

The Political Implications of China's Growing Middle Class

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China's middle class has been developing rapidly over the past three decades. If one assumes that there was no one, or at least very few people, who could be considered middle class in 1978, there are now probably around 50 million people who can be considered middle class. Although the emergence of such a group in three decades is impressive, given the size of China's population, it will be many years until we can speak of China as a middle-class society. In the meantime, despite indications that the middle class is more participatory than their economically less well off neighbors, there is no indication that the middle class—much less the wealthy—desires to challenge the political status quo. The fact that many more people self-identify themselves as middle class than can be reasonably classified as such by sociological criteria seems to indicate that large swaths of Chinese society identify with the aspirations of the middle class. Among many fissiparous tendencies in China, this is one trend that seems to suggest social cohesion.

As anyone who visits China's modern cities knows, there is a growing middle class (as well as a wealthy class). But how big is this group, and what are the implications of its development? The answer to the first question, in particular, depends on how one defines 'middle class,' and that is not as simple a question as it seems at first. 'Middle class,' as the term is usually used in China, refers as much to sociological characteristics as it does to income. It is precisely because the middle class is thought of in sociological terms that it carries a weight far greater than its numbers would suggest. But before looking at who makes up the middle class, it is useful to look first at who makes up the wealthy, for most studies of China's middle class do not distinguish carefully between the wealthy and the middle classes.

Who Are the Rich?

In discussing the middle class in contemporary China, the blurriest line is that between the rich and the middle class (or upper middle class). Yet without some notion of the wealthiest members of society, the concept of a middle class makes little sense. The first thing one notices about the wealthiest members of Chinese society is that their social backgrounds have changed dramatically over the past two decades. Those who became wealthy in the early years of reform often came from distinctly non-elite backgrounds—workers, farmers, low-level enterprise managers, and even people released from labor

camps—people who were socially marginal and therefore had less to lose from risk taking. Over the past decade or so, the wealthy come from much more elite social and political backgrounds.

In her study of China's wealthy, sociologist Li Chunling of the Chinese Academy of Social Sciences (CASS) identifies five groups as making up the economic elite. The first group consists of well over 100,000 people, originally managers of state-owned or collective enterprises, who became rich after their enterprises were reformed (privatized), but these people are usually not counted as private entrepreneurs. Such people are generally better educated and better connected politically than the original group of entrepreneurs. The second was a large group (Li does not give an estimate) of politically well-connected people who "jumped into the sea" of business in the mid-1990s. Such people used their political connections to get rich. The third group, mid- and high-level managers in multinational corporations and technical personnel, are direct beneficiaries of foreign investment and particularly of efforts to cultivate a Chinese managerial class. This group has expanded very rapidly; Li estimates its numbers at several hundred thousand. The fourth group is made of the many specialists and technical personnel who have gone into business. Li does not give an estimate of the size of this group but notes that their numbers have been expanding rapidly and that they have forced their way into the front ranks of China's wealthiest in only a few years. The last group is those in charge of powerful government ministries and large-scale, government-owned enterprises. Again, Li refrains from estimating the numbers involved, but presumably this is a smaller but very powerful group of people.¹

The emergence of this new moneyed elite has had a profound impact on China's social structure. First, education has become more important in determining income. Li argues that even in the early 1990s one's return on education (that is, the additional income garnered for each additional year in school) was around 4 percent, well below the international standard of about 7 percent (and 10–11 percent in Asia). But by the late 1990s, this situation had been completely reversed and returns on education were similar to those in the United States and England (about 7 percent).

Even as education has become more important in determining income, so has the use of power. As Li notes, "Among the wealthy, a considerable proportion have become wealthy by directly or indirectly using power." The result of this trend, Li argues, is that there will be ever closer relations between money and power in Chinese society.² Perhaps most important, there is a great deal of convergence in the social and educational characteristics of this group, and they are both the beneficiaries and supporters of recent economic growth and marketization.

How Large Is China's Middle Class?

The seemingly straightforward question of the size of China's middle class turns out to be difficult to answer, for the answer depends very much on how one defines the middle class. It is possible to answer the question strictly in terms of income, but income

inequality makes that more difficult than it seems at first. Depending on the criteria one adopts, one might overestimate the size of the middle class in developed cities like Beijing and Shanghai while simultaneously not including the smaller and less well off middle class of interior towns and cities. Including interior towns and cities raises other questions as well. Is being middle class simply a matter of income, or is it a matter of education, profession, and perhaps consumption and style as well?

One effort to look seriously at the size of the middle class was undertaken by Li Chunling. Using data on subjects between the ages of 16 and 70, collected in late 2001 in 73 districts and counties, Li developed a sample population of 6,193 people. After eliminating those still in school (because they had no income or profession), she had a sample of 5,860. In terms of profession, five occupations were “white collar”: party and state officials (1.1 percent of her sample), enterprise managers (1.6 percent), private entrepreneurs (1.0 percent), specialists and technical personnel (4.2 percent), and office workers (8.0 percent)—adding up to a total of 15.9 percent of the sample population. Industrial workers (13.2 percent), agricultural workers (43.2 percent), and the unemployed (5.1 percent) were clearly not middle class. The group that was difficult to define was the 11.1 percent of the sample who were “individual industrial or commercial workers,” some of whom were white-collar and others blue-collar workers. Chinese sociologists generally consider this group to be “traditional middle class,” different from contemporary white-collar workers. If one nevertheless includes this group in the middle class, then 27 percent of Li’s sample could be considered middle class.³

If one looks at income rather than profession, Li calculates that 24.6 percent of China’s population (above the age of 16) should be considered middle class. This would include about 60 percent of state and social managers, 60 percent of managers, 90 percent of private entrepreneurs, 40 percent of professional and technical personnel, 40 percent of office workers, 60 percent of individual entrepreneurs, 10 percent of agricultural workers, and 1 percent of the urban unemployed or semi-employed.

If one looks at consumption habits, then those with at least six household electronic goods (such as television, refrigerator, washing machine, telephone, mobile phone, stereo system, DVD player, air conditioner, and microwave), then 35.1 percent of households could be considered middle class.

In contrast to these fairly modest figures, a total of 46.8 percent of people considered themselves “middle class.” Specifically, the breakdown of answers was as follows:

Self Identification of Social Standing

<i>Upper Class</i>	<i>Upper Middle</i>	<i>Middle Middle</i>	<i>Lower Middle</i>	<i>Lower Class</i>	<i>Unclear</i>	<i>No Answer</i>
1.3%	7.1%	38.4%	23.2%	20.8%	1.4%	7.8%

Source: Li Chunling, “Zhongguo dangdai zhongchan jiecheng de goucheng ji bili,” p. 8.

Obviously, there are a lot more people who think of themselves as middle class than there are people who fit into that group by whatever criteria. Another study based on survey research done in the first half of 2004 in five cities (Beijing, Shanghai, Guangdong, Wuhan, and Nanjing) found that 85 percent of the sample (N = 3038) identified themselves as middle class.⁴

The distribution of responses in this study was as follows:

<i>Upper Class</i>	<i>Upper Middle</i>	<i>Middle Middle</i>	<i>Lower Middle</i>	<i>Lower Class</i>	<i>Unclear</i>	<i>Total</i>
0.6%	14.0%	43.1%	28.4%	9.9%	4.1%	100%

Source: Zhou Xiaohong, *Zhongguo zhongchan jieceng diaocha*, p. 48.

The two surveys are not directly comparable because Li Chunling was including the countryside and small towns whereas Zhou excluded them on the grounds that such people could hardly enjoy a middle class lifestyle (an important part of Zhou’s definition of middle class).

If one judges the size of China’s middle class with the use of a single criterion (occupation, income, consumption, or self-identification), then China can be said to have a substantial middle class. Close to one-sixth of Chinese, some 136.4 million people, are middle class according to their profession; about a quarter of the population, or about 211 million people, are middle class in terms of income; about one-third of the population, or over 300 million people, are middle class according to their consumption; and some 401.6 million consider themselves middle class.⁵

Given these rather robust figures, it comes as some surprise that the number of middle-class people shrinks very rapidly if one combines the different criteria Li Chunling uses. For instance, less than half of those who are defined as middle class if only occupation is taken into consideration have incomes that also qualify them as middle class. Using just these two criteria shrinks the size of the middle class to about 36 million. If one combines all four criteria, then the middle class nearly disappears—only 4.1 of the population aged 16 to 70, or about 3.5 million. If that figure seems too low, it nevertheless underscores the fragility of China’s middle class.⁶

By way of comparison, when Lu Xueyi and his colleagues undertook their well-known study of China’s social structure in 2002, they concluded that there were about 80 million in China’s middle class.⁷ Zhou Xiaohong argues that if the criteria of receiving an income above 5,000 yuan per month, being a college graduate, and having a middle-class profession are adopted, then about 12 percent of the urban population of China should be considered middle class—that would be about 44 million if one deducts those under 16 and over 70.⁸ These various studies suggest that if one means by middle class having a modern, urban lifestyle and a white collar occupation, then China’s middle class is still

quite small, certainly not over 50 million, or about 6 percent of China's population (above 16 and under 70 years of age).

Growing Status Consciousness

The fact that far more people identify themselves as middle class than can be reasonably identified as such by any criteria stands in some contrast to an increasing consciousness of social status in China. When Li Chunling did extensive interviewing in 1995–1996 on people's views of class standing, she found most people were rather vague about such concepts as "class" (except for those who identified it with the class struggle of the Maoist era) and not very interested. When she returned to this topic in 1999–2000, she found that perception of such topics had changed greatly, and roughly 80 percent of her interviewees were quite clear about such concepts as "middle class" and "middle stratum."⁹ She also found that most people instinctively linked money and power, refusing to say which came first. As one interviewee said, "If you have power, then you have money; if you have money you can obtain the power to protect yourself. The two things are the same."¹⁰ People were also able to give rather accurate descriptions of different social groups in society, something they had not been able to do five years earlier. Li concluded that "this reveals that differentiation between social groups has already become clear."¹¹

Aware of increasing social differentiation, different people had different attitudes toward it. Some felt that differences in income were reasonable, inevitable, and should continue to be increased, while others believed that differences in income were reasonable but that the differences in China were too great and should be reduced. Still others believed that increasing income gaps were inevitable in a period of reform but that they would be reduced in the future, and, finally, others believed that increasing income gaps were unreasonable and should be changed. Perhaps inevitably it was those who had benefited from reform, particularly the young, who believed that income differentiation was reasonable, while those with low incomes or who had been laid off found income gaps to be unreasonable.

It is important to note that while most people believed that differences in income are reasonable, they were unhappy with the causes of inequality. Most people believed that those who have knowledge or technical ability, or are highly capable, should earn higher salaries, but that it is unreasonable to use power to enrich oneself.¹² What is surprising about people's feelings about inequality is that even though such inequalities are generally smaller in government offices, resentments are often greater. People inside the system (*tizhinei*) see people in other departments being paid more for the same sort of work or see others who are less capable getting promoted, and they have strong resentments. But those in the private sector, where income inequality is greater, are less resentful, seeing differences in income as driven by competition and the market mechanism.¹³

An important conclusion that Li Chunling derives from this research is that, contrary to the expectation of many that increasing income inequalities are creating widespread discontent that could spill over into social conflict, in fact most people do not resent inequality itself, though they are unhappy about the mechanisms that lead to this inequality.¹⁴

Attitudes of the Middle Class

Much has been written about the political attitudes of the middle class, especially the private entrepreneurs. Given the very great presence of the party/state in Chinese society and the corresponding weakness of the legal framework, China's middle class has necessarily grown up in the shadow of—and, indeed, inside—the party/state. Rather than emerging against the state, the interests of China's middle class have paralleled those of the state; indeed, as Li Chunling's research, cited above, shows, the convergence of interests between the state and the middle class has grown over the years.

Nevertheless, the middle class is more participatory and desirous of political participation than their less well off counterparts. For instance, 23.9 percent of middle-class respondents report participating in one or more social groups (including industry associations), six and a half percentage points higher than those who are not middle class. When asked “What do you think is the best form for public participation in politics?”, 46.5 percent of middle-class respondents said “direct participation” and another 19.5 percent said “by participating in social groups.” By comparison, 39.4 percent of non-middle-class respondents answered “direct participation” and 10.8 percent answered “by participating in social groups” (which still seem like high numbers for those who have not made it into the middle class).¹⁵

This apparent desire for political participation has not, or at least not yet, been translated into a demand for political change. Indeed, when asked about the greatest shortcoming of public participation in politics, 42.8 percent of middle-class respondents said, “participation doesn't matter” (*buqi zuoyong*), an even greater number than the 32.1 percent of non-middle-class respondents. For instance, one respondent said, “it's not that we are not willing [to participate], but that we have no influence.” Another thought that there was no need to participate: “The policies being implemented by the state are increasingly decided upon by intellectuals and specialists. Their thinking and ours are perhaps unintentionally the same. They won't threaten our political position, economic position, or social position. They won't have any [adverse] influence on us.”¹⁶

What is most revealing in Zhou Xiaohong's data is that those middle-class respondents who are “inside the system,” that is, working for the state, are more participatory than those who work outside the system. For instance, when the question about the best form of political participation is broken down, 43.2 percent of insiders said “direct participation,” as compared to 37.9 percent of those outside the system. Similarly, greater numbers of insiders than outsiders selected “increasing reporting channels and strengthening supervision” for the best place to begin political reform (15.8 percent,

compared to 4.2 percent).¹⁷ But even if the middle class seems more participatory than the poorer sectors of society, the desire for political participation remains low. When asked to list a number of activities, including developing one's own career, consumption activities, leisure activities, political participation, and family life, both insiders and outsiders listed political participation last.¹⁸

Conclusion

Given the rapid changes in Chinese society, knowing how to conceptualize the notion of "middle class" and then estimating its size is inherently difficult. Judged strictly in terms of income (and computing that income in comparison to where an individual is living), then perhaps a quarter of China's population, about 214 million people, could be considered middle class. But strictly calculating incomes does not seem to capture the meaning of middle class as the term is generally used in China today. By 'middle class' most people seem to imply those who are college educated, urban, and have white-collar jobs. In that case, China's middle class should be considered much smaller, probably not exceeding 50 million people. If this estimate is reasonably accurate, it will be many, many years before we can speak of China as a 'middle-class society.'

There is obviously an enormous difference between the wealthy in China and the middle class, not to mention between the middle class and others. The wealthy are generally very well educated, politically well connected, and play leading roles as enterprise managers, private entrepreneurs, technology developers, and property developers. By contrast, the middle class leads a more modest existence as office managers, lower-level cadres, technical personnel, and office workers. But together the two groups dominate economic and social life in China, driving consumer tastes and economic trends.

Despite increased consciousness of economic differentiation in contemporary China, the fact that 46 percent of the people in Li Chunling's sample and 85 percent in Zhou Xiaohong's sample identified themselves as middle class suggests that a great number of people identify themselves with the tastes and aspirations of the middle class. Although there are desires for greater political participation, other goals, such as career development and family life, are more important to most people. This suggests that the middle class is having a social and political impact far in excess of its numbers and that its political impact is to increase the stability of the system. The fact that the middle class exhibits no sense of class consciousness or opposition to the system (despite a desire for greater participation) reinforces this impression.

Notes

¹ Li Chunling, "Dangqian gaoshouru chunti de shehui goucheng ji tezheng" [The social composition and special characteristics of the wealthy in contemporary China], *Zhongguo shehuixuewang*, retrieved from www.sociology.cass.cn/pws/lichunling/grwj_lichunling/t20041222_4091.htm, p.1.

² *Ibid.*, p. 2.

³ Li Chunling, “Zhongguo dangdai zhongchan jieceng de goucheng ji bili” [The composition and percentage of China’s contemporary middle stratum], from Shehuxue renleixue Zhongguowang, available at www.sachina.edu.cn/Htmldata/article/2005/09/289.html.

⁴ Zhou Xiaohong, *Zhongguo zhongchang jieceng diaocha* [Survey of the Chinese middle class] (Beijing: Shehui kexue wenxian chubanshe, 2005), p. 47. For information on sample of design, see pp. 26–27.

⁵ Li Chunling, “Zhongguo dangdai zhongchan jieceng de goucheng ji bili,” p. 9.

⁶ *Ibid.*, p.10.

⁷ Lu Xueyi, ed., *Dangdai Zhongguo shehui jieceng yanjiu baogao* [Research report on contemporary China’s social strata] (Beijing: Shehui kexue wenxian chubanshe, 2002), pp. 254–256.

⁸ Zhou Xiaohong, *Zhongguo zhongchan jieceng diaocha*, p. 45.

⁹ Li Chunling, “Dangqian Zhongguoren de shehui fenceng xiangxiang” [How contemporary Chinese imagine social differentiation], retrieved from www.xslx.com/htm/zlsh/shrw/2004-02-11-16019.htm, p. 2.

¹⁰ *Ibid.*, p. 3.

¹¹ *Ibid.*, p. 5.

¹² *Ibid.*, p. 7.

¹³ *Ibid.*, p. 8.

¹⁴ *Ibid.*, p. 14.

¹⁵ Zhou Xiaohong, ed., *Zhongguo zhongchan jieceng diaocha*, pp. 310–311.

¹⁶ *Ibid.*, p. 313.

¹⁷ *Ibid.*, pp. 319–320.

¹⁸ *Ibid.*, p. 321.