The Horatio Alger Myth in China: Origins of the First Generation of Visibly Richest Chinese Private Entrepreneurs

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This article traces the socio-economic origins of the first generation of the visibly richest private entrepreneurs in China by analysing the roles of political background, family connections and culture capital. Based on a data set essentially reconstructed from two leading Chinese rich lists from 2003 to 2012, the author finds no clear evidence to support the hypothesis of "strong political capitalism". The theory of "interrupted embourgeoisement" is applicable to those who come from pre-communist elite or petty-bourgeois families, but more than half of the rich founders were born into the lower-middle class, such as the urban working class or peasantry. Moreover, for those who majored in social sciences and humanities, having a college degree is considered a ticket for landing a job in a public institute early in their career, while those having credentials in sciences and engineering are more likely to start their business in relevant areas directly. The author concludes that although each factor is vital, none of these provides a satisfactory single explanation for individual super-wealth. There is also a significant distinction between pioneers (early adopters) and newcomers (the recently established entrepreneurs).

INTRODUCTION: THE HORATIO ALGER MYTH

Over three decades of economic growth in China have seen the emergence of a substantial "new economic elite". In *Forbes* 2010 global rich list, China was ranked second, only behind the United States. Public opinion is clearly divided over the phenomenon of the new rich. Some see the nouveaux riches as products of crony capitalism; others credit their success to the very spirit of capitalism, entailing values such as hard work and thrift. Systematic research on the extremely wealthy is still lacking, although there is already considerable research on the more ordinary rich new

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economic elites in China.[1] The social origin of the super-rich therefore still remains obscure. The evidence from a study of the visibly wealthiest entrepreneurs, a term to be discussed in detail below, is that their careers, motivations and progress have been mixed. The ingredients of their success may include happenstance in addition to rags to riches stories, the use of political connections, and family histories of wealth and business development.

Universally, the very wealthy often describe their self-made success stories as similar to the rags to riches stories made popular by Horatio Alger in the United States during the mid to late 19th century. However, many scholars, especially historians and sociologists, have written outstanding work revealing some of the more complicated realities behind these stories.[2] Yet the emergence of Chinese new economic elites presents something empirically and theoretically new. On the empirical side, these richest Chinese private entrepreneurs emerged from a state-socialist economy system that had barely any private property. Theoretically, it echoes an intriguing question posed by Iván Szélényi and his colleagues in their call for a "neo-classical sociology"—i.e. studies of the origins and formations of a capitalist or entrepreneurial class under post-communism that provide unique clues to the making of capitalism.[3] Essentially, there are three or four possible explanations of the ways in which a new bourgeoisie might be generated through reliance on political, human or social capital. This article examines the likelihood of each and their interactions.

The origin of private entrepreneurs in today's China is most often attributed to political connections that came with state socialism. There are in fact two versions of "political capitalism theory", depending on whether political capital can be directly converted into economic capital. The "weak" version insists that holders of political capital are the major beneficiaries of market transition, through various indirect

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[1] Chen Minglu, *Tiger Girls: Women and Enterprises in the People's Republic of China* (London: Routledge, 2011); Bruce Dickson, *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change* (Cambridge: Cambridge University Press, 2003); David Goodman, *The New Rich in China: Future Rulers, Present Lives* (London: Routledge, 2008); Scott Kennedy, *The Business of Lobbying in China* (Cambridge, MA: Harvard University Press, 2008); Margaret Pearson, *China's New Business Elite: The Political Consequences of Economic Reform* (Oakland, CA: University of California Press, 1997); Kellee Tsai, *Capitalism without Democracy: The Private Sector in Contemporary China* (Ithaca, NY: Cornell University Press, 2007); and David Wank, *Commodifying Communism: Business, Trust, and Politics in a Chinese City* (New York: Cambridge University Press, 1998).

[2] Michael Allen, *The Founding Fortunes: A New Anatomy of the Super-Rich Families in America* (New York: Truman Talley Books, 1987); Victor Bornet, "Those 'Robber Barons'", *The Western Political Quarterly* 2, no. 6 (1953): 342–6; Hal Bridges, "The Robber Baron Concept in American History", *The Business History Review* 32, no. 1 (1958): 1–13; William Domhoff, *Who Rules America?: Power and Politics, and Social Change* (New York: McGraw-Hill, 2006); Matthew Josephson, *The Robber Barons: The Great American Capitalists, 1861–1901* (New York: Harcourt Brace Jovanovich, 1962); and William Miller, "American Historians and the Business Elite", *The Journal of Economic History* 9, no. 2 (1949): 184–208.

[3] Gil Eyal, Iván Szélényi and Eleanor Townsley, "The Utopia of Postsocialist Theory and the Ironic View of History in Neoclassical Sociology", *American Journal of Sociology* 106, no. 4 (2001): 1121–8.

mechanisms like rent-seeking and patronage.[4] The "strong" version argues that Party-state officials and managers of state-owned enterprises (SOEs) convert themselves from political elites to economic elites directly through "mass privatisation" or "management buyouts". This theory was quite popular in the late 1980s and early 1990s when market economies were just emerging in former state-socialist countries.[5] There are however problems with both explanations. Victor Nee, in particular, has argued that market transition has not led to former political elites turning their rent-seeking behaviour to advantage but that the major beneficiaries have been the direct (capitalist) producers.[6] Others have argued that political capital works to promote the enrichment of clients, to transform political capital into social or networking capital, and to connect the old to the new to post- and anti-communist political elites rather than to the simple transformation of political to economic elites.[7]

A second possible origin of the new bourgeoisie is human capital. Those with educational qualifications, backgrounds of management experience, especially in the state sector, foreign-language skills and an entrepreneurial or capitalist spirit are assumed to more likely become the new economic elite during the transition to the market from a state socialist system. Szélényi and his colleagues found that in Hungary and Poland, most of the wealthiest entrepreneurial capitalists in the mid 1990s were people who had already held managerial, sub-managerial and/or technocratic positions in SOEs during the socialist rule.[8] In China, there are already those who have observed the similar self-transformative role of education.[9]

A third possible origin of the new bourgeoisie is the role of family and intergenerational influences and support. Family traditions and narratives, marriage, financial support from relatives overseas, and even "habitus" rooted in their business "gene" are possible important factors. Szélényi's study of Hungarian peasant entrepreneurs during the 1980s highlighted the idea of "interrupted embourgeoisement"—it was

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[4] Bian Yanjie, "Chinese Social Stratification and Social Mobility", *Annual Review of Sociology* 28 (2002): 91–116; Andrew G. Walder, "Income Determination and Market Opportunity in Rural China, 1978–1996", *Journal of Comparative Economics* 30, no. 2 (2002): 354–75; Andrew G. Walder, "Elite Opportunity in Transitional Economies", *American Sociological Review* 68, no. 6 (2003): 899–916; and Wank, *Commodifying Communism*.

[5] Roman Frydman, Kenneth Murphy and Andrzej Rapaczynski. "Capitalism with a Comrade's Face", *Transition* 2, no. 2 (1996): 5–11; Elemér Hankiss, *East European Alternatives* (Oxford: Clarendon Press, 1990); and Jadwiga Staniszkis, *The Dynamics of Breakthrough* (Berkeley, CA: University of California Press, 1991).

[6] Victor Nee and Robert Matthews, "Market Transition and Societal Transformation in Reforming State Socialism", *Annual Review of Sociology* 22 (1996): 401–35; Victor Nee and Sonja Opper, "On Politicized Capitalism", in *On Capitalism*, ed. V. Nee and R. Swedberg (Princeton, NJ: Princeton University Press, 2007).

[7] Gil Eyal, Iván Szélényi and Eleanor Townsley, *Making Capitalism without Capitalists: Class Formation and Elite Struggles in Post-Communist Central Europe* (London: Verso, 1998).

[8] Eyal, Szélényi and Townsley, *Making Capitalism without Capitalists*.

[9] Li Lulu, "Institutional Transition and Change of Stratification Structure", *Social Sciences in China*, no. 6 (2002): 105–18.

families, who had been entrepreneurs before the establishment of the socialist economy and communist party rule, who were at the forefront of entrepreneurial capitalist activities after several decades despite not having been involved in business in the interim.[10] In China, it is widely believed that the earliest ventures in private business after 1978 were made by those who had lost everything in the previous decade during the Cultural Revolution. But there is also evidence that suggests the high possibility that the new economic elites had parents in the Party-state and grandparents in the pre-1949 ruling class, thus linking the importance of family narratives to individual behaviour.[11]

These three possible origin explanation are of course not exclusive, but the objective of the exercise is to understand how these factors interact at the point when the super-rich began to build their businesses. Timing is regarded as crucial in the development of state socialist economies undergoing market transition.[12] In this case, the transformation of China's economy can be divided into two major periods. The first period started in 1979 and ended in 1989. During this era, the Party-state launched its "reform and opening up" and encouraged market-oriented policies in the rural and, later, urban areas, although most SOEs were not yet thoroughly reformed. The second period began in 1992 when the central government launched its nationwide "state-owned enterprises reform", a campaign aimed essentially at privatising small state or collectively owned enterprises. This reform was so radical in some aspects that some economists labelled it as a "mini-bang".[13] A clear distinction is discerned between pioneers (who started before 1989) and newcomers (who only became entrepreneurially active after 1992) upon examining the super-rich.

IDENTIFYING THE SUPER-RICH

This study identifies the super-rich by using two major annual lists of China's wealthiest business elite: the *Hurun Rich List* and its competitor, the *Forbes Rich List*. As *Hurun* and *Forbes* started to publish their Chinese rich lists separately in 2003,[14] that year is

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[10] Iván Szélényi, *Socialist Entrepreneurs: Embourgeoisement in Rural Hungary* (Madison, WI: University of Wisconsin Press, 1988).

[11] Chen, *Tiger Girls*; David Goodman, "New Economic Elites: The Social Basis of Local Power", *China Studies*, no. 16 (2013).

[12] Ákos Róna-Tas, "The First Shall Be Last? Entrepreneurship and Communist Cadres in the Transition from Socialism", *American Journal of Sociology* 100, no. 1 (1994): 40–69; Iván Szélényi and Eric Kostello, "The Market Transition Debate: Toward a Synthesis?", *The American Journal of Sociology* 101, no. 4 (1996): 1082–96.

[13] Lin Nan, "Local Market Socialism: Local Corporatism in Action in Rural China", *Theory and Society* 24, no.3 (1995): 301–54.

[14] *Hurun* is the Chinese name of Rupert Hoogewerf (born 1970), a British and former chartered accountant, who is the publisher of the *Hurun Rich List*. Hoogewerf published his first China rich list in 1999 as an independent researcher by selling it to *Forbes* magazine. From then on, Forbes bought and published Hoogewerf's rich list in the name of *Forbes Rich List* until 2003, when their business relationship broke down. After 2003, *Hurun* started to release his own list.

a convenient base date or year for identifying members of the visibly richest Chinese corporate elite. Many researchers and commentators have questioned the reliability of these rich lists as a source for social-science analysis, although works based on rich lists or similar materials have been regularly published by journals and the press.[15] Clearly these lists are neither comprehensive nor even necessarily accurate. The objective of this project is neither to test the credibility of the rich lists nor to tell stories about rich individuals. It does not, for example, depend on potentially dubious information such as the amount of wealth or an individuals' annual ranking. Rather, the rich lists merely provide this exercise with an index or "census" of names of the "*visibly richest Chinese private entrepreneurs*". Two hundred and eleven Chinese entrepreneurs were listed in the top 50 of either *Hurun* or *Forbes* from 2003 to 2012.

Identifying names on the list is easy but *Hurun* and *Forbes* provide only limited information about the people and their backgrounds. As these super-rich are unlikely to grant face-to-face or telephone interviews, further information, including demographic characteristics, educational experience, professional mobility, family members, political status and details of their enterprise(s) have to be sought and collated from available sources, such as published autobiographies and biographies, journal articles, magazine and newspaper reports, online materials, as well as fragments from blogs, Weibo and other social media.

The list of 211 Chinese entrepreneurs can be classified into two categories: individual entrepreneurs and enterprise groups. The latter category includes 19 husband-and-wife couples, four pairs of fathers and sons, four brothers, a mother-and-daughter pair, and a father-and-daughter pair, as well as 16 groups that can be labelled as "somebody's family". This is a distinctive characteristic of Chinese rich lists vis-à-vis their counterparts in Russia, Hungary and Poland that reflects flourishing family enterprises and their complicated property rights. For creators of rich lists in China, it is challenging to identify the value of wealth with accuracy or the actual role of a certain member in a family business. For example, some enterprises were co-founded by siblings or husband-and-wife or father-and-son teams; these family-member teams are assumed to share similar patterns—equal contribution to their family empire. In such cases, names of co-founders are shown jointly on the rich list as an enterprise group rather than as individual entrepreneurs.

[15] Shamus Rahman Khan, "The Sociology of Elites", *Annual Review of Sociology* 38 (2012): 361–77; Sidney Ratner, *New Light on the History of Great American Fortunes: American Millionaires of 1892 and 1902* (New York: Augustus M. Kelley Inc., 1953); Richard Zweigenhaft and William Domhoff, *The New CEOs: Women, African American, Latino, and Asian American Leaders of Fortune 500 Companies* (New York: Rowman & Littlefield, 2011); Ye Qing, Li Zengquan and Li Guangqing, "Fuhao bang hui yingxiang qiye kuaiji xinxi zhiliang ma?" (Will the Rich List Influence the Companies' Quality of Financial Information), *Guanli shijie* (*Management World*), no. 1 (2012): 104–120.

On the other hand, not every co-founder of a family enterprise will have his or her name appear together on the rich lists. In fact, in some family enterprises co-founded by father and son, only the son's name is listed because the father could have retired (e.g. Dai Hao 戴浩). Also, cases where siblings' names are listed separately indicate they have clearly different business interests and (largely) independent wealth—which is usually the result of an agreed division of a family business or development of a new enterprise. Conversely, there are also cases of entrepreneurs whose names are listed individually but their enterprises are family run. It is also noteworthy that in the rich lists, the first co-founder name of an enterprise group should normally be taken as the most important person in the company.

TABLE 1
China's Super-Rich: Demography

		Pioneer		Newcomer		Total	
Gender	Male	140	95.2%	59	93.7%	199	94.8%
	Female	7	4.8%	4	6.3%	11	5.2%
Cohort	1940s	20	13.7%	2	3.2%	22	10.5%
	1950s	67	45.9%	14	22.2%	81	38.8%
	1960s	54	37.0%	35	55.6%	89	42.6%
	1970s	5	3.4%	12	19.0%	17	8.1%
Mean of age in 2013		56		50		54	
Mean of age when business inaugurated		29		32		30	

Source: The author's computation.

Table 1 presents the basic demographic information of these 211 entrepreneurs. They were predominantly male and their average age in 2013 was 53 years old. None of them was born later than the 1980s, although some of their children had already started work in the leadership of the companies they started. These super-rich started their businesses at a relatively young age—29 years old on average for the pioneers and 32 on average for the newcomers. Studying the names of the first (or the most important) person listed in the listing of enterprise groups, it is noted that female entrepreneurs were generally under-represented.

TABLE 2
China's Super-Rich: Gender

	Number of united entrepreneur groups	Percentage (%)	Number of split entrepreneur groups	Percentage (%)
Male	200	94.8	200	86.6
Female	11	5.2	31	13.4
Total	211	100.0	231	100.0

This is evident in the composition of entrepreneurs in terms of gender (Table 2)—there were only 11 female entrepreneurs, accounting for 5.2 per cent of the 211 entrepreneurs. However, if females in the husband-and-wife and mother-daughter teams are taken into consideration, there were 10 more female entrepreneurs added to the entrepreneur foray, accounting for 13.4 per cent of the (new) total.

POLITICAL CAPITAL: TAKING THE PLUNGE

Political capital, in simple terminology, is defined as the political resources attached to an official's political post. This therefore requires identifying entrepreneurs who had been officials before starting their business. The vast majority of officials were Party members. As the author could not find or collect information through public sources on whether a super-rich was a Party member, he assumed that they were if they were officials. Entrepreneurs' membership of either the People's Congress or the People's Political Consultative Conference was not used as political capital in this article, because these were usually seen as rewards/results for their business success. Hence, this article aims to discuss the role/contribution of political capital in their success in the very early stages, especially the pre-business era.

Data were collected on the last immediate occupation of each member of the super-rich before they established the enterprises that made them so successful (Table 3). First, an attempt was made to establish where they had been working, i.e. the workplace. There are essentially nine possibilities: (i) Party-state organs, including military and mass organisations like the women's union and labour union; (ii) state-owned or state-controlled enterprises; (iii) public institutions, such as schools and hospitals; (iv) collective sector enterprises; (v) foreign companies; (vi) the founder's own family enterprise(s); (vii) other private institutions, including private schools, hospitals and non-governmental organisations; (viii) self-employed; or (ix) in education. The first three categories—Party-state organs, SOEs and public institutions—represent the state system and hence, occupations within which are regarded as "inside the system" (*tizhinei*). Conditions of employment are different in the state system, not least because employment is more secure and more politicised.

The numbers of super-rich who previously worked in Party-state organs, SOEs and public institutions were 26, 42 and 24, respectively, and this altogether (i.e. the state system) constituted 43.6 per cent of the total (Table 3). The other six categories accounted for 56.4 per cent of the total, with 32 in collective sector enterprises; nine in foreign institutions; four in family companies; 12 in other private institutions; 50 were self-employed; and six were students or recent graduates. Although collective sector enterprises are now generally considered part of the public sector, this article classified them as outside the system because they faced much greater market competition in the wake of market transformations, and many of them were actually contracted out to independent businesspersons.

TABLE 3
China's Super-Rich: Last Occupation Immediately before Establishing Their Enterprise

Last position before entering business in:	Super Rich Entrepreneur		Total
	Pioneer	Newcomer	
Party-state-military organ	17	9	26
	11.8%	14.8%	12.7%
SOEs	24	18	42
	16.7%	29.5%	20.5%

Last position before entering business in:	Super Rich Entrepreneur		Total
	Pioneer	Newcomer	
Public institutions (e.g. schools, research institutes and hospitals)	16	8	24
	11.1%	13.1%	11.7%
Collective enterprises	28	4	32
	19.4%	6.6%	15.6%
Foreign institutions	2	7	9
	1.4%	11.5%	4.4%
Family enterprises	2	2	4
	1.4%	3.3%	2.0%
Other private institutions	6	6	12
	4.2%	9.8%	5.9%
Self-employed	45	5	50
	31.3%	8.2%	24.4%
In Education	4	2	6
	2.8%	3.3%	2.9%
Total	144	61	205
	100.0%	100.0%	100.0%

There was a marked difference between pioneers and newcomers. For pioneers, the number of people who quit their jobs inside the system, or took the plunge and "jumped into the sea" (*xia hai)*, and went to work in the private sector was 57, accounting for 39.6 per cent of the pioneers. On the other hand, as far as newcomers are concerned, the number of people who quit their jobs inside the system was 35, and this percentage increased considerably to 57.4 per cent of the newcomers. The significant increase in the rate of "jumping into the sea" from 16.7 per cent to 29.5 per cent is clearly related to the apparent flood of resignations in the SOEs after 1992.

For those super-rich who quit their jobs in foreign institutions in order to establish new businesses, the percentage of newcomers (11.5 per cent) was significantly higher than the percentage of pioneers (1.4 per cent). There was a significantly higher percentage of pioneers (19.4 per cent) than newcomers (6.6 per cent) who quit their positions in collective sector enterprises before establishing their new businesses. There was also a much higher percentage of pioneers (31.3 per cent) compared to newcomers (8.2 per cent) who quit their self-employment status to establish their new businesses. These disparities reveal an environmental change in Chinese private economy after 1992 when more people from relatively more privileged institutions, including the Party-state and foreign institutions, were willing to start businesses in the private sector later rather than earlier.

All the same, the real number of these super-rich who quit their jobs in the Party-state system might be slightly underestimated since this study considers only the last immediate position held before they established new enterprises (Table 3). Some of these super-rich founders preferred to step out of the system more cautiously by working for other private employers for a while, even in a senior management position, before inaugurating their own businesses.

The author further analysed the professions and occupations of these super-rich before they established their new enterprises. By simple observation, people who worked for the Party-state organs all had the status of "cadres". Other former employees "inside the system", however, had mixed identities. For example, 42 people worked in SOEs, but only 24 (57.1 per cent) were in management. Of the remaining 43.9 per cent, 14 were white-collar workers and four were blue-collar workers. Moreover, few of the former SOE managers privatised their former enterprises directly; instead, they quit their jobs and started entirely afresh. Some of them later acquired other SOEs during expansion, but that would involve a completely different research approach for a future study.

Among the super-rich who worked for public institutions, 22 out of the 24 were professionals, such as teachers and doctors. Only one, Liang Xinjun, had the status of cadre. He was working for the Communist Youth League at his alma mater, Fudan University from 1991 to 1992. Although his post was unknown, it is unlikely that he held a high position as he was merely a recent graduate at the time. There are currently six super-rich entrepreneurs who had started their businesses directly as students or fresh graduates.

Three-quarters of the super-rich founders of enterprises, who had their origins in the collective sector, had been the heads of their entities in their earlier careers. They started to build their empire by contracting with grass-roots collective small businesses, usually village and town enterprises, from local governments based on various forms of profit-sharing systems. Only a few of them had ever been ordinary workers or peasants: together with 54 self-employed and nine ordinary workers, constituting roughly 30 per cent of the total.

HUMAN CAPITAL: IS KNOWLEDGE MONEY?

There have been many comments recently in the People's Republic of China that some rich people and indeed some leading cadres had acquired a Master's degree and even a PhD via certain avenues. The rich were essentially criticised for buying their degree. Particularly, professional degrees like MBAs and EMBAs are widely regarded as a vehicle for networking rather than an education. For analysis of educational level in this study, the author focused on full-time schooling in skills and knowledge acquisition. The author set out this prerequisite: the super-rich are deemed to qualify at a given education level if they had attended classes and written their coursework by themselves and not by their assistants. By this definition and condition, all kinds of part-time education, including on-the-job graduate training, exchange visits, refresher courses, correspondence courses and evening schools, have been excluded in this study. Full-time education in private (*minban*) colleges or universities is treated with similar consideration as education in a public university, provided the degree is recognised by the government. The author did not take into account the credentials of students who dropped out of their study. For students who dropped out from graduate school, their credentials would be entered as having completed their undergraduate course with a bachelor's degree.

Of course, there are vast educational differences between various institutions at the same level of the educational hierarchy. It was therefore necessary, for example, to differentiate a category of "elite universities", which refers to the PRC's Project 211 universities and institutions listed on "World's Best Universities" by *U.S News & World Report*. Since university expansion began on a grand scale in 1998, smaller colleges and universities in China began to merge with much larger neighbouring universities under a state programme. Some universities that had not originally been listed as Project 211 institutions thus managed to become so designated by merging with universities that had been part of the national Project 211. In this analysis, the author took into account the earlier status of universities at the time of the undergraduate studies of these super-rich entrepreneurs. For example, several entrepreneurs graduated from Hangzhou University, which was merged with the more prestigious Zhejiang University in 1998. These individuals were not labelled as graduates from an elite university because they studied at Hangzhou University in the 1980s when it was not designated a Project 211 institution.

TABLE 4
China's Super-Rich: The Highest Educational Level Attained

Highest level of education attained	Super-rich entrepreneur		Total
	Pioneer	Newcomer	
Junior high school and below	47	4	51
	32.6%	6.6%	24.9%
Senior high school	36	12	48
	25.0%	19.7%	23.4%
Junior college	24	12	36
	16.7%	19.7%	17.6%
Undergraduate	30	23	53
	20.8%	37.7%	25.9%
Postgraduate	7	10	17
	4.9%	16.4%	8.3%
Total	144	61	205
	100.0%	100.0%	100.0%

Table 4 provides data on the highest education level achieved by the identified super-rich entrepreneurs. The percentage of college graduates among these rich founders was higher than might be expected. Seventy people or 33.2 per cent of them received full-time university education. Taking junior college into account, this number increased to 106, or 50.2 per cent of the total. Moreover, 17 of the super-rich received graduate education; three had PhD degrees, and two even graduated from a foreign university (Shi Zhengrong from the University of New South Wales and Zhang Chaoyang from MIT). In addition, 43 super-rich founders or 40.6 per cent of all college graduates went to elite universities. This percentage evidently rises to 61.4 per cent if junior college is not taken into consideration. There is certainly a significant percentage difference in college-level education attainment between the pioneers and newcomers, with newcomers in the super-rich cohort being considerably more educated.

A further analysis of college-educated super-rich entrepreneurs' majors can help better understand the role of human capital. Information is available on the majors of 93 super-rich entrepreneurs with junior-college or higher credentials. The author collected information on the subjects/disciplines these super-rich entrepreneurs studied at college and the industrial sector in which they started their businesses. About six in 10 (56 persons) studied sciences and engineering—seven studied sciences, including six in medical science or pharmacology, while 49 studied engineering. As for the next most popular subjects, 23 entrepreneurs studied social sciences. Most (21 persons) did economics and management, and one each in law and international politics. Beyond sciences and engineering disciplines, 14 entrepreneurs majored in humanities, including Chinese literature, philosophy, foreign literature and arts. The distribution of majors is characteristic of the entrepreneurs' times as students, when sciences and engineering were thought to be more useful for "serving the nation and people".

An obvious question arises as to whether the subjects these super-rich-to-be entrepreneurs studied at college were of relevance to their businesses. The first enterprise that they started might be totally different from their later specialisation or pursuit of excellence, which appears on the rich lists. Hence, careful attention has been paid to determine the first rung on the career ladder. In order to make the data comparable to other standard studies of the Chinese economy, the sectors were recoded according to China's official *Code Book of National Economic Sectors* (middle-level category) instead of simply extracting the data (and descriptions) from the rich lists. In instances where an entrepreneur had multiple businesses, only the most important one was included, although in reality, multiline operations were quite rare at the starting stage.

In sciences, particularly computer science, the subjects of study undertaken usually led directly to business opportunities. Among the 12 entrepreneurs who majored in computer science, only four did not start with computer-related industries and all of the other eight persons were still running IT businesses, as of 2013.

Such consistency in majors and related career fields is also apparent in the medical and pharmaceutical industry. Four out of six super-rich businesspeople in the medical and pharmaceutical industry had studied in the field, and there was also an entrepreneur who started out in manufacturing, but producing medical facilities. One entrepreneur was even a member of the Chinese Academy of Engineering, and the side story of this case study emphasises the skills requirement in this industry. Similarly, the agriculture and forestry industry requires related skills requirement. In sum, four entrepreneurs majored in this field and all started from related industries: one in manufacturing (of agricultural machinery), two in food production and one in the wood-processing industry.

By contrast, almost none of those entrepreneurs, who majored in social sciences and humanities, started from relevant businesses that matched their majors. Instead, the sectors in which these super-rich entrepreneurs first embarked were of different industry types. It is clearly evident that the real estate and construction industries did not seem to require much knowledge of architecture and civil engineering because 11 of 21 of the super-rich entrepreneurs were students of humanities and economics majors.

Education, particularly higher education, has long been the key to success in one's career. There is a strong relationship between the business field of the super-rich entrepreneurs' first business set-up and their subject specialisation in college. The correlation is straightforward because higher education and major specialisation are important to one's first employment, which will subsequently provide not only the path to one's professional career development (at least for a short while) but also probably lead to a decision to establish a business. To cite an example, Ming Jinxing went to Beijing Union College Hospital, one of China's most prestigious hospitals, as a physician after graduating from a medical college in 1980. Twelve years later, he quit his job, started a company to import medical facilities and equipment from Europe, and sold them to Chinese hospitals. His last immediate position before he started out as a private entrepreneur seems likely to have played an indispensable role in his success.

Ming Jinxing's story, along with many other similar ones, highlights the importance of one's last immediate position held before becoming an entrepreneur with eventual success. Such is the case especially for individuals who had previously worked within the system. Upon analysing information on entrepreneurs' higher education and workplace, there is evidence that confirms college credentials were an important determinant factor for securing a position in the state system (Table 5) before they entered the business world. Most entrepreneurs, who previously worked for the Party-state, held a university or junior college degree. More precisely, 23 out of 24 of them who worked for public institutions (notably schools and hospitals) went to college. College-educated entrepreneurs accounted for 69.2 per cent (18 out of 26) of people who worked within the state system. As for former employees of SOEs, 71.4 per cent (30 out of 42) graduated from higher education. Deeper scrutiny reveals that the 12 people who did not go to college had all been blue-collar workers. In addition, eight out of nine of them, who worked for foreign enterprises, had college credentials, including even doctoral degrees. Six super-rich entrepreneurs started their businesses directly on campus or shortly after graduation. By contrast, only 10 per cent (or five out of 50) of the self-employed went to college. As for former collective enterprise employees, the percentage of college graduates is slightly higher, at 15.6 per cent (five out of 32 persons).

TABLE 5
China's Super-Rich: Higher Education and Workplace

Last position before entering business in:	College education		Total
Party-state-military organ	8	18	26
	30.8%	69.2%	100.0%
SOEs	12	30	42
	28.6%	71.4%	100.0%

Last position before entering business in:	College education		Total
Public institutions (e.g. schools, research institutes, hospitals)	1	23	24
	4.2%	95.8%	100.0%
Collective enterprises	27	5	32
	84.4%	15.6%	100.0%
Foreign institutions	1	8	9
	11.1%	88.9%	100.0%
Family enterprises	2	2	4
	50.0%	50.0%	100.0%
Other private institutions	4	8	12
	33.3%	66.7%	100.0%
Self-employed	45	5	50
	90.0%	10.0%	100.0%
School, only for students and fresh graduates	0	6	6
	.0%	100.0%	100.0%
Total	100	105	205
	48.8%	51.2%	100.0%

SOCIAL CAPITAL: THE ROLE OF FAMILY IN MAKING BILLIONAIRES

Family and social background have clearly played a role in ensuring the emergence of some of the new super-rich entrepreneurs. Some gained stature through marriage and other family relationships, through the influence of overseas relatives, through parental influences, or through less tangible factors such as family histories of wealth or doing business.

Apart from direct inheritance of family privileges, marriage or divorce is usually considered an important way to obtain or expand the fortune of an individual or the family. *New Fortune*'s "Top 500 Rich List 2012"—another influential Chinese rich list besides *Hurun* and *Forbes*—even reported that divorce is increasingly seen as a major means that produces rich women in China. Even so, it is extremely difficult to collect reliable information pertaining the marital status of business elites. According to sporadic reports, among the 211 super-rich in this study, at least one (female) never got married; one (male) cohabits with his partner; four (three males and one female) are divorced; four (males) divorced and remarried; and two (one male and one female) lost their spouses and have not remarried. Except for Chen Jinxia, who inherited her husband's wealth and position after his accidental death, none of these businesswomen, as well as businessmen, was known to have obtained their fortunes merely either through marriage or divorce, although divorce or separation does affect wealth and can jeopardise control of an enterprise (in particular when husband and wife are co-founders of their firm).

Nevertheless, marriage does matter in some cases. Although most husband-and-wife teams created their enterprises together, sometimes only one partner made the difference in the process of "primitive accumulation". A notable example is Zhang Yin

(张茵), who ranked first on *Hurun* in 2006. Although her father was head of a local mine after his retirement from the Chinese military as a captain, Zhang claimed that she did not benefit much from her family because her father was sent to prison during the Culture Revolution. After graduating from a vocational school in accounting and working for a small collective enterprise for a year, she went to Shenzhen, the then relatively new special economic zone, in 1982 to work for a small joint venture. In 1985, she managed to go to Hong Kong, but merely worked as an accountant for a small trading company. The turning point in her career came when she met her husband, Liu Mingzhong who was born in Taiwan but grew up in Brazil, and had been a successful physician and businessman. Zhang's marriage to Liu definitely facilitated her migration to the United States in 1990, and her start-up in the wastepaper recycling business, though it should not be denied that her capability and hard work indeed also contributed to her success.

There are, of course, cases of husbands benefiting from their wife's family. Ding Shizhong is a typical example. Ding's father was a businessman with a factory that made sport shoes, but Ding chose to be a salesman at age 17 in 1987 to sell products of his family's workshop in Beijing. Seven years later, he returned to his hometown and joined his father-in-law's company to produce shoes. Despite holding the top manager position, he did not become the owner and chairman of this company until 2002, when his father-in-law retired.

It goes without saying that parental influence—both direct and in the background—has had important impacts on the making of the super-rich entrepreneurs. The author gathered information on the occupation of entrepreneurs' fathers at the time when they went into business, as tabulated in Table 6. Gathering this information was not easy. Some of the entrepreneurs provided clear information and evidence, including photographs. Others preferred to maintain an air of mystery, sometimes hinting at dark and sensitive backgrounds. There are also some entrepreneurs who grew up as orphans (e.g. Zhang Xiangqing, an iron tycoon now); others grew up in single-parent families (e.g. Huang Hongsheng, one of the biggest electronic equipment producers) or their fathers died young (e.g. Shen Guojun, a financial dealmaker). In such cases, the mother's occupation was taken into consideration in place of father's occupation (Table 6).

TABLE 6
China's Super-Rich: Father's Occupation at the Time of Enterprise Establishment

Parental occupation	**Super-rich entrepreneur**		**Total**
	Pioneer	**Newcomer**	
High-level cadre	2	0	2
	1.4%	.0%	1.0%
Middle-level cadre	5	5	10
	3.4%	7.9%	4.8%
Low-level cadre	15	6	21
	10.2%	9.5%	10.0%

Parental occupation	Super-rich entrepreneur		Total
	Pioneer	Newcomer	
Private entrepreneur	8	5	13
	5.4%	7.9%	6.2%
Intellectual	25	2	27
	17.0%	3.2%	12.9%
Urban or rural middle class	10	9	19
	6.8%	14.3%	9.0%
Urban working class	49	8	57
	33.3%	12.7%	27.1%
Peasant and craftsman	13	13	26
	8.8%	20.6%	12.4%
Unknown	20	15	35
	13.6%	23.8%	16.7%
Total	147	63	210
	100.0%	100.0%	100.0%

Some 39.3 per cent (83 cases) of the super-rich entrepreneurs had fathers who belonged to the lower subordinate classes (e.g. workers, peasants, craftsmen) at the point when they went into business (Table 6). According to public records, some were even from extremely impoverished families. Despite certain rural–urban disparities in the figures, there is no apparent difference between pioneers and newcomers.

From Table 6 it can be seen that some 60 per cent of the super-rich entrepreneurs had fathers who came from the elite class, if not necessarily the super-rich. This was particularly the case for those from middle-class backgrounds—i.e. the intellectuals, private entrepreneurs, managers and professionals. While such an association of the middle class with the intellectuals, managers and professionals is common in other countries, the correlation is particularly strong for children of private entrepreneurs. Interestingly, even though the development of private enterprises in the PRC only began in 1984, a number of the super-rich came from a family in which the father was a successful private entrepreneur when they themselves embarked on business. Of course some of these super-rich were co-founders with their father. Fathers who were entrepreneurs themselves had been able to accumulate considerable wealth compared to the majority of the population at the time of informal markets or the so-called underground economy when income levels were low. Clearly, in this regard, parents had a positive influence on the children. Children as co-founders, however, are to be distinguished from the second-generation super-rich who gained family wealth via inheritance.

Table 6 suggests that 15.6 per cent (33) of the super-rich private entrepreneurs came from families in which the father was a cadre of a SOE management team at the time when they set up their own business. The majority of them (21) though were not senior cadres or managers; and there was no major difference in this regard between pioneers and newcomers (15 per cent and 17.4 per cent, respectively). Upon further analysis, only two of the super-rich were observed to have a father who could be regarded as a high-ranking cadre—one from a "red capitalist family", and the other from "red nobility". Rong Zhijian's father was Rong Yiren, a symbolic figure of the pre-communist grand bourgeoisie, who served as a high official for the Chinese central government after 1949 and became vice president from 1993 to 1998. Wang Jianlin's father was a Red Army revolutionary, who once served as deputy chairman of the Tibet Autonomous Region. Wang Jianlin himself now runs one of the biggest real estate companies in China.

There were 10 super-rich entrepreneurs whose fathers were middle-ranking cadres. Despite the vastly different family profiles and paths to starting businesses, they did benefit considerably from their family background at different stages of their career. On the other hand, the total number of entrepreneurs from middle- and high-ranking cadre families constituted less than six per cent (12) of the 211 cases. Most entrepreneurs' fathers, if they worked for the Party-state system, were low-ranking cadres. There is no clear evidence that these people benefited considerably from their father's political position or connections when they ventured into their businesses.

Some of the super-rich entrepreneurs, in interviews with journalists or in biographies, attributed their success largely to the parenting of their family, especially to parents' emphasis on education. The author gathered information about the relationship between the father's occupation (at the time of their child's business venture) and the educational level of the super-rich entrepreneur (Table 7). Of the 12 super-rich entrepreneurs whose father was a middle- or high-ranking cadre, nine went to college. Wang Jianlin, whose father was a high-ranking official, did not go to college as a full-time student, but joined the army during the Cultural Revolution, apparently due to his father's connections, and obtained a junior-college degree as an "on-the-job" student. As for entrepreneurs from lower-ranking cadre families, however, seven out of 21 did not go to college. This can be largely attributed to the Cultural Revolution when their high school education was interrupted and they were sent to work in the countryside.

TABLE 7
China's Super-Rich: Occupation of Father and Entrepreneur's Education Attainment*

Father's occupation	**College education of Super-Rich Entrepreneur**			**Total**
	None	**Elite College**	**Non-elite college**	
High-level cadre	0	1	1	2
	.0%	2.3%	1.6%	.9%
Middle-level cadre	3	2	5	10
	2.9%	4.7%	7.9%	4.7%
Low-level cadre	7	4	10	21
	6.7%	9.3%	15.9%	10.0%
Private entrepreneur	7	4	2	13
	6.7%	9.3%	3.2%	6.2%
Intellectual	15	4	8	27
	14.3%	9.3%	12.7%	12.8%

Father's occupation	College education of Super-Rich Entrepreneur			Total
	None	Elite College	Non-elite college	
Urban or rural middle class	4	8	7	19
	3.8%	18.6%	11.1%	9.0%
Urban working class	42	6	10	58
	40.0%	14.0%	15.9%	27.5%
Peasant and craftsman	14	4	8	26
	13.3%	9.3%	12.7%	12.3%
Unknown	13	10	12	35
	12.4%	23.3%	19.0%	16.6%
Total	105	43	63	211
	100.0%	100.0%	100.0%	100.0%

*Junior college included in college level.

As expected, a relatively high percentage of entrepreneurs from middle-class families received higher education (Table 7). Of the 27 super-rich entrepreneurs of urban middle-class family origin, 12 went to college. Of the 15 who came from intelligentsia families and went to university, eight went to elite universities. Information gleaned from biographies and interviews highlighted that the super-rich attributed their success in either school or business to a large extent to their family's emphasis on education.

Contrary to general expectations, the proportion of college-educated entrepreneurs from worker-peasant families was not low. Among the 26 super-rich with urban working-class backgrounds, 46.2 per cent (12) went to college, and four even attended elite universities. College-educated entrepreneurs from peasant families accounted for 27.6 per cent (16 out of 58) of their peers. According to research on education stratification,[16] the fairly meritocratic higher education examination system perhaps contributed to this encouraging result.

Family influence in fact extended well beyond the father's occupation and even parental influence as grandparents and other family members also exerted both direct and indirect influences. Chen Ningning, who ranked second in *Hurun* in 2006, is the daughter of a former middle-level cadre. At the same time, her maternal grandfather, Lü Dong, was a high-ranking cadre, serving as minister in several ministries in the central government from the 1950s until the late 1980s. It is widely believed by financial reporters that her success in the export and import of iron and steel could be attributed to the connections of her grandfather's position, particularly, when he was minister of the Ministry of Machine Building. Chen always appears on the rich lists together with her mother, Lü Hui, who holds half the shares in their company.

[16] Li Chunling, "Gaodeng jiaoyu kuozhang yu jiaoyu jihui bu pingdeng" (Expansion of Higher Education and Inequalities of Educational Opportunities), *Shehuixue yanjiu* (*Sociological Studies*), no. 3 (2010): 1–37.

Chen Ningning's story is not an isolated case. The occupations and influence of grandparents are clearly important. As already noted, research in Eastern Europe towards the end of the socialist era and after indicates the possibility of "interrupted embourgeoisment".[17] There is also recent research on China that suggests that many contemporary private entrepreneurs come from families that in one way or another had run businesses before 1949. Revolution and nationalisation during the 1950s turned many into cadres, managers and officials of various kinds, but during the market transition, these backgrounds came into their own again, either as vaguely remembered ideas, family influences, or even in a few cases, long-forgotten skills.[18] The case of Rong Zhijian, as discussed earlier, is indeed a case in point. Rong Yiren, his father, was vice president of the PRC, and one of the wealthiest Chinese capitalists before 1949. Due to his cooperation and fame, Rong Yiren was identified by the CPC as a symbolic "red capitalist" during the 1950s.

In the early 1980s, when the Chinese government changed its national development strategy, a few trusted former capitalists or their children were chosen to establish private companies overseas to attract foreign investment. Even though these companies were politically and economically supported by the state, descendants of the pre-revolution grand bourgeoisie clearly benefited once again. Wang Guangying, founder of the Hong Kong Everbright Bank in 1983, is one such example. Wang was one of the largest industrialists in China during the 1940s, while his sister became the sixth wife of Liu Shaoqi, Mao's second-in-command until 1966. Wang himself was imprisoned during the Cultural Revolution not least because of Liu's downfall. The Everbright Bank is actually controlled by the Beijing-based Everbright Group. Wang Zheng (of no relation to Wang Guangying) is another example. Wang Zheng bought a 52.4 per cent share of Hong Kong Asia Television (ATV) in a move that was believed to have been endorsed by the Chinese government. Wang Zheng's father's foster great-grandfather, Sheng Xuanhuai, was regarded as one of the richest persons in China in the 1900s.

By no means did all the super-rich entrepreneurs grow up in such affluent families, but there are many such stories. Chen Lihua has the most dramatic story. She was born into a family belonging to the "Pure Yellow Banner", the direct descendants of the founding emperors of the Qing dynasty (1644–1912). Benefiting from the special treatment enjoyed by the former royal family, she lived in the Summer Palace with her father until 1949. Chen's life became somewhat opaque after that and quite unpleasant things reportedly happened to her during the Cultural Revolution. In 1979, she started a business trading in antiques and furniture, allegedly from former royal members and relatives abroad. She then relocated to Hong Kong in 1981 to venture into the real estate business and came back to the PRC in the 1990s as an accomplished businesswoman.

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17 Szélényi, *Socialist Entrepreneurs*.
18 Goodman, "New Economic Elites".

Zong Qinghou, the richest person on the *Hurun* rich list in 2010 and 2012, represents another family type—non-communist public servants of the pre-1949 era. Zong's grandfather was the treasury secretary of Zhang Zuolin, one of the most powerful warlords in the 1920s. Zong's father was believed to be a civil servant for the government of the Republic of China. After the communist victory in 1949, his mother, also from a wealthy and large family, had to provide for the family, while his father could not find a job due to his career history. Zong had a hard time working on the farms until 1978 at 33, he finally got a job after his mother, a primary school teacher, retired early and let him replace her as a worker in the school's store. This store, however, provided him with the opportunity and the platform to develop a beverage business, which turned into Wahaha, currently the largest private beverage company in China.

CONCLUDING REMARKS: POLITICS, EDUCATION AND FAMILY

This article may be the first scholarly endeavour to uncover the social origins of the super-rich in China. The evidence presented in this article refutes the general impression that the richest Chinese are mainly children of the upper class, especially dignitaries.[19] About half of the first generation of the visibly richest Chinese private entrepreneurs came from peasant and worker families—mostly due to the first decade of reform (1978–1989). Nevertheless, it should be noted that not all of them came from humble origins. The remaining half were from middle-class and cadre backgrounds, as well as from families whose wealth had declined due to the establishment of the PRC. Also, about one in 10 of the contemporary super-rich were born into the upper class.

This article also rejects a widespread stereotype of the richest Chinese that they are all uneducated upstarts. Over and above family influences, education and the state's influences are clear factors in determining the emergence of highly successful super-rich entrepreneurs. Education has been a crucial factor. More than half of the first generation of the visibly wealthiest received higher education. At a time when the enrolment rate of higher education was well below 10 per cent, this proportion is quite remarkable.[20] The power of knowledge, measured by the match of the college majoring subject and inaugurating sector, was apparent for graduates in sciences and engineering. Yet the payoff for higher education was not limited to direct skills development. For many entrepreneurs, especially those majoring in social sciences and humanities, college credentials did not help them find a job as businessman directly; instead, they went to college through the then relatively fair and equitable higher education entrance test, and then secured a job inside the system as cadres of the

[19] For example, in 2009, *People's Daily*, the mouthpiece of the Communist Party of China (CPC), published a comment to refute a prevalent stereotype: more than 91 per cent of the billionaires in China were children or relatives of top officials; see Tang Weihong, "Gaogan zinv zhan fuhao 91% diaocha" (An Investigation of "91% of Super-Rich are Children of High Officials), *People's Daily*, 5 August 2009.

[20] Li, "Gaodeng jiaoyu kuozhang yu jiaoyu jihui bu pingdeng" (Expansion of Higher Education and Inequalities of Educational Opportunities).

Party-state or managers of SOEs after graduation. These two steps were pivotal for their later inauguration of private business.

The benefits of working inside the system are clear but complex, requiring more in-depth research. The evidence is that a high proportion (44 per cent) of the super-rich entrepreneurs had previously held a position (44 per cent) inside the system, but fewer went into business before 1992 than after 1992, nine per cent as against 57 per cent. The advantages of holding positions within the system are evident—market access, related working experience, most importantly, personal connections, especially to officials. On the other hand, apart from several cases that showed contrary results, a majority of the super-rich did not have substantial political ties beyond the local level in the early stages of their business activities, although cooperation and reciprocity with the local state—usually being the dominant party in the partnership—was indeed a key in their success.[21]

This article also attempts to highlight the apparent differences between "pioneers" and "newcomers" in higher education attainment and the types of last immediate jobs held. The "newcomer" super-rich were better educated and more likely to have worked in the state, which actually reflects the changing political and economic climate of China in the 1980s and 1990s.

In sum, there are multiple trajectories to becoming a billionaire: weak political capitalism, capitalism from below, capitalism from above and interrupted embourgeoisement—each trajectory has some supporting evidence. It is impossible to conceptualise a single label (like the "prince party" or "princeling") to fit all descriptions of the richest. The multiple trajectories can be attributed to the fact that China was in a historic moment that availed many opportunities for business success that encouraged people with various social origins to venture into business. It by no means suggests that their family background alone contributed to their successes; the success or failure of entrepreneurs was not so much due to their backgrounds but rather to their choice of business.

Still, the author wants to highlight two caveats in this study. First, there is a universal tendency for billionaires to claim low-income origins. Some Chinese entrepreneurs tend to share with the public the lowly status of his or her family background or his or her difficult life before success, probably to evoke sympathy from people. The author also forewarns readers that this study focuses on the very early lives of the super-rich. For most business elites, their experience as a founder could be fundamentally different from their experience at a later stage of their business' expansion. Particularly, "capitalism from above" or "state-led capitalism" has played a significantly large role in the making of fortunes since the 1990s. Thus, just because some wealthy people did not come from families with strong political connections, this does not mean that many of them did not cultivate political connections and

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[21] Jean Oi, *Property Rights and Economic Reform in China* (Stanford, CA: Stanford University Press, 1999); Lin, "Local Market Socialism".

even use corrupt means to get wealthier. Even for "pioneers" who inaugurated their businesses before 1992, the shadow of the state, both from the local and central levels, should not be underestimated. This article, however, from the very beginning, does not aim to answer questions like how those people made their wealth or why some people become billionaires while others could not. The how-and-why question is important, but it requires richer sets of data and deeper qualitative studies. Interesting future research might look into how businessmen "from the bottom" built their political connections and expanded their business empires.

The second caveat is that this article, in no way, implies that entrepreneurs in the future will emulate the multiple trajectories highlighted in this article. The first generation is fading away. The second generation, according to public materials, is radically different from their parents in many aspects. Pessimists would suggest that a rise of dynastic wealth would generate more social inequalities, and thus jeopardise the Chinese economy. Optimists would refute this by arguing that self-made economic elites will not perish in any growing economy, and grand bourgeoisie remains open even in advanced capitalist societies (like Steven Jobs in the United States). That said, this should be an ongoing project to trace the changing patterns of social mobility in China in the future.

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APPENDIX: Who are in and out of the data set?

The "visibly richest Chinese private entrepreneurs" is a concept that excludes the following four categories of elites:

(i) Non-corporate elite. Though containing some ambiguities in their early versions, the two rich lists basically only pay attention to Chinese corporate elites after 2003. "Non-corporate elites", such as sport, social and entertainment celebrities, do not appear on the lists, although they might also be extremely wealthy.

(2), Managers. Both *Hurun* and *Forbes* focus almost exclusively on private entrepreneurs, i.e. people who approach the ideal type of the capitalist in classical Marxism, that is, a person who exercises direct and immediate control over property rights. It therefore excludes two groups—i.e. senior managers of giant SOEs and top managers of foreign enterprises. To exclude managers is a correct and necessary approach in terms of class analysis, although their mentality might not be much different from business owners, as many Western researches have proven.

In fact, in both *Hurun* and *Forbes*, we can find several people from the same enterprise, who mostly are big shareholders and founders of their companies at the same time. An extraordinary example is Sanyi, the largest manufacturer of heavy machinery in China. In *Forbes 2011*, its six top managers were listed in the top 500 along with their chairmen. Theoretically speaking, managers becoming owners has been a common practice since the so-called "managerial revolution". These managers can thus be viewed as managerial capitalists or executive capitalists. They are different from traditional entrepreneurial capitalists in many ways, but also occupy capitalist economic locations.

(iii), Business elites with opaque ownership. An interesting observation about Chinese rich lists is that some high-profile Chinese entrepreneurs, perhaps the most influential ones, have never or rarely been listed in either of the two lists because of their ambiguous property rights. They include some business leaders who are virtually founders or "saviours" of companies that for idiosyncratic reasons are still registered as state or collective enterprises. Others were listed once but never appeared again after they strongly protested and even threatened to sue the publishers. Still, some have been listed for years, but their wealth is significantly underestimated because only the "transparent" components are counted. Partly as a response to public criticism about the completeness of the list, *Hurun* published a separate "Power List" from 2005 to 2008 to list those absent business elites who had great influence on China's private economy, including many allegedly "managers of collective enterprises".

(iv) The invisibly richest. Many people, including creators of rich lists, believe that there are huge numbers of rich Chinese business elites who cannot be traced. In addition, many commentators guess that publishers dare not publicise unsupported information on so-called wealthy "princelings", i.e. children of high officials who control massive wealth, much of it hidden, through their military and political connections. Others claim that some rich people manage to prevent their names from appearing in rich lists due to fear of the so-called "curse of the rich list". All these provide reasonable concerns regarding the completeness of the rich lists. On the other hand, "invisible or hidden richest" exist in many societies and should not be an obstacle for researchers to explore. Moreover it is not easy to hide all information systematically if an entrepreneur holds tremendous amounts of "property for power" in today's economic environment. After all, this research focuses on the "visibly richest", not on all of the richest.

For various reasons, both *Hurun* and *Forbes*, especially in their early versions, retained some names that should not be considered as falling into the category of "visibly richest Chinese private entrepreneurs". Based on the author's knowledge, the following cases were removed from the data set:

(i) Residual non-corporate elites. Though both rich lists did not target non-corporate elites, there were still a small number of listed personalities who, in the author's opinion, should have been considered celebrities more than entrepreneurs. The trick here is that many celebrities are also in fact successful businessmen or women in one way or another. But they are still removed from the author's analysis as long as their major known income does not come from their corporate business.

(ii), Entrepreneurs who were not born in mainland China. *Forbes* publishes a separate list of rich Chinese overseas, like those from Hong Kong and Macao, along with its global rich list, while *Hurun* has excluded them from its domestic rich list. But occasionally, *Forbes* and *Hurun* make mistakes in including some of them into the list. Given the fact that these people grew up in vastly different sociopolitical and economic circumstances, they are excluded from the author's data set.

(iii) Entrepreneurs with extremely murky personal information. The *Hurun*, for several years, has listed big shareholders in some Chinese companies, about whom there is barely any public information. Stories from investigative journalists showed that these mysterious "people" are most likely to be "ghosts" of power elites, who do not want to be known in public, although there are others who might just want to be in "low-profile".

(iv) The second generation. These inheritors were either replaced by the parent or removed from the author's data set because this article discusses only the "first generation of corporate rich".