

*New Generation, New Path: Industrial Restructuring Led by China's “Notorious” Fuerdai Generation**

Shengjun Zhu, Tu Lan, and Canfei He

Abstract

While “the second generation of the rich” (富二代 *Fuerdai*) has received plenty of attention and criticism in modern China, this article pays attention to the ways in which they are stepping up to play a key role in China's economy as they hit their 20s and 30s. We are particularly interested in the roles played by the *Fuerdai* in the process of industrial restructuring and the ways in which China's coastal clusters have been evolving with the formation of a new generation of entrepreneurs. This article examines a specific apparel cluster in Ningbo, China. It compares two types of enterprises through the lenses of three categories—political, functional, and cognitive lock-in—to understand the ways in which the *Fuerdai* is bringing new life into the local cluster. We show that the

Shengjun Zhu is Assistant Professor in the College of Urban and Environmental Sciences, Peking University, China.

Tu Lan is Assistant Professor in the Department of Geography, University of New Hampshire, USA. Correspondence should be sent to: tu.lan@unh.edu.

Canfei He is Professor in the College of Urban and Environmental Sciences, Peking University, China.

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new-style enterprises, created by the succession of a new generation, often display more openness, and therefore features of cognitive, functional, and political lock-in may be broken.

Deng Xiaoping famously said “to get rich is glorious,” signifying a break from the socialist, Maoist early days of modern China. This new tenet was taken to heart by Chinese people, and the country saw its wealth grow at an unprecedented rate. Driven by the combination of internal reforms and international demand, China’s average annual GDP growth rate has been around 9.8 percent, and exports increased by 12.4 percent annually in the 1990s and by more than 20 percent in the 2000s before the global financial tsunami hit in 2008. As a result of the unimaginable economic growth, China is now home to 157 billionaires, and reports have predicted the number of millionaires will reach two million by 2018.¹ The remarkable growth in the number of wealthy individuals in China — a country that teetered on the edge of financial ruin four decades ago — has changed the face of modern China, giving rise to a whole new social group: “the second generation of the rich” (富二代 *Fuerdai*), a generation of individuals born in the 1980s who grew up with a silver spoon in their mouth.

While the Chinese nouveau riche of the early years of China’s reform era (“the first generation of the rich” (富一代 *Fuyidai*) reached their socioeconomic position through their own initiatives and efforts, their sons and daughters often enjoy a comfortable lifestyle and have a much easier and obstacle-free life path. These newcomers have often been considered as extremely spoiled, unmannered, and materialistic who obnoxiously spend their parents’ money on luxury goods, supercars, parties, gambling, and drugs and flaunt their lifestyle and wealth, and therefore have received plenty of attention and criticism in modern China. However, this article focuses on the ways in which they are stepping up to play a key role in China’s economy as they hit their 20s and 30s. More than just rich children, this social group could have monumental effects on China’s industrial restructuring since the early 2000s.²

The rise of China as the “world factory” since the 1980s has been driven largely by global sourcing practices intent on capturing the cost advantages of a development model predicated, in part, on unskilled or semiskilled migratory labor flows linking inland labor pools to coastal production sites.³ The apparel industry exemplifies this export-oriented