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Wealthy-gentry politics: How are capitalists in China chosen for the ‘Houses’?

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Choosing individual private entrepreneurs to be members of the People’s Congress (PC) or the Chinese People’s Political Consultative Conference (CPPCC) is one of the most important mechanisms for ‘cooperative capitalism’ in China. This article aims to answer two questions: First, what are the differences between factors for winning a seat at the PC and a seat at the CPPCC, respectively? Second, is there any difference between factors that have a significant impact on winning a seat at the county-township level and the prefecture-and-above level of the PC or CPPCC? Based on empirical findings, I have coined the term ‘wealthy-gentry politics’ to conceptualise the fact that behaving as a member of the socially responsible ‘gentry’ plays an increasingly significant role at the higher level and in the PC compared to the lower level and the CPPCC, while economic wealth is just a threshold and party membership is not a guarantee.

Keywords: Chinese parliament; political participation; private entrepreneurs; wealthy-gentry politics

Introduction

A large number of private entrepreneurs have emerged in the wake of China’s transition from a classical socialist economy to a market-oriented economy since the 1980s. At the same time, researchers have proposed the same question with great enthusiasm: will a booming private sector eventually bring a democratic transition led by a bourgeois class in China? After years of speculation, this prospect, however, seems dim. Based on national surveys and in-depth interviews, numerous empirical studies have demonstrated that members of China’s business elite show few signs of becoming the carriers of democracy or ‘civil society’ (Goodman

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2008; Pearson 1997). Rather, they prefer to use adaptive informal networks, such as personal ties to influential officials (Tsai 2007), and some scholars have started to refer to them as ‘cooperative capitalists’ (Dickson 2000) or ‘allies of the state’ (Chen and Dickson 2008).

As a reward for the ‘cooperation’ of capitalists, and also as an important mechanism of operating ‘cooperative capitalism’, the party-state in China has awarded political honours and posts to private entrepreneurs in numerous ways. Among these rewards, arranging for them to become members of various levels of the People’s Congress (PC) and/or the Chinese People’s Political Consultative Conference (CPPCC) has become institutionalised. Political commentators usually refer to these groups, in a rough analogy, as the Chinese ‘House of Commons’ and Chinese ‘House of Lords’, respectively (Li et al. 2006). This analogy, of course, is inaccurate and misleading: the CPPCC and PC are two political organisations that function only partly as legislatures and their membership stands as much – if not more – for privilege and honour as for political power.

Only a small number of private entrepreneurs can be chosen for the PC or CPPCC. This creates two categories: the ‘chosen capitalists’ who are members of the PC or CPPCC, and the ‘ordinary capitalists (OCs)’ who enter neither of the two political organisations. A number of empirically solid articles and books have been published on the political participation of Chinese private entrepreneurs, but few scholars have presented a national-level analysis on who can be chosen for the CPPCC and PC (Li et al. 2006). Most essays are purely descriptive or deductive. Some articles provide interesting observations on local-level ‘elections’ by revealing how the ‘new rich’ cooperate with local political elites (Oi and Rozelle 2000; Wank 2001). Others highlight the importance of PC and/or CPPCC membership as a way of forming political connections, but take membership as a dependent variable instead of an object (independent variable) to be explained (Hu and Shi 2009; Kennedy 2008; Wu et al. 2008).

My goal is not only to add to our empirical knowledge but also to deepen our understanding of private entrepreneurs’ political participation in the CPPCC and PC. This article argues that entrepreneurs’ political participation is best conceptualised as a ‘wealthy-gentry politics’ in which behaving like the ‘gentry’, politically and socially, will increase the likelihood of being selected into both the CPPCC and PC, while ‘wealth’, that is, economic ability, only functions as a threshold for that possibility.

Research objects and hypotheses

The PC is the highest state body and the only legislative house in China. Constituents ‘elect’ representatives to the PC for five-year terms via a multi-tiered electoral system. PC deputies are usually described as members of a powerless rubber-stamp legislature by Western reporters, but they have some political privileges and some have been shouldering (at least some of) their responsibility to constituents since the early 1990s, particularly at the local level (O’Brien 1994). After all, their constituents ‘elect’ and can ‘impeach’ them in some occasional cases.

In contrast, the CPPCC is not a legislative body but a political advisory body. A PC bill becomes legally binding when it is adopted, while a proposal to the CPPCC is not legally binding whether it is adopted or not, though the government is committed to responding within a certain time. Unlike the semi-competitive system in the PC based on electoral districts (Chen and Zhong 2002), the members of the CPPCC are selected based on defined socio-political groups (*jiebie*). They come from a range of political

parties (i.e., the Chinese Communist Party (CCP) and its satellite parties) and other semi-political organisations (e.g., the Women's Federation), and some members are independent. The proportion of different representations is negotiated according to established historical habit and political convention. Private entrepreneurs are usually nominated by the All-China Federation of Industry and Commerce (ACFIC) or its local branches (Federation of Industry and Commerce (FIC)) to enter the CPPCC at various levels, though some nominations are 'arranged' through other organisations.

For private entrepreneurs, the PC opened its door to capitalists more cautiously and slowly. One private entrepreneur, Liu Yonghao, was a member of the standing committee of the national CPPCC as early as 1998, and two other private entrepreneurs, Xu Guanchen and Yin Mingshan, were deputy chairs of provincial-level CPPCCs in 2003. So far no entrepreneur has been selected to serve in the standing committee of the national PC, or even appointed to the position of deputy director of a provincial-level PC. Two private entrepreneurs, Zhou Haihong and Zhang Dazhong, made history by becoming the first two entrepreneur members of the standing committees of two provincial PCs in 2008, almost 15 years later than private entrepreneurs first served as members of standing committees of provincial CPPCCs. Given these circumstances, I pose a question (Q1) to test in this article:

Q1. Is there any difference in the factors that influence individual private entrepreneurs to become either PC representatives or CPPCC members?

There are currently five administrative levels in China: national, provincial, prefecture, county and township. The prefecture-level cities (municipal-level for some writers) in China are so large that they are not cities in the traditional sense of the word at all. In addition, the county is a smaller region falling between the prefecture and township levels. Previous research has noted that China's politics at the county and township levels has many unique features, especially given that private enterprise at these levels is mainly family business intertwined with kinship networks (Peng 2004) or run by so-called peasant entrepreneurs (Fan et al. 1996). Considering the organisational hierarchy of the PC and the CPPCC, this article aims to discover whether there is a difference between the township and county levels and the prefecture, provincial and national levels with regard to CPPCC and PC membership. Concretely speaking, for both the PC and the CPPCC, the analysis will result in two pairs of comparisons:

Q2. PC representatives at township and county levels versus ordinary private entrepreneurs;

Q3. PC representatives at prefecture, provincial and national levels versus ordinary private entrepreneurs;

Q4. CPPCC members at township and county levels versus ordinary private entrepreneurs; and

Q5. CPPCC members at prefecture, provincial and national levels versus ordinary private entrepreneurs.

It is widely believed that the party-state's logic for selecting candidates to be PC representatives is different from that of selecting CPPCC members, though in some other aspects the logic does share similar features (e.g., the leading role of the party

committee). Additionally, the empirical evidence suggests there could be a difference between organisational hierarchies. Therefore, the question now becomes: as far as the capitalist class is concerned, which factors could potentially influence the selection of an individual as either a PC representative or a CPPCC member?

A widely made argument is that selection is a ‘money game’, that is, entrepreneurs’ fortunes have a positive effect on their political participation (Choi and Zhou 2001). The shared goal of economic growth has led to the formation of a local coalition between cadres and entrepreneurs, which in turn fuels rent-seeking behaviour and political patronisation. But whether economic ability is the only, or most, significant factor in the screening of private entrepreneurs into CPPCC and PC is questionable. In fact, some case studies of local politics have demonstrated that the most politically notable private entrepreneurs are not always those who achieve the greatest economic success (Zhang 2004). Accordingly, I propose the following hypothesis (H1):

H1: An entrepreneur’s likelihood of being a PC representative or CPPCC member is positively related to his or her economic ability, but its significance is far from dominant.

Many other scholars highlight the importance of political reliability or conformity, particularly in terms of CCP membership, in building political connections with the government. A large number of articles, however, take the party, PC or CPPCC membership of private entrepreneurs as independent variables to reveal the positive or negative effect of membership on the performance of their firms (Nee and Oppen 2009), financial support from state banks (Li et al. 2008) and corporation evaluation on the stock market (Fan et al. 2007; Luo and Tang 2009; Wu et al. 2008). Only a small amount of available literature treats CPPCC and PC membership as dependent variables. Another article (Li et al. 2006), using the Chinese Private Entrepreneur Survey 2002, suggests that an entrepreneur’s likelihood of political participation increases with his or her political capital, in particular when the entrepreneur is a party member and/or a former public firm manager.

CCP membership is clearly important, but two useful sub-categories can be distinguished: one is that of the ‘senior CCP members’ who entered the party before running their own private businesses; those who did not join the party until running their own private businesses are ‘junior CCP members’. Existing research has pointed out that the majority of senior CCP members had experience in party-state organs and/or state enterprise, while almost all the junior CCP members were business people who had later achieved party membership (Chen 2006; Zhang 2008). These differences will be detailed in the next section. Right now it should be noted that senior CCP members are usually regarded as having longer and wider connections with their former comrades in the party-state. Therefore, we have:

H2.1: Private entrepreneurs who are members of the CCP are more likely to be selected as PC representatives; specifically, senior CCP members when the prefecture-above level is concerned.

CPPCC membership is not included in H2.1 because of differences in the appointment process for PC representatives. The PC as a legislative body has a preference for ruling party membership. In contrast, as an advisory body for the United Front, the CPPCC distributes its seats on the basis of negotiation among defined socio-political groups. As one author accurately comments, most CPPCC members are the

‘beneficiaries of political affirmative action’ (Zhang 2004) through which the minority parties can have a certain proportion of seats in the CPPCC system. In other words, the CCP has a much smaller representation in the CPPCC than in the PC. As detailed in the next section, the minority parties in China are labelled ‘satellite parties’. Therefore, the next hypothesis is:

H2.2: Private entrepreneurs who are members of satellite parties are more likely to be selected as CPPCC members, though CCP membership can still play a weak but significant role.

Membership in both the CCP and in the satellite parties is about belonging to a political party. Another organ that indicates perceived political reliability that cannot be ignored is the local FIC system. The FIC is a semi-party-state system that acts as a bridge between the private sector and the government by representing economic elites. The FIC itself constitutes a ‘defined group’ in the CPPCC system, which is mainly composed of private entrepreneurs, mingling with party officials working for the FIC. Thus it plays an important role in nominating candidates for the CPPCC at various administrative levels. Additionally, local party organs usually consult with the FIC on candidates for the PC if private entrepreneurs are selected, and FIC leaders prefer to recommend their members. The importance of the FIC’s endorsement leads to H2.3:

H2.3: FIC membership contributes positively to the likelihood of a private entrepreneur having a seat in either CPPCC or PC systems at county-township and prefecture-above administrative levels.

In addition to economic and political factors, some scholars emphasise that shouldering social responsibility is a useful way to gain political access and social status. For example, using the Chinese Private Entrepreneur Survey 1995, Ma and Parish (2006) suggested that heading into at least the 1990s Chinese private entrepreneurs donated generously to government welfare projects, and in exchange gained appointments in local PCs. The authors described this as a ‘Tocqueville special moment’, which refers to the late eighteenth century, when a newly emerging French business class offered monetary payments for charity in exchange for honorary offices. This tradition is actually rooted in Chinese history, as I will discuss in the conclusion, but the ‘Tocqueville moment’ reveals the importance of a re-emerging spirit under economic dynamics. Another article using the Chinese Private Entrepreneur Survey 2006 also concludes that political participation, measured by CCP, PC and CPPCC membership, is positively related to private enterprises’ philanthropy (Liang et al. 2009). In fact, not only charities but also other forms of social responsibility are given increasing credibility in promoting individual private entrepreneurs’ social image and political honours. In this study, given the information that the data set can provide, one variable is added, and combined with the amount of charity, as a measure of corporate social responsibility: that is, whether the owner’s company has gained one of the listed certifications of product qualities in the survey. Some people might think that obtaining certificates of quality could be a purely business and self-interest behaviour, since firms may seek to establish good reputations among consumers. Various institutes already widely use certification as an important indicator to test corporate social responsibility in that, at the objective level, a firm

with certification indeed shoulders more responsibilities to the wider society. Based on the considerations above, I present a third set of hypotheses:

H3.1: An increase of the amount of charity donations increases the likelihood of private entrepreneurs having a seat in both CPPCC and PC systems at county-township and prefecture-above administrative levels.

H3.2: Having certification of product quality contributes positively to the likelihood of private entrepreneurs having a seat in both the CPPCC and PC systems at county-township and prefecture-above administrative levels.

I also consider several demographic variables: age, gender, years in private business and education. Since being both regular CPPCC and PC members are not day-to-day jobs but purely honorary, age (and health condition, though this cannot be measured) is not usually a considerable factor. Moreover, it is widely believed that, though generally disadvantaged in politics, females have an ironic advantage in ‘rubber-stamp politics’ in China. For example, outstanding women from certain groups (such as the arts and sciences) are institutionally awarded with political honours. It could thus be argued that gender is a significant factor for businesswomen in the PC and CPPC. On the other hand, the hard reality is that the business world in China continues to be dominated by men. Therefore, whether gender has any impact in the PC and CPPC selection for businesswomen needs testing. Given the low percentage of women in my sample, I propose the following hypothesis:

H4.1: Age, gender and years in private business do not have statistical significance for the likelihood of private entrepreneurs obtaining a seat in either CPPCC or PC systems at county-township and prefecture-above administrative levels.

The role of education, however, should be considered. Historically, the average education level of Chinese private entrepreneurs was extremely low, but this situation has considerably improved since the late 1990s. Scholars believe that the need for higher-education certification has increased, leading to the following hypothesis:

H4.2: Having higher education contributes positively to the likelihood of having a seat in either CPPCC or PC systems; specifically, the prefecture-above level has a higher standard than the county-township level.

Research design

Data

The statistical data in this article come from the Chinese Private Entrepreneur Survey, which is jointly sponsored and funded by the United Front Department of the Chinese Communist Party (UFD–CCP), the ACFIC, the State Administration for Industry and Commerce (SAIC), and the Research Association of Chinese Private Economy. The UFD–CCP is a party organ, the SAIC is the ministry of the Chinese central government with which all private businesses must be registered, and both the ACFIC and the SAIC have party-state backgrounds.

What makes this survey particularly valuable is that it alone collects systematic information on both the economic and the socio-political conditions of Chinese

private entrepreneurs at the national level. In addition, this survey has been conducted every two years since 1993 and thus provides a dynamic pool for chronological comparison. This data set is publicly available. All scholars, Chinese or Western, can purchase the data (albeit not the most up-to-date version), at least from the Chinese University of Hong Kong. Only data collected in 2008 are used in this article, since the most up-to-date data were still not available during the writing period.

Dependent variables

In the 2008 survey, the respondents were first asked whether they were PC representatives at the township, county, prefecture, provincial or national level, or not representatives at all. They were then asked about being CPPCC members, though without the option of the township level. Note that neither is a multiple-choice question, so the respondents were expected to name their highest level.

In this study, the membership of the CPPCC and PC was divided into three exhaustive categories: the county-township membership (CTM), the prefecture-above membership (PAM) and OCs. Consider the PC, for example, where there are three levels in the model to compare: (1) CTM, which is composed of the levels of county and township, and (2) PAM (the prefecture, province and national levels are compiled into this category); (3) OCs.

Similarly, for the CPPCC, there are the following three categories as dependent variables: (1) county membership (CM), (2) PAM and (3) OCs. There is a twist to the CM category: the township-level membership of the CPPCC in the 2008 survey was not described in Article 40 of the CPPCC charter, which calls for the county to be the smallest unit of representation. Thus, only the county level is labelled here.

Independent variables

Summary measures of independent variables, as well as the dependent variables above, are presented in [Table 1](#). There are 10 independent variables in this study.

Table 1. Definitions of variables

Variable names	Definitions
<i>Dependent variables</i>	
PC member	1 if county-township level, 2 if prefecture-above level, 3 if other
CPPCC member	1 if county level, 2 if prefecture-above level, 3 if other
<i>Independent variables</i>	
Years in business	Years of running private enterprises
Employee number	Number of persons employed in 2007 in total
Turnover	Total amount of RMB in 2007 as turnover (10,000 RMB)
Charity	Total amount of RMB donated to charity since opening the private business (10,000 RMB)
Age	How old the respondent was in 2008
Political party membership	1 if senior CCP, 2 if junior CCP, 3 if satellite party, 4 if other
FIC	1 if a member of FIC, 0 if other
Education	1 if postgraduate, 2 if college, 3 if high school and below
Sex	1 if female, 0 if male
Certification	1 if has any certification, 0 if not

They can be categorised in four dimensions: political reliability (variables 1 and 2), economic ability (variables 3 and 4), social responsibility (variables 5 and 6) and demographic features (variables 7 through 10).

Political party membership is measured in four categories. The first consists of senior members who entered the party prior to the opening or privatising of the respondents' own private businesses. In the 2008 survey, for those private entrepreneurs who gained their ownership through the 'restructuring' of state or collective-owned companies, one question is designed to ask the time of *gaizhi*¹; the remaining respondents were asked when they had opened their private businesses. Since their time of entry into the CCP is known, a variable is computed to indicate whether an individual entered the party before or after starting his or her own business. The second category of political party membership is that of 'junior CCP', that is, CCP members who entered the party after the opening or privatisation of the respondents' businesses. Third is membership of satellite parties, a term referring to the eight anomalous organisations officially known as 'democratic parties and groups' in China (*minzhu dang-pai*). However, I am unable to distinguish those who entered satellite parties before and after the establishment of their private businesses because the information is not available in the survey. It is known from many journalist reports that most are persuaded by local cadres *after* their businesses have developed. The fourth category of political party membership is the 'masses' (*qunzhong*).

FIC membership is used to indicate whether the respondent is a member of the FIC. The FIC is set up with the same administrative levels as the CPPCC and PC, but this information was not collected in the 2008 survey. Thus it is a dichotomous variable where 0 indicates No and 1 indicates Yes.

Number of employees as of 2007: Some might doubt whether this variable can be used here because it is an attribute of the firm rather than the owner. However, to a large extent, the features of Chinese firms are closely connected to the characteristics of their owners, particularly given that most owners also control their businesses as managers (Chen et al. 2006). Also, none of the respondents came from the same enterprise. Therefore double-counting is not a problem.²

Turnover: The survey collected information on the turnover of individual respondents' enterprises in 2007, measured in 10,000 RMB (where 1 RMB \approx 0.2 Australian dollars in January 2014).

Charity is measured by the amount of spending for charities since the establishment of the private business (10,000 RMB).

Certification is used to indicate whether an enterprise has gained one of the following certifications: ISO9000, China Commission for Conformity Certification of Electrical Equipment, Underwriters Laboratories Inc. and Quality Safety. This is, of course, not an ideal indicator for corporate responsibility. Given the availability of the data set, however, this variable provides an angle for us to observe whether a certain enterprise values product quality. To some extent, it is a part of an enterprise's

¹*Gaizhi* can be roughly understood as a Chinese euphemism for the process of privatising state-owned or collective-owned enterprises during the 1990s, under which managers could acquire their firms at a price that was based on recent profitability.

²It has to be conceded that for different industries, the number of employees in theory has different 'socio-political' impact for political selection. But in the survey, the question on industry is multiple choice without a ranking. Considering the widely used diversification strategy for Chinese companies, I have to abandon this indicator.

Table 2. Descriptive statistics of dependent and independent variables in the PC model, the CPPCC model and the sample

		PC		CPPCC	
		N	Marginal percentage	N	Marginal percentage
<i>Dependent variables</i>	Categories				
PC or CPPCC membership	County-township for PC (County for CPPCC)	102	12.0%	110	13.1%
	Prefecture-above	58	6.8%	50	6.0%
	Ordinary	690	81.2%	680	81.0%
<i>Independent variables</i>	Categories				
Political party membership	Senior CCP	232	27.3%	224	26.7%
	Junior CCP	27	3.2%	26	3.1%
	Satellite party	28	3.3%	34	4.0%
	Masses	563	66.2%	556	66.2%
FIC membership	Yes	291	34.2%	297	35.4%
	No	559	65.8%	543	64.6%
Education	Postgraduate	93	10.9%	95	11.3%
	College	421	49.5%	414	49.3%
	High school and below	336	39.5%	331	39.4%
Sex	Female	160	18.8%	154	18.3%
	Male	690	81.2%	686	81.7%
Certification	Yes	279	32.8%	266	31.7%
	No	571	67.2%	574	68.3%
Valid		850	100.0%	840	100.0%
Missing		843		853	
Total		1693		1693	
Subpopulation		847 ^a		835 ^a	
	Observations	Min	Max	Mean	SD
Employee number	1625	10	6167	85.17	314.554
Turnover	1566	0.2	118929	2701.82	9443.8913
Charity	1583	0	8666	27.1172	239.64421
Age	1687	21	84	44.14	8.865
Years in business	1693	2	25	6.33	3.829

^aThe dependent variable has only one value observed in 847 (100.0%) subpopulations.

social responsibility and many indicator indexes for corporate social responsibilities contain this one for that reason.

Education is measured in three categories: high school and below, college level and postgraduate level. Here, college level includes junior college (*dazhuan*), a two- or three-year community college-like education not resulting in a bachelor's degree.

Sex is a dichotomous variable with female and male.

Age in 2008: We can see from [Table 2](#) that the youngest respondent is 21, while the oldest is 84. In China, the legal age of 'being elected' to the PC is 18, while there are no written rules on the maximum age of CPPCC and PC members. Some hold the position until death.

Years in business means the years of running private businesses, which was measured as the year 2008 minus the year in which the respondent started to run

his or her business, whether as an identified owner or as the boss of ‘collective enterprises’ wearing the ‘red hat’.

Methods

The basic strategy of analysis for these two dependent variables is to conduct a multinomial logistic regression. The reason for using a multinomial logistic regression instead of an ordinal regression is simple: we cannot make an ‘order’. Being a PC representative is generally regarded as a more glorious title than membership in the CPPCC, but this only applies to regular PC representatives, as opposed to regular CPPCC members. Once a CPPCC member serves as a member of the standing committee or even as a deputy chair at the same time, his or her political status will be considered higher than a regular PC member at the same administrative level. We have no information from the data set on whether a certain respondent is on the standing committee.

Results

Descriptive results

Table 2 shows the descriptive statistics of dependent and independent variables in the PC model, the CPPCC model and the sample. In the data set, the entrepreneurs had, on average, more than six years’ management experience. More than 80 per cent are male. The turnover gap is quite large, with the minimum of 20,000 RMB (about US \$2800) ranging up to 1,189,290,000 RMB (about US\$16,650,060). Their sizes range from individual household businesses employing 10 persons to large-scale enterprises with up to 6167 employees.

First, for both county-township level and prefecture-above levels, the membership of CPPCC and PC is a precious asset. Of the respondents, 690 (81.2 per cent) had never been elected as representatives to the PC, and 680 (81 per cent) had never been members of the CPPCC. As for the chosen capitalists, who became members of CPPCC and PC the prefecture-above opportunity was even rarer than the county-township: 102 and 58 respondents were PC representatives at the county-township levels and prefecture-above levels, respectively, occupying 12 and 6.8 per cent of the total cases brought into the analysis. As far as CPPCC membership is concerned, there were 110 (13.1 per cent) at the county level and 50 respondents (6 per cent) at the prefecture-above levels. In fact, further analysis found that within the prefecture-above levels, provincial- and national-level membership was even rarer: for the PC system, these two levels are 1.1 and 0.3 per cent, respectively; for the CPPCC system, these figures are 1.4 and 0.1 per cent.

Second, a large proportion of the surveyed respondents were CCP members: 30.5 per cent for the PC model and 29.8 per cent for the CPPCC model. However, the proportion of junior CCP members, that is, those respondents who entered the party after opening or privatising their own businesses, was small: merely 3.1 and 3.2 per cent in the CPPCC and PC models, respectively. Further analysis reveals that 68.6 per cent of junior CCP members entered the party after 2001, but it can still be argued that in general private entrepreneurs do not show great enthusiasm for joining the party, merely occupying 11.5 per cent of total CCP members. This fact counters the speculation of the public press: when capitalists were officially allowed to enter the party in

1998, many reporters and commentators expected that there would be a flood of joiners. Actually, previous researchers (Chen 2006; Zhang 2008) have noted that most Chinese private entrepreneurs with CCP membership are senior and the majority of them have experience working in state-background organs, as former employees of state-owned or collective enterprises, for example.

Finally, some technical issues should be discussed here. Table 2 indicates that for membership in either the PC or the CPPCC, there were a large number of missing cases: 843 and 840, respectively. In other words, the valid number of samples who had all information needed in both models is 850 and 840. The conclusion from the article therefore might have some sample selection bias and a deduction to the total should be cautious, and tested by a better data set if possible. On the other hand, my speculation, based on my experience in fieldwork, is that most respondents did not answer questions about their political status because they had participated in neither the PC nor the CPPCC, because the questionnaire does not give respondents without a membership an option to fill in. The possibility that they had other concerns about privacy and security, however, cannot be ruled out. The missing cases have therefore been left as they are.

The large number of missing cases does not jeopardise the minimum sample size requirement for multinomial logistic regression, that is, 15–20 (or even 30–50) cases per independent variable. For the PC and the CPPCC memberships, the data set has 850 and 840 cases, respectively, and 10 independent variables. So the ratio is 85 to 1 and 84 to 1, per organisation, well in excess of the requirement.

Regression results

We start the analysis with a multinomial logistic regression, which tests only membership in the PC (model 1). Then membership in the CPPCC is added to the analysis (model 2). In both models, chi-square value has significance at 0.0001, so we conclude that there is a significant relationship between the dependent variable and the set of independent variables. Additionally, none of the B coefficients or the standard errors is excessively large, so there is no evidence of a numeric problem with this analysis.

Table 3 confirms H1 that economic ability, measured as ‘Employee Number’ and ‘Turnover’ in this study, only plays a role as a threshold in the member selection for both the PC and the CPPCC. These variables’ statistical significance in the four regression equations is quite weak on most occasions ($p < 0.05$ and even $p < 0.1$), and sometimes does not exist (e.g., for CPPCC members on the prefecture-above level, the number of employees does not show significance).

The variables of political reliability are what make significant contributions. In H2.3, I theorised that membership in the FIC plays a formidable role in the selection of CPPCC and PC members. Table 3 shows that this is indeed the case: in both model 1 and model 2, being an FIC member significantly increases the likelihood of being a PC or a CPPCC member at both county-township and prefecture-above levels, about 3.3, 3.8, 11.0 and 4.1 times in the county-township PC, prefecture-above PC, county CPPCC and prefecture-above CPPCC levels, respectively. This echoes a similar result found by Dickson (2007).

The influence of political party membership, however, fails to show a consistent effect. The variables that have a statistically significant relationship to distinguishing county-township PC representatives from the OCs in the first regression equation are

Table 3. Multinomial logit regressions examining the determinants of 'House' membership of private entrepreneurs

Independent variables	Model 1 PC representative				Model 2 CPPCC member				
	County-township PC versus OCs		Prefecture-above PC versus OCs		County CPPCC versus OCs		Prefecture-above CPPCC versus OCs		
	B	Exp(B)	B	Exp(B)	B	Exp(B)	B	Exp(B)	
Intercept	-3.902		-6.034		-4.858		-6.512		
Years in business	0.017	1.017	0.037	1.038	0.036	1.037	0.147	1.158	
Number of employees	0.001*	1.001	0.001*	1.001	-0.002*	0.998	0.000	1.000	
Turnover	0.000 [†]	1.000	0.000 [†]	1.000	0.000	1.000	0.000 [†]	1.000	
Charity	0.002*	1.002	0.003**	1.003	0.000	0.999	0.000	1.000	
Age	0.008	1.008	0.009	1.009	0.015	1.015	0.023	1.023	
Political party membership (rf: the masses)	Senior CCP	1.222***	3.393	0.916**	2.498	0.644*	1.904	0.317	1.374
	Junior CCP	2.082***	8.021	-19.762	2.614E-9	0.923 [†]	2.516	0.436	1.547
	Satellite party	0.966 [†]	2.629	-0.100	0.905	2.039***	7.686	2.604***	13.512
FIC (rf: No)	Yes	1.172***	3.229	1.330***	3.781	2.401***	11.037	1.408***	4.087
	Education (rf: high school or below)	Postgraduate	-0.344	0.709	1.778***	5.916	0.877*	2.404	1.586**
	College	-0.079	0.924	1.166*	3.209	0.755**	2.128	0.171	1.186
Sex (rf: male)	Female	-0.194	0.824	-0.257	0.773	-0.502	0.606	-0.539	0.583
Certification (rf: no)	Yes	0.540*	1.716	1.049**	2.856	0.327	1.387	0.618	1.856
-2 log-likelihood				755.487			740.336		
Nagelkerke pseudo R^2				0.395			0.399		

Note: Overall percentage predicted for model 1 82.5%, model 2 81.3%.

* $p < 0.05$.

** $p < 0.01$.

*** $p < 0.001$.

[†] $p < 0.1$.

senior CCP, junior CCP and satellite-party membership, though the significant level for satellite parties ($p < 0.1$) can be ignored if a higher standard is insisted. Concretely speaking, entering the CCP prior to opening a private business made an entrepreneur about 3.4 times more likely to be selected to the PC at the county-township levels over an ordinary private business person, and entering the CCP after running his or her own private business increases the likelihood of being chosen by about eight times. In the second regression equation, being a senior CCP member increased the likelihood that a private entrepreneur would be chosen to the prefecture-above PC level about 2.5 times. Two changes, however, occurred: junior CCP and satellite party memberships lost their significance. These findings together confirm the hypothesis that CCP membership matters in the screening of PC representatives (H2.1). In particular, senior CCP members, who usually have longer connections with local cadres, have more advantages at the higher level (H2.1).

In contrast, satellite-party membership plays a significant role in selecting CPPCC members at both county-township and prefecture-above levels, while CCP membership merely has weak significance at the county level. This again reaffirms Dickson's finding (2007) in a survey conducted in eight counties in 2005. Actually, as the third and the fourth regression equations in this article indicate, a satellite-party member has a great advantage in the CPPCC screening; he or she is 7.7 and 13.5 times more likely to be chosen than those who are not at the county and the prefecture-above levels, respectively. This was predicted in H2.2 on the grounds that the CPPCC, as an advisory body, puts a premium on its role as part of the United Front, through which the ruling party unites all other socio-political groups, including the eight satellite parties, to negotiate their stances and achieve political consensus.

In addition to satellite party membership, charity and certification are two other variables helpful in highlighting the difference between the CPPCC and PC models. Charity and certification show a positive relationship with PC membership in model 1: for each unit increase in charity amount the odds increased by 0.2 and 0.3 per cent on county-township and prefecture-above levels, respectively. Having any certification increased the likelihood that a private entrepreneur would be chosen to the county-township and prefecture-above levels PC by approximately 71 and 185 per cent. On the other hand, neither charity nor certification is statistically significant in model 2, thereby partly refuting H3. This unexpected result, however, does support the argument that the CPPCC has a weaker emphasis on social responsibility than the PC.

Furthermore, Table 3 also makes clear that three major demographic features, age, years in business and sex do not have a significant influence on the chosen capitalists in either of the models, thereby supporting H4.1. The positive role of education level, however, is supported, though having a postgraduate or a college degree contributes significantly in PC selection at the prefecture-above levels only, increasing the likelihood by about six and three times, respectively. Table 3 shows that having a postgraduate or college degree increases the likelihood that a private entrepreneur would be chosen to be in the county-level CPPCC by about 2.4 and 2.1 times, respectively. In addition, having a postgraduate degree made a capitalist about five times more likely to be chosen for the prefecture-above levels of the CPPCC. As explained in the last section on H4.2, the CPPCC system has a long-term preference for elite candidates with college degrees because of its role in the history of the United Front.

Conclusions

These findings can help us understand the similar and different dimensions of the CPPCC and PC systems in terms of selecting members from the private entrepreneur class. The role of economic ability cannot be over-estimated as a money game, but it is an indispensable factor influencing the odds as a threshold. Politically, the results of the analyses shed light on the importance of perceived political reliability in the screening of CPPCC and PC members, but the two bodies have different preferences for CCP and satellite party members based on their role and history: the CCP as the ruling party should dominate the PC, while members of satellite parties can occupy a large number of seats in the CPPCC. Socially, the PC system emphasises charity and certification, while the CPPCC system puts considerable emphasis on level of education.

Some differences also emerge between the two composite administrative levels. For example, the PC system requires a higher level of CCP membership at the prefecture-above level, where only senior CCP members show statistical significance. Additionally, unlike their effect at the county-township levels, college and postgraduate education levels have significant impact on the prefecture-above levels of PC membership. Similarly, only postgraduate-level education shows statistical significance on the prefecture-above levels of the CPPCC. These differences, of course, are much less systematic than the differences between the members of the CPPCC and PC.

Naturally, this article constitutes exploratory research only. The logic behind selecting candidates from the party-state side is beyond the boundaries of my inquiry. For example, as mentioned before, it is mainly the Organisation Department of the CCP that decides the nomination for PC, while the United Front Organisation for the CCP for CPPCC. Future mechanism-based qualitative research that includes detailed interviews with political cadres can help us to understand the party-state's calculations in the selection process. In regard to the choice of entrepreneurs, it should also be noted that, to some extent, the most important factors in granting private businesspeople membership to either the PC or the CPPCC cannot be measured, such as personal connections with local cadres and real political willingness.

Additionally, any causal explanation should be made cautiously, particularly given that the timeframe for the research was not included in the data. For example, charity is measured by the amount of spending in charities since the establishment of the private business. Thus, we actually have no notion of the distribution of charity spending before and after the firm obtained PC/CPPCC membership. Hopefully, a follow-up national survey will provide more data than the one analysed here, allowing for a more thorough analysis.

Based on those empirical results above, however, I have coined the term 'wealthy-gentry politics' in this article to conceptualise the logic of selecting private entrepreneurs for the CPPCC and PC. 'Wealthy gentry' (*caishen*) is not a new term in Chinese. It generally referred to the estate of rich merchants of the gentry class. It has been widely accepted that the concept of the gentry, who are called *shenshi* or *shenjin* in Chinese, is extremely important in understanding imperial China. Initially, the Chinese gentry was defined as the class, mostly landowners, that was made up of retired officials or their families and descendants (Chang 1955). Under the Confucian class system, theoretically, there are four

occupational categories: the scholar-official at the top, with farmers, artisans and merchants below them in descending order. Since the next highest class was agricultural, scholar-officials retired to landed estates, hiring peasants as tenant farmers. In other words, these landed lords might not be merchants, but they generally were wealthy, and they were expected to be models or pillars of their community, as Confucian gentlemen. Also, sons of mandarins aspired to pass the imperial exams, sometimes through bribery, to ascend to the scholar-bureaucrat class, and financially desperate gentry sometimes married into merchant families. Particularly in the late Qing dynasty (1860s–1910s), high officials with support from local elites launched a campaign to run state businesses and some wealthy merchants were rewarded with political titles, that is, ‘red-hat merchants’ (Pearson 1997). This is how the word ‘wealthy gentry’ is used in the Chinese context.

In summary, the gentry class, as the rich members of the ruling class, played a formidable role in stabilising Chinese society, and as a class it was intertwined with and rewarded by the state. The gentry in rural areas were generally non-commercial (Fei 1946), but the gentry in urban areas had a tradition of participating in business in a variety of ways, particularly after the 1860s. In either case, a good social image was expected for the gentry, achieved by donating money to schools and public organisations, protecting the community and so on, though some wealthy gentry were also compradors or predators.

The term ‘wealthy-gentry politics’ is therefore used in this article to indicate that private entrepreneurs, in order to obtain political titles, are now increasingly expected to shoulder their social responsibilities, particularly at higher levels: in other words, not only getting rich, but also behaving like gentry. Therefore, this article proposes questions to test whether good social image, in terms of charity, certification of products and higher education, is related to political honours like CPPCC and PC membership. It finds that economic and political factors matter, but social factors also play a not inconsiderable role. This result implies that private entrepreneurs becoming members of the CPPCC and PC might not simply reflect clientelism – it could be related to the establishment of a new gentry class in Chinese society.

Such a development would be an interesting, and ironic, formation of a new social force, considering the attitudes towards the gentry in the revolutionary era. In the wake of the New Culture movement during the 1920s, radicals started to use the term to criticise landowners as feudal. Mao Zedong led the way in attacking ‘bad gentry and local bullies’ for exploitation. After the People’s Republic of China was established, many members of the landed gentry and scholar gentry were executed, punished or stigmatised by class-struggle trials, and the class as a whole disappeared. Things have been changing since the 1980s, when the party-state began to build capitalism, and particularly since the early 2000s, when the ideas of Confucius were reintroduced into the official ideology. As a result, the power of the gentry has revived in the economic arena, particularly in some provinces that have strong business traditions (Zhang 2004).

As Goodman (2008) has found, family background – the extent to which the new economic elites have parents in the party-state and grandparents in the pre-1949 ruling class – has had a significant impact on the emergence of the economic elites in terms of both individual behaviour and spirit. History might not duplicate itself, but whether the ‘wealth-gentry politics’ can continue is an open question worthy of further observation. It eventually hinges on when and how a progressive social

movement and democratisation process may occur in China, especially if the emerging gentry-wealthy people can play constructive roles.

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