

South China: the fragmentation of the transnational middle class

Abstract

Over the past century, communities in South China have profited from remittances, donations and investments by ethnic Chinese emigrant communities abroad. A distinct group of families, lineages, and villages emerged with higher incomes and different lifestyles that were closely linked to the communities abroad. This has not resulted, however, in articulate, let alone democratic forms of political representation. It is argued here that this has to do with the specific Chinese pattern of political development.

Introduction

South China belongs to the areas that were most thoroughly affected by the end of the Cold War and the collapse of the Soviet Union in the late 1980s. By that time, South China had already opened up to the international economy. Fujian province, for example, had changed from a disadvantaged, economically closed military bulwark under the close supervision of the Chinese national government into a major center of international trade, foreign investment and labour migration. It had quickly become a fast-growing economic area, increasingly connected to the worldwide wave of commercialization and division of labour. In doing so, it picked up trends from before the Communist rise to power, which had started essentially at the end of the 19th century. Part of these trends is the rise of newly

rich families and lineages, and of differences between areas in South China as to their level of development. Also, entrepreneurship has become an important asset in the struggle to become rich; entrepreneurs come from different layers of the population: officials, peasants, well-educated young people, leaders of former collective enterprises. In South China, as in the first half of the 20th century, many profit from their overseas connections. Remittances, donations and investments by relatives who live in ethnic Chinese communities all over the world flow back in large amounts to the home towns.

These developments pose vast problems for the state: the unprecedented waves of migrant labour have to be regulated, housed, and policed. At least as sensitive has become the issue of how to share the tremendously increased profits between the government and the entrepreneurs, and between the various administrative levels. From the beginning, an important complication for South China was the renewal of the economic, social and political involvement of ethnic Chinese living abroad, many of whom revived their family ties, cultivated their affinity with China, and enhanced their possibilities for economic profit. They were encouraged by the Chinese government to do so, so that transnational linkages came into being which for the most part had an informal, or familial character, but in which the Chinese government had a deep interest. This poses the problem of how these transnational linkages had to be dealt with politically.

Academic debate in the West over how in China political power is distributed and exercised is part of the changes, and follows them closely. In the late 1980s, it was asked, whether the opening up of Eastern Europe to the world market had enhanced the possibilities for democracy; this debate had a corollary in the *civil society* debate on China. Similarly, the relevance of *ethnic divisions* for Chinese politics became an important topic of debate. In both debates, Western preoccupations play a large role: in both cases, the right of social groups, no matter whether they are of economic or ethnic origin, to represent

themselves in politics, is acknowledged. In the case of the *civil society* debate it is assumed that the increase in the economic power of the trading and industrial classes emerging from the workings of the free market must result in increased political power. In the case of newly emerging *ethnic divisions* the same applies. In both cases, the internationalization of South China can be supposed to have dynamized political development: newly rich people abound, and the inflow of labour from the vast interior, and investment and entrepreneurship from abroad can be supposed to have stimulated ethnic division. But in neither case has anything like Western-style political institutions emerged. On the contrary, it seems that typical Chinese ways have been used to deal with the new problems. Moreover, Chinese politicians often defend their institutions by reference to a centuries-old Chinese culture, thereby attributing a dimension of timelessness to them.

This makes the historical dimension relevant. In the West too, modern political institutions, or at least the conditions for their establishment, are traced back to centuries ago. The issues involved are complicated, and loaded with political ideology. In what follows it will be argued that a typical Chinese variety of political development exists. The argument, however, is not so much intended to expose, or emphasize, the uniqueness of China's political system, also not of its Western counterpart, but to investigate how a claim of uniqueness could be tested by scientific enquiry. The histories of China and the West are looked upon here as distinct experiences, constructed and used in order to increase insight into how both types of society work, especially as far as the emergence of the middle class is concerned. First, the historical experiences of China and the West will be summarized, in the form in which they appear from debates among China specialists. Secondly, a tentative analysis will be offered for middle class formation in South China.

The quest for a civil society

The major contrast between the Western and the Chinese experiences is that in Europe the middle classes developed in political niches outside the immediate sphere of state power, whereas in China they did not (Gu, 1994; Madsen, 1993; Perry, 1994). This had far-reaching consequences for the courses which the twin processes of state formation and commercialization in both parts of the world took: in Europe, trade and the trading and industrial classes could develop outside, or alongside, the strict control of political authority. The increasing territorial scale of trade was therefore one factor in the continuous growth of political domains in Europe, resulting, during the 19th century, in the formation of modern nation-states. In China, however, political control always remained vested at the level of the ancient imperial state. The latter succeeded in keeping trade and the trading classes within its framework of control, and denied them an independent existence; this situation has remained unchanged.

In Europe, the possibility for autonomous political niches to exist at all can be traced back to early medieval times, when immunity from royal power could be extended to the estates of secular and religious grandees, like duchies and monasteries. Later on, the medieval town developed, in which freedom was granted to any bond person who had lived there for one year and one day. Trade was allowed to develop freely in the cities; this was decisive for the latter's success and the basis for the grand developments in the early modern period. The institution of parliaments in the late medieval and early modern periods was crucial: the king could not increase taxes without the consent of the estates, among whom the urban money-making classes had a voice of their own. This means that the profits from trade could not be immediately appropriated by the state: public consent from those who had achieved them, and by implication, public compromise with the trading classes, was necessary for the king to obtain a share of the profits.

The next stage occurred in the 18th century, when the idea of *civil society* arose, predicated upon earlier European traditions. During that century, the idea that society existed outside the immediate reach of the state, and that the state should be controlled by society instead of being ordered by aristocratic power and privilege received solid philosophical and political legitimation. The idea of the free market was applied to political decision-making: like prices, arguments should be formed and tested publicly, and be decided by free contest among the groups and individuals who had an interest in bringing them forward. During the 19th century, the public articulation of group interests became one of the basic norms and preoccupations of the modern Western nation-states. The existence of a public sphere in which democratic procedures could function fully became the test of the legitimacy of the modern state. These new forms of legitimation were contemporary to the vast development of commerce in Europe during the 18th and 19th centuries, and with the multifarious development of a middle class which resisted aristocratic privilege and royal monopolies in its own interest. The rise of an independent middle class, which was allowed its own political identity in the processes of commercialization and state formation, was therefore a decisive element in the European model of socio-political development.

Concurrently, professional education became much more important than it had been until then; this was partly so because the rise of state bureaucracies, the increased scale of business operations and the growth of the shopkeeping class required different skills from the past; the acquisition of diploma's through education created new possibilities for careers. Education became also one of the means for the middle class to emancipate itself from the old hierarchical structures because the institution and management of schools conferred prestige on its founders who were increasingly from middle class backgrounds; therefore it was instrumental for the way in which state and society were related to one another.

As in Europe, in China, where commercialization spurred from the mid-Ming onwards, the state began to extend deeper into society. But unlike what happened in Europe it bound the profiting families to itself by extending prestige to them in the form of academic titles and the informal right to negotiate on local affairs with the state. To this were connected a number of advantages, some illegitimate, like the possibility of tax evasion. In South China society reorganized along lineage and clan lines, adapting flexibly to the need for commercial assets and techniques by pooling land for common purposes (Faure, 1989: 22-24). Education was among those common purposes, alongside more strictly economic ones: the obtainment of academic titles was a precondition for entering an official career, so that education had a decisive political significance. The ideology of the lineage bound state and society together and provided a number of rituals to maintain the link. A political system came into existence in which brokerage and patronage became major instruments for dealings between state and society. Thereby state and society became more difficult to distinguish than in the West: public debate tends to bring out contradictory interests; brokerage and patronage start from common interest and compromise.

In the cities, similar mechanisms operated. For the organization of migration and trade, special organizations were established which had a large measure of autonomy, but were submitted to strict formal control by the state. These organizations were based on the native locality of their members; like in Europe, trade led to forms of social organization which encompassed increasingly large regions. But in China they remained under the ultimate control of the unitarian Chinese state. Skinner has postulated that, normally speaking, Chinese business started at the locality level and then, when success resulted, extended upward into market areas at higher and eventually metropolitan levels (Skinner, 1976: 354, 358). Cochran has studied this mechanism for one large match-producing company in 20th century Shanghai: this

company's knowledge of local markets was superior to that of Japanese and Western firms, and sufficed to outcompete the others (Cochran, 1992). A similar mechanism works in the case of investment in China by ethnic Chinese from abroad. The economic advantages of the linkage between business and home town orientation are matched by the political ones: regional organization may prevent nation-wide horizontal organization on a class basis. Both may be considered as one motive for the systematic ideological drive from the side of the Chinese government to consider home towns as prior objects of investment; this is all the more remarkable, because very often, these areas are not very attractive for economic investment.

The character of *tongxianghui*, which term is used here as a generic term for all home town-based organizations (also at levels above the *xiang*), seems crucial for an understanding of the dynamics of Chinese-style internationalization, and the concomitant formation of a transnational middle class. They were flexible institutions, like lineages, and had a strongly instrumental character; that is, they served in the first place the material interests of those who participated in them. The administrative level on which the organization was based, was lowered when membership increased: they could start as province-level organizations and then, when their size increased, be split up into *xian* or *xiang* associations (Goodman, 1992). Also could they flexibly serve different kinds of interests. In Shanghai, after 1900, they became typically middle class organizations, which actively excluded lower-class workers, and even, like European middle class associations, could assume the task of educating the latter into good citizens (Goodman, 1992: 91-2). Within China as well as abroad they could serve as career channels for whomever managed to become their leader.

A similarly important career venue was education, as in the West. Its subject matter changed towards more professional knowledge, but the function of education and the establishment of schools in the political system did not change: it remained a status-

providing device for its financiers as much as for those who followed it. The provision of modern education by progressive gentry, particularly in the traditionally commerce-oriented provinces, like Zhejiang and Jiangsu, is well documented. Recently it has been argued that, during the Republican period, the establishment of schools was a powerful means for middle-class leaders to work their way up in the political hierarchy (Chauncey, 1992).

Contrary to the ideal-typical Western experience, in such a political system economic and political activity was not ideologically separated, and the dividing line between society and politics was not drawn sharply. Dealing about the profits from commerce went on behind closed doors, and was linked to concrete personal relationships. The vertical division of business organization in *tongxianghui*, and encapsulation of the associations within the state hierarchy prevented the formation of class-based organization and political parties. This prevented in its turn the creation of a middle class political identity, as had happened in Europe.

One could look at the internationalization of 20th century East Asia as an extension of what had happened in China for centuries. Lineages and native place associations regulated and consigned trading and settlement rights for their membership, and dealt with the local politicians by informal and personalized means. Since the legalization of Chinese emigration during the 1890s and the encouragement of investment back home since the early 1900s, associations that were 'traditional' in form and name received a stimulus. In this way, a huge network of flexible, practical and personalized institutions, based on mutual profit rather than on ideological difference, emerged, stretching over all of East and Southeast Asia.

One should wonder how and why the power of the Chinese state bureaucracy has survived the transition to the age of the modern nation-state. A striking example is how the Chinese party-state, after 1949, fixed newly introduced social categories like 'petit-bourgeoisie' or 'national bourgeoisie', in this

case derived from the Western social sciences, as instruments for the exercise of bureaucratic power. The tendency to do so for the CCP predates its rise to power, and prevailed within the Guomindang and other political parties in China. Ethnic identities have been articulated according to similar patterns.

The articulation of ethnic divisions

The pattern of trade expansion was not the only factor which determined the process of state formation in Europe. Accepting Benedict Anderson's understanding of the rise of the modern nation-state, one could discern at least two other basic mechanisms, which interacted with one another (1983). Just as in the case of political representation, the achievement of economic gain took precedence over the expansion of political power. First, there was the transcendence of existing political territories and jurisdictions by the interest generated by 'print-capitalism': in order to reach the largest possible public for the sale of books and other commodities produced by the new techniques of printing, marketing areas were created in which one local language came to dominate the others because it served the distribution of printed materials best. Secondly, state formation followed a similar logic. Latin was replaced by local languages in the use of official documents and in the church, and thereby became an instrument of state power and political identification. From the eighteenth century onwards, at the same time when popular consensus became the most important element in the legitimation of political decisions, within these newly defined political domains the production of novels and newspapers created more articulate national identities (based on 'imagined communities'), first in Latin America, then in Europe. The production of newspaper was of course most narrowly connected with the expansion of business and business-advertising. The process was, in short, that the transcendence and

reorganization of existing political domains by the dynamics of trade expansion was followed by a political articulation of national identities. By the late nineteenth century, this type of articulation had become the standard for political power formation, and was plagiarized of necessity outside Europe, in the Russian Empire, in China, and among the Colonial Powers.

Reasoning by analogy with Anderson's argument on 'print-capitalism' it must be noted that in China from the 15th century spurt of commercialization onwards, the central state managed to retain the character script as the written language for all of its territory. Thereby it could impose one language on its whole political domain and better manipulate the emergence of local political myths, and dominate ethnic discourse. The distinctiveness and uniqueness of European languages did not occur in China, where the political center could constrain local elites to the use of its own script and language, and thereby de-emphasize ethnic distinction; similar mechanisms are operating here as in the case of the de-articulation of class interests. It is remarkable that, for a long time, this usage was accepted by Western academics. Terms like 'subethnicity', used for communities which in Europe would claim to be a nation (Gladney, 1994), or 'regionalect', for languages which in Europe would be considered as languages, reflect this difference.

As in the case of the representation of the commercial middle classes, ethnicity, as soon as it emerged, was bureaucratized, fragmented, or ignored. Guomindang China only recognized the Mongols, Tibetans, and Manchurians as distinct ethnic minorities, and established special offices for the treatment of their affairs. The process of ethnic identification under CCP rule was taken very seriously, but, among the about 400 applications for recognition, during the 1950s, only 55 'national minorities' were recognized, and allowed a special legal and political status. After 1980, the significance of this type of ethnic identification assumed a new importance, for example through the exemptions

granted to them on the policy of birth restriction. But other types of ethnic identification became significant as well. Since the early 1980s, the Chinese government has allowed, and even stimulated, a measure of cultural articulation by local regions such as provinces, in accordance with its policy of economic decentralization.

The Chinese state also was, and is, cautious to control social institutions like *tongxianghui* and lineages, which do have a distinct ethnic bias. They are not only convenient vehicles for social interaction, business association, mutual help, and political representation, but have also a pretension to solidarize people on the basis of a common past and culture: however instrumental one conceives them, without a certain amount of ethnic appeal they couldn't exist. The Chinese state is eager to incorporate these organizations within its framework of bureaucratic control: in the case of the Overseas Chinese, history writing, museum exhibitions and the formation of Committees for Overseas Chinese Affairs are rigidly enforced all over the country. When I visited Nanjing in 1991 the regulation had just been issued by the central government that every locality in China, be it a town or a country district, be it in South Fujian or in West Xinjiang, should produce a *Huaqiao Zhi* (Overseas Chinese Gazetteer). I had no difficulty in finding an official for an interview on the subject, and he asked me (somewhat sarcastically) for my help in complying with the regulation on the *Huaqiao Zhi*, because he had no idea how to do it well for Nanjing, with barely any Overseas Chinese interest.

But even in China, the ascription of ethnicity is not a totally one-sided, top-down process. Regionalism has an ancient history in China; over the past years, a lot has been written on South-Chinese, or 'coastal' identities (White and Li, 1993; Siu, 1993), and on the 'Greater China' idea (The China Quarterly, 136, December 1993). These are of immediate importance to our subject, because they link up the ethnic Chinese abroad with their native regions on the mainland. The movement of conquest and migration over

the many centuries of imperial history from North to South has added to ethnic division. David Goodman and Feng Chongyi, in their research on Hainan province, have shown that the role of ethnic ascription in political conflict may again become important, and may be compounded by new ethnic divisions (1995). In Hainan province, since 1988, political competition is to a large extent fought out among five different groups defined by ethnic characteristics: the Li 'national minority'; the later Han settlers, nowadays Hainan-speaking peasants; the returned, Hainan-speaking Overseas Chinese and their descendents; the emigrants from the mainland, mainly from Guangdong and Guangxi, who entered Hainan at the time of the CCP power take-over of 1949; and the immigrants who came as political or business entrepreneurs, after 1988, when Hainan was installed as a province.

The exemplary study of Subei identity by Emily Honig makes clear that migration from the countryside to the cities may also give rise to ethnic division. 'Subei people' are the migrants from North Jiangsu who, over the past century, went to Shanghai in order to find work. Here, ethnification was a process engendered by the residents of Shanghai, not by the migrants from Subei, because these did not recognize themselves as belonging to one ethnic category. Honig suggests that similar types of ethnicification may exist elsewhere in China (Honig, 1992: 135); this seems of particular relevance for South China, because there too, over the past century, the cities have been flooded by waves of peasant migrants.

In summary, an analysis of the dynamics which determine the rise of the Chinese transnational middle class should take full account of the manner in which, in China, economic and ethnic contradictions are handled by the state. Looking at the contrasts between the centuries-long experience in China and the West, the functioning of the Chinese bureaucracy in the handling of political conflict seems a decisive factor. Let us now take a look at South China, and make an effort to understand how middle class for-

mation took shape there over the past century.

A tentative analysis of middle class formation in South China

What are the dynamics of the formation, during the 20th century, of a transnational middle class in coastal South China? Is there a mould, unique to China, in which the process takes place? I will bring forward here the elements which I think are central to the process, and in the course of the argument provide some illustrations from the literature on the subject, and from my own research on Fujian province.

The motor of change were the new possibilities for trade and profitable investment which resulted from the upsurges of the international economy, mainly in 1900-1930, and since the 1980s. Coastal South China is well placed to profit from those upsurges because of its unique access to know-how and capital from abroad, and because of its position at the crossroads of international trade and labor migration. In the period 1900-1930, when government stimulus and economic opportunity worked together for the first time in China to shape the process of modern economic growth, investment by Overseas Chinese contributed to the formation of a transnational middle class in South China. The reversal of emigration policies by the Qing dynasty in the 1890s and the subsequent rise of Chinese nationalism made a more positive thing of Chinese identity in general and also stimulated the formation of *qiaoxiang* ties for the purpose of investing back in China. It has been estimated that half of the investment by the middle classes in Fujian and Guangdong was by Overseas Chinese (Lin, 1988: 59-60). Most of this was by small or medium size investors (Lin, 1988: 124-126). Also, productive investment was concentrated in the modern sector of the economy, so that it stimulated economic change. It seems clear that not only the magnates like Hu Wenhu (*Aw Boon Haw*) and Chen Jiageng (*Tan Kah Kee*), whose *qiao-*

xiang were in Fujian province, helped develop the economy. The broad mass of smaller investors from abroad was at least as important.

During this period, the visibility of the new middle class was perhaps even more important than its economic impact: the effects of investment cannot have been very large. Investments constituted only a very small proportion of total remittances, and were mainly in real estate. Also, the amount of investments fluctuated over time: a very large part was spent during the land boom which occurred in 1929-1931 (Douw, 1995: 122). These activities, however, and the remittances and donations by Overseas Chinese created a distinct status group of Overseas Chinese dependents and home communities. Chen Ta has best documented the formation of this group, investigating and writing about villages and towns in South Fujian and North Guangdong (Chen, 1940: 77-118). From his work it appears that, at the time, incomes in *qiaoxiang* villages could differ from non-*qiaoxiang* villages by a factor three. The consumption patterns and lifestyle of *qiaoxiang* dependents were more foreign-oriented and differed vastly from their surroundings. Also, remittances were very important for the maintenance of life among the dependents, constituting up to some 80% of total income. This is not to say that the group was homogeneous as to its income position: internal differences among overseas dependents could be quite large; Chinese in the USA remitted larger amounts of money than those in Southeast Asia, and the effects of the former were probably stronger in Guangdong than in Fujian (Douw, 1995: 120).

How did these developments affect politics? The political visibility of these new groups had certainly increased by the mid-1920s, when a movement for local self-government arose in South Fujian that was dominated by Overseas Chinese from the Philippines. Donations by Overseas Chinese from all over the world helped in the defense against the Japanese attacks on Shanghai during the so-called Shanghai Incident, in January 1932 (Eastman 1990: 92). The Guo-

mindang Nineteenth Route Army, which had acquired national fame for its heroic defense of Shanghai during that 'incident', was subsequently sent into Fujian province in order to suppress local warlordism, and CCP guerrilla's, at the request of the local Overseas Chinese leaders.¹ Any illusion of political autonomy, if that had existed at all among the Overseas Chinese leadership in Fujian, was eradicated by Chiang Kaishek in early 1934 when he suppressed the independent People's Revolutionary Government, established in November 1933 by the Nineteenth Route Army and its political allies. The formation of political power on a middle class basis, dominated by transnational segments, was obviously impossible.

There is some evidence of top-down organization by the state bureaucracy, and concomittant fragmentation of middle class interests. In the pre-war period, it was not difficult to recognize a specific Overseas Chinese interest in the Chinese state. Aside from the overseas entrepreneurs' capital and technical and market knowledge, the overseas remittances contributed positively to the national and local balances of trade. On the other hand, there were not only benefits for the state. The flow of remittances was counteracted by spending abroad: as we saw, there was considerable consumption of foreign articles by Overseas Chinese communities in China, and investments in China were often not in productive enterprise. More importantly, the value of total remittances fluctuated over time, and probably declined after 1930 (Douw, 1995: 118). For other reasons too, the Chinese state had to provide for the consequences of the inevitable flaws in the world market. After the World Economic Crisis, many Overseas Chinese returned home, and had to be supported by the state. This may have been the main reason for the establishment, in 1932, of a National Overseas Affairs Commission under the direct control of the Guomindang government, with branches in the coastal cities of South

China (CIA, 1937: 1260). But it seems worthwhile to look closer at the activities of this commission, and its predecessors in the Guomindang, because of its simultaneous involvement in the educational affairs of ethnic Chinese communities abroad.

It is unclear whether ethnic tensions of the 'Subei-type', as described by Emily Honig for Shanghai, did occur in pre-war South China. Migration in the area was partly directed towards Southeast Asia and beyond, partly also towards the coastal cities (Dai, 1989). The dynamics of middle class formation may well have been influenced by the dynamics of migration, in as far as it resulted in competition between immigrant labour and the native population. A middle class forms where entrepreneurship thrives, and new and better-paid jobs arise from the expansion of trade and industry, and from the concomittant expansion of administrative functions within the government. Unskilled migrant labor is at a distinct disadvantage, and may be subject to ethnic prejudice. Comparing Fujian province, as an example, with Jiangsu province and Shanghai, it is obvious that similar economic differences existed, as well as much more outspoken ethnic differences, which also crossed provincial, and even national boundaries. Economically speaking, West Fujian adjoins the poor northwestern part of the province, whereas South Fujian belongs to the richer coastal area, and adjoins North Guangdong, and even Taiwan and the Chinese Philippine communities. In the latter case the ethnic factor links up with the economic one: Hokkien is the common international language in most of these areas. Ethnically, parts of West Fujian belong to North Guangdong and East Jiangxi, because of their Hakka population; looking at the level of *qiaoxiang* ties, Fuqing on North Fujian's coast developed links with Indonesia through its emigrants, among whom Liem Sioe Liong was to become the most prominent one.

The establishment, in 1949, of the People's Republic of China (PRC) interrupted the process of middle class formation in China. Official relations with the Overseas Chinese

¹ See Zhuang Guotu's chapter elsewhere in this volume.

communities became problematic, and the informal relations with kin abroad were distrusted. Emigrants were no longer the sojourners, mostly laborers (Lin, 1984: 275), who had remained Chinese citizens, but had for the most part become (prospective) citizens of the newly independent nation-states of Southeast Asia. Nevertheless, in China the material advantages of having relatives in Southeast Asia remained significant (Woon, 1990: 140-143), so that Chinese overseas and their dependents or relatives in China could be ascribed a particular status (Godley, 1989). Lineage and home town associations were kept alive to a certain extent; they served to maintain contacts between the Chinese abroad and their mother country, and could be revived easily when the situation required it. This may apply better to Fujian than to other areas: the native place associations in the Philippines, often with a Hokkien background, had played an important part in the political life of Manila since the 1960s, and resumed their pre-war importance for relations with China in 1977, immediately following Mao's death. Since the 1980s, when South China resumed its position as an important nexus where cheap labour from the hinterland areas in the PRC and overseas Chinese capital and know-how meet, several types of organizations based on kinship, dialect or region have been restored to life, in some cases on a worldwide scale; they may be considered as vehicles for interest articulation on behalf of segments within the transnational Chinese middle class, extending again into South China.

This urges the question of whether middle class formation, during the 1980s, took place in the same mould as before 1949. It seems that the unprecedented scale on which capital and labor began to flow, and the resulting political problems, have not upset the pre-existing mechanisms of political containment and fragmentation. The increase of economic profits leads to continuous renegotiation between the new entrepreneurial classes and the political powerholders, in which personal relationships and informal dealing play a

major role: these impede class organization among entrepreneurs.

It would be of significance for research on middle class formation in South China, to see how jobs are divided between migrant laborers and native people, and whether and how the division of labor changes over time. One could hypothesize that the entrepreneurs in the centers of growth along the coast have recruited labor from widening geographical circles: first from the rural areas near the cities, then province-wide, and consecutively from neighboring provinces, as far as the really poverty-stricken areas of Southwest China. This would result in a substratum in the growth centers of cheap labor with continuously changing regional backgrounds. My own experience, and research by several of my doctoral students, indicates that there are several levels at which ethnic division might result from the process. First, there seems to be an ethnic division of labor, such as is represented by the people from Hui'an who in Xiamen work in the building trade, or the rural township near Putian, from which labor is exclusively contracted on a regular basis by a large textile factory in Jinjiang. The other level is the division that is felt by native townspeople between themselves as natives (*bendiren*) and the outsiders (*wailairen*). It is only one step to attribute the often noticed increased criminality to 'the outsiders'.

The existence of a substratum of low-paid labor in its turn raises the question of what happens to the people who refuse low wages, and thereby urge the demand for labor to expand in centripetal circles. It seems logical to hypothesize that the better-paid jobs are easiest to obtain for local residents. The latter profit most by their access to local networks of administrative power and better language abilities, from the growth of clerical jobs in the administrative sector and the big companies. They may have an interest in the exclusion of outside labor, which might result in Subei-type ethnification.

At the level of the entrepreneurial groups, ethnic Chinese abroad connected to mainland Chinese entrepreneurs, friends, relatives, and to members of the party-state

bureaucracy, to create networks which could penetrate and organize the Chinese labor markets, and production in the growth centers. In the process, the type of state-society relationships, including the possibility of corruption are reproduced which have so long characterized Chinese political realities, within China as much as in the Southeast Asian states where Chinese entrepreneurs have long dominated economic life. In doing so, control mechanisms were established that were based on regional, family and lineage structures rather than on class organization. Discrimination against foreign ethnic Chinese is still a powerful means of containing them and organizing them under special, vertical, and basically ethnic institutions in the party-state bureaucracy, such as the Committees for Overseas Chinese Affairs.

Concluding remarks

It should be contested that the Chinese and the Western experience as to the long-term process of middle class formation can be considered as completely separate cases. Ideal-typical analysis like the one attempted here can only serve to increase our insight into some of the differences in dynamics between both types of societies. For the remainder, an exclusive attention to differences might all too easily assume an ideological color, and set both experiences apart as mutually incompatible. In actual fact, both experiences have been connected from the beginning, and have worked upon one another, in the everyday practice of diplomacy and trade, as well as in intellectual and political debate, and mutual imagery on 'the other'. It has been warned that the opposition between state and society in the West should not be exaggerated. Madsen has argued, for example, first that in the view of most classical European philosophers and sociologists (Hegel, Tocqueville, Dürkheim) interest articulation by social groups could not function advantageously without the maintenance of pre-modern solidarity and morality, and second, that during the 20th century

European democracy has lost its legitimacy because its loss of this type of morality (Madsen, 1993: 189). *Civil society*, in order words, was **not** in opposition to the government, but on the contrary provided social services. If, in China, like in the East European countries since the late 1980s, the market economy fragments the state and undermines the existing mechanisms of social protection, contradictions could be softened by pre-industrial social forms. Perhaps we shouldn't be too skeptical about the construction of Overseas Chinese Gazetteers (*Huaqiao Zhi*), the academic production of biographies of Overseas Chinese, and the revival of Lineage Records (*Zupu*) – the creation and recreation of which has become something of an industry in South China. Aside from their uses as historical sources, they could be viewed as the basis for new 'communities of memory' (Madsen, 1993: 192), created in a characteristic manner from below *and* through the machinery of the Chinese bureaucracy, and serving to increase social cohesion.

For a full understanding of how the South-Chinese middle class develops, a lot more insight is needed into how links were maintained between home communities and communities overseas, how political attitudes have changed over time, and how provincial governments deal with the regional and social inequality which results from overseas Chinese activity. Any research plan of this type should involve concrete communities in South China, and related communities overseas. In the present volume various studies of this type are being offered. Migrant literature seems indispensable too: migrants and sojourners earn a place in history as a distinct social formation that has always existed and has a vast potential for dynamic change and a psychology of its own (Wakeman and Yeh, 1992). In my opinion, the nation-state has such a firm hold on the academic professions that it impedes a fair assessment of the importance of migration and the role of migrant communities in history.

Also, we will have to broaden research into

the status of other sectors of the new middle classes, such as intellectuals, shopkeepers and the personell of large companies and of the state institutions; we must investigate how antagonistic interests between these various new groups found expression in politics. It would seem a good idea to collect quantitative data on the growth of these groups over the past century. As to their political attitudes, one could think of land reform schemes, which abounded in the 1930s, or of attitudes towards the Japanese impact on the region, or family attitudes (Yeh, 1992). The lack of distinct interest organizations for these groups makes it necessary to use a maximum variety of sources in order to achieve a better understanding of their evolution.

It is no longer fashionable to suppose that increased social and ethnic differentiation leads automatically up to a more Western type democracy. What happens in South China would require Chinese solutions, perhaps along the lines followed in Hong Kong, Taiwan or elsewhere outside the borders of the PRC, where vital reforms are taking place (Madsen, 1993: 197). Thinking of convergence it seems more fertile to look the other way around: inevitably, what happens in East Asia makes the question relevant of how far the ideal-typical conception of European development holds true, and, if it does, whether it is effective in solving social contradictions resulting from increased international communication and interaction. Neither need it be expected that ethnicity would give way to the articulation of class interests in the course of development, as MacKie has argued for Southeast Asia (MacKie, 1989). On the contrary, it seems that the themes of ethnicity and class formation will both determine the research agenda for the time being.

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