected members and the right to meet and canvas residents. Moreover, because several structural trends in the macro-economy support a central role for consumer spending and consumer satisfaction, the role of citizen-consumer in urban China is likely to become increasingly salient during the first decade of the twenty-first century despite the continuing ambivalence of the current leadership.

Conclusion

During the 1990s, Chinese city dwellers became a population of homeowners who defined themselves—and were defined by the official media—as consumers and proprietors with rights to seek compensation and organize to protect their property interests. Private ownership empowered citizens as consumers, and in the Consumer Protection Law, the party-state provided national legislation that extended civil rights to citizens as consumers. These gains for urban homeowners occurred because the CCP leadership had fundamentally abandoned the Maoist developmental plan of ascetic autarky that had previously constrained consumer spending and consumer autonomy. By the early 1990s, the leadership had fully adopted growth strategies compatible with WTO regulations that pushed nations with huge reservoirs of semi-skilled labor to prioritize investment in light industry and consumer goods. Within this global division of labor, the Chinese economy grew steadily, disposable per capita income rose dramatically, and rising Chinese consumption became an engine of growth.⁵⁸

The size of China's huge domestic market and the enormous pent up demand after decades of sacrifice for public investment played a crucial role in the consumer revolution of the 1990s. These factors will continue to be consequential in the near future. By 2002, China had both the world's largest population and "the highest savings rate of any major nation."⁵⁹ As a result, Chinese leaders look for future growth in the domestic consumer markets as much as in increased exports to Japan, North America, and the EU. High levels of ownership of consumer durables across all income levels as seen in Table 1 document the substantial gains in living standards, and high rates of household saving and sustained growth in per capita income suggest even greater consumer spending through the first decades of the twenty-first century. Figure 2 below summarizes the steady increase in cumulative and annual savings rates between 1978 and 2002 . After a period when both rural and urban households experienced a nearly four-fold increase in the real value of their consumption, household accumulated savings exceeded 80% of 2002 GDP and household savings in that one year approached 14% of GDP.⁶⁰

Figure 2: Cumulative and Annual Household Savings Rates 1978-2002



Source: compiled from data in the on-line version of *Zhongguo tongji nianjian 2003*.⁶¹

Initially, it may appear paradoxical that the leadership of one of the few remaining communist nations so unambiguously embraces consumer spending as an engine for national prosperity. But when one examines the unfolding of the Chinese consumer revolution within the context of China's recent past, the communist leadership's enthusiasm is not paradoxical. China has enjoyed the most sustained economic growth in its history because of investment policies geared to world consumer markets. Yet, the long-term future for the world's sixth largest economy lies as much in its huge domestic market as in exporting to first world consumers. Therefore, unlike the small city-state of Singapore, or even medium-sized Malaysia and South Korea, China can look inward to its 1.3 billion consumers as the key to becoming the world's second largest economy by 2030. Unlike their orthodox Maoist predecessors, moreover, recent political leaders have chosen not to view personal consumption as a zero-sum threat to investment and saving.

Misgivings about consumers occur among Chinese leaders not when officials see ordinary people spending more of their incomes on cars, leisure travel, or restaurant

meals, but when consumers demand their legal rights and associational autonomy. Thus, as we observe at Western Garden, challenges to political authority, as opposed to ideological ambivalence about increased consumer spending, constitute the primary source of the government's discomfort with consumer culture.

To date, the weakness of the courts and the extensive police powers of the local state have severely limited consumer activism. Other actions of the party-state, however, serve to legitimate and encourage consumer activism and even shift power toward consumers. For example, the rhetorical support for consumer autonomy in the official media as well as such consumer-friendly laws as the Consumer Protection Law (1993), the Advertising Law, (1994) and the Compensation Law (1994) provide well-publicized justification for consumer activism. Praise for Wang Hai on the pages of *Chinese Civil Affairs* and the invocation of Lei Feng as a model for serving consumers in *People's Daily* place the party-state publicly on the side of consumers. Among scholars who have studied growing activism among rural residents and industrial workers there is substantial evidence that ordinary Chinese citizens have succeeded in defending their interests when they have been able to "talk back" to state agents in the language of the state's own discourse. Thus, as Kevin O'Brien has discovered in his analysis of the successes of rural protestors during the 1990s, when ordinary people become informed of their legal rights they "exploit the symbolic and material capital made available by the communist party-state itself" and force the Chinese state to compromise with their "rightful resistance."⁶²

The commoditization of public goods has reduced the dependence of urban residents on state provisions and enlarged the space for consumers to be decision makers. In Western Garden, we observed how old modes of governance survived and continued

to limit consumer activism and civic autonomy. However, at the level of the macro-economy, the environment has decisively shifted in favor of less government control and supervision. Even residents' committees share responsibility for serving the neighborhood with market and voluntary associations—the management company and the owners' committees. Because the law clearly protects consumer rights, the party-state itself has legitimated the economic and political institutions that could support active citizen-consumers.

Successful institutionalization of the formal promises to Chinese consumers will require at least as much struggle as consumer movements have confronted in democratic capitalist nations such as the United States, Britain, and Japan. The government's opposition to free ranging owners' committees and the inability of consumers to receive compensation even when the courts decide in their favor are just some of the barriers to consumer-citizenship in contemporary China. At the same time, the party-state has so thoroughly valorized free markets and consumers as essential agents in the national project of modernization, that they can not easily refute the validity of consumer autonomy nor maintain a fire wall between the rights of Chinese consumers and the civic rights of citizens.

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² Xingdong Yu, "Citizenship, Ideology, and the PRC Constitution," in Merle Goldman and Elizabeth J. Perry, eds., *Changing Meanings of Citizenship in Modern China* (Cambridge: Harvard University Press, 2002), 293.

³ Piper Gaubatz, "China's Urban Transformation," *Urban Studies* 36, no.9 (Aug. 1999):1495-1521; Deborah Davis, "Social Transformations of Metropolitan China since 1949," in Joseph Guggler, ed., *Cities in the Developing World* (Oxford: Oxford University Press, 1997), 248-58.

⁴ Martin Whyte and William Parish, *Urban Life in Contemporary China* (Chicago: University of Chicago Press, 1984), 85-90.

⁵ Deborah Davis, "Urban Household: Supplicants to a Socialist State," in Deborah Davis and Stevan Harrell, eds., *Chinese Families in the Post-Mao Era* (Berkeley: University of California Press, 1993), 50-76.

⁶ Hanlong Lu, "To Be Relatively Comfortable in an Egalitarian Society," in Deborah Davis, ed., *The Consumer Revolution in Urban China* (Berkeley: University of California Press, 2000), 124-44; Shaoguang Wang, "The Politics of Private Time," in Deborah Davis, Richard Kraus, Barry Naughton, Elizabeth Perry, eds., *Urban Spaces* (Cambridge: Cambridge University Press, 1995), 149-72; Whyte and Parish, *Urban Life in Contemporary China*, 57-106.

⁷ Xiaobo Lu, "Minor Public Economy: The Revolutionary Origins of the *Danwei*," in Xiaobo Lu and Elizabeth Perry, eds., *Danwei: The Changing Chinese Workplace* (Armonk: M.E.Sharpe, 1997), 21-41.

⁸ Kamwing Chan and Li Zhang, "The Hukou System and Rural-Urban Migration in China," *China Quarterly*, no. 160 (December 1999):818-55; Xiangming Chen, "China's

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⁹ Barry Naughton, *Growing out of the Plan* (Cambridge: Cambridge University Press, 1995), 59-94.

¹⁰ Xinhua News Agency, 9 August 2002 and www.calvert-henderson.com/shelter2.

¹¹ Deborah Davis, "Introduction," in Davis, *Consumer Revolution in Urban China*, 1-24.

¹² Dorothy Solinger, *Contesting Citizenship in Urban China* (Berkeley: University of California Press, 1999), 2.

¹³ Azizur Khan and Carl Riskin, *Inequality and Poverty in China in the Age of Globalization* (Oxford: Oxford University Press, 2001); Xueguang Zhou, "Economic Transformation and Income Inequality in Urban China," *American Journal of Sociology* 105, no.4 (January 2000):1135-74.

¹⁴ Davis, "Introduction."

¹⁵ Whyte and Parish, *Urban Life in Contemporary China*, 79.

¹⁶ Zhongyi Tong and R. Allen Hays, "The Transformation of the Urban Housing System in China," *Urban Affairs Review* 31, no.5 (May 1996):625-58; Peter Nan-shong Lee, "Housing Privatization with Chinese Characteristics," in Linda Wong and Stewart MacPherson, eds., *Social Change and Social Policy in Contemporary China* (Aldershot, England: Avebury, 1995), 126., Yaping Wang and Alan Murie, *Housing Policy and Practice in China* (London: Macmillan, 1999), 137.

¹⁷ Tong and Hays, "The Transformation of the Urban Housing System in China," 636-40.

¹⁸ Deborah Davis, "From Welfare Benefit to Capitalized Asset," in Ray Forrest and James Lee, eds., *Housing and Social Change* (London: Routledge, 2003), 187-88.

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- ¹⁹ *Guowuyuan Gongbao*, 1998 [Gazette of the State Council], pp. 679-82.
- ²⁰ Document No. 43 (1999) of the Construction Ministry, Banking Bill No. 73(1999), State Council Decree No. 262 (1999), Banking Bill No. 129(1999), *Guowuyuan Gongbao* 1999, pp. 268-71, 310-11, 852-54.
- ²¹ *Guowuyuan Gongbao*, 1999, pp. 1005-8.
- ²² *Zhongguo fang dichan bao* [Chinese real estate news], 1 March 2000, p.1.
- ²³ Xinhua News Agency, 9 August 2003.
- ²⁴ In 1978, there were 186 newspapers, 32 television stations, and about 15,000 new book titles. In 2001, there were over 2,000 newspapers, 350 television stations, and 154,000 new book titles. *Zhongguo tongji nianjian 2002*, pp. 758-60.
- ²⁵ Yi Hu, "Internet Users on Mainland," *South China Morning Post* on-line edition 22 July 2003; Andrew Collier, "Netease chief tops Forbes," *South China Morning Post* on-line edition, 31 October 2003.
- ²⁶ Bu Wei, "Shehui xingbie shijiaozhong de zhuanbo xin jishu yu nuxing," [new communications technology and women], *FunuYanjiu* [Women's Studies], no. 3 (2003):13-18. Guobin Yang, "The Co-evolution of the Internet in Civil Society in China," *Asian Survey* 43, no.3 (May/June 2003):405-22; Jonathan Zittrain and Benjamin Edleman (2002) "Empirical Analysis of Internet Filtering in China," found at <http://cyber.law.harvard.edu/filtering/china>.
- ²⁷ Practical considerations also necessitated this time interval. In 2004 when the research for this essay was completed, electronic archives for *Chinese Civil Affairs* did not go back further than 1994.

²⁸ Between 1994 and 2002, 117 articles contained the words consumer and luxury (*haohua*), and 181 contained the words consumer and waste (*liangfei*). In 1995, in 4.4 percent of all articles in which consumers were mentioned, there was also discussion of luxury. After 2000 the percentage never went above 1.5 percent. For waste the percentages remained steady at approximately 3 percent.

²⁹ *Renmin ribao* [*People's Daily*] 1 March 1998, p. 4, provided an account of a dispute over quality of construction in a government subsidized building in Qinghai that had been subcontracted to a private construction company. *Renmin ribao*, 4 March 1998, p.10, described the grievances of a group of homeowners in a privately built commercial estate in Zhejiang.

³⁰ *Renmin ribao*, 12 October 1998, p. 4; 3 December 1998, p.3; and 12 May 1999, p.2.

³¹ *Renmin ribao*, 16 March 1995, p.6.

³² *Renmin ribao*, 4 January 1995, p.10.

³³ Based on electronic search of all issues, 1994-2002, <http://online.eastview.com/cnki>.

³⁴ E.g., Civil Affairs Social Investigation Group, "Yindi zhiyi" [seek gain according to local conditions," *Zhongguo Minzheng* (June 2000):26-28; Sun Taojun, "Tansu shequ fuli jujia yanglaomoshi"[investigate thoroughly a model of district welfare home care,] (November 2000):15-16

³⁵ *Renmin ribao* accessible at <http://willard.library.yale.edu> reported 681 articles that included at least one reference to consumers, 504 to university students, 1,231 to workers, 3,450 to peasants, and 4,074 to the masses in 1995. For 2003, the comparable frequencies were 1,126 to consumers, 814 to students, 1,058 to workers, 3,768 to peasants, and 6,621 to the masses.

³⁶ For English translations, see <http://www.qis.net/chinalaw/prclaw26.htm>.

³⁷ Copies of these laws can be found on the website of the China Consumers' Association, www.cca.org.cn, and www.lawbase.com.cn.

³⁸ "Gaozao zhongguo de shida jingdian li" [majors laws during ten years of Chinese reforms] *Minzu yu fazhi shibao*, 12 March 2002, pp.12-15.

³⁹ "Gaozao zhongguo de shida jingdian li" 14.

⁴⁰ See <http://www.wanghai.com/business>.

⁴¹ Chengning Ren, "'Dajia' yingxiong gaibugai nashui?" [for destroying fakes must a hero pay taxes?] *Zhongguo minzheng* (Sept. 1996):6.

⁴² In 2002, the muckraking weekly of Guangzhou, *Nanfang Zhoumo*, gave extensive coverage to homeowners who had been swindled and could find no legal redress. See *Nanfang Zhoumo*, 24 January 2002, p. 5; for stories on home owners in Wuhan, see 7 March 2002, p. 15; in Guiyang, Beijing, Guangzhou, and Shanghai, 11 April 2002, p.8; in Beijing, 18 April 2002, p.7; in Shanxi and Tianjin, 25 April 2002, pp 25-28; in Chongqing, Guangzhou, Pan Yu, and Shanghai, 12 Sept 2002, p. 14; in Shanghai, 26 Sept 2002, p. 9.

⁴³ Huidong Chen and Zhao Li, "Goumaizhe shi xiaofeizhe," [home buyers are consumers,] *Zhongguo fangdi chan* no.3 (March 2003):41-45.

⁴⁴ Kevin O'Brien and Lianjiang Li, "Suing the Local State," *China Journal*, no. 51 (January 2004):75-96.

⁴⁵ Stanley Lubman, *Bird in a Cage* (Stanford: Stanford University Press, 1999), 250-319.

⁴⁶ Lubman, *Bird in a Cage*, 318-19.

⁴⁷ Benjamin Liebman, "Class Action Litigation in China," *Harvard Law Review*, 111 no.6 (April 1998):1523-41.

⁴⁸ Benjamin Read, "Democratizing the Neighborhood," *China Journal*, no. 49 (January 2003):31-60; Luigi Tomba, "Creating an Urban Middle Class," *China Journal*, no. 51 (January 2004):1-26; Tomba, "To Rebel is Justified," paper presented at the conference "Globalization, the State and Urban Transformation in China," Hong Kong Baptist University, 15-17 December 15-17 2003.

⁴⁹ Benjamin L. Read, "State, Social Networks, and Citizens in China's Urban Neighborhoods" (Ph.D. dissertation, Harvard University, 2003); Benjamin Read, "Revitalizing the State's Urban 'Nerve Tips,'" *China Quarterly*, no.163 (Sept. 2000):806-20.

⁵⁰ Read, "Revitalizing the State's Urban 'Nerve Tips.'"

⁵¹ *Renmin ribao* 24 June 2001, p.1.

⁵² There is some disagreement if the first owners' committees were established in 1994 or 1997, and if they were proactive or reactive experiments by the state. See Read, "Democratizing the Neighborhood"; Tomba, "Creating an Urban Middle Class," and "To Rebel is Justified."

⁵³ Read, "Democratizing the Neighborhood"; Tomba, "Creating an Urban Middle Class," and "To Rebel is Justified"; and conversations at the Chinese University of Hong Kong with doctoral candidate Belinda Liu, who conducted fieldwork in 2003 and 2004 in one estate in Shenzhen.

⁵⁴ To guarantee confidentiality I cannot give the exact web address, but comparable websites can be found through the main portal, www.house.focus.cn.

⁵⁵ Lizabeth Cohen, *A Consumer Republic: The Politics of Mass Consumption in Postwar America* (New York: Knopf, 2003); Patricia Maclachlan, *Consumer Politics in Postwar Japan: The Institutional Boundaries of Citizen Activism* (New York: Columbia University Press, 2002); Frank Trentmann in this volume.

⁵⁶ Stanley Lubman, *Bird in a Cage*, 298-319; O'Brien and Li, "Suing the Local State"; Read, "Democratizing the Neighborhood"; Tomba, "Creating an Urban Middle Class."

⁵⁷ Anita Chan, *Children of Mao* (London: Macmillan, 1985); Nian Cheng, *Life and Death in Shanghai* (New York: Grove Press, 1986); B. Michael Frolic, *Mao's People* (Cambridge: Harvard University Press, 1980); Heng Liang and Judith Shapiro, *Son of the Revolution* (New York: Knopf, 1983).

⁵⁸ Nicholas Lardy, *Integrating China into the Global Economy* (Washington D.C.: Brookings Institute Press, 2002), 1-22; Naughton, *Growing out of the Plan*, 309-25.

⁵⁹ Lardy, *Integrating China into the Global Economy*, 3.

⁶⁰ *Zhongguo tongji nianjian 2002*, p. 68.

⁶¹ Table created by Professor Shaoguang Wang at the Chinese University of Hong Kong, 20 May 2004.

⁶² Kevin O'Brien, "Rightful Resistance," *World Politics* 49, no. 1 (Oct. 1996):34.