

- than 1 million people) is making around 3,000 yuan a month (or about 300 USD), but this amounts to a fraction of its potential income once all perks are included. The average salary of formally employed Shenyang residents was 1366 yuan per month in 2005.
- 6 The gated community has become the dominant feature of the contemporary urban built environment. In this context this term refers to those communities housing middle to high income residents (Tomba 2008).
- 7 The average price per square metre rose from 2686 yuan in 2000 to 3110 yuan in 2005, or slightly more than 15 percent. Prices of higher quality housing have, however, been growing much faster (SYNJ 2006).
- 8 Several authors have commented on the importance of the discourse of quality (Anagnost 2004; Kipnis 2006; Yan 2003; Jacka 2006; Tomba 2008).
- 9 Discounts can vary and are based on different criteria (age, family composition or employment). They sometimes reach 50 percent of the market price.
- 10 The 'administrative system' (*xitong*) is central to China's institutional landscape (Lieberthal 1995).
- 11 Beijing documentarist Wang Bing's 9-hour film *Tiexiqu* (West of the tracks), shot between 1999 and 2001 is possibly the only remaining document of the industrial aspect of the district and of the struggle of the workers and residents to retain some of the traditional entitlements and lifestyles that had characterised the harsh life of industrial workers (Wang 2004).

11 The Shanghai-Hong Kong Connection

Fine jewelry consumption and the demand for diamonds¹

Carolyn Cartier

For the new rich and aspiring middle classes in the People's Republic of China (PRC), fine jewelry has become the third most important item of acquisition after a house or flat and a personal automobile. *The People's Daily* (for example: 23 December 2004; 13 January 2005) periodically repeats this ranking as if it is a national fact and so propels into media circulation the notion that precious metals and diamonds are among the most highly desired things in contemporary life. In this list, fine jewelry has displaced the personal computer, which commonly held third position in a list of the 'three major items' (*san da jian*) of consumer interest in the late 1990s. Jewelry industry data supports the claim while the realities of jewelry consumption are highly uneven and associated with the consumption practices of the new rich in major cities. It also suggests just how quickly consumers have acquired a full complement of personal goods and household furnishings, appliances and electronics. Now the things that drive consumer passions are more often items with luxury characteristics and investment potential. Young professionals are especially showing increasing interest in luxury goods, whether they are following new rich consumption practices for fine jewelry or participating in the 'democratization of diamonds.'

Rather than focusing on the purchasing power of the new rich, this chapter provides a contextual assessment of jewelry and precious metals in the consumer economy through interrelated conditions of consumption and production. First, it introduces the idea of 'maximalism,' or the conditions and representations of spectacular production and consumption, as a basis for generating popular perspectives on style, desire and demand and for understanding some particular characteristics of evolving consumerism in the PRC. Next, the focus shifts to 'Golden Week,' or the three week long Chinese holidays, to contextualize the realities and experiences of luxury shopping, and how the market for jewelry has grown and in relation to decreasing demand for traditional 24-carat gold or *chuk kam*, 99 percent pure gold jewelry and ornaments. The transformation is explained through the new mobility of the affluent and middle classes and their evolving sites of leisure consumption, which necessarily incorporates travel to Hong Kong as the PRC consumer's primary 'overseas' shopping destination. Finally, the

widespread consumption of diamond jewelry could not be taking place without the 'democratization of diamonds,' the proliferation of diamond jewelry with small stones and related expansion of jewelry manufacturing and retail firms. In this process, the role of the financially independent professional woman and the young female consumer in purchasing their own diamond jewelry is contributing to market expansion.

These explanations—finding the rising demand for diamonds in replacement goods for traditional gold purchases and the regionalization of consumerism and jewelry brands—contrast with global industry claims that De Beers International diamond group developed the diamond market in the PRC through advertising and retail promotion (Harris and Cai 2002). The central state and municipal governments are also involved in supporting the long-term growth of the industry through the establishment of preferential economic policies, including an international diamond-trading center and proposed diamond and gold jewelry shopping districts in Shanghai.

'Maximalism' and the demand for diamonds

A stylistic exuberance has characterized consumption among the new rich in the mid-2000s, especially in Shanghai: a man orders a bouquet of 999 roses for a Valentine's Day gift at a cost of 35,000 *yuan*, while a Shanghai luxury goods fair promotes a diamond-encrusted mobile phone for 3.5 million *yuan*. The Shanghai-based online company www.Gem21.com highlights its auctions with advertisements for extraordinarily large and colorful diamonds, while the mainstream press makes a representational spectacle of its events: 'A 19.305-carat natural diamond 'Siam Star' will debut at an auction in Shanghai ... with a price estimated at over ten million *yuan* (about 1.25 million U.S. dollars), the most "precious" natural diamond in the Shanghai auction history' (*Xinhua* 12 January 2006).

The Pudong Shangri-la Hotel widely advertises a luxury Valentine's Day package at a cost of 388,000 *yuan*, which includes dinner, a deluxe suite, diamond jewelry, Cartier watches, massage-for-two and a fireworks display. Stanley Ho Hung-sun, the casino mogul of Macau, acquires a 218-carat diamond to be placed on display in his new casino-hotel, the Grand Lisboa. When asked about the value or cost of the stone, Mr. Ho allows: 'It's a matter of hundreds of millions. Just think of it – some one-carat diamonds are worth over US\$100,000 and their prices keep rising' (Ho in Hu 2007). Because of its size and significance – the second largest flawless D-colored diamond in the world – Mr. Ho can officially name the diamond as a matter of record with the Gemological Institute of America: The Star of Stanley Ho.

While most diamond and precious metal jewelry purchases in the PRC are small, a trend toward what may be called 'maximalism' – in which size reflects not only the product or thing consumed but also symbolizes the

competitiveness and achievements of institutions (as the person, firm, city and nation) and their cultural economic characteristics (economic success, high-style and global competitiveness) – has swept the media economy around contemporary consumption.² Some reality drives the hyperbole: large, flawless diamonds appreciated in the early 2000s, and are more contemporary and highly concentrated forms of wealth than traditional purchases of *chuk kam*, which have long characterized individual and household-based precious metal consumption. Indeed, increased demand for large flawless diamonds in Asia is driving up prices for the best stones (Forden 2006; Interviews 2007). Such trends are likely not so much what is 'Chinese' about consumption (Latham 2006) but rather expressions of economic power in an era of rapid economic growth. Neither is maximalism a set of sustained practices, since open flaunting of wealth has periodically become a contentious issue and hotly debated in the PRC press (Rosen 2004: 159–60). As 'large' purchases, fine jewelry is typically not publicly flaunted but worn in private circumstances and as one investment choice for the new rich.

The significance and value of extraordinary gems is constructed and conferred in diverse local and global sites. Shanghai and Hong Kong are China's major centers of fine jewelry consumption, while they are also connected through networks of production and historic and contemporary circulations of leisure culture and industry capital. In the arena of maximalism – spheres of production and consumption of the best, brightest, largest and most valuable gems – one of these sites is the auction house. Not the online activities of 21 Gem, but the one with elite pedigree and global reach. In this arena, Christie's and Sotheby's both serve China through Hong Kong where Christie's especially handles fine jewelry. In 2005, a Christie's auction at the Hong Kong Convention and Exhibition Centre contributed to a new annual high in the firm's jewelry sales (Blauer 2007). The outstanding lot was a 42.21-carat yellow diamond, which received a high bid of \$2.62 million from a Hong Kong buyer, while Mainland Chinese bidders acquired seven of the ten most expensive lots. More than a new high in jewelry prices, the press reported the event in cultural economic terms of fine art. Indeed, it was a 'rare art market event. ... Jewelry is now looked at as an art form, not just an accumulation of precious stones' (Melikian 2005). The idea of fine craftsmanship in precious metal working and jewelry-as-art is not new, while intensification of interest in internationally significant gems from buyers in the PRC is significant.

Events featuring spectacular gems, jewelry and art coalesced in Shanghai in the early 2000s. In 2004, 'The Art of Cartier' appeared at the Shanghai Museum – the distinctive building in the shape of a Shang dynasty *ding*, a legged ritual vessel, in People's Square in central Shanghai whose permanent exhibits include a range of Chinese antiquities. This show of jewelry-as-art media, which toured to Tokyo and Singapore in addition to several European and North American world cities, featured historic gems and

large named stones such as The Star of Africa and commissioned pieces for members of the European aristocracy. 'The Art of Cartier' preceded by a few months the spectacular ceremonial opening of Cartier's flagship PRC store at Bund 18, the renovated neoclassical building originally designed by Palmer & Turner for the Chartered Bank of Australia, India and China in the 1920s. The opening event, attended by a vice-mayor of Shanghai and stars of the Chinese film and fashion industries, was heralded across the city by a blimp that rode above the Huangpu River blazing 'Cartier' in lights, while the Australian large format projection specialists, The Electric Canvas (2004), transformed the building façade into a night-time light sculpture in Cartier motifs. The conservation of Bund 18, designed by the Italian architect Fillipo Gabbiani and Kokaistudios, led to a UNESCO Asia-Pacific Heritage Award of Distinction and international recognition for adaptive reuse of a historic building. A mixed-use commercial development, the project includes Bund 18 Creative Center, a noncommercial contemporary art space directed by a professional curatorial staff whose opening exhibit in 2005, 'Frozen Feelings – An Emotional Market,' showed a multi-media installation by French artist Maurice Benayoun, which was one of many events of the 'Year of France in China' official international exchange (*China Daily* 9 October 2004).

Sponsorship of cultural events and the promotion of luxury goods in association with cultural sites is becoming a high-profile strategy for luxury goods firms in China's world cities. The positioning of luxury goods brands in such commercial-cultural spaces seeks to re-differentiate the luxury object from the so-called democratization of designer brands, which has characterized world city consumerism since the late twentieth century (Thomas 2007). In a world of designer names on t-shirts, and fake watches and copy-bags, the luxury goods firm is seeking to recover its distinction and re-stantiate the exceptional qualities of its products in the eyes of elite and aspirational consumers. Such strategies are taking place in prominent sites of historic authenticity and leisure experience, places where visitors encounter the luxury brand in association with unquestionable sites of world-class significance. In 2004, 'Watches and Wonders,' an exhibit of ten European luxury brands, including Cartier, appeared inside the Forbidden City's fifteenth century Tai Miao (Imperial Ancestral Temple), while 'the last descendent of the imperial family, the brother of Pu Yi, the last Chinese emperor, was entrusted with the calligraphy for the exhibition' (Mailliard 2004). Industry and Beijing government officials prevailed at the opening, where *métiers d'art* demonstrated watch-making, precious metal craft and diamond setting. The exhibit presented hundreds of historic mechanical watches, which resonated with the Forbidden City's own Watches and Clocks Museum in the Feng Xian Tian (Chamber of Serving the Ancestors) and the Qing imperial court's known interest in European timepieces, followed by an area for 'brands to receive visitors and guests in a more private setting' (Mailliard 2004). Thus the exhibit mixed commercial and historical

genres of encounter, placing the visitor in the symbolic position of reception at the imperial court to consider acquisition of a fabulous object, as if a unique opportunity and singular experience, where the material resonance of hundreds of years of Sino-Western exchange might be purchased for mere thousands of *yuan*.

Through news media, business advertising and public exhibitions, the circulation of information about these events brings to common knowledge the rise of demand for fine jewelry and diamonds among the new rich and aspirational consumers. Exposure to such information arguably develops more general demand for such 'positional goods' (Hirsch 1976) through 'demonstration effects' (Frank 1985) and their reverberations in different arenas of society. However, actual purchases of such European brand name luxury goods grew slowly in the early 2000s (Croll 2006: 317–22); while recent reports suggest that a luxury goods market is growing among 20- and 30-something year olds new rich in major cities (*Beijing Youth Daily* 19 July 2005), an age group that is younger than luxury goods consumers in developed regions.

Ultimately, what is important to luxury goods industry interests is that while the PRC consumed 13 percent of the world's luxury goods in 2004, compared to 40 percent in Japan, Japan's share is dropping and within a decade the two countries are expected to become relatively even in their total consumption share (Brown-Humes 2005). These figures, from Goldman Sachs' equity research division, and presented at the 'Financial Times Business of Luxury' Summit in Shanghai in 2005, predict that by 2015 the PRC will rank first among countries in luxury goods consumption. However, the figures do not represent that over 80 percent of what is counted as the PRC's luxury goods consumption is from non-domestic purchases, which includes Hong Kong – and thus the role of places at a distance in the evolution of cultural economies of consumption (James 1987).

'Golden Week'

European designer shops fill Hong Kong's major malls and line several streets in the city's Central District, yet shoppers encounter the city's famous jewelry stores in greatest concentration along Nathan Road in Mongkok – a streetscape where gold and diamonds glitter through the windows and the Mandarin dialect or national language (*putonghua*) is an increasingly common language of exchange. 'Golden Week' is an economic opportunity for the retail sector in Hong Kong while its official origins are in Beijing, in the government policy to promote consumerism and development of a national market based on household consumption. Citizens of the PRC have historically saved too much to generate a consumption-driven economy, and the government wants them to go out and spend (Croll 2006: 269–70). In 2000, the State Council and the National Tourism Administration announced three week-long holidays – commencing with Chinese New Year,

the May 1 Labor Day holiday, and October 1 National Day, which have become prime times for domestic leisure and overseas tourism.³ As a survey in five PRC cities (Beijing, Shanghai, Guangzhou, Chengdu and Dalian) by the Hong Kong Trade Development Council (HKTDC 2002: 1–2) confirmed, ‘consumers have the habit of visiting jewelry shops, especially on holidays. The peak seasons occur at the three “golden weeks” in both the PRC and Hong Kong, while ‘consumers are interested in buying jewelry products in Hong Kong because of their wider selection of designs, reasonable prices and guaranteed quality.’

Outside the Mainland, Hong Kong is the most common destination for business and leisure travelers, and it is also the first city that most have sought to experience. ‘Hong Kong and Macao are ... incubators for ... newly globe-trotting Chinese travelers. It is where the Chinese are taking their first tentative steps outside the mainland’ (Greenlees 2005). In the late 1990s, when PRC elites began to hold passports and before leisure travel took-off, travel was primarily for business and Hong Kong was the primary destination (Croll 2006: 92–3). In the mid-2000s, three-quarters of PRC outbound travel was to Hong Kong and Macau, while Hong Kong’s 40 percent of the national total accounts for just over half of the city’s 23–25 million annual visitors (HKTB 2007c, 2007d). Under the ‘one country, two systems’ formula, the Hong Kong-Guangdong border remains controlled; but in July 2003, in the aftermath of the SARS crisis and in the wake of the 1997–99 financial downturn, Hong Kong and Beijing agreed to implement the Closer Economic Partnership Agreement (CEPA), which, among other products, allowed Hong Kong-made jewelry to enter the Mainland duty-free, and loosened up individual travel by creating the Individual Visit Scheme (IVS). Not unlike the geographical trajectory of reform itself, the IVS scheme was first available only to residents of the wealthy coastal cities in the Pearl River Delta, followed by Beijing and Shanghai. By 2007, the scheme included all 21 cities in Guangdong province, 3 cities each in Jiangsu, Zhejiang and Fujian provinces, 2 cities in Liaoning and 13 inland provincial capitals. Partly as a consequence, Hong Kong has become a relatively regular business and leisure destination for Pearl River Delta residents, while the Hong Kong Tourism Bureau (HKTB) (HKTB 2007a, 33) calls such multiple short journeys ‘consumption visits.’

As Golden Week draws near, as many as 300,000 Mainland visitors enter Hong Kong on the preceding Friday, crushing the land border at Luohu (for example *Xinhua* 3 October 2004). Those who are on leisure journeys prefer to shop and spend little time in or money on hotels. While companies do not maintain sales data on individual customer place of origin, general figures for the mid-2000s hold that Mainland visitor expenditures on jewelry accounted for up to 50 percent of a firm’s total sales during Golden Week (*Xinhua* 30 September 2005; Horscroft 2007).

In Mongkok, Hong Kong jewelry stores Chow Tai Fook and Chow Sang Sang predominate and, among Mainland consumers, are the most popular

and highly regarded, even by comparison to international and domestic brands (HKTDC 2002: 14), in part because of their strong regional lineage. Chow Tai Fook, which has two branches on Queen’s Road Central, otherwise maintains six shops on Nathan Road in Mongkok. As Hong Kong’s oldest and largest manufacturing and retail jewelry firm, having begun in Guangzhou in 1929, followed by a shop in Macau before locating in Hong Kong in 1939, it historically specialized in selling *chuk kam* and gained a leading reputation by establishing the 999.9 pure form of yellow gold that has become a standard. Chow Sang Sang, with four stores in Mongkok, also has roots in Guangzhou and moved to Hong Kong in 1948. In the late 1980s, these firms began shifting standardized design manufacturing into the Pearl River Delta, and now about 75–90 percent of a Hong Kong firms’ productive capacity takes place in Panyu, Shunde and Shenzhen. In 1998 Chow Tai Fook opened its first PRC branch in Beijing (Chow Tai Fook 2006) and by mid-2007 the company had 500 jewelry stores, including at least one in each province, more than any other retail jewelry firm in the larger Greater China region.

Even as Hong Kong jewelry stores have been expanding in the PRC, its consumers have had many reasons for buying jewelry in Hong Kong. The port’s tax-free status on import of precious metals and stones combined with local and regional production means that the cost of fine jewelry is lower than elsewhere in the region, while the city’s regulated and service-oriented consumption environment provides assurance for expensive purchases. Its history as one of the few world gold commodity exchanges means that 24-carat gold is readily bought and sold even by individuals, so that a piece of jewelry or ornament may be sold back to rejuvenate discretionary and investment income. Hong Kong is also a major jewelry design center, and it is an industry strategy to differentiate stores and locations by limiting design availability, keeping the newest styles in Hong Kong and apportioning stock so that each shop shows about one-third unique merchandise. The discerning consumer knows this. In one group interview, a 30-year old professional woman from Shanghai explained that when she learned her father was going on business to Hong Kong, in 2002, she dispatched him with cash to purchase her diamond wedding ring. What mattered most to her was that the quality would be excellent and that the design would be up-to-date, and probably not available in the PRC. She had no primary interest in whether her fiancé purchased the ring or made a ritual presentation of it. Her story prompted an elderly woman originally from a small town in the Yangzi River Delta to recall how Shanghai served a similar function in the consumer’s mental map in the pre-war era: if an uncle was making a journey to Shanghai your mother might ask him to buy a dress – from a distance what mattered most was that it came from Shanghai, that era’s pinnacle of fashion.

The new rich have particular reasons for shopping in Hong Kong. Not unlike high technology production, the jewelry industry’s latest designs and

highest value products are still manufactured in the city by family-owned firms, including workshops in the high-rise Central District where staggering rents are less consequential than maintaining proximate control and security over the largest stones. Even though this production environment is relatively small, it is a world where customers arrive on referral and they know that the best jewelry has always been crafted in platinum. While transactions involving rare stones, such as those auctioned through Christie's, and The Star of Stanley Ho, are typically managed by intermediaries, the world of unique diamonds and custom-diamond jewelry is one in which the new rich often consume individually and directly. Another social milieu comes to light in this context: the so-called mistress culture of the Hong Kong-Shenzhen city-region, in the form of significant 'presents' for wives, which have little to do with normative gifting but rather the economic bargain in which a wife gains assets as if compensation for loss of a husband's fulltime presence in the form of spectacular jewelry. Principals of fine jewelry firms insist that such social relations underpin a significant part of consumer demand for large stones among women from wealthy households, and across Asia (Interviews 2007).

Of course, gold has long had a particular resonance in Chinese society among all classes, and the importance of 24-carat gold jewelry among traditional household assets and in dowry wealth is well known, though practices concerning the use and transfer of jewelry-as-wealth are less well documented. Gates (1985: 263) notes that gifts of gold jewelry, especially the older forms made from softer gold, were 'the real money' and were not to be worn except on special occasions. It was possible for individual consumers to buy 24-carat gold jewelry in China as early as 1982, and later during the reform period, about 80 percent of the gold consumed in the PRC was in the form of jewelry (rather than gold bars and coins). Yet the People's Bank of China regulated the trade and only a few state-owned enterprises were permitted to manufacture, which yielded common designs – unappealing to the new rich. Deregulation of the gold market was projected to take place in association with continuing economic reforms and the PRC's membership in the World Trade Organization, but before the Shanghai Gold Exchange opened in 2002, and most barriers to gold trade were removed in 2003, gold jewelry in the PRC was subject to a VAT and a consumption tax that made local prices more than 20 percent higher than in Hong Kong (O'Connell 2003).

By comparison to the gold market, the trade in platinum was relatively unregulated in the PRC (Lee 2004; O'Connell 2003), and while the price of platinum is traditionally higher than gold, its perceived value alone makes it an investment target for the new rich. In the context of this shift, yellow gold color quickly came to be viewed as not only old fashioned, but also less precious. In 1992, the International Platinum Association introduced platinum products to the PRC (Courage 2004). By the late 1990s, branches of Hong Kong jewelry stores began appearing in major cities; and, in the

context of the rising trend for platinum, white gold came to be accepted as a lower cost visual substitute. From a position of unremarkable consumption in the early 1990s, the PRC became the world number one consumer of platinum in 2002, displacing Japan (Han 2002). Considering the influence on Asian styles from Japan, where platinum and white gold have long been the preferred jewelry metals, it is reasonable to conjecture that Japan's role as a regional center of taste-making also influences jewelry consumption. Indeed, the HKTB (2002: 12) survey on jewelry consumption in Chinese cities shows how respondents in Shanghai, Beijing and Dalian, cities with relatively strong Japan connections, preferred platinum more than consumers in Guangzhou and Chengdu. Allowing for multiple responses, 68 percent of respondents overall chose platinum as the most highly desirable jewelry material, while only 30 percent chose *chuk kam* and 21 percent chose carat gold. In market research conducted by the London Bullion Market Association in 17 PRC cities in 2002, 26 percent of women interviewed responded that they already owned a piece of platinum jewelry (Courage 2004).

While consumer tastes and preferences for precious metals and fine jewelry have been shifting away from yellow gold toward silver-colored metals and with stones, especially diamonds, it would be wrong to suggest that the consumption of gold in the PRC is declining; rather it is declining in the form of consumption of yellow gold jewelry and by comparison to preference for consumption of platinum. In the mid-2000s the PRC was the third largest consumer of gold, after India and the US, and, after deregulation of the gold market, became the third largest producer in 2006 behind South Africa and the US, displacing Australia (*China Daily* 20 July 2007). In the mid-2000s the PRC consumed over 200 tons of gold and produced somewhat less, while gold industry analysts project its gold consumption to increase to as much as 600 tons by 2012 (*China Daily* 6 September 2004). Such increased gold consumption will be positive for the economy, according to the Bank of China (*China Daily* 25 September 2003), because significantly increased demand should increase gold imports, thereby cutting the foreign trade surplus, decreasing foreign exchange reserves and easing geopolitical pressure to let the *yuan* appreciate. Before the end of the third quarter 2007, the PRC's gold production had increased so much that analysts predicted it would become the largest producer in the world, displacing even South Africa (*Shanghai Daily* 17 September 2007).

The 'democratization of diamonds'

Several factors in the transformation of production and consumption of diamonds are combining to make diamond jewelry accessible to and desired by consumer groups who are not typically considered to share purchasing positions with the new rich and aspiring middle classes. This penultimate section considers changes that are turning the Chinese jewelry industry into

an industrial regime with some mass production characteristics, and focuses on general trends in diamond consumption and especially the role of women in purchasing their own diamonds – a longstanding regional trend that is emerging in China and in association with leisure and discretionary consumption in Hong Kong.

On the production side, in addition to the conditions raised above, including the shift of Hong Kong-based firms to the PRC and the deregulation of markets in precious metals, key suppliers in the world diamond trade are partnering with manufacturing firms in China. In addition to the entry of the Diamond Trading Company (DTC), the distribution subsidiary of De Beers Group, diamond trading and manufacturing firms from Belgium, India and Israel – traditional centers of diamond cutting and polishing – have been locating in the PRC, where they find the production environment less bureaucratic and the market for diamonds growing faster than in India (Arole 1999; Hasan 2006). In addition to Chow Tai Fook and Chow Sang Sang, some of these firms are DTC Sightholders (the highly restricted number of firms to which the De Beers cartel sells rough diamonds), and all fall under the Kimberly Process Certification Scheme, the international agreement established in 2002 that seeks to prevent conflict diamonds from entering the regulated trade. The PRC established the Shanghai Diamond Exchange in 2000, became a member of the Kimberly Scheme in 2003, and is seeking to increase diamond import and processing. On 1 July 2006, under power of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, the value added tax on imported uncut diamonds was abolished and the tax rate on imported refined diamonds was lowered from 17 to 4 percent, in a move reported to address ‘widespread smuggling;’ in the first quarter of 2007, the PRC’s import of diamonds increased 170 percent over first quarter of 2006 (*Xinhua* 28 April 2007). Thus, the development of more favorable conditions for the production and consumption of diamonds and fine jewelry has central state coordination and provincial-level management oversight, with Shanghai as the international trading center. In 2007, the Shanghai Gold Exchange began to allow individual consumers to purchase, keep and trade gold bullion (*Shanghai Daily* 26 June 2007).

The role of Shanghai as a center of trade in diamonds and precious metals is also evident in the planning and development of the consumer landscape. In 2006, the local government of Huangpu District, the area behind the Bund whose major axis is Nanjing Road, announced a ‘5–3’ plan for a redevelopment of retail shopping with a focus on fine jewelry and diamonds (*Shanghai Morning Post* 17 June 2006). The ‘5’ stands for five gold consumption areas, while ‘3’ refers to three jewelry design and production zones. The plan for retail development names five concentrated areas of jewelry shopping, including parts of the Nanjing Road pedestrian street, the Jiangnan Temple area and the old West Gate neighborhood. The three design areas would encompass existing municipal facilities, namely the

Shanghai Urban Industrial Design Center and the Shanghai Tourist Souvenirs and Handicrafts Design Center, and develop a new tourist exhibition site dedicated to demonstration of stone processing and jewelry manufacture for the new diamond consumer. In 2002, the Huangpu District government was already working with the Shanghai office of the US consulting firm McKinsey to plan the revitalization of Nanjing Road by ‘bringing in international brands while phasing out the outmoded businesses’ (Woetzel in Thorne 2002). This integrated production-consumption environment for diamond jewelry is also evident in coordinated advertising campaigns in Hong Kong and Shanghai by Chow Tai Fook and the Hong Kong Tourism Board.

On a construction wall hemming the sidewalk along People’s Avenue, where it cuts across People’s Square in central Shanghai, Karen Mok gazes out from an end-on-end row of advertisements. Large format ads from the same 2006–07 advertising campaign could be found in any one of a number of MTR or subway stations in Hong Kong, as well as along Nathan Road in Mongkok. Karen Mok is an acclaimed Hong Kong-born actress and a pop star in Greater China, as well as being Karen Joy Morris, her birth name, in Hollywood film. She embodies a certain cosmopolitan iconicity of global possibilities for young women: successful and unmarried in her late 30s (while looking 20-something in the ad copy), she appears thoroughly self-possessed, in charge, sexy and solo – indeed, possibly man-free. She is the celebrity representative of Chow Tai Fook’s Achievement Collection and its ‘Love Yourself, Buy It for Yourself’ tagline. As considerable market



Advertisement, Nathan Road, Mongkok (photograph by the author)

research by the diamond and jewelry industry confirms (HKTDC 2002; Hudson 2007), women in Asia commonly buy their own fine jewelry and so the industry markets directly to their independent decision-making.

The basic profile of the average PRC visitor (either business or leisure) to Hong Kong in 2006 was clear. *She* (57 percent of Mainland visitors in 2006 were women) was in her mid-thirties, married, college educated and employed (HKTB 2007b). She was on a single-destination repeat vacation to Hong Kong, came with friends or family members and did not join a tour group. Her primary activity was shopping, and her primary items of purchase were clothing, shoes and fine jewelry. She was from Guangdong, most likely Guangzhou or Shenzhen, and otherwise from Shanghai or Beijing. Indeed, the HKTB's consumption tourism growth strategy focuses on 'young offices ladies' from the Pearl River and Yangzi River deltas (HKTB 2007c). The HKTB also promotes Hong Kong as a consumer destination for women through a celebrity television series, featuring Karen Mok, Jacky Chan, Andy Lau, Fu Mingxia and Ding Lei, which has shown in Mainland cities that are party to the IVS scheme (HKTB 2007a: 36). During 2005–07, one campaign featured Karen Mok for the Shopper of the Year Contest and the annual Hong Kong Shopping Festival, which target women through images of latest-trend shopping and cosmopolitan lifestyle. These events are also advertised through China UnionPay, (the bank card network established in China in 2002, launched in Shanghai), so consumers receive direct marketing information about Hong Kong shopping through ATM or bank account use in the Mainland.

Chow Tai Fook's Achievement Collection represents an aspirational luxury for young women because it features larger diamonds (minimum 0.3 carats) than typical purchases, which are 0.01 – 0.15 carats. Indeed, the average price of most diamond jewelry sold in the Mainland during the early and mid-2000s was under 1,000 *yuan* (2000 *yuan* in Shanghai), including gifts purchased for Valentine's Day (HKTDC 2002: 15; Yuan 2005). Thus with growth rates for fine jewelry consumption in China at 15–20 percent per year (*China Daily* 30 January 2007; Hasan 2006) most consumption will be for small diamonds. Diamond jewelry manufacturers in the Pearl River Delta set mostly small stones and, whether in Hong Kong or in Mainland cities, women are the primary consumers for these relatively affordable pieces. Industry origins of this low-cost diamond jewelry market are in the early 1990s in Hong Kong, where MaBelle, one of the city's more ubiquitous fine jewelry brands, explicitly sought to overcome the historic view that diamonds are 'luxurious and unreachable' by popularizing the 'everyday life diamond' and the HK\$1,000 diamond ring (MaBelle 2005). Wearing diamond jewelry on an everyday basis has not yet spread widely to Mainland cities, but the trend is alive; and such democratization of diamonds will also evolve in the context of increased demand for diamond wedding rings. Survey research on diamond wedding ring acquisition by DTC China for De Beers Group shows that four out of ten Chinese brides

received a diamond ring in 2006, while numbers are significantly higher in Shanghai and Beijing (Hudson 2007). However, use habits suggest that diamond wedding rings tend to be viewed as a form of wedding equity not unlike dowry gifts (*China Daily* 30 January 2007). When asked directly about wearing jewelry, several women interviewed for this project in Shanghai said that they had diamond wedding rings but wore them only on special occasions; they kept them stored at home, in a manner that reflects historic habits of keeping *chuk kam*. Nevertheless, when asked what is their most highly desired luxury item, 48 percent of women in China ranked diamond jewelry number one, apparently second in the world only to Hong Kong, at 61 percent (Hudson 2007).

A tale of two cities

In setting forth some basic contextual conditions of the production and consumption of fine jewelry in China, we can see how the role of particular cities and their cultural and economic connections underpin the growth and transformation of the jewelry industry and its rise as a focus of consumption interest among the new rich. Hong Kong's position as the capital of jewelry design and manufacturing in Asia in the second half of the twentieth century, combined with its firms' manufacturing base in the Pearl River Delta and the proliferation of Hong Kong jewelry brands across PRC cities, demonstrates regional origins of the jewelry industry and its development across the country at large. Rising consumer interest in fine jewelry has also grown in the context of the Hong Kong shopping trip and especially in association with the experiences of millions of women, and their demonstration effects, who hone their tastes in the latest styles through multiple leisure trips to trend-setting destinations. While multinational corporate marketing analysis credits De Beers Groups with building a market for diamond jewelry in the PRC, the reality is that what the industry calls the self-purchase market, especially purchases by women for themselves, was already strong in Asia. When the question of what is 'Chinese' about consumption is considered, the contemporary demand for the highest quality metals and the best stones suggests that contemporary consumption of fine jewelry reflects historic practices of keeping *chuk kam*, including as dowry gifts.

Shanghai under reform has reclaimed its role as a center of consumer culture and business leadership, no less so in the fine jewelry industry. The city now serves as a base for internationalized metals trade and diamond trading, and while it is premature to suggest the larger trajectory of jewelry production and consumption growth in China, it is clear that the industry base in Shanghai will assume greater significance. The focus of European luxury goods brands on urban China and the Shanghai market particularly reflects a certain excitement about the city's potential consumer culture, rather than realities of contemporary consumption practices. Yet, based on surveys of travel destination interest, Europe is the number one region that

PRC travelers desire to experience. So European brands such as Cartier are seeking to tap this interest domestically while reconstituting the meaning of 'true' luxury goods in the collective mind of the new rich and in the face of the proliferation of low-cost fine jewelry. It is also premature to draw conclusions about the impact of China's rising demand for precious metals and diamonds on world markets, yet it is clear that industry analysts already interpret rising prices in relation to increased demand from the PRC.

Notes

- 1 Information in this chapter includes data from interviews carried out in Hong Kong and Shanghai in 2006 and 2007, which were supported in part by a US CIES-Fulbright Fellowship, held in the Department of Geography at Hong Kong Baptist University. Normal protocols of informant anonymity are maintained. Hong Kong Baptist University student Joanne Yuen-yi Lo conducted preliminary research for the project.
- 2 This strategy is also reflected in the contemporary PRC trend especially in smaller cities to generate recognition and publicity by staging a mass activity that will gain a place in the *Guinness Book of World Records* (*Southern Weekend* 17 August 2007).
- 3 At the end of 2007, the State Council designated additional national holidays and shortened the May Day Golden Week to three days.

12 Issue-based politics

Feminism with Chinese characteristics or the return of bourgeois feminism?

Louise Edwards

The emergence of the new rich in the PRC was no accident of the liberalising economic system. Rather, it was a conscious consequence of CCP design. The CCP has been instrumental in providing the economic and social structures required for the creation of this wealth, and as well-schooled Marxists, the Party leadership no doubt realised that such a fundamental change in the economic substructure would produce equivalent dramatic shifts in the superstructure of culture, ideology and politics. Scholars and commentators expended considerable energies during the 1990s exploring whether the emergence of this would indeed generate demand for liberal democracy. It quickly became apparent through cross-national studies that the new rich have had no difficulty cooperating with a full range of government structures: from democratic through to authoritarian (Robison and Goodman 1996b: 2-3). However, research findings also showed that while the economic reforms propelling wealth creation did not always produce a USA-style political system, they have produced change in the relationship between the ordinary people and the state (Saich 2000).

In the case of China, recent scholarship has explained this new relationship as being one typified by the Party-state's greater flexibility (Gries and Rosen 2004), increased tolerance of dissent (Wright 2004) and more dexterous cooption of disparate interests groups (Dickson 2004). A central question emerging from this work has been to explore the mechanisms buttressing the CCP's claims to legitimacy as the sole ruling group for the nation. Vivienne Shue suggests that the CCP's central legitimatising platform is their perceived ability to maintain order and stability while producing economic growth (Shue 2004). Perry and Goldman (2007) argue that the need for the CCP to curb official corruption and enhance accountability is central to upholding both the appearance and reality of this social stability.

For the CCP, legitimacy is routinely supported by explicitly theorised political philosophy that is disseminated not only to Party members but also to the broad mass of the population. The CCP has retreated from explicit direct control of the economy since 1978 but it has not resiled from its self-appointed position as ideological guide for the nation. Dickson (2004: 142)

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Edited by

David S. G. Goodman

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