

New Development of Consumerism in Chinese Society in the Late 1990s

BY CHEN XIN

IN THE LAST FEW YEARS of the 20th Century, economic crises took place one after another in some of the major Asian nations (also known as the "financial storm" for they started from the financial sphere). Later the crisis spread to Russia, Brazil and other countries, bringing about tremendous impacts on the global economy. Affected by the Asian financial crisis, China underwent a rapid decline in both its export growth rate and its absolute value. In order to cope with the negative influences brought to China by the crisis, the Chinese Government made an immediate response to it by adopting a series of budgetary and monetary policies, with a view to propelling domestic consumption demands, alleviating the pressure resulting from decreasing foreign trade exportation, and promoting its national economic growth. For about two years, the Government allocated several hundred billion yuan for infrastructure construction, and the nation spared no effort to encourage consumption with an aim to maintain an 8 percent annual economic growth rate. For a time, it seemed that for this large, "modernization-yet-to-be-accomplished" nation with a huge population of 1.3 billion and relatively poor resources, the most dangerous threat was weak domestic demand and sluggish market. Thereby, various measures and policies to stimulate consumption came out one after another, with an aim to create new consumption fields and to expand consumption demands. They included raising government functionaries' wages, reducing bank rates, collecting additional taxes on interest, constructing projects throughout the country, "great clearance sales" by businesses, and actively developing consumer credits and

improving consumption environment. Weak consumption became the number one enemy facing the whole nation as if they were fierce floods and savage beasts. To help expand domestic demands, the Chinese economic circle fully displayed their talents to offer advice and suggestions. Consequently, between 1998 and 2000, China's economic growth rate remained over 7 percent.

The above facts serve as further proof that either in perception or in practice, China has in its entirety entered into a consumption society (despite its very low per capita income and the existence of 900 million low-income peasants and large numbers of low-income urban dwellers) and that the Chinese economy and society have got entangled in the production and reproduction logic of the present day world system.

Obviously, during the entire period of the late 1990s, in order to maintain economic growth, it was necessary for China to maintain and expand its consumption. As a result, China had entered into a surplus economy in terms of total macro value, manifesting the typical features of a consumer society. During the period, in order to cope with the Asian financial crisis, the Government no longer required its people to manage their families industriously and thriftily or to follow the tradition of hard struggle, but publicly called for and encouraged them to generously increase their consumption. This was the first time in the history of this ancient Chinese nation that generous consumption was given moral legitimacy in its entire sense, and even more, the consumerist lifestyle took on the nature of national ideology.

The above situation suggests that even in China, consumption has become the momentum for economic growth, and the production sphere, and even the entire national economy, can go on operating effectively only by encouraging, and stimulating consumption. It is not difficult to see that the logical premise has been altered: production is no longer for consumption, but conversely, consumption is for production! From this it can be further deduced that all demands that can be generated are reasonable for they can propel economic growth. However, what is paradoxical is that the rationality of consumerist lifestyle has practically been weakened instead of being strengthened.

So far, neither market ideology nor market reality has resolved the problem of how consistency may be maintained between the three elements – the common interests of society, the particular demands of specific consumers, and the interests of producers. Often, people believe that in the market economy, individuals making reasonable choices out of their own interests will eventually contribute to the maximization of the common interests of society.

Nevertheless, the reality generally does not look so bright and beautiful as the economic theory proposes. The strategy to promote economic growth by stimulating consumption is confronted with numerous obstacles. Figuratively speaking, China's one foot has just got into the consumer society, while her other foot is squeezed outside the doors. The dual contradictions of income structure and product structure have plunged the consumption driven national economy into a profound dilemma. Besides the environmental and resource pressures, the massive low-income groups, confronted with a new wave of consumption, still cannot afford to buy the huge amount of overproduced consumer goods. With anxiety they prudently and cautiously rack their brains over how they can manage to pay their social insurance premiums, their children's educational expenses, their pension reserves, medical fees, housing rents, as well as cope with probable lay-off or unemployment. At the same time, the high-income groups have shifted their attention to cars, luxurious housing, mobile communication items, various kinds of IT products and services as well as constantly upgraded luxuries, especially imported items. Therefore, they, too cannot make any contribution to the promotion of domestic demands. As a result, the enormous income gaps resulting from the pursuit for economic growth during the last twenty years of reform and opening up and the social inequality manifested themselves more clearly in this economic crisis.

Social injustices and opportunity inequalities are also shown in the fields of stock market plotting and market risk sharing as well as in the course of purchasing and annexing straddled state-owned properties by various kinds of capital owners. Since the beginning of the financial crisis, the broad masses of Chinese labourers, especially those working in labour intensive enterprises, have been trapped in a more disadvantageous position and the three problems related to the countryside and peasants are getting more serious and conspicuous.

Viewed from the international perspective, this economic crisis was created by U.S.-headed financial capital. During the whole course of the Asian Financial Storm, some Southeast Asian nations, regarded as models of the newly rising market economy, have one after another suffered currency devaluation, capital outflow, enterprise shutdown, bank bankruptcy, personnel layoff, social unrest and government collapse, whereas as much as US\$600 billion of net capital has flowed into the United States!

As China faces inadequate buyers' markets and domestic demands, quite a number of economists only worry about the fact that the Chinese economy still remains in a position of uneven and low-level surplus.

However, low-level economic surplus and the distorted consumption structure just reflect the serious dislocation of demands and desires. While the broad masses of low-income people are unable to meet many of their just demands, such as basic health care and education, they have begun to arduously follow the consumer examples staged by advertisements and the wealthy, and unconsciously come under the temptation of various sorts of living fashions promoted to them. In the mean time, high-income people profusely spend their money on luxury consumer goods, to show their identity and status and vie for social capital. For example, the real estate trade in Shanghai recently offers the latest luxury residence priced at 130 million yuan a suite.

It appears more rational to worry about the low-level surpluses than the high-level surpluses. However, the two are the same in essence, for both aim to pursue maximum profits in the production domain, and production for profit still remains the core of the entire economic activities. The framework shaped by the consumerist culture/ideology of large-scale consumption lifestyle and its legitimacy serves as the foundation of the established development mode centering on economic growth. But it does not mean the consumerist culture itself is reasonable. It is reasonable only when it plays a role in protecting the foundation, and large-scale consumption is essential only when it serves as the necessary condition for capital reproduction. The dominant power of both the consumerist culture and the predatory development idea conceals or blurs a basic fact: the established economic growth mode does not take its shape naturally, but is an outcome of human choice: the preferences of strong interest groups impose the formula for the choice of social development goals and modes.

Of course, it is completely possible that the interests of capital become a component of those of the entire society. This paper does not in general object to the interests of capital, especially the market economy itself, just as it does not object to the interests of labour. It merely points out that under the dominant political and economic global system, the interests of capital are not congruent with, and are sometimes in conflict with, the overall interests of society, the interests of common labourers and the interests of the disadvantaged groups. Viewed with prudent optimism, it is an alienation and distortion of the market economy, and what's more, this reality is not an inevitable and natural course that cannot be shifted by human will.

Nevertheless, as the cultural representative of the interests of global capital, the consumerist culture/ideology constantly entices, encourages, stimulates and even coerces people to unceasingly pursue unnecessary

consumer goods so as to ensure economic growth, even if such consumer goods have nothing to do with the improvement of people's living quality. Furthermore, such large-scale consumption is realized at the expense of large-scale labour and resource consumption and tremendous environmental damages. It has also created a meaning and value system to ensure the reproduction of the unequal interest pattern and its entire relative network, and through the global mechanism of consumerist culture/ideology, it is imposed upon the entire society, bringing individuals, enterprises and the nation under its control.

Since the beginning of the Asian economic crisis, governments of various countries have adopted policies to encourage active consumption. This, however, only suggests that the economic and political forces behind the phenomenon of the consumerist culture have objectively reached a consensus with the state and government in terms of the administrative functions. Therefore, it is not difficult to arrive at the conclusion that at least the industry of the consumerist culture has become the state's chosen means to realize its political and economic goals. After World War II, such marriage between the state and the consumerist culture has been an indisputable fact in the developed nations and many regions. For transitional nations, it is only since the mid-1990s, especially since the commencement of the Asian financial crisis, that they have been determined to follow consumerism. As a result, the consumerist culture/ideology and its entire set of lifestyle and conception have assumed legitimacy.

Of course, amidst the enthusiastic acclamations for the dominant political, economic and cultural forces, China as a developing country has few choices after all. Notwithstanding, China has to make innovations in terms of development conception and ways because in the coming fifty years it will have a population of 1.6 billion. Under the conditions of relatively poor fund, technology and resources and under the circumstances of ever worsening pollution and ecological environment, what consequences the consumerist conception and its lifestyle will bring about are an enormous challenge that we have to face, consider and resolve.

Can the Chinese population share the sumptuous feast of consumerism? According to the sample surveys conducted by the Income Distribution Project Group of the Economic Research Institute under the Chinese Academy of Social Sciences on income distribution of urban and rural residents between 1988 and 1995, China's gini coefficient rose from 0.382 in 1988 to 0.445 in 1995, overtaking some developed nations. This trend has kept going in the last years of the 1990s.

In a report entitled *Sharing the Continuously Rising Income* issued in 1997, the World Bank announces: China's gini coefficient reflecting its nationals' income disparity was 0.28 in the early 1980s, went up to 0.38 in 1995 and surpassed 0.43 in the late 1990s. The gap between the rich and the poor represented by these data is even wider than the developed nations, other nations in East Asia as well as the former Soviet Union and East European nations. Ironically enough, these data grossly contradict the theme of the Report. As the cake gets bigger and bigger, the problem of how to cut and distribute it justly and rationally is becoming more and more conspicuous. Obviously, since the 1990s the rich-poor gap in China has been widening, becoming an extremely outstanding social problem at the end of the 1990s, with the ever growing wealth failing to be justly distributed and effectively used. What's more, the consumerist culture has played a catalytic role in deteriorating social ethos and morals and official corruption.

Recent consumption investigations show that high-priced consumer durables represented by colour TV sets, refrigerators, washing machines and hi-fi systems, which began to get popular in China after the mid-1980s, were saturated, even extra saturated, at the end of the 1990s. Now, urban residents' demands for such goods lie mainly in buying or waiting for buying upgraded models. In the mean time, the consumption of high-priced family-use consumer goods that began to get popular in the 1990s has risen dramatically. On the other hand, the consumption of housing, high-grade family decorations and automobiles is on the ever rising side, becoming urban residents' actual expectations and making their way into their practical consumption choices.¹ The high-income group has entered the stage of spending tens of thousands of *yuan* on consumption while many of the rural consumer groups even cannot afford to buy a 1000-*yuan* colour TV set. The per-hundred-household possession of such major family appliances as colour TV sets, refrigerators, washing machines and tape recorders amounts only to 1/3-1/4 in ratio, compared with urban residents. The medium- and high-consumer groups profusely consume coca cola, milk, fruit juice and famous brand cigarettes and wines, while 50-60 million rural residents in China are still confronted with the drinking water problem, badly short of safe and sanitary drinking water for their daily lives. The medium- and high-income people spend several hundred or even several thousand *yuan* buying cosmetics and health commodities while the majority of the 900 million rural residents and urban low-income groups do not enjoy basic health care. Especially in the rural areas, low-income groups never see a doctor when getting a minor illness, and cannot afford to see a doctor when having a serious

disease. Consequently, it is only too common that diseases have reduced people to poverty and plunged those who have already become well-to-do back into poverty again.

For all the above-stated shortages of basic living needs on the part of the low-income groups, the consumerist lifestyle has failed to provide a solution. On the contrary, as this lifestyle spreads to the medium- and low-income groups, it has further aggravated the economic and psychological pressure upon the low-income groups in terms of non-essential living consumption. In their daily life they not only bear the actual living pressure but also have to resist the temptation of so-called modern consumption standards and prevailing consuming fashions. Poor economic conditions and consumption disparities have provoked among the nationals moods and actions of frustration, discontent, anger and antagonisms that must not be underestimated. The dual influences of the serious income distribution gap and the consumerist lifestyle are creating serious splits politically, economically, culturally and psychologically in the national economy, with new strata and class differentiations and antagonisms gradually taking shape. The growing tension of the relationships between the Party and the people, the leaders and the masses, and the employers and the employed are direct manifestations of such differentiations and antagonisms. Their growing trend and seriousness can be seen in the ever increasing and ever worsening illegal activities, criminal records, collective appeals to the higher authorities, protests and demonstrations, and even riots of various kinds.

Certain economist scholars maintain that these are nothing but the inevitable and natural "transitional" phenomena during the period of social institutional transition, due to the fact that the cake is not yet big enough and that the proper rules guiding the division and distribution of the cake have not been well established. This concept assumes that China's development can proceed along an established track. If so, then, the question of which model our "social institutional transition" is geared towards must be answered. To the American model or to the West European model? Or, to the Japanese model, or the models of Eastern Europe, North Europe, Russia or South America? If we make an analysis of the modern history of the developed societies in Europe and North America and simply list the necessary conditions for their development, then we can ask ourselves: is there any comparability between China and these nations in the fields of per-capita natural resources (farmland, fresh water, forests, etc.) and historic opportunities (including overseas colonization, emigration and large-scale aggressive wars)? How long has it taken them to realize their goals under their conditions and how long will it take us

to reach our goals? The reform and opening-up drive have already taken twenty years. We have spent the last fifty or even hundred years groping for the road of modernization. China's "institutional transition" has gone through twenty years, too. How many years more do we need? Twenty, fifty or a hundred years? During the course, will China continue to tolerate the state of "no norms", tolerate widespread corruption, tolerate large-scale pollution and tolerate nation-wide moral degeneration in order to wait for the accomplishment of "institutional transition"? Even if during the next fifty to a hundred years we really accomplish such "institutional transition" and even if China will become another United States or another Japan, does it mean the story is over?

One more question is: how large the cake should become? The big cakes of America and other developed nations are made big with the help of the entire world. Aren't these cakes big enough? Ask the developed nations whether or not they are satisfied with them.

The last question is: Who will stipulate the rules regulating the division and distribution of the cake? What is the legitimacy of the rules? Can the rules regulating the developed nations' division and distribution of the global cake serve our needs (both for within and outside the country), too?

Actually, China has never been short of norms, even in the "transitional period". During the "transitional period", China has a set of quite practical "norms" for its practical activities. Regrettably, they cannot match the criteria of just and sustainable development!

The consumerist culture/ideology provides a legitimate source for the America-modelled political and economic system and the large-scale consumption lifestyle. It has won people by presenting a picture of "happy life". The United States and other developed Western nations have materialized this picture to a certain degree. However, their way of life has been achieved on the basis of obtaining global resources and destroying the global environment. While continuing to supply the United States with the resources it needs under unequal exchange terms abroad, China has to acquire through the same unequal exchange terms the resources of the low-income groups and underdeveloped regions at home. Only thus can it support a small portion of the population to catch up with the consumerist life-style of high-income nations. In addition, it has to consume large amounts of other domestic resources in various kinds to support its more than one billion people to follow the life-style of large-scale consumption at the price of environmental destruction. If things go on like this, there will crop up more political, economic, social and environmental issues. Is this logic feasible? If it is considered feasible,

then there must be an assumption behind it: the majority of the low-income groups and rural residents will always remain fools.

There is one more paradox: When China fails to materialize for its nationals the "happy life" picture as presented by consumerism due to historical, political, economic, resource and environmental limitations, the consumerist culture will not provide the reality with legitimacy, but subversion, to be sure. Here, it will be helpful if we once again call to attention the historical significance of the dramatic "kitchen debate" between Khrushchev and Richard Nixon. The core of the debate was switched from the discourse of social justice and progress to that of consumerism, and finally to the dominant discourse of the West. Once Khrushchev got into this system, he was doomed to lose.

As far as the reality is concerned, for the Chinese socio-economic development, is it a panacea to promote the market economy through the consumerist culture? Such huge consumption disparities have created problems to the strategy aiming at propelling economic growth through stimulating consumption; the manufacture of consumer goods will more and more incline towards high consumption demands – the main source of high-rate profits, while the consumption demands of the medium- and low-income groups will comparatively be neglected. China's existing enormous productive capacity and production bases turning out cheap, practical and durable consumer goods will lie idle and wasted away, while the state has to create a new productive capacity through buying equipment with huge funds so as to satisfy the demands of the high consumption groups. As a result, the outcome of economic growth will further be distorted. On the one hand, the consumption of the high consumption groups has tended to saturation; only by providing new consumer goods and creating new hot sales spots can the stimulation of new consumption be realized. Nevertheless, such consumer goods production solely targeting at a minor portion of the population will only result in structural imbalance and market distortion and will not be able to propel economic growth. Moreover, it will bring about an enormous waste of resources, unable to make a reasonable use of the already very limited resources. We should not forget the hectic rush into the trades targeting at the high consumption groups like household appliances and real estates starting from the 1990s and their subsequent predicament, whereas the huge medium- and low-income groups do not dare to inquire about them for lack of money to purchase them. It is said that commercialising the ordinary education of higher learning aimed at the high-income groups can bring dramatic growth to the related enterprises. However, it should not be overlooked that this surely will make the broad masses of ordinary consumers reduce

their spending on other aspects. Therefore, it cannot push up the total volume of social consumption; on the contrary, it surely will aggravate social inequalities, turning higher education into an exclusive privilege for a few rich people's offspring during a specific period.

The supply of common products will also appeal to the specific flavours of consumerism and urbanism. The State can appropriate huge amounts of funds for sponsoring the Olympics, constructing expressways throughout the country, constantly upgrading government departments' automobiles, building larger and larger office buildings and spending more and more on administrative activities, but cannot give effective financial support to elementary education and basic health care in the vast rural areas, especially the impoverished areas. Can this be regarded as normal?

The main problem stems from the one-sided conceptual model of economic growth and institutional arrangement. Subject to such institutional advantage and conceptual model, the core problem of development has invisibly been reduced to the producers' profit targets and the government officials' preferences in terms of economic growth. Objectively, such a development model will surely cause an extremely embarrassing dilemma, regardless of how pure the subjective motivation is.

On the one hand, China as a developing nation boasts neither enough capital nor technological advantage. Currently, China's per-capita farmland amounts only to 1/3 of the global average; its water resources to 1/4 and its oil deposits to 1/8. Our so-called cheap labour resource advantage is based on unjust and inhuman exchange and even bloody plunder. Large-scale use of such "advantage" regardless of its consequences not only will generate obvious social problems at home, but also will continue to place China in a marginal position in the global market division of labour. Let us presume that China can break through the various political and economic restrictions imposed on her by the world system, that we overlook the negative social and economic effects brought about by the current development model and that China can bear the cost of the developed nations' development model. Then, in the coming fifty to a hundred years China will become four to eight times of present-day Japan. Objectively speaking, can the world accept such a reality? Can this globe accommodate an additional economic volume and an additional consumption supply one to two times larger than the combined total of the present West Europe, Japan, and the United States? Actually, some people in the world have already begun to watch over the so-called "Chinese (economic) threats", though much of such anxiety has actually been generated by our own irresponsible boastfulness. The developed nations and nations in other regions in the world, too, want to survive

and develop. When you rise rapidly, it will of course cause complicated political, economic, resource and environmental problems. How can these problems be resolved under the present dominating development conception and institutional model?

In order to make the above problems clearer and more concrete and present a rough picture of the development model characteristic of propelling economic growth through promoting large-scale consumption and its resulting consequences, it is necessary to reiterate the following simple statistics.

In the United States, the volume of electricity consumed the air-conditioning in the summer time exceeds China's annual total. To maintain a generally acknowledged high level lifestyle, an American needs to consume 10.3 hectares of the global area, a Hong Kong person 6 hectares, and a Beijing person 3.8 hectares. To ensure beef supply to McDonald's, every year in South America large stretches of tropical rain forests are destroyed and converted to livestock farms, meaning that each hamburger destroys a patch of forest equal to the area of a kitchen. The population of high-income countries is 16 percent of the total world population, but in order to maintain their present living standards, they consume almost 60 percent of resources of the world's total; their contributing percentage to the green-house effect is as high as 50 percent of the globe's total and they are responsible for the largest portion in terms of ozone layer destruction. The American-type lifestyle is based on large-scale resource consumption and enormous environmental destruction. The amount of heat and protein an American takes in a day almost equals to that of a starving African in a week. An American baby generates three times as much trash as a Brazilian baby, 35 times as an Indian baby and 280 times as a Haitian baby; an American discharges 20 times as much carbon dioxide to the air as an Indian (currently, the U.S. carbon dioxide discharge accounts for 22.8 percent of the world's total). In 1995, the energy consumed by the U.S. accounted for 24.8 percent of the world's total; the energy consumed by all the industrialized nations, 54.9 percent; whereas the energy consumed by all the developing nations was only 30.9 percent. In the present world, newly added garbage every year amounts to 10 billion tons, of which 500 million tons are toxic; as much as 90 percent of this is generated by the developed nations. In 1990, the United States alone shipped 571,000 tons of toxic refuse abroad.

China's average per capita GDP in 2000 was less than 1/25 of that of the United States, whereas its population will reach 1.6 billion in the next fifty years. That means if only China's total per capita average economic volume or consumption volume reaches 1/7 to 1/8 of the United States in

the future, it would equal the total present U.S. economic volume or consumption volume. If China's so-called total economic efficiency equals half of that of the United States, the world would see 6 more United States in terms of total economic output, total consumption and total pollution. What will happen if the whole world continues to produce for and consume like the consumerist lifestyle?

It seems that market fundamentalism and market romanticism both believe that the above problems can eventually and rationally be resolved through the functioning of the global market mechanism. It is said that building a global village based on the American value/culture and the WTO will provide a platform leading to global prosperity. For most of the Chinese nationals, including a lot of scholars and government officials, there are more approval, acceptance, illusion and fetishism than reflection and criticism of the WTO and the Western market system. The dominant position of the consumerist culture/ideology has reinforced the fetishism of the American culture and its liberal market idea. China is rather following the WTO global games manoeuvred by the developed world rather than participating in the WTO. In the name of equal participation, the WTO contains a hidden agenda of using the existing comparative advantages to consolidate the present global market division of labour and actual pursuit of interest. Certainly, China may be able to win in some sense in the WTO games. However, even so the various economic and social problems caused by following the consumerist lifestyle will not disappear. Viewed from a wider perspective, the prevalence of consumerism in China can only bring negative effects to common sustainable development of the world.

All in all, under the current economic system, political pattern and technological conditions, the consumerist lifestyle modelled after that of the high-income nations cannot be such a "happy life" shared equally by all. So far, nations, social strata and individuals "enjoying" such consumerist lifestyle are all sustained by unequal appropriation of common resources and deprivation of others. There will be no consumerist lifestyle and consumerism-propped production model without such unequal appropriation and deprivation. The era of so-called mass consumption equally shared by the entire society has always been a myth. Only one thing is true. Specifically, since the 1990s, the world has witnessed a rapid expansion of economic globalisation and consumerist culture/ideology, as well as the fastest widening of global income gaps and increasingly uneven development. And to some extent the consumerist culture/ideology has really played the function of further legitimising and consolidating human inequalities. In other words, the "happy life" picture modelled

after the consumerist lifestyle of the Western developed nations will be either an illusion or an exclusive privilege of a few.

The hegemony of the consumerist culture/ideology has led people to overlook or intentionally ignore the formation and development of the modern politics and economy over the past two hundred years that are closely linked with modern consumerism. This fact has cost mankind surprisingly high prices politically, economically and environmentally. Political inequality, economic disparity and resource and environmental pressure combined have made the last 200-year human history one of unsustainable development. During this period, mankind has experienced bloody colonial plunders, debates within the international Communist movements, two world wars, the great depression of the 1930s, the oil crises and the all-round economic recession of the capitalist world in the 1970s, the Latin American debt crisis of the 1980s, the Asian financial storm in the late 1990s, coupled with a series of ecological disasters including the pollution of atmosphere, oceans, rivers and land, the endangering of biological species and varieties, green-house effect and ozone holes.

In the predictable future, it is neither necessary nor possible to exploit the world's resources and environment to satisfy unchecked human desires for consumption. First and foremost, judging from the perspective of sustainable development, there do not exist the material basis and feasibility for an unchecked, large-scale global consumerist lifestyle, and the lifestyle of the developed nations cannot become the common orientation of worldwide development and the common way of life. Secondly, there does not exist an inherent positive link between the lifestyle encouraged by consumerism and the universal improvement and enhancement of the quality of human life.

China is a population superpower, with its population making up 1/5 to 1/4 of the world total. China's economic and social development process necessitates a global perspective. In the future, against the background of globalisation, a single move on the part of China in its developing process will cause repercussions throughout the world, and vice versa. While taking the market economy as an option for development, it is essential to clearly define the goals of development. Analysing and criticizing the consumerist culture/ideology and its development ideas are meant to point out that the consumerist lifestyle and production mode are not the only path for social development in the modern time, but a specific way of pursuing narrow interests for capital reproduction. While reflecting, criticizing, assimilating and updating the development conception, road and mode of the Western nations over the last three

hundred years, China should and must exert great efforts to make progress, innovations and contributions to the ideas and practices, roads and models of future human development. This is the need of China's development itself, and also the need of the development of mankind.

Translated by Qian Yurun

NOTE

1. Housing and automobiles have replaced household appliances as pilot consumer goods. In 2001, the entry of automobiles into urban families was obviously speeded up, beginning to replace household appliances as a new generation of pilot consumer goods. Experts point out that with the continuous rise of income and purchasing power, the consumption of Chinese urban dwellers is proceeding from the 1000-yuan level to the 10,000-yuan level.

Cars are making their way into the ordinary families at a rapid pace, with more and more people having their "car dreams" realized. Statistics show that in the first 11 months of the year 2001, China manufactured 2.14 million cars, an increase of 13% over the corresponding period of the previous year; the sales volume reached 2.15 million cars, up 16% over the previous year. They represented the biggest and fastest in the extent and rate of increase respectively for the recent years.

In particular, the year 2001 witnessed two obvious changes in car production and car sales. One was cars and mini-cars played the leading role in the Chinese automobile industry, accounting for 57.45% of the total automobile output. Of the increased output in the first 11 months of the year, the car output topped the list, with a net increase of nearly 100,000, representing 37% of the total; the net growth of sales volume was 120,000 cars, making up 42% of the total increased sales volume. The other change was that most of the car/mini-car buyers were private buyers. In 2001, private buyers bought 70% to 80% of all the cars sold that year. Take for example Beijing's Yayuncun Car Market; of all the Red Flag brand cars formerly used exclusively by high government officials, more than 50% was sold to individuals, an unprecedented phenomenon in the Market's history. "Private buyers" have begun to replace the "government buyers", becoming the main force of car buyers.

Real estate investment and marketing also assume a brisk scene rarely seen in recent years. In the first 11 months of the year 2001, investment in the real estate development amounted to 485.7 billion yuan, up 2.9%. The sales volume of commodity housing rose drastically, up 30% or so. Housing credit took the lion's share in the total unproductive bank credits.

Economists point out that it is an inevitable outcome of economic growth that 10,000-yuan-level commodities will become leading consumer items. In the 1970s, the 100-yuan-level "three major items" of bicycle, watch and sewing machine began to make their way into ordinary families. In the 1980s and 1990s, the 1,000-yuan-level "three major items" of TV set, refrigerator and washing machine became the leading consumer goods. Now, the popularisation ratio of colour TV set, refrigerator and washing machine has reached about 90% of the urban families. The 10,000-yuan-level cars and apartments will surely become a new generation of "pilot products" in the Chinese consumer sphere.