

# **CREATING MARKET SOCIALISM**



How Ordinary People  
Are Shaping Class and  
Status in China

**Carolyn L. Hsu**

Duke University Press Durham and London 2007

THE CHANGING MARKET FOR...  
THE CHANGING MARKET FOR...  
THE CHANGING MARKET FOR...



© 2007 Duke University Press

All rights reserved

Printed in the United States of America on acid-free paper

Designed by Heather Hensley

Typeset in Garamond Pro by Tseng Information Systems, Inc.

Library of Congress Cataloging-in-Publication Data appear on the last printed page of this book.

Duke University Press gratefully acknowledges the support of Colgate University Research Council, which provided funds toward the production of this book.

## CONTENTS

### ACKNOWLEDGMENTS ix

1. How Narratives Shape Institutional Change 1
2. Narratives and the Socialist Stratification System 31
3. Harbin: From Paris of the East to the Rust Belt 54
4. The Path of Power: Revising the Meaning of Political Capital 81
5. Constructing Entrepreneurship: The Moral Meaning of Money 122
6. Trust in Knowledge: Human Capital and the Emerging *Suzhi* Hierarchy 157
7. The Narrative Construction of Class and Status under Market Socialism: The Emerging *Suzhi* Hierarchy 181

### APPENDIX 1. Fieldwork Sites and Interview Sample and Questions 191

### APPENDIX 2. Glossary of Chinese Terms 197

### NOTES 201

### BIBLIOGRAPHY 205

### INDEX 217

## Chapter 1 HOW NARRATIVES SHAPE INSTITUTIONAL CHANGE

The most dramatic story of the end of the twentieth century was the decline of socialism. From a social science perspective, it can be seen as a tale of massive de-institutionalization. Socialist states were probably the most intrusive in the history of the world, creating and controlling institutions that penetrated every aspect of life. They also constructed a huge cultural apparatus to disseminate a belief system designed to support those institutions. The story of post-socialism is the story of the wholesale retreat of the state from that active role and the concomitant dismantling of the structural institutions and moral underpinnings of society. This situation has given social scientists the unprecedented opportunity to study how new institutions and belief systems are formed.

In the USSR and east central Europe, it was the collapse of the socialist regimes which precipitated the collapse of institutions. In the People's Republic of China, it was the party-state itself which initiated the destruction of socialist institutions and undermined its own cultural apparatus. The discrepancy between these two paths has led to two divergent conceptualizations of the post-socialist transition. In Europe, formerly communist states were interpreted by researchers and bureaucrats alike through the lens of "transition culture," which assumed that Marxist regimes were defective and destined for collapse, and that their damaged citizens and flawed institutions would be cured to normalcy (i.e., democracy and capitalism) by the