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VOLUME III

Endgames? Late Communism in  
Global Perspective, 1968 to the Present

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## Make Some Get Rich First: State Consumerism and Private Enterprise in the Creation of Postsocialist China

KARL GERTH

Who created postsocialist China? Starting in 1978, conventional histories explain, bold national leaders led by Deng Xiaoping, who took power that year, initiated a major transformation of Chinese society and foreign relations, known as the “market reforms and opening” or simply “the reforms” and “the reform era.”<sup>1</sup> Leaders once again permitted small private plots for farming and small-scale private enterprises. Millions of farmers became better off. And millions of “self-employed, household-run businesses” (hereafter, I use the Chinese term, *getihu*) responded to the policy change from the top by establishing everything from dumpling stalls to interprovincial agricultural produce transport. Thanks to the policy changes initiated by Deng Xiaoping, conventional histories continue, these private farmers and businesspeople helped transform China from a land of socialist economic stagnation and consumer deprivation to one of dynamic markets and consumer plenty.

In recent years, scholars have challenged the Deng-led narrative of the postsocialist era by highlighting changes from below, experiments and risks taken first by local farmers, even in secret, and then by mom-and-pop private businesses in the countryside and cities.<sup>2</sup> Even the Chinese Communist Party (CCP) now sanctions such grassroots interpretations of change. The 48-part TV biopic, *Deng Xiaoping at the Crossroads of History* (2014), heavily emphasizes

1 “Reform” (*gaige*) or “reform and opening” (*gaige kaifang*) are the terms used by the Chinese government for the major policy changes that began in the late 1970s. I periodically place the term “reform” in quotations to flag the word as reflecting the party-state’s promotion of the “policy changes,” a more neutral term.

2 See Kate Xiao Zhou, *How the Farmers Changed China: Power of the People* (Boulder: Westview Press, 1996).

the commune where unauthorized decollectivization and private farming on household plots began. Hundreds of millions of people living in the countryside on rapidly disbanding communes led the way, as the chapters in this book by Carl Riskin as well as Mark Selden and Ho-fung Hung detail. At the same time, this biopic also narrates stories of local entrepreneurs such as the student who sold Chinese crepes, or *jianbing*, from a cart in Beijing in the late 1970s and early 1980s.<sup>3</sup> In these newer bottom-up interpretations, local change – rural and urban – paved the way for national change. Stated differently, change often came despite rather than as a result of national policies.

Yet bottom-up interpretations of the post-1978 era have two shortcomings of their own. First, they mention but do not explain the critical role of the Chinese state in promoting, condoning or, at the very least, looking the other way during the reintroduction of grassroots privatization of the state-controlled economy, that is, the rebirth of the market economy populated by small-scale businesses that gave way to the state capitalism and profit-oriented, massive corporations in the 1990s.<sup>4</sup> Local and national policy implementation was critical. Important initiatives came from below, but they flourished with the approval and direction of China's communist leadership. Second, such interpretations still focus on Chinese people in their capacities as workers and producers and, therefore, on production as the driver of history. But mom-and-pop shop proprietors and soon other merchants also changed China in their capacity as highly touted leading consumers in the mass media and popular imagination – the figurative Joneses that other Chinese wanted to catch up with, let alone keep up with. Although the vast majority of *getihu* remained poor, their desires, and the unintended consequences of their struggles to fulfill those desires, transformed China in the 1980s. And the state was central to the creation of institutions that promoted and protected consumerism and consumers, particularly *getihu*.

3 Thanks to Matthew Wills for suggesting I look at *Deng Xiaoping at the Crossroads of History* and for other suggestions on sources. See Chris Buckley, "Xi Jinping the Hidden Star of a TV Series About Deng Xiaoping," [sinosphere.blogs.nytimes.com/2014/08/27/xi-jinping-the-hidden-star-of-a-tv-series-about-deng-xiaoping/?\\_](http://sinosphere.blogs.nytimes.com/2014/08/27/xi-jinping-the-hidden-star-of-a-tv-series-about-deng-xiaoping/?_).

4 I follow sociologist Ho-fung Hung's use of the term "capitalism" and his preference for seeing capitalism in China as a modified version of capitalism rather than a unique one that will challenge the existing global order. Hung distinguishes between markets and capitalism: "Whereas a market economy is grounded on exchange and competition among small producers, concerned more about livelihood than profit, capitalism is driven by profit maximization and wealth accumulation" (Ho-fung Hung, *The China Boom: Why China Will Not Rule the World* [New York: Columbia University Press, 2015], 8).

My focus here is on the evolving processes through which the state reauthorized and promoted market economy and consumerism, and the far-reaching consequences of the reemergence of small-scale private enterprise, long suppressed by the state, in postsocialist China. In the 1980s – that is, a decade before the widespread return of multinational corporations (MNCs) and the concurrent Chinese state attempts to create consolidated domestic competitors in the 1990s – the heart of revived markets and consumerism was the state-managed creation of a new class of local entrepreneurs, the *getihu*, and the revalorization of “bourgeois lifestyles,” as they had been labeled and attacked during the previous decades, associated with modestly successful *getihu*.<sup>5</sup> In my account, this state-sponsored consumerism, or simply “state consumerism,” becomes a primary force transforming postsocialist China. The postsocialist state directly and indirectly promoted this consumerism; but Chinese society also embraced consumerism, as it had done even during the height of the socialist era and despite the anti-consumerist rhetoric of that time. This does not mean that the Chinese state now embraces any and all consumerism as the new driver of the economy. Indeed, as an endless stream of Chinese and foreign economic reports point out, the Chinese state has been slow to shift from an economy centered on exports and state investment to a domestic-consumption-led economy.<sup>6</sup> In fact, state policies have taken it in the opposite direction by dismantling the social welfare state of the socialist era for those largely in cities lucky enough to have jobs at state-owned industries, making it more difficult to transfer wealth – and therefore purchasing power – into the hands of hundreds of millions of Chinese consumers.

A critical feature of the 1980s was the tension between how to benefit from and simultaneously restrain capitalist cultural influences and imports – that is, limit what had previously been labeled and attacked as “bourgeois consumerism.” This tension helps explain the transitional policies underlying the early postsocialist era such as the creation of SEZs (Special Economic Zones), the promotion of Chinese cultural alternatives to popular imports, and the periodic mass campaigns such as the “Anti-Bourgeois Liberalization”

5 For an overview of Chinese efforts to build competitive MNCs, see Peter Nolan, *Is China Buying the World?* (Boston: Polity Press, 2013).

6 One such report to gain Chinese and international attention is World Bank and Development Research Center of the State Council of the People’s Republic of China (eds.), *China 2030: Building a Modern, Harmonious, and Creative High-Income Society* (Washington, DC: World Bank, 2012). The complete report is available at [www.worldbank.org/content/dam/Worldbank/document/China-2030-complete.pdf](http://www.worldbank.org/content/dam/Worldbank/document/China-2030-complete.pdf).

of the late 1980s and the “Anti-Spiritual Pollution” of 1983 – which included attacks not only on pornography, but also on new hairstyles, clothing and facial hair. But quickly changing national and local realities made yet another radical policy shift away from markets and consumer-led economic and social development less possible or likely. Take the ties of trade. The “reform” mantra had a second half: “market reform *and* opening to the outside world,” that is, encouraging trade and investment from capitalist countries. Between 1971 and 1975, international trade tripled, with the vast majority of that trade conducted with noncommunist countries (85 percent). The trade deficit rose so quickly that imports were sharply curtailed in 1975, briefly slowing China’s new strategy of importing capital and technology to speed economic development. China was so committed to foreign trade and foreign direct investment (FDI) by the end of the 1970s that some labeled the policies the country’s “great leap outward.”<sup>7</sup> Consequently, a better sign for China’s new direction at the end of 1978 than the oft-cited Third Plenum and reemergence of Deng was the announcement on 15 December 1978 that the United States and China would establish formal diplomatic ties at the start of the new year.

Throughout the 1980s imported capital, products and culture continued to spread quickly. There was significant growth of FDI, particularly into the successful SEZs located in Guangdong and Fujian provinces, but also the influx of foreign products and brands, rapidly expanding the consumerism that had survived throughout the entire socialist era. By 1984, for instance, Volkswagen, IBM, Gillette, Coca Cola, Beatrice Foods and many other MNCs had operations in China. Trademark registrations provide a useful measure of the shift from a few to a plethora of branded products in China. In 1980, the Chinese government received 20,000 trademark applications, a number that by 1993 had reached 132,000.<sup>8</sup> In every area of Chinese life, new brands appeared, greatly expanding the vocabulary of a revived consumerism.

In addition, the state encouraged the advertising industry, the manufacturer of modern desire and disseminator of this vocabulary of consumerism. Above all, in China’s postsocialist society, advertising created alternative narratives of the good life, narratives centered on personal happiness through acquisition and consumption rather than politics and work. Branded products

7 Carl Riskin, *China’s Political Economy: The Quest for Development Since 1949* (Oxford: Oxford University Press, 1987), 259–60.

8 China State Council Information Office, White Paper, “New Progress on China’s IPR Protection,” Xinhua, 21 Apr. 2005.



spread hand in glove with advertising during this period. When David Ogilvy, dubbed the “Father of Advertising,” visited China in the early 1980s, he was struck by the near-absence of advertising. Print advertisements looked like specification sheets, containing little more than detailed, technical information about a product and no evocative images. The few commercials on Chinese television mostly featured industrial products such as electric motors rather than consumer goods. The rare big billboard proclaimed the latest in communist propaganda. Ogilvy noted that the most important advertising medium in China was radio, “the communal speaker system reaching 75 percent of the population” that would broadcast advertisements, one right after another, twice a day. There were fewer than seventy ad agencies in all of China, with a quarter of those producing advertisements for Chinese goods overseas.<sup>9</sup> The change was staggering, even to contemporary observers. By the late 1990s, advertisements, along with brands, were everywhere.

Advertising and brands created new meanings in the marketplace but also contributed to tremendous consumer anxiety, a historical driver beyond the direct control of central planners. But policymakers helped create this new force: The implementation of the “household responsibility system” devolved the risks and rewards of household agricultural work and local enterprises, usually in market-oriented versions of the former collective enterprises, from the state to family leaders and enterprise managers. This policy change sanctioned the first wave of economic winners, most conspicuously decollectivized farmers with access to urban markets for their crops. The policies also created anxious losers, people disadvantaged by policy changes that, for example, undercut the security of state-sector workers.<sup>10</sup>

Thus the 1980s saw the postsocialist rebirth of the consumer marketplace closely associated with China in subsequent decades, namely, countless consumer-product scandals in China and abroad. Over the course of the 1980s, policymakers replaced fixed prices and distribution via state “work units” (*danwei*) with market prices and individual purchases. This environment created new consumer issues, including resentment and fear of unfair pricing, sales of imitations through deceptive

<sup>9</sup> David Ogilvy, *Ogilvy on Advertising* (London: Prion Books, 2007), 187–88.

<sup>10</sup> According to Frederick Teiwes and Warren Sun, Deng lagged behind even Hua Guofeng in supporting the household responsibility system: *Paradoxes of Post-Mao Rural Reform: Initial Steps Toward a New Chinese Countryside, 1976–1981* (New York: Routledge, 2015), 4.

packaging, food adulteration, false advertising claims, product liability, and warranty issues. Reemerging markets became sources of media scandals and popular panics and rumors. For instance, in the summer of 1985, a scandal erupted over the sale of supposedly dirty imported used clothing that was sold as new. A Beijing textile and clothing association investigation concluded that the clothing was not only filthy but also came from sick people. That winter twenty cities and counties participated in operations to search and destroy the offending clothing, called “foreign trash.”<sup>11</sup>

Amid the growing number of market-related consumer scandals, it was unsurprising to see the state initiate a top-down “consumer movement” to further push policies designed to protect the interests of Chinese people as consumers with individual or family interests rather than as citizens participating in setting a national agenda. Indeed, in the 1980s, the Chinese term for “consumer” became much more popular. State-promoted consumerism helped develop the idea of Chinese people as “consumers” in the academic, bureaucratic and social spheres. In 1979, the government invited the American consumer advocate Ralph Nader for a two-week visit to China.<sup>12</sup> China’s most important consumer association, the Chinese Consumers’ Association (CCA), was established in 1983 as a quasi-state-sponsored consumer protection organization. By the end of the 1990s, the CCA had 3,000-plus local branches across China, had accepted over 6 million consumer complaints and had established a nationwide complaint hotline. Local consumer-protection efforts also began in the 1980s. In 1987, the northeast city of Shenyang passed the first local consumer-protection laws, and dozens of provinces and cities quickly enacted similar ones. The Shanghai Supreme Court agreed to accept consumer lawsuits in 1986, and an individual consumer won a case in the Nanjing Intermediate Court in 1987 against a department store over a defective television. In Sichuan, four people were given death sentences for selling a poisonous beverage that killed twenty-five people.

As the state embraced consumerism during the 1980s, the CCP recast itself as defender not of workers, farmers and others previously exploited by capitalism and imperialism but rather of new middle-class consumers.

11 For an account of a peddler who sold such clothing in Beijing, see Sang Ye, *China Candid: The People on the People’s Republic* (Berkeley: University of California Press, 2006), ch. 1.

12 Randall E. Stross, *Bulls in the China Shop and Other Sino-American Business Encounters* (New York: Pantheon, 1990), 257.

The party-state established regulatory agencies such as the National Administration of Industry and Commerce (similar to the US Federal Trade Commission), which regulates trademarks and advertisements; the Commodity Inspection Bureau, which creates standards and requires companies to add product warnings and maintenance information; and the China Standards Bureau (similar to the US Consumer Product Safety Commission). Beginning in 1986, China officially established a yearly Consumer Rights Day in China (15 March). In short, new forms of state administration reflected the importance of consumers and consumerism.

### The State of the Market, the Market of the State

The Chinese state did more than simply create institutions to manage and promote the market economy and consumerism. Its involvement in constructing markets determined who got rich first, that is, who got to consume what. In the 1980s, the state's role in making some rich first was more subtle, leading scholars such as the Massachusetts Institute of Technology business school professor Yasheng Huang to interpret the 1980s as a hopeful decade of mom-and-pop-led entrepreneurial capitalism. In contrast, during the 1990s, state-owned enterprises (SOEs) became profit-oriented corporations much more directly linked to the state; the resurgence of state control over the economy crushed entrepreneurial capitalism and created the "state capitalism" of China that dominates the Chinese economy down to the present. But this critical state role was there throughout the 1980s, even as markets displaced state provisioning. To paraphrase Honoré de Balzac, behind every new Chinese fortune, even the comparatively modest mom-and-pop fortunes of the 1980s, there was a state policy making some rich (and others poor).

State policies deregulating prices, for instance, created instant winners and losers. It was a dramatic change. By the end of the 1980s, the idea of price stability, a hallmark of the socialist era, had become a legacy. Inflation returned. Initially, the postsocialist era saw a shift from fixed prices, strictly controlled and unchanging, to three types of price policies: prices set by the government, prices set by businesses but fixed within a range, and prices set entirely by the market. Such policies created consumer problems, giving rise to the perception that prices were unfair and manipulated by the politically connected and ruthless rather than determined simply by naturally occurring "free markets." By the middle of the 1980s, with most prices no longer fixed by the state, an intensive market culture of negotiation, instability and

uncertainty emerged. Market culture seemed to pop up everywhere, with self-employed peddlers (i.e. *getihu*) on every corner of city streets and commerce in formerly commerce-free places.

Despite the romanticization of the early postsocialist era as a “Golden Age for free markets,” the state played a critical role in constructing those markets. From the start of the postsocialist era, the state facilitated the success of non-state-owned enterprises (non-SOEs): local township and village enterprises (TVEs), a marketized extension of the former collective whose numbers grew from 1.5 million in 1978 to 12 million by 1985.<sup>13</sup> TVEs were successful not because the state left these businesses to live or die in free markets but rather because the state implemented a dual-price structure in the early postsocialist era that effectively forced SOEs to continue to sell at low prices but allowed TVEs to sell at higher market prices. Moreover, very few TVEs had to pay taxes, unlike SOEs.<sup>14</sup> They also did not have the extensive health and welfare costs of workers at SOEs. As a consequence of state policies favoring TVEs, rural production and incomes grew rapidly in the first years of the new era, peaking in 1985.<sup>15</sup> In other words, the first to get rich – namely, farmers with access to markets and those profiting from TVEs – were the direct beneficiaries of state policy, not of state withdrawal from the economy, as Yasheng Huang famously argued.<sup>16</sup>

The state also indirectly structured market opportunities. The Chinese market was still fragmented in the 1980s as a direct consequence of socialist-era policies, when the central-planning philosophy emphasized local and regional self-sufficiency for nearly all products. This system created an inefficient transportation infrastructure and local governments that protected state- and collectively owned businesses. With the existence of only a handful of national brands and products, many of them holdovers from the presocialist era, this fragmentation created opportunities for

13 TVEs were not necessarily owned by local governments and former communes, but tended to be located in townships and villages, the successors to teams and brigades. Ownership varied. See Yasheng Huang, *Capitalism with Chinese Characteristics* (New York: Cambridge University Press, 2008).

14 Wang Hui, “The New Criticism,” in Wang Chaohua (ed.), *One China, Many Paths* (New York: Verso, 2003), 67.

15 Martin Hart-Landsberg and Paul Burkett, *China and Socialism: Market Reforms and Class Struggle* (New York: Monthly Review Press, 2005), 45–50. Agricultural incomes grew by 15 percent a year from 1978 to 1984, but slowed to 2 percent by the end of decade.

16 Huang, *Capitalism with Chinese Characteristics*. My critique draws on Joel Andreas, “A Shanghai Model?,” *New Left Review* 65 (Oct.–Nov. 2010), 63–85.

small-scale enterprises to make and move local products between subnational internal markets.<sup>17</sup>

Many of the provisioning policies of the socialist era lingered on into the 1980s and early 1990s, maintaining a state role in structuring consumerism. Even in cities, the state still subsidized consumption, though often indirectly. Some Chinese consumers could afford higher levels of consumption because the government supplied, or at least heavily subsidized, essentials, including food, and ensured availability via a rationing system. The government also heavily subsidized necessities, such as housing, clothing and transportation. True, as China moved to a market economy, such subsidies for urbanites with jobs at SOEs, known as the “labor aristocracy,” were reduced and eventually eliminated. In 1988, for instance, work units started selling housing to their occupants. But even here, the state policy ensured these were sold in ways that limited price and ensured affordability, allowing these early post-socialist consumers to buy other things.

The state also subsidized consumerism directly via the generous expense accounts of employees of ministries, the armed forces, schools, state-owned enterprises and other public organizations. This consumption was estimated at US\$ 16.6 billion in 1994, of which about one-quarter remained unreported, and included products such as automobiles, furniture, electrical appliances and office supplies as well as health care and entertainment. In 1993, for example, the Chinese imported some 100,000 cars; expense accounts paid for 99 percent of them.<sup>18</sup> But these benefits also extended more modestly to urban workers. During the early postsocialist era, consumption was often done not through the individual or the family but rather via work units. SOEs used resources to buy consumer goods such as video recorders, TVs, radios and many other products for factory leaders and even workers as in-kind bonuses in lieu of cash.<sup>19</sup>

17 Many stories of early *getihu* were involved in moving products between different parts of China. For examples on how such *getihu* supplied Shenyang in the 1980s, see Liu Zhiqing, “Ziyou gouda: guanyu getihu jingji quan de baogao he sikao” [A Land of Freedom: A Report and Reflections on the *getihu* Economic Circles], initially published in *Yalujiang zazhi* 9 (1988), reprinted in Wang Lingxu (ed.), *Ziyou guodu: gongshang getihu shenghuo jishi* [A Land of Freedom: A Record of the Business *getihu* Economy] (Shanghai: Shanghai Academy of Social Sciences Press, 1993).

18 Rick Yan, “To Reach China’s Consumers, Adapt to Guo Qing,” *Harvard Business Review* 72, 5 (Sep.–Oct. 1994), 66–74.

19 Sociologist Andrew Walder has demonstrated in his now classic work that perks sustained the clientelist system at the heart of Chinese society: *Communist Neo-Traditionalism: Work and Authority in Chinese Industry* (Berkeley: University of California Press, 1986).

State policies indirectly shaped consumerism by creating ideal conditions for smuggling. Reminiscent of presocialist-era treaty ports, SEZs modeled on East Asian export zones were set up to lure foreign businesses and export-oriented Chinese enterprises with lower tax rates, fewer labor and environmental regulations, and duty-free imports. The regulations allowed duty-free imports to foreign companies and Chinese work units, which were expected to import supplies and raw materials and then export finished products to earn hard currency. At a time of high tariffs, this was an extremely valuable market advantage. In reality, SEZs created ideal conditions for speculators and smugglers who, for instance, imported cars for as little as US\$ 8,000 duty-free and then sold them for US\$ 20,000–30,000 in Beijing and Shanghai.

Hainan Island, a newly created province and SEZ, became a natural haven for smugglers and corrupt officials in 1980. As in the socialist era, Chinese work units continued to send delegations on “business trips” to make opportunistic purchases and buy whatever they could find, which would later facilitate luxurious lifestyles for cadres but also ease transactions between work units by using smuggled goods as bribes.<sup>20</sup> The same forms of smuggling and black-market activities occurred in other SEZs. For instance, although set up to promote exports, the vast majority of Shenzhen’s products (approximately 70 percent) were sold on the domestic market rather than exported, often on the black market and for hard currency.<sup>21</sup> The most notorious outcome was the high-profile smuggling case of 1985, when smugglers used navy ships to transport foreign cars, TVs, video recorders and motorcycles into the duty-free port of Hainan.

The People’s Liberation Army (PLA), another part of the Chinese state, also shaped consumerism. For instance, the PLA owned 20,000 enterprises by the end of the 1980s and was finally forced to divest from commercial activity in 1998, though not before earning the nickname “PLA, Inc.”<sup>22</sup> These activities should be seen partially as a socialist era holdover. Even during the Cultural Revolution decade (1966–76), the supposed height of anti-capitalist modernity, General Lin Biao had instructed the PLA to become

20 Jim Mann, *Beijing Jeep: The Short, Unhappy Romance of American Business in China* (New York: Simon & Schuster, 1989), 145–46.

21 Hart-Landsberg and Burkett, *China and Socialism*, 49.

22 See Cao Haili, “1998 nian Jiang Zemin xuanbu ‘Jundui bu zai jing shang’ zhenjing shijie” [News of Jiang Zemin Declaring “the Army Is No Longer in Business” Shocks the World], in *Yinbiao song 1998 kaishi* [Exploding Start from 1998] (Beijing: Shijie zhishi chubanshe, 1999).

a “big school,” training workers and farmers in agriculture and sideline production. In the first years of the Cultural Revolution, most army units in the PLA became self-sufficient in meat and vegetable production. By 1971, as many as 600,000 soldiers were involved in industrial production. Markets created opportunities to sell their product and the “military-business complex” grew especially quickly in the 1984–89 period, when the PLA moved into light consumer goods, manufacturing everything from baby carriages to pianos and washing machines. Likewise, the PLA became an export powerhouse, with its factories exporting hundreds of products, including more than 30 million pairs of shoes by the mid 1980s.<sup>23</sup>

Thus the earliest, highest-profile consumers in the postsocialist era included the PLA and others connected with the government and party. Their consumption had political implications. The PLA military-industrial complex was at the heart of the dual-track price system and “official racketeering” scandals of the 1980s, a central complaint during the 1989 Tiananmen demonstrations. PLA units and soldiers used their special access to government-subsidized scarce goods, which they then resold on the open market for quick profits. This was especially problematic in the late 1980s, as China transitioned from price controls to market prices, sparking instant inflation, itself a big incentive for consumers to spend before the money lost its value. PLA corruption was also used to fund unauthorized building projects such as officers’ quarters, personal automobiles, feasts and countless other forms of consumption.<sup>24</sup> Corrupt consumption became ubiquitous. It also became politically useful. With participation so common, nearly all cadres were vulnerable to accusations of corruption, as forms of consumption became telltale signs of bourgeois lifestyles and/or corruption. Prime Minister Zhao Ziyang’s love of golf, for instance, was used as indisputable evidence of his bourgeois tendencies during the conservative counterattack surrounding the post-Tiananmen crackdown in 1989.<sup>25</sup> Indeed, high-end consumption by officials (and their children) remains as politically dangerous today under President Xi Jinping and his anti-corruption campaigns as it was in earlier periods.

These state policies impacted on everyday consumerism. Fear of inflation in the mid 1980s, for instance, spurred a specific form of consumption.

23 James C. Mulvenon, *Soldiers of Fortune: The Rise and Fall of the Chinese Military-Business Complex, 1978–1998* (New York: Routledge, 2001), 47–48, 57.

24 *Ibid.*, 61.

25 Seth Faison, *South of the Clouds: Exploring the Hidden Realms of China* (New York: St. Martin’s Press, 2004), 97–100.

Consumers feared that the lifting of price controls would also lift prices, making their savings worth less. “Panic purchasing” (*qianggou feng*) ensued, especially for alcohol and cigarettes in August 1988, when price controls were lifted.<sup>26</sup> Consumers also sought to convert their cash into consumer goods as quickly as possible as a hedge against inflation, creating consumer binges for TVs, washing machines, refrigerators and cassette recorders. One American reporter in China at the time, James Mann, described the result as a consumer “frenzy.”<sup>27</sup> Once again, though, such frenzies had also existed in a different form in the socialist era of shortages. Consumers then feared that they would miss out on the limited opportunities to buy something rather than because they worried about inflation, which had been nearly nonexistent in the socialist era. Or they coveted the product on offer, especially hard-to-obtain famous brands of bicycles and watches, which helps explain the devotion to those same brands in the postsocialist era when they have become readily available. When the Japanese wristwatch manufacturer Seiko, a brand that had continued to have underground appeal throughout the socialist era, opened a store in Beijing, it attracted 5,000 visitors a day.<sup>28</sup>

The consumer situation changed dramatically in the 1980s in Chinese cities, from one in which products of any quality were in short supply to one in which there was a glut of low-quality domestically made products, a glut exacerbated by the easy availability of higher-quality, competitively priced smuggled goods, especially in the free-for-all early days of the post-socialist era. Despite massive efforts, in the early 1980s, local governments fought a losing battle against smuggled foreign goods, especially with the simultaneous emergence of private peddlers. But by the mid 1980s officials claimed the tide had turned against smugglers, reflecting broader changes in the market.<sup>29</sup> A massive increase in products led to the market shift in the mid 1980s from a sellers’ market to a choosy consumers’ market. The 41 million wristwatches produced in 1985 represented a nearly 10 percent increase over the previous year. Other previously hard-to-buy products such as bicycles saw bigger increases, growing by 13 percent between 1984 and 1985 to 32 million. The production increases were even greater for washing machines, refrigerators, cameras, cassette recorders and other previously

26 For a description of the panic purchasing by a Xinhua reporter, see Chen Yun, “Xinhuashe bei pi” [Xinhua Criticized], *NewsQQ* (28 Oct. 2009), [news.qq.com/a/20091028/000576.htm](http://news.qq.com/a/20091028/000576.htm).

27 Mann, *Beijing Jeep*, 144. 28 Stross, *Bulls in the China Shop*, 249.

29 “Customs Brings Smuggling Under Control,” *Xinhua News Agency* (3 Aug. 1986).



unavailable consumer goods.<sup>30</sup> In major cities such as Tianjin, by 1985 most homes had a black-and-white TV (and 16 percent had a color TV, up from none at the start of the decade). While under 10 percent had refrigerators, the percentage of households with refrigerators was growing quickly, up from zero at the start of the decade.<sup>31</sup>

Unsurprisingly, as pent-up desire for previously hard-to-acquire goods was finally met, consumers began to want new things, creating an inflation of desires, another driver of postsocialist social and economic change well beyond the control of national leaders. By the mid 1980s, the “Three Big-Ticket Items” of the socialist era (bicycles, wristwatches and sewing machines) had been replaced with the “Four Big-Ticket Items”: color TVs, double cassette recorders, double-door refrigerators and washing machines. As an official for the Ministry of Commerce said, “People are buying products they didn’t dare dream of a decade ago. They think they are essential to a better way of life.”<sup>32</sup> Such desires extended to other products associated with a bourgeois lifestyle: carpets, pajamas and even wallpaper.

### *Geti Who? State-Supported Grassroots Change in Postsocialist China*

The most important contribution of the Chinese state to revived consumerism was its role in reinvigorating the class of those who wanted – and could afford – the must-have items such as refrigerators and TVs as well as the new consumer luxuries such as blue jeans and disco dancing. Beginning in the 1970s, millions of new *getihu* became a primary force spreading not only private enterprise but also the corollary, the revived consumerism made possible by economic success.<sup>33</sup> In 1978, there were only 150,000 private

30 “1985 Economic, Social Statistics Revealed,” *Xinhua News Agency* (28 Feb. 1986).

31 “Tianjin Residents Possess More Consumer Goods,” *Xinhua News Agency* (26 Feb. 1986).

32 “Consumers More Affluent, More Demanding,” *Xinhua News Agency* (8 Oct. 1986).

33 At first, *getihu* were the only category of people allowed to engage in private-sector activity. To avoid ideological debates over capitalism existing in an avowedly socialist economy, they were limited to fewer than eight employees, not including the owner and family members, a seemingly artificial limit but actually drawn from Marx (Susan Young, *Private Business and Economic Reform in China* [Armonk, NY: M. E. Sharpe, 1995], 5). But in 1987 Beijing allowed for a second classification of private entrepreneur – the *siying qiye*, or “private enterprise,” with more than seven employees. Once again, this measure simply legalized what had already been happening at the grassroots level; private enterprises had already exceeded the seven-employee limit. See Susan McEwen, “New Kids on the Block,” *China Business Review* 21, 3 (May–Jun. 1994), 35–39.

businesses; a decade later, there were more than 14 million *getihu*.<sup>34</sup> These numbers grew so fast in part because legalization of *getihu* effectively recognized – and attempted to regulate – private economic activity that was already occurring.<sup>35</sup> In contrast to the socialist-era revolutionary ideology of equality, in which displays of wealth were at times deemed crimes against the state or, at the very least, an indication of “thought problems,” this accelerating privatization of the economy symbolized by the spread of *getihu* immediately produced new classes of relatively prosperous Chinese who demanded Coke, Pierre Cardin shirts and countless other new consumer goods. Of 1,490 *getihu* households in a single district of Tianjin by 1984, for example, 946 had acquired televisions, 433 cassette recorders, 90 refrigerators and 48 motorcycles.<sup>36</sup>

The simple existence of modestly well-off people who profited from market transactions and manifested their new economic power in consumerism reflected a profound transformation in China. At the end of the socialist era and into the 1980s, China had been egalitarian relative to capitalist countries. But it was also desperately poor, and the income gap was large between the richer cities and the countryside, which was squeezed to support cities via low state-set prices for agricultural products and state subsidies for urban housing, welfare and medical care. At the same time, the “household registration system” (also known in English by its Chinese name, *hukou*) posed obstacles to rural residents seeking better-paying jobs in cities even as the rural migrant population surged. But, as a result of new social and economic policies making possible gains for the newly well off, starting in the 1980s and becoming more pronounced in the 1990s, China became a much more visibly unequal country.<sup>37</sup>

Different classes of China’s newly prosperous and wealthy consumers emerged at various stages of the postsocialist policies.<sup>38</sup> After farmers and those connected with successful TVEs, the first group to appear was the

34 Young, *Private Business*, 6.

35 Ole Bruun, *Business and Bureaucracy in a Chinese City: An Ethnography of Private Business Households in Contemporary China* (Berkeley: Institute of East Asian Studies, 1992), 48.

36 Marcia Yudkin, *Making Good: Private Business in Socialist China* (Beijing: Foreign Languages Press, 1986), 30.

37 See Carl Riskin, “China’s Human Development After Socialism,” in this volume; and Andrew Walder, *China Under Mao: A Revolution Derailed* (Cambridge, MA: Harvard University Press, 2015), 331. China was the most inegalitarian socialist country in the 1970s, with a Gini coefficient of 0.33, a number that peaked at 0.491 in 2008 and then trended downward. Of course, 0.33 is not a high level.

38 Xiaowei Zeng, “Market Transition, Wealth and Status Claims,” in David S. G. Goodman (ed.), *The New Rich in China: Future Rulers, Present Lives* (London: Routledge, 2008), 53–70.

small-scale household entrepreneurs (the *getihu*), who led China's initial service and petty retailing revolution. As many of the 17 million young people "sent down to the countryside" before and during the Cultural Revolution decade returned to Chinese cities seeking work, the Chinese government officially recognized that massive urban unemployment had to be addressed, but it was not prepared to allocate massive state resources to solve the problem. In February 1979, the Central Committee of the CCP approved a report by the State Administration for Industry and Commerce that advised the central government to allow unemployed people with urban "household registrations" to start their own private businesses, but restricted such businesses to repair, services and handcrafts. Initially, as leaders felt ambivalent about abruptly reembracing private enterprise, *getihu* were forbidden to hire workers, a restriction that was quickly ignored and gradually changed as the range and size of private businesses expanded.<sup>39</sup> Virtually every business surveyed by Ole Bruun in Chengdu in the late 1980s had employees that were not, as they were required to be, registered. Such "employees" seldom included workers hired off the streets but rather were neighbors, distant relatives and former coworkers.<sup>40</sup> By 1985, *getihu* numbered nearly 10 million. Roadside bicycle-repair shops, food stalls and fruit vendors appeared everywhere. In the countryside, home to three-fourths of these new enterprises, individuals set up fishing ponds, restaurants, repair shops and other small businesses.

*Getihu* pushed economic changes into unauthorized areas by playing a role in the black markets mentioned above. For instance, enterprising people contracted formerly collectively owned boats to conduct smuggling operations. In the mid 1980s, two such boats alone were discovered by customs officials to have 10,000 wristwatches, while two other boats stopped by Guangzhou officials had more than 2,000 Japanese cameras.<sup>41</sup> Moreover, as limits on the number of allowable employees expanded, so did the numbers employed in the private sector, reaching more than 18 million by 1988.<sup>42</sup>

39 Chen Guanren, "'Wenge' you Zhongguo shoujia siying fandian: Yuebin fandian" [Yuebin Restaurant, the First Privately Owned Restaurant in China After the Cultural Revolution], initially published in *Zhongwai shu zhai* 3 (2010), 32–35, www.zwszzz.com/DCFB/bkview.asp?bkid=191395&cid=630477.

40 Bruun, *Business and Bureaucracy*, 62.

41 "Guangdong Smuggling Cases Fewer but Bigger," *Xinhua News Agency* (21 Mar. 1986).

42 The trends and statistics for the establishment of *getihu* are summarized in Wu Nan, "Gaike kaifang hou de xiahai jingshang yanjiu" [A Study of the Trends of Going into Business After the Start of the Reform and Opening Era] (M.A. thesis, Liaoning University, 2011).

The early years for *getihu* were a time of anxious consumerism, as a local saying in Chengdu conveyed: “What your stomach contains, no one can take away from you.”<sup>43</sup> They feared yet another policy reversal on private enterprise, cognizant that any reversal might close their businesses and confiscate their earnings. One peddler even worked his anxieties into the name of his business. In September 1980, in the Yangpu District of Shanghai, an unemployed youth set up a stall named the “Long and Short Pavilion” (Changduan ting) selling dumplings and snacks. The proprietor explained that “the business will last a long time if the policy stays in place; it will be short-lived if the policy changes.”<sup>44</sup> This anxiety constrained consumption. According to the sociologist Thomas Gold, who conducted interviews with *getihu* in the 1980s, most “had little confidence in the life expectancy of the policy that spawned them. They therefore set out to earn as much money as they could, consuming it aggressively in the expectation that their halcyon days were numbered.”<sup>45</sup> After decades of state-sanctioned attacks on private enterprise as “tails” of capitalism, unsurprisingly, this newly affluent group was accorded low social status. While some *getihu* became better off than state workers, few became part of the newer, wealthier aristocracy that began to emerge by the late 1980s.<sup>46</sup>

The richer among the new wealthy were generally much more directly connected to the state than those who began as *getihu*. A second and more successful group among the wealthy consumers emerged with the reforms of 1985, when the government allowed state enterprises to sell their surplus products and keep the profits. As noted, this promptly created a dual-track price structure for commodities: a lower price for quotas earmarked for the state and a higher market price, often 200 or 300 percent higher. Tens of millions of Chinese exploited these price differentials, the most successful being the politically connected, especially the children of high-ranking officials, the “princelings” (or the “princeling party”), holding provincial and national offices, who used their connections to gain control over public resources and to ensure state buyers even for bad products. Such speculation

43 Quoted in Bruun, *Business and Bureaucracy*, 44.

44 Chen Guanren, “‘Wenge’ you Zhongguo shoujia siying fandan: Yuebin fandan.” See also Zhang Xutang, “Cong Weimeiguan dao Changduan ting yi 20 nian guanyu getiuguan de baodao fengbo” [From Delicious to the Long and Short Pavilion: 20 Years of Reporting on *getihu* Restaurants], *Xinwen jizhe zazhi* 6 (2000), 52–53.

45 Thomas Gold, “Urban Private Business and China’s Reforms,” in Richard Baum (ed.), *Reform and Reaction in Post-Mao China: The Road to Tiananmen* (New York: Routledge, 1991), 94.

46 Zhahui Hong, “Mapping the Evolution and Transformation of the New Private Entrepreneurs in China,” *Journal of Chinese Political Science* 9, 1 (Spring 2004), 26–27.

within this dual-track price structure became known as “official racketeering,” and its practitioners were labeled profiteers or wheeler-dealers. During the 1980s, this racketeering generated as much as 600 billion *yuan* in profits, while those who got rich by it were labeled parasites, responsible for the rapid inflation that followed the price reforms of the late 1980s. As noted, such official racketeering, rather than only or primarily a lack of political freedom and vague ideas of “democracy,” was a leading complaint fueling the Tiananmen Square demonstrations of 1989.

But those early state-connected wheeler-dealers were poor compared to the land speculators who gained their riches starting in the late 1980s. The latter became China’s first billionaires. As with official racketeering, land speculators relied on political connections to gain the right to purchase choice parcels of land and secure loans from state-owned banks. Chinese land developers are seen by most Chinese as completely dependent on state connections. They use connections so that they need pay only a small fraction of the value of land expropriated from urban residents and farmers in areas surrounding cities and obtain unsecured low-interest loans from state banks to finance construction. According to one report, 90 percent of China’s billionaires (measured in *yuan*) are princelings, including nearly all of the richest developers in China – nine of the top ten real estate magnates and thirteen of the richest fifteen owners of construction companies in Shanghai.<sup>47</sup> Many Chinese blame this group for the inflation of the late 1980s and the inflated Chinese housing market thereafter, which has made home ownership prohibitively expensive and slowed the spread of a broader, middle-class consumerism.<sup>48</sup>

Although not as directly dependent on state connections as subsequent wealthy groups, even modestly successful *getihu* also had forms of state support, including crucial but subtle local official and state media support. Such was the case with the woman credited with opening Beijing’s first private restaurant in the aftermath of the Cultural Revolution on 30 September 1980. Liu Guixian lived near the famous shopping street of Wangfujing in Beijing with her husband Guo Peiji, a cook at a state-owned engine factory. The couple had five children, none of whom had jobs or even

47 “90 Percent of China’s Billionaires Are Children of Senior Officials,” *China Digital Times* (2 Nov. 2006).

48 Outside the timeframe of this chapter is a fourth category of the new rich: former managers of state-owned enterprises (SOEs) who became wealthy during the rapid and notably corrupt conversion of public enterprises into private and stockholder-owned companies beginning in the late 1990s. See Minxin Pei, “How China Is Ruled,” *American Interest* 3, 4 (Mar.–Apr. 2008), 44–52.

job prospects. Liu heard a news story about a couple in northeast China selling dumplings (*baozi*) on the street that they had made themselves. As with other early *getihu*, Liu's business had state backing. Cadres at Beijing's Dongcheng District Industrial and Commercial Bureau wanted to comply with national directives and help launch new businesses as well as endorse such *getihu* as examples for others to follow. When Liu Guixian went to submit an application, although there was as yet no official license, the cadres allowed her to start the restaurant despite not having an official license to issue.<sup>49</sup>

Official permission was not the only obstacle. Liu Guixian also lacked the ration coupons necessary to stock her restaurant. After a local reporter covered her story, she was given grain and oil rations by a stranger. But she still needed a longer-term solution to secure supplies. Once again, the state helped. Beijing's Dongcheng District Industrial and Commercial Bureau dispatched a senior cadre of the bureau, a man identified only as a Mr. Suo, under pressure to implement the policy, to help find a solution. Mr. Suo went to the Dongcheng Food Bureau to reassure them that the restaurant was a pilot project and had official permission. Eventually the food bureau gave Liu special permission to buy grain, flour and oil. Mr. Suo also helped her secure a 500-yuan bank loan by cosigning, and this at a time when private bank loans were extremely rare. He even helped her select an appropriate name, steering her away from her initial choice, "Green Flower" (Cuihua), which sounded like a traditional brothel name, in favor of "Pleasing Guests" (Yuebin). By National Day on 1 October 1980, the restaurant was ready to open. Despite rain, the line for a seat at the four tables stretched out the door. By the time she closed, the restaurant had made more than 40 yuan in profit, a sum roughly equal to her husband's monthly salary.

Repeating the pattern of "reforms" following on-the-ground realities, although the business was technically against the rules limiting the scope of private enterprises to service and repair, Liu Guixian's restaurant received tacit state endorsement in the state media when Wang Daren, a reporter of *Beijing Evening News*, publicized the new venture. National and international media attention followed. News of a privately established restaurant attracted American Embassy officials, who made a regular reservation. The US Embassy even made a promotional map and distributed it to other

49 For the basis of the story, I rely on Chen Guanren, "'Wenge' you Zhongguo shoujia siying fandan: Yuebin fandan."

embassies. With those group reservations, Liu and her husband made thousands in profits each month. As they recalled the magnitude of their new wealth, they earned enough every day to buy the once-coveted but hard to obtain Flying Pigeon brand bicycle.

As with *getihu* around China, Liu and her family encountered other problems, especially the envy and animosity of neighbors. Most people on her street disapproved of her opening a restaurant. One person believed that, as a private businessperson, Liu was by definition a “capitalist” opposed to the CCP. Another neighbor suggested Liu was a spy for foreign countries. Reflecting the widespread uncertainty about national policies, neighbors warned her that she would regret it someday and that the government would eventually close private businesses such as hers. The stigma extended to her family. Classmates of her youngest son stopped visiting after the restaurant opened. The boy also was given the cold shoulder by neighborhood children; another child called him “a pioneer in the restoration of capitalism” (*zibenzhuyi fubi ji xianfeng*).

Reversing decades of anti-capitalist news coverage, the state media attempted to teach Liu’s neighbors and everyone else of the legitimacy of private enterprise in a “socialist” country.<sup>50</sup> The publication of such articles in state newspapers signaled official support for the changes underway even before policy officially sanctioned them.<sup>51</sup> Private restaurants in other Chinese cities had raised similar issues for policymakers and confronted the same problems well before the Pleasing Guests restaurant opened in Beijing. On 12 July 1980, months before Pleasing Guests debuted, for example, Chen Guigen, an unemployed youth in Shanghai, overcame his fears of being labeled a “capitalist tail” and opened a private restaurant named Delicious. To encourage others to follow Chen’s example, the next day Zhang Xutang, the director of news at a leading newspaper, *Wenhui bao*, published a front-page story, and a month later the *People’s Daily* picked up the story. His restaurant created a public debate on issues such as: Should private restaurants be legal? If private restaurateurs get rich first, would it affect Chinese socialism? Could Chen Yungen, the younger brother of Chen Guigen as well as a chef at a state-owned restaurant, work for his older brother’s private restaurant in his own time? The Shanghai City Hall Office of Finance and Trade convened meetings with related departments including labor, industry and commerce, tax,

<sup>50</sup> Yudkin, *Making Good*, 27, 42.

<sup>51</sup> Zhang Xutang, “Cong Weimeiguan dao Changduan ting yi 20 nian guanyu get canguan de baodao fengbo.” See *Wenhui bao* (13 Jul. 1980) and *RMRB* (10 Oct. 1980).

house management and food bureaus to discuss conflicts and issues raised by Delicious. Official policy on private restaurants eventually caught up with local realities. On 4 November 1980, the Beijing government decided to allow individuals to enter food and petty retailing businesses. Moreover, on the eve of the Chinese New Year Festival the following year, Liu Guixian was told that national and municipal leaders would pay her a traditional ceremonial visit to wish her well in the new year, another endorsement of the policy changes her restaurant represented.

The unraveling of direct state control over the economy accelerated through small acts of defiance or desperation, often with the complicity, tacit agreement or active support of local officials. A *getihu* proprietor in Wenzhou, for instance, wanted to buy clothing in Shanghai and Guangzhou, where the selection was better and more fashionable. But at that time, police officers checked the documents of travelers in bus stations and harbors. *Getihu* needed letters from bureau-level or higher authorities to buy ship tickets. *Getihu* such as Ye Yongguo got his local industrial and commercial bureau (the Wenzhou Industrial and Commercial Bureau) to provide a letter of introduction authorizing him to buy clothing on their behalf, which allowed Ye to buy ship tickets. Other *getihu* then followed his example, and indeed Wenzhou became a national leader in promoting the activities of *getihu*.<sup>52</sup>

Although much wealthier businesspeople such as factory owners and property developers quickly displaced *getihu* as symbols of the Chinese wealthy, *getihu* were critical to the rapid expansion of consumerism. The modestly successful ones were local and exposed ordinary Chinese people throughout the country, in cities and villages, to the new lifestyles available to those with the money to buy them. As Peng Mingyin, a *getihu* proprietor running a cured meat business in Jinan told an investigator in the early 1980s: “Look, a colour TV, 1,700 yuan! Tape recorder, 600 yuan. Look, high-quality tea . . . Outside, I have a Suzuki motorcycle. I can afford to buy a car but – no place to park it. If they asked me to be head of the province, I wouldn’t do it. He makes only 200 yuan a month.”<sup>53</sup>

And *getihu* lifestyles became the objects of envy and emulation. As exemplified by their higher disposable incomes and more luxurious

52 You Chengyong, Xiao Xinhua and Wang Danrong, “Wenzhou *getihu*: shichang xianxingzhe. Huanyuan Zhongguo diyi dai *getihu* de nei duan lishi” [Wenzhou *getihu*: Market Pioneers. The History of China’s First Generation of *getihu*], *Wenzhou Daily* (7 Jan. 2008), 1.

53 Yudkin, *Making Good*, 1.



lifestyles, *getihu* created local envy. Deng Xiaoping had famously stated in 1985 and other years that China must “first allow one group of people to get rich.”<sup>54</sup> That happened. But it also created difficult-to-address problems. Envy inspired many popular expressions, including “It’s better to sell eggs than to work developing nuclear bombs.”<sup>55</sup> Thus a hallmark of Chinese consumerism in the early postsocialist era was the continuity of negative associations with those who had nice things, which had been especially prominent during the first few years of the Cultural Revolution decade. In the socialist era, having and even desiring nice things could signify corruption, illegal activity or simply ideological incorrectness. In the early postsocialist era, in addition, having nice possessions could also suggest an engagement in commerce by one who probably came from a lower-class, or had a politically problematic class, background and was thus willing to take the risk of becoming a low-status but higher-income *getihu*. As I have argued elsewhere, there was a popular love–hate relationship with *getihu* and other newly rich: They were envied for their access to new consumer lifestyles but often reviled for how they had become wealthy.<sup>56</sup>

## Conclusion

Sanctioning *getihu* became a new way for the Chinese state to continue to shape and endorse consumerism. As more than 10 million “educated youth” (*zhiqing*) returned to Chinese cities from their rustication, joining the already swollen ranks of those waiting years for government-assigned jobs, allowing very small-scale private enterprise in the form of *getihu* was an inexpensive fix. In addition, *getihu* filled innumerable holes in the Chinese economy, particularly in basic services ranging from bicycle repairs to restaurants and

54 Deng Xiaoping used this phrase with a visiting American delegation in 1985 and again with the prime minister of New Zealand in 1986: “Deng Xiaoping: Rang yibufenren xian fuqilai” [Deng Xiaoping: First Allow One Group of People to Get Rich], *Zhongguo Gongchandang xinwen wang*, [cpc.people.com.cn/GB/34136/2569304.html](http://cpc.people.com.cn/GB/34136/2569304.html). The oft-repeated phrase “to get rich is glorious” may be apocryphal and instead comes from the title of a best-selling English-language book about China at that time (Orville Schell’s *To Get Rich Is Glorious* [New York: Pantheon, 1984]), but conforms with other quotations justifying inequality as necessary to economic development. See Evelyn Iritani, “Great Idea but Don’t Quote Him,” *Los Angeles Times* (9 Sep. 2004).

55 Interview, Mrs. Wang Yushi (b. 1955 in Ji’nan) conducted by her daughter, Feng Ying, on 8 Aug. 2014; follow-up questions on 18 Aug. 2014.

56 Karl Gerth, “Lifestyles of the Rich and Infamous: The Creation and Implication of China’s New Aristocracy,” *Comparative Sociology* 10, 4 (2011), 488–507.

food stalls. Moreover, a *getihu* from Shenyang claimed that his produce transport business preempted social problems associated with food-price spikes. For instance, in 1987, the price for green peppers doubled in local markets. One enterprising *getihu* quickly sourced several tens of thousands of the vegetables from Guangdong and Guangxi provinces, on the other side of the country, which reduced the price below its prespike level.<sup>57</sup> In effect, *getihu* such as these became effective ways for the state to “outsource” or “subcontract” its own former responsibilities.

As this chapter argues, *getihu* symbolized the shift to a postsocialist country that occurred across the 1980s. *Getihu* became local symbols of the advantages of market “reforms” and the justification for further market policies such as the expansion of the private economy at the expense of the state-controlled economy, whether in the privatization of state-owned enterprises in the cities or in the disbanding of communes in the countryside. Of course, the vast majority of *getihu* did not get rich quickly (or at all). But in the state-controlled mass media and the popular imagination, *getihu* became symbols of a surefire pathway to prosperity: individual initiative. This shift had political implications critical for understanding the transition to postsocialism. Blame for individual economic problems such as unemployment or a low standard of living – and responsibility for ameliorating it – shifted onto the individual and his or her relationship to markets, rather than to the state and its handling of the economy. Can’t find a job? Exercise your own initiative and find your own source of income such as selling homemade dumplings on a street corner, as the proprietors of the Long and Short Pavilion did. And that solution – self-reliance – had its complement in consumerism. Can’t afford betrothal gifts? Or, unlike your neighbors, can’t afford a color TV, a refrigerator, washing machine or even a cassette recorder – the new must-have Four Big-Ticket Items? Start a business and, with your earnings, buy status.

It would be easy to describe the foregoing as the natural consequence of the shift from socialism to capitalism in the 1980s. Once upon a time, the state was responsible for everything; then the market took command. But such a conclusion overlooks the critical role the state played in creating *getihu* and promoting the positive values associated with them and with the market during the transitions of the 1980s. This state role extended from the national top, particularly in the “reform and opening” policies, to their local implementation in the “smashing of the iron rice bowl” of employment

57 Liu Zhiqing, *Ziyou gouda—guanyu getihu jingji quan de baogao he sikao*.

in state-owned enterprises. Neither at the national nor at the local level did the state “get out of the way” and allow markets to reappear spontaneously. Despite his famous mandate that China “let some get wealthy first,” Deng Xiaoping and the Chinese state did not simply step aside and “let” anyone become wealthy. State policies and their implementation smoothed the path for some to get wealthy first and, in fact, directly or indirectly pushed them to try.

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For a thorough critique of the myth of a Deng-initiated “reform era,” which nonetheless emphasizes the top-down origins of the changes, see the work jointly written by the leading authorities on elite politics in Mao and transitional eras, Frederick Teiwes and Warren Sun, especially *Paradoxes of Post-Mao Rural Reform: Initial Steps Toward a New Chinese Countryside, 1976–1981* (New York: Routledge, 2015) and *The End of the Maoist Era: Chinese Politics During the Twilight of the Cultural Revolution, 1972–1976* (Armonk, NY: M. E. Sharpe, 2007).

For a bottom-up interpretation of the transition to the market economy that emphasizes unauthorized decollectivization rather than experiments by regional and local leaders, see Kate Xiao Zhou, *How the Farmers Changed China: Power of the People* (Boulder: Westview Press, 1996). This view has been popularized by Frank Dikötter in *The Cultural Revolution: A People's History, 1962–1976* (New York: Bloomsbury, 2016). Studies of the rural transformation that acknowledge the impact of local officials include Jonathan Unger, *The Transformation of Rural China* (Armonk, NY: M.E. Sharpe, 2002). Long-term case studies similarly demonstrate the critical role of local officials. See, for instance, Edward Friedman, Paul G. Pickowicz and Mark Selden, *Revolution, Resistance, and Reform in Village China* (New Haven: Yale University Press, 2005), and Marc Blecher and Vivienne Shue, *Tethered Deer: Government and Economy in a Chinese County* (Stanford: Stanford University Press, 1996), 63–85.

The best-known proponent of the Golden Age of small-scale private enterprise in the 1980s is Yasheng Huang, *Capitalism with Chinese Characteristics* (New York: Cambridge University Press, 2008). For a thorough critique, see Joel Andreas, “A Shanghai Model?,” *New Left Review* 65 (Oct.–Nov. 2010). Another study that downplays the role of the state in the economic transformation is Victor Nee and Sonja Opper, *Capitalism from Below: Markets and Institutional Change in China* (Cambridge, MA: Harvard University Press, 2012). For a balanced assessment of the relationship between TVEs and the state, see Jean C. Oi, *Rural China Takes Off: Institutional Foundations of Economic Reform* (Berkeley: University of California Press, 1999).

The best academic studies of *getihu* were published by social scientists who observed the implementation of the policies during the 1980s. The most influential is the work by Dorothy J. Solinger, especially *Chinese Business Under Socialism: The Politics of Domestic Commerce, 1949–1980* (Berkeley: University of California Press, 1984). For a helpful overview of the specific policy changes – and the range of attitudes toward them – in the early development of *getihu*, see Dorothy J. Solinger, “Commerce: The Petty Private Sector and the Three Lines on the Early 1980s,” in Dorothy J. Solinger (ed.), *Three Visions of Chinese Socialism* (Boulder: Westview Press, 1984), 73–111. Particularly valuable for its use of interviews conducted in the early 1980s is Marcia Yudkin, *Making Good: Private Business in Socialist China* (Beijing: Foreign Languages Press, 1986). For the implementation in a smaller town, see Ole Bruun, *Business and Bureaucracy in a Chinese City: An Ethnography of Private Business Households in Contemporary China* (Berkeley: Institute of East Asian Studies, 1992).

Sociologist Thomas Gold has written several articles on *getihu* based on personal observation. See, for instance, “Urban Private Business and China’s Reforms,” in Richard Baum (ed.), *Reform and Reaction in Post-Mao China: The Road to Tiananmen* (New York: Routledge, 1991), 84–103. Likewise, scholar-journalist Orville Schell’s *To Get Rich Is Glorious* (New York: Pantheon, 1984) captures the Zeitgeist of the early transition and is based on extensive interviews.

Finally, China’s first generation of postsocialist entrepreneurs has spawned many Chinese popular works and biographies of success stories. See the collection reprinted in Wang Lingxu (ed.), *Ziyou guodu: gongshang getihu shenghuo jishi* [A Land of Freedom: A Record of the Business *getihu* Economy] (Shanghai: Shanghai Academy of Social Sciences Press, 1993).