China's Emerging Middle Class

BEYOND ECONOMIC TRANSFORMATION

CHENG LI

editor

7. Qiang Li, "Guanyu zhongchan jieji he zhongjian jiecen" [Middle class and middle stratum], *Transaction of Renming University* 2 (2001): 19; Xueyi Lu, *Dangdai Zhongguo shehui jiecen yanjiu baogao* [Report on social classes of contemporary China] (Beijing: Social Science Academic Press, 2002), p. 62.

8. Li Chunling, *Duanlie yu suipian: Dangdai Zhongguo shehui jiecen fenhua shizheng fenxi* [Cleavage and fragment: an empirical analysis on the social stratification of contemporary China] (Beijing: Social Sciences Academic Press, 2009), pp. 54–58.

9. Zhou Xiaohong, *Zhongguo zhongchan jieji diaocha* [Survey of the Chinese middle class] (Beijing: Social Sciences Academic Press, 2005).

10. Li, "Zhongguo zhongchan jieji yanjiu de lilun quxiang ji guanzhudian de bianhua," p. 53.

11. This classification of middle class is a revised version of class scheme developed by East Asian Middle Class Project. Hsin-Huang Michael Hisao, ed., *East Asian Middle Classes in Comparative Perspective* (Taipei: Institute of Ethnology, Academia Sinica, 1999), p. 9.

12. The capitalist class is not classified as a part of the middle class in classifications of other societies. However, capitalists, named as private entrepreneurs, are supposed to be an important part of the middle class in China. That is because the Chinese capitalist class is a new class, and its appearance is changing the original class structure and symbolizes the rise of the middle class.

13. John H. Goldthorpe, *Social Mobility and Class Structure in Modern Britain* (Oxford: Clarendon Press, 1987); Li, *Duanlie yu suipian: Dangdai Zhongguo shehui jiecen fenhua shizheng fenxi,* pp. 71–73.

14. Calculation of the sizes of classes mainly depends on occupation and a few other, related variables (such as the employment situation). However, different data have different categories of occupation and different definitions of the employment situation. In addition, census data (1882, 1990, 2000), the 1 percent population survey (2005), and the household income survey (1988, 1995, 2002) provide less detail. But the national survey of social structure change (2001) and the China General Social Survey (2006) have more detail for classifying classes. That makes it impossible to precisely estimate the exact size of subclasses. Though the percentages in table 6-2 fluctuate, the trend—expansion of the middle class—is quite clear.

15. Although the old middle class and the marginal middle class are classified by the criterion of occupation into middle class, most people think of these two groups as between middle class and working class because their socioeconomic status is lower than that of the regular middle class and higher than that of the working class.

16. The surveys of 2001, 2006, and 2007 all ask about social stratum. Social strata have five categories: upper, upper-middle, middle, lower-middle, and lower. More than 90 percent of members of the middle class classify themselves as upper-middle stratum, middle stratum, and lower-middle stratum; about 60 percent classify themselves as middle stratum. However, only a few identify themselves as middle class. This confuses researchers who use the criterion of subjective identity to estimate the size of the Chinese middle class. If they use social stratum to calculate the size of middle class, about 60–70 percent of the total population is middle class. But the percentage becomes lower than 10 percent if they use class (middle class) as the category.

17. The earliest class of a person is determined by his first occupation in the labor market. Present class position is probably different from the early position if his occupation changed. Sociologists study social mobility by observing changes of occupation and class position of individuals.

18. Li Peilin and Zhang Yi, "Zhongguo zhongchan jieji de guimo, rentong, he shehui taidu" [The scale, recognition, and attitudes of China's middle class], in *Daguoce tongxiang Zhongguo zhilu de Zhongguo minzhu: Zengliang shi minzhu* [Strategy of a great power: incremental democracy and Chinese-style democracy], edited by Tang Jin (Beijing: People's Daily Press, 2009), pp. 183–201.

CHAPTER SEVEN

China's New Upper Middle Classes: The Importance of Occupational Disaggregation

JIANYING WANG and DEBORAH DAVIS

In the course of thirty years of unbroken economic growth China's class structure has experienced fundamental changes. While workers and peasants were the dominant classes before 1978, the structural and institutional transformation that followed has led to the rise of new social groups, which have subsequently changed the class maps of contemporary China. These new social groups, ranging from private entrepreneurs to professionals and managers in the nonstate sector, often fall into the broad category of middle class.

The emergence of a new middle class in contemporary China inspires important questions concerning its social and political impact. Nevertheless, to answer these questions one has to go beyond the general characterization of these different social groups as one middle class. Rather, studying the emerging middle class in China requires a closer look at the similarities and differences among the various segments of the middle class and what underlies these commonalities and distinctions.

For sociologists interested in social stratification, class analysis is important because it helps to explain variability in individual life chances and attitudes.[1] To achieve these goals, scholars employ a variety of analytical methods to examine the structure of social classes. The conventional approach to class analysis focuses on a small number of big classes defined by a particular variable (such as authority or employment relations) that is deemed especially useful in understanding the classes' structure. Recent scholarship, however, argues that smaller social groups,

such as occupational groups, have become so deeply institutionalized in the labor market that they serve as better metrics to explain individual behaviors and attitudes. The latter thus proposes a more disaggregated approach to class analysis, or analysis of social stratification in general, that provides greater explanatory power than big class models.[2] Following this approach, we attempt in this chapter to disaggregate the broad category of middle class and focus on one specific group, the upper middle class, to understand the changing class maps in postreform China. Our study shows that even within the upper middle class there is considerable variation among its subgroups in terms of their life chances and attitudes.

After winning the civil war in 1949, the Chinese Communist Party (CCP) not only stigmatized the bourgeoisie ideologically but also implemented policies that blocked the reproduction of a distinctive upper middle class.[3] By 1953 all college students were assigned jobs as state cadres (*guojiaganbu*) upon graduation, and the private sector disappeared as a viable job choice for young managers and professionals.[4] Outside the workplace, the state's rationing of daily necessities and its political attacks on conspicuous consumption discouraged the upper middle classes from developing distinctive lifestyles. At the same time, the state's concerted effort at suppressing occupational associations prevented urbanites from mobilizing politically around class interests independent of the CCP. Thus those who by profession or education might have come to constitute a distinct social class and act collectively in politics lost this capacity.

However, as market rules have come to set wages and a globalized trade regime offers first-world salaries to professionals and managers with scarce skills, occupational differences have translated into increased inequality and a more differentiated class hierarchy.[5] In this chapter we investigate the impact of these macrolevel shifts by asking two questions:

—Has economic inequality between different segments of the middle class increased over time?

—Can we identify consequences beyond greater material inequality between manual laborers and other workers?

To address these questions we rely on two urban samples drawn from the Chinese Household Income Project (CHIP), a national survey conducted in 1995 and 2002 by the People's Republic of China's (PRC's) National Bureau of Statistics under the direction of a team of researchers from the Institute of Economics, the Chinese Academy of Social Sciences,

and several foreign institutions. Designed to provide a comprehensive estimate of the distribution and determinants of household income, the survey also includes probes of individual attitudes toward social and economic trends.[6]

These materials reveal both variation in income and attitudes about China's increasing inequality and about life satisfaction. To investigate the question of increasing economic inequality we compare the distribution of economic assets, family income, and property ownership of more than 12,000 male household heads with urban household registrations. To assess the impact of class position on attitudes we analyze the responses of 5,718 men who were asked about the fairness of the income distribution and their overall satisfaction with the status quo in 2002.[7] Overall, we find that economic inequality increased and that attitudes toward current social issues varied across class positions. Thus rather than finding one middle class distinguishable from blue-collar workers, we find a pattern of increasing differentiation that suggests a reversal of the process of class leveling initiated after the Communist victory in 1949.

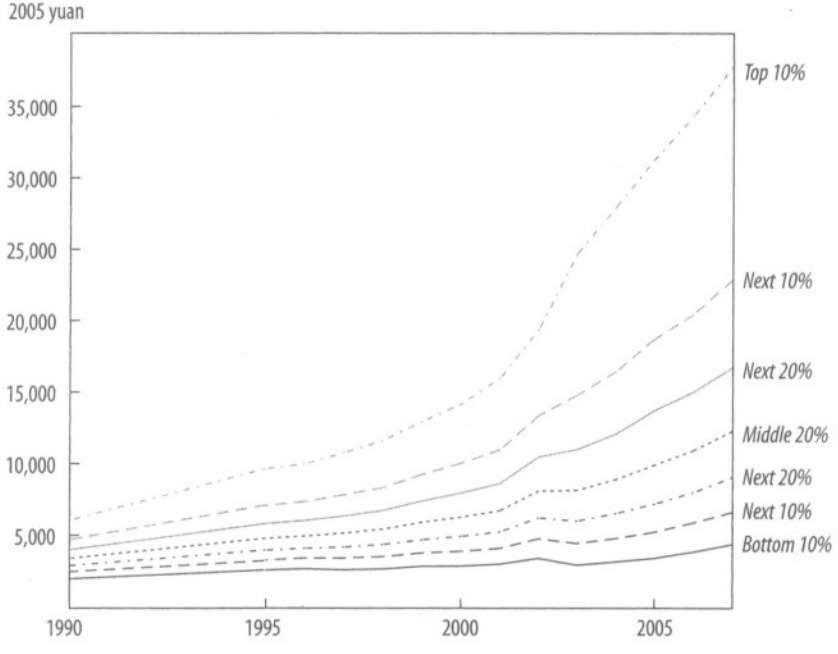
Defining the Middle Classes and Estimating Their Sizes

As other contributors to this volume note, *middle class* is a fuzzy or ambiguous term that, depending on the definition, will give varying estimates of its size.[8] If one relies on income distribution alone, the middle class includes all those who fall into the middle quintile of an income distribution. By that metric, however, the middle class would never expand beyond the middle 20 percent.

An alternative, which allows us to capture changes in the size of a middle class, is to use income levels deemed adequate to provide a middle-class lifestyle, usually one that presumes a steady income, ownership of a home, and the ability to afford higher education for the children. If we assume that in urban China an annual per capita household income of 10,000 yuan marks entry into this lifestyle, the trend lines displayed in figure 7-1 indicate that in 1990 China had no middle class, that by 2000 roughly 20 percent of urban households were middle class, and that by 2007 fully 60 percent had crossed this threshold.[9]

Because of our interest in disaggregating the middle class, we depart from this purely income-based definition and follow the sociological convention of defining *middle class* by occupation and education, drawing specifically upon the microclass framework of Kim Weeden and David

FIGURE 7-1. Mean Annual Urban per Capita Household Income, 1990–2007[a]



Source: *Zhongguo lianxiao jingying nianjian, 1990–2008* (Chinese retail business yearbooks, 1990–2008).
a. The seven deciles or quintiles are adjusted to the value of the yuan in 2005.

Grusky. They argue that class homogeneity is generated at the occupational level through three mechanisms: the allocative processes of self-selection and differential recruitment; the transformative effects of the objective conditions of work and the social practices characteristic of an occupation; and the institutionalization of the processes by which work is typically structured and rewarded.[10] Because we are particularly interested in exploring how market reforms have affected college-educated professionals and managers who were absorbed in the undifferentiated category of state cadre during the socialist era, we adopt the following eight-class schema, which combines occupational status and educational attainment:

—Workers: these are unskilled or skilled manual workers and sales and service workers.

—Clerks: these are ordinary office workers.

—Lower managers: these are noncadre managers without a college education.

TABLE 7-1. Distribution of Male Household Heads by Occupation, China, 1995 and 2002[a]

Percent

	1995		2002	
Occupation	*Share of total*	*Share in state jobs*	*Share of total*	*Share in state jobs*
All classes	...	98	...	81
Worker	34	98	40	76
Clerk	20	99	16	87
Lower manager	11	99	13	89
Lower professional	17	100	15	86
Upper manager	1	98	2	81
Upper professional	7	99	6	91
Cadre	9	100	6	100
Self-employed	1	45	4	6

Source: Chinese Household Income Project, 1995, 2002.
a. 1995, $N = 6,236$; 2002, $N = 6,185$.

—Lower professionals: these are professionals without a college education.

—Upper managers: these are noncadre managers with a college education.

—Upper professionals: these are professionals with a college education.

—Cadres: these are managers who are party members and work in government/state institutions.

—The self-employed.[11]

Table 7-1 shows the relative size of each occupational class based on the above schema in 1995 and 2002. In addition, we further subdivide each occupation for which there are private employers into state and private sector jobs. Comparing the distribution of jobs in these two years, one discovers two major shifts. First, the overall percentage of male household heads working in the state sector declined from 98 percent to 81 percent. This decline is not surprising, given the expansion of the nonstate sector in the reform era since the late 1990s, when the reform of state-owned enterprises accelerated, but it is a potentially significant distinction that a broader definition of the middle class fails to elucidate. Second, the relative share of different occupations also changed. The percentage of working-class men increased from 34 to 40 percent, while the percentage of men in lower-middle-class occupations such as clerks,

lower-level managers, and lower-level professionals decreased from 48 percent to 44 percent, and the percentage of cadres declined from 9 percent to 6 percent. Somewhat surprisingly the share of college-educated managers and professionals, or what we would call the upper middle classes, remained stable at 8 percent. As expected, the share of the self-employed rose (from 1 percent to 4 percent).

Taking into account that the CHIP survey did not include rural migrants, a group that constituted an increasing percentage of the urban labor force between 1995 and 2002, the rising percentage of urban men in manual and service work further reinforces our findings that over time the upper middle classes of upper managers, upper professionals, and cadres have become an increasingly privileged group that stands apart from the majority. We now turn to a closer examination of this growing inequality in income and assets.

Income Distribution across Occupations

Table 7-2 displays the median per capita household income across eight occupational classes in 1995 and 2002. In both years, the three upper-middle-class groups enjoyed noticeably higher income than all the others. Moreover, their income advantages increased over time. In 1995, for example, the annual median per capita household income of upper managers was 1.53 times that of workers, and that of upper professionals was 1.45 times as high; by 2002 the median income of upper professionals and upper managers reached 1.87 and 1.69 times that of workers. Box plots representing dispersion around the mean per capita household income graphically illustrate the growing inequality among the eight occupational groups over time (figures 7-2 and 7-3). Thus in comparing the distributions of annual per capita income, we see that whereas in 1995, 75 percent of households headed by workers, clerks, or the self-employed had a per capita income of less than 5,000 yuan, among the upper middle class the figure was only 50 percent. By 2002 almost 50 percent of workers and the self-employed still averaged less than 5,000 yuan a year, whereas among the upper middle class half exceeded 10,000 yuan a year.

The above results indicate that the overall income level of the upper middle class, as a whole, stands apart from other groups and that income inequality between the upper and lower class strata in China has increased over time. Moreover, tests of median difference show that

TABLE 7-2. Median per Capita Household Income by Occupation, China, 1995 and 2002[a]

Yuan

	1995		
Occupation	*Current yuan*	*Adjusted to 2002 yuan*	*2002*
Worker	3,690	4,096	5,797
Clerk	3,785	4,201	7,276
Lower manager	4,522	5,019	8,196
Lower professional	4,337	4,814	7,639
Upper manager	5,367	5,957	9,768
Upper professional	5,631	6,250	10,836
Cadre	5,022	5,574	9,233
Self-employed	3,577	3,970	5,180
Addendum			
Anova test of median difference (*p* value):			
Between all groups	0.000***		0.000***
Between three upper middle groups	0.007**		0.001**

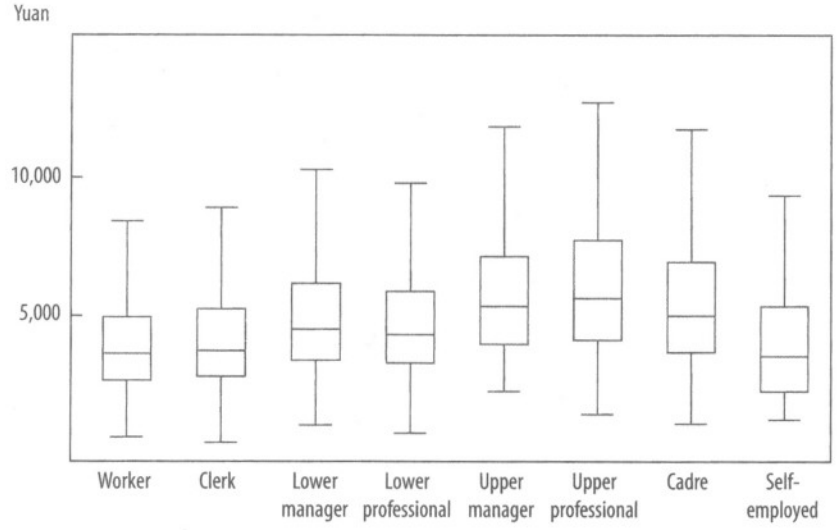
Source: Chinese Household Income Project, 1995, 2002.
**Significant at 1 percent level, ***significant at 0.1 percent level
a. 1995, $N = 6,236$; 2002, $N = 6,185$.

the median income differs significantly not only among the eight occupational groups but also among different segments of the upper middle class (see table 7-2). In both 1995 and 2002 college-educated professionals had the highest median income level, followed by college-educated managers and cadres, which suggests that when measured by income alone well-educated professionals as a whole have benefited most from market reforms.

Assets of China's Urban Professionals and Managers

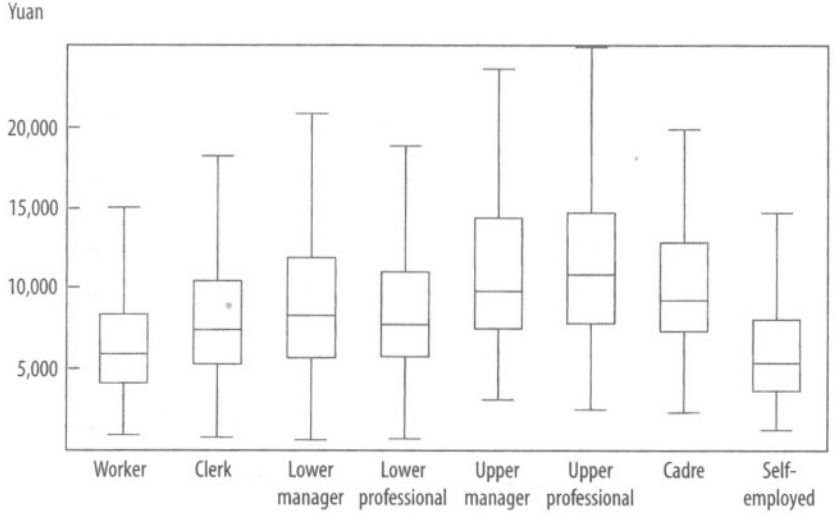
The increasing advantages enjoyed by those in upper-middle-class occupations can also be demonstrated by comparing changes in the value of their homes and financial assets. Because comprehensive housing reform did not start until after 1997, we do not see a clear advantage among college-educated managers and professionals in 1995 (table 7-3). In fact, in 1995 the 32 percent homeownership rate among upper managers was

FIGURE 7-2. Per Capita Household Income, China, 1995



Source: Chinese Household Income Project, 1995.

FIGURE 7-3. Per Capita Household Income, China, 2002



Source: Chinese Household Income Project, 2002.

TABLE 7-3. Home Ownership and Home Value by Occupation, China, 1995 and 2002[a]

Units as indicated

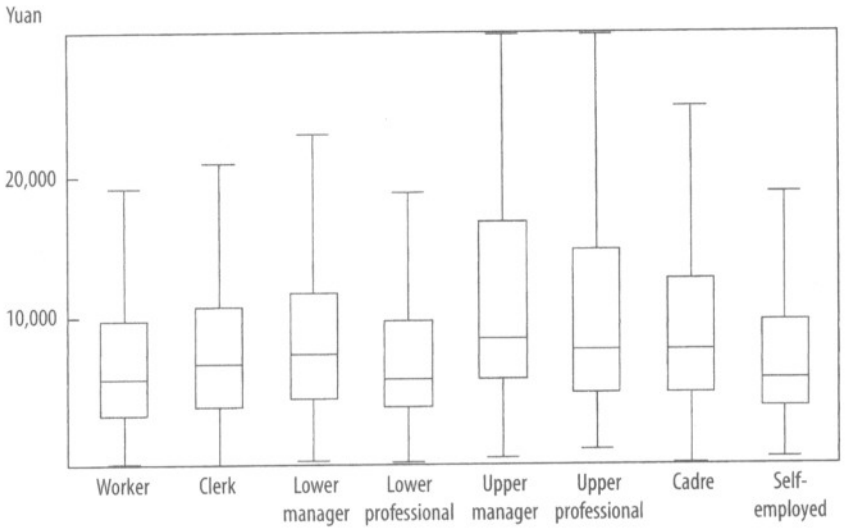
Occupation	*Home ownership (percent)* 1995	2002	*Median home value (yuan) in 2002*
Total	42	79	
Worker	39	74	50,000
Clerk	45	80	60,000
Lower manager	41	81	61,000
Lower professional	42	83	55,000
Upper manager	32	84	73,764
Upper professional	39	81	70,000
Cadre	48	88	80,000
Self-employed	59	75	50,000
Addendum			
Anova test of median difference (*p* value):			
Between all groups			0.000***
Between three upper middle groups			0.163

Source: Chinese Household Income Project, 1995, 2002.
***Significant at 0.1 percent level.
a. 1995, $N = 6,236$; 2002, $N = 6,185$.

the lowest of all groups, an anomaly that we attribute to the fact that before housing reform upper managers in state enterprises routinely paid very low rents for some of the best urban housing.[12] However, since the full commodification of real estate between 1998 and 2000, income advantages have come to correlate quite closely with both higher levels of homeownership and higher home values.

That said, income alone is not decisive. Thus the highest-level ownership (88 percent) and the highest median value (80,000 yuan) are among households headed by a male cadre; those headed by upper managers rank second, with 84 percent ownership and a median home value of 73,764 yuan. Although upper professionals have the highest median income (as shown in the previous section), they fared less favorably than cadres and upper managers in terms of property ownership. These results suggest that while cadres do not have an obvious advantage in income, they have benefited disproportionately from the housing reforms

FIGURE 7-4. Estimated Home Value, 2002



Source: Chinese Household Income Project, 2002.

launched in the late 1990s. This property advantage is not trivial, yet it could not have been observed if one looked at income alone.

When we use box plots to illustrate the dispersion of home values across and within the occupations in 2002, after homeownership had become the norm, we find a pattern that generally maps onto that observed for overall income dispersion. In figure 7-4, for instance, we see that in 2002 almost three-quarters of workers, clerks, lower professionals, and the self-employed owned homes worth less than 100,000 yuan and that even among those in the upper quartile, home values ranged between 100,000 and 200,000 yuan. By contrast, the upper quartile value of homes owned by upper managers, upper professionals, and cadres ranged between 150,000 and 300,000 yuan. In other words, the upper middle class as a whole stands apart from other groups in terms of property values. On the other hand, the interquartile ranges of home value are largest among upper managers, followed by upper professionals and cadres, suggesting that in addition to their advantages over the families of workers and the lower middle class, there is also great inequality within the upper middle classes.[13]

In terms of such financial assets as certificate of deposits and stocks and bonds, we also observe rising values and increasing inequality.

TABLE 7-4. Median Value of Financial Assets by Occupation, China, 1995 and 2002[a]

Yuan

Occupation	*1995*	*2002*
Worker	3,100	8,250
Clerk	4,000	10,000
Lower manager	5,150	17,000
Lower professional	5,000	11,000
Upper manager	8,000	20,000
Upper professional	8,000	30,000
Cadre	7,940	20,000
Self-employed	4,500	50,00
Addendum		
Anova test of median difference (*p* value):		
Between all groups	0.000***	0.000***
Between three upper middle groups	0.681	0.011*

Source: Chinese Household Income Project, 1995, 2002.
*Significant at 5 percent level, ***significant at 0.1 percent level.
a. 1995, $N = 6,236$; 2002, $N = 6,185$.

As shown in table 7-4, the median financial assets possessed by upper managers, upper professionals, and cadres in 1995 were similar to each other and higher than all other groups. By 2002 the upper-middle-class groups continued to enjoy significant advantages over other groups in terms of financial assets. Moreover, there is a pronounced differentiation among the three upper-middle-class groups. In particular, the upper professionals stand out from the others. Given that such financial assets as stocks are relatively new instruments, we hypothesize that because of their college education, upper professionals are more likely to know about these options than members of other classes and thus own more financial assets.

Occupational Class and Attitudes

The CHIP data do not allow us to directly engage the questions raised by Han Sang-Jin (chapter 12), Ethan Michelson and Sida Liu (chapter 14), and Jie Chen (chapter 15) relating to authoritarianism, democracy, and political reform. However, because the 2002 CHIP survey did ask

respondents to assess both the fairness of the national income distribution and their own life satisfaction, we can create a dialogue with other contributors and speak to the editor's overarching question about the political implications of a growing middle class in China. Moreover, because the CHIP data provide complete information on such individual attributes as age, income, state employment status, and health and marital status, multivariate analysis of the 2002 data allows us to test explicitly for the independent effect of occupational class on attitudes toward fairness and happiness that may have implications for predicting long-term political values and behavior.

We turn first to questions that asked respondents to rate the fairness of the national income distribution. For convenience, we recoded the answers into two categories: fair versus unfair. As we see in table 7-5, across all occupations a large majority believes that the current situation is unfair, suggesting that rising income inequality in the postreform era is widely recognized among urban residents. However, upper managers are twice as likely (23 percent) as workers (11 percent) to consider the income distribution fair, and workers are the most likely to find the current situation unfair, indicating the generally worsening position of workers in the reform era.

When we examine responses to the question concerning overall life satisfaction, only a small minority of any class is unhappy (see table 7-5). However, variation across classes for this question is more marked than for attitudes to income distribution. Upper managers have the highest level of satisfaction, with 77 percent reporting that they are happy about their lives and only 1.5 percent reporting negatively. By contrast, only half of workers report they are happy and 16 percent report that they are unhappy. Cadres and upper professionals also exhibit relatively high levels of life satisfaction, whereas the self-employed report a satisfaction level as low as that of workers. To the extent that class status is closely associated with attitudes and life conditions, the variation among these occupational classes along these dimensions demonstrates the centrality of occupation in determining class status.

To test whether occupational class independently affects perceptions of fairness and happiness, we conducted multivariate logistic regressions that control for the effects of age, employment in the state sector, self-perceived health, marital status, and household income. To estimate the differences between the upper middle class and other groups, as well as the differences among the three occupational groups (upper manager,

TABLE 7-5. Perception of Fairness in National Income Distribution and of Own Life Satisfaction, Male Household Heads by Occupation, China, 2002[a]

Percent

Occupation	*Perceives income distribution as fair*	*Life satisfaction*		
		Happy	*Just so-so*	*Unhappy*
Worker	11	49	35	16
Clerk	12	56	32	12
Lower manager	14	62	29	9
Lower professional	13	63	29	8
Upper manager	23	77	22	1.5
Upper professional	15	68	25	6.5
Cadre	19	76	20	5
Self-employed	16	50	31	19
Addendum				
Anova test of mean difference (*p* value):				
Between all groups	0.000***		0.000***	
Between three upper middle groups	0.257		0.125	

Source: Chinese Household Income Project, 2002.
***Significant at 0.1 percent level.
a. $N = 5,718$.

upper professional, and cadre) within our omnibus upper-middle-class category, we examine three different disaggregations of class.

First, we collapse all but workers into one white-collar class to assess the degree to which the boundary between blue-collar and white-collar employment distinguishes attitudes. In our second model we test for variation between the lower and upper middle classes, and in the third we test the distinctions among the component members of the upper middle class, with the reference group being upper managers. We keep the self-employed as a separate category from both lower middle class and upper middle class because of their distinct position in the urban labor market of postreform China. The majority of the self-employed operate outside of the state sector but are severely constrained by state policies.[14] The institutional environment for self-employment changes over time, as does its political status. The origins and economic outcomes of the self-employed also vary greatly. Thus we expect the self-employed to have distinct attitudes from other occupational groups.

TABLE 7-6. Selected Characteristics of Male Household Heads Surveyed on Attitudes Questions, 2002[a]

Units as indicated

Variable	Worker	Clerk	Lower manager	Lower professional	Upper manager	Upper professional	Cadre	Self-employed
Age (years)	48	47	56	49	50	46	46	43
Marital status (% married)	96	97	97	98	100	97	99	98
Health condition[b]	1.48	1.42	1.48	1.44	1.32	1.36	1.26	1.34
Annual per capita household income (yuan)	6,686	8,416	9,524	8,617	12,124	12,382	10,865	6,942
Log of per capita household income (mean)	8.64	8.89	8.99	8.93	9.26	9.28	9.16	8.61
Type of work unit (% state)	76	86	89	86	81	92	100	6
N	2,266	915	736	838	97	331	340	195

Source: Chinese Household Income Project, 2002.

a. $N = 5,718$.

b. Health condition was given values of 1, 2, or 3, with 1 being good or very good, 2 being average, and 3 being bad or very bad.

Perceptions of Fairness

We use logistic regression models to distinguish the effect of class status from other variables on perceptions of fairness of the income distribution. The dependent variable for the model is a dummy variable, with 1 representing "fair" and 0 representing "unfair." The independent variables are age, log of annual per capita household income, marital status, self-reported health status, and state employment. Table 7-6 lists the mean scores for each variable in the model for each of the eight occupations. As we can see, the average age of these respondents varies from forty-three years among the self-employed to fifty-six years among lower managers. Almost all are married, and the majority report somewhat better than average health. Except for the self-employed, most work in the state sector.

Table 7-7 presents the results of logistic regression models on perceptions of fairness in the national income distribution. In model 1 we see that those with higher income, good health, and employment in the state sector are more likely to find the income distribution fair. However, after controlling for these attributes, as well as for age and marital status, working-class respondents are significantly less likely than nonworkers to find the distribution fair (model 1). Specifically, the odds of workers regarding

TABLE 7-7. Three Logistic Regression Models, Attitude toward Fairness of National Income Distribution, China, 2002[a]

	Model 1			Model 2			Model 3		
Variable	Coefficient	Standard error	Odds ratio	Coefficient	Standard error	Odds ratio	Coefficient	Standard error	Odds ratio
Age	0.003	0.004	1.0	0.004	0.004	1.0	0.004	0.004	1.0
Marital status	–0.101	0.230	0.9	–0.102	0.230	0.9	–0.113	0.23	0.89
Health	–0.267***	0.072	0.77	–0.262***	0.072	0.77	–0.259***	0.072	0.77
Annual per capita household income (in log form)	0.167*	0.071	1.18	0.163*	0.072	1.18	0.165*	0.072	1.18
State sector	0.363**	0.114	1.44	0.511***	0.13	1.67	0.518***	0.13	1.68
Occupation									
Worker	–0.196*	0.087	0.82						
White collar	...	...	...						
Worker				–0.096	0.093	0.91			
Lower middle class				...	...	...			
Upper middle class				0.204†	0.117	1.23			
Self-employed				0.777**	0.229	2.17			
Worker							–0.647*	0.261	0.52
Lower middle class							–0.551*	0.256	0.58
Upper manager							...	...	...
Upper professional							–0.497†	0.293	0.61
Cadre							–0.321	0.287	0.73
Self-employed							0.23	0.332	1.26
Constant	–3.297***	0.689		–3.547***	0.704		–3.001***	0.763	
Log likelihood		–2,177.44			–2,171.06			–2,169.65	
Pseudo R^2		0.01			0.01			0.01	

Source: Chinese Household Income Project 2002.

†$p < .10$, *$p < .05$, **$p < .01$, ***$p < .001$.

a. $N = 5,718$. Measure: 1 = fair.

the income distribution to be fair are 82 percent of the odds of nonworkers finding it fair. Given the loss of benefits and the basic insecurity of working-class jobs in the postsocialist economy, it is not surprising that the blue-collar/white-collar distinction is consequential. However, as we and others argue, the middle class or middle classes are much more than simply those who are not working class. To address this issue, in model

2 we juxtapose the lower middle class to workers and the upper middle class, and in model 3 we juxtapose the upper managerial class to all others.

As shown in model 2 of table 7-7, those with higher incomes, good health, and employment in the state sector are more likely to find the income distribution fair, but when we control for these attributes we find no significant difference between workers and the lower middle class. However, at the same time we do observe a significant difference between the lower middle class and the self-employed as well as between the lower middle class and members of an omnibus upper middle class (managers, professionals, and cadres). Specifically, the self-employed are 2.17 times as likely as those in the lower middle class to say that the national income distribution is fair, and those in the upper middle class are 1.23 times as likely. These findings demonstrate that within the broad category of middle class the lower and upper strata exhibit distinctive attitudes toward the social reality.

When using upper managers as the reference category (model 3, table 7-7) we again find that higher incomes, state employment, and good health predict a more favorable response, but we also find differences within the upper middle class. For example, upper professionals are significantly less likely than upper managers to consider the national income distribution fair, whereas the attitudes of cadres and the self-employed do not significantly differ from those of upper managers. More specifically, the odds of workers, the lower middle class, and upper professionals to say that the national income distribution is fair are, respectively, 52 percent, 58 percent, and 61 percent the odds of upper managers.

In sum, there are divergent attitudes not only between the upper and lower strata of the middle class but even among upper-middle-class groups. This is partly due to the distinctive occupational paths taken by the upper middle class during the reform process. In particular, the incremental approach to reforms has meant that managers are likely to maintain a strong link to the state, whereas upper professionals are more likely to find jobs in the private sector or hold state jobs that follow market rules. To the extent that the state remains socially and politically dominant and constitutes a constraining force on the market, those who benefit from close association with the state are more likely to hold a favorable view toward the status quo.

Happiness

To examine the impact of class status on life satisfaction, we use ordered logit models. The dependent variable is recoded into a

TABLE 7-8. Three Logistic Regression Models, Life Satisfaction, China, 2002[a]

	Model 1			*Model 2*			*Model 3*		
Variable	*Coefficient*	*Standard error*	*Odds ratio*	*Coefficient*	*Standard error*	*Odds ratio*	*Coefficient*	*Standard error*	*Odds ratio*
Age	0.011***	0.002	1.01	0.012***	0.002	1.01	0.012***	0.002	1.01
Marital status	0.308*	0.156	1.36	0.303†	0.156	1.35	0.296†	0.156	1.34
Health	−0.572***	0.045	0.56	−0.567***	0.045	0.57	−0.565***	0.045	0.57
Per capital annual household income (in log form)	0.812***	0.050	2.25	0.783***	0.05	2.59	0.785***	0.05	2.19
State sector	0.274***	0.068	1.32	0.234**	0.073	1.26	0.235**	0.073	1.27
Occupation									
Worker	−0.252***	0.056	0.78						
White collar	...	...	...						
Worker				−0.205**	0.06	0.81			
Lower middle class				...	...	...			
Upper middle class				0.317**	0.093	1.37			
Self-employed				−0.079	0.158	0.92			
Worker							−0.837**	0.256	0.43
Lower middle class							−0.632*	0.255	0.53
Upper manager							...	...	...
Upper professional							−0.466†	0.279	0.63
Cadre							−0.248	0.281	0.78
Self-employed							−0.71*	0.294	0.49
Log likelihood		−5,019.05			−5,012.8			−5,011.07	
Pseudo R^2		0.06			0.06			0.06	

Source: Chinese Household Income Project, 2002.
†$p < .10$, *$p < .05$, **$p < .01$, ***$p < .001$.
a. $N = 5{,}718$. Measure: 1 = unhappy, 2 = just so-so, 3 = happy.

three-category ordinal variable, with 1 representing "unhappy," 2 representing "just so-so," and 3 representing "happy." Table 7-8 presents the results of three ordered logistic regressions on life satisfaction: model 1 juxtaposes blue-collar and white-collar respondents, model 2 juxtaposes the lower middle class with others, and model 3 permits disaggregation of the upper middle classes into managers, professionals, and cadres.

Results in model 1 of table 7-8 show that workers are significantly less happy than everyone else. The odds of workers reporting that they are

happy rather than just so-so or unhappy are 78 percent the odds of a nonworker feeling happy, again indicating that workers were generally losers in the market reform. In model 2 we see that distinctions go beyond the white-collar/blue-collar divide. Workers continue to be less happy than both the lower and upper middle classes, but within the middle classes the upper middle classes are significantly happier than the lower middle class after controlling for age, health, income, and state employment. The odds of someone from the upper middle class feeling happy are 1.37 times the odds of someone from the lower middle class feeling happy. This further illustrates the differentiation within the middle class.

In model 3, where the upper middle class is disaggregated into upper professionals, upper managers, and cadres, we see that workers, men in the lower middle classes, and the self-employed are all significantly less happy than upper managers. The odds of workers, the self-employed, and the lower middle class saying they are happy instead of the just so-so or unhappy are, respectively, 43 percent, 49 percent, and 53 percent the odds of upper managers.

Here, however, we also discover that after controlling for income and everything else, the upper middle class is not homogeneous. Instead, upper professionals are significantly less happy than managers (the odds of upper professionals reporting that they are happy are 63 percent the odds of upper managers). However, there is no gap in the level of satisfaction between upper managers and cadres. That upper managers enjoy the greatest life satisfaction further confirms their favored position in the urban political economy of 2002. The equally favorable assessment by cadres also suggests that not only have cadres not been marginalized in postsocialist China but that a dual elite of upper managers and officials may characterize the urban social structure for some time to come. More generally, the results indicate that when looking beyond economic transformations, scholars gain precision when they disaggregate the middle class into constituent segments rather than treating it as one homogeneous social category.

Conclusion: Class and Occupation

In this chapter we rely exclusively on two surveys of male household heads who were officially registered residents of Chinese cities and towns. Because we were necessarily limited by the original investigators' primary interest in economic outcomes, we could not explore the full range of possible topics raised by this volume's editor and by other contributors. Nevertheless, the data did allow us to move beyond the simple dichotomy of blue collar and white collar and to identify the relative winners and losers of economic reform across a range of occupations.

The results also speak to a broader debate in sociology between those led by John Goldthorpe and his colleagues, who advocate "big class" analysis, and those led by David Grusky and Kim Weeden, who advocate "microclass" analysis.[15] For Grusky and Weeden, specific occupations are considered the key location for the formation of class, because they believe that it is at the occupational level that individuals form class identities and class interests through the shared experiences of recruitment, promotion, and ongoing socialization. Although our disaggregation of the urban middle classes and upper middle classes could not capture the refinement that Weeden and Grusky advocate, our multivariate models do illustrate how disaggregating macroclasses can help to identify significant variation among segments of white-collar employees as well as confirming the importance of the split between those in manual and those in nonmanual jobs.

Finally, as Wang Feng shows in his book on inequality and stratification in urban China, disaggregation by occupation is particularly important in analyzing Chinese politics, because in China the boundaries and categories created around political position, professional rank, and geographic location create opportunities for hoarding and the extraction of surplus.[16] Thus to understand or predict what will result "beyond economic transformation," it is essential that scholarship moves beyond models that presume an undifferentiated middle class to work with more refined categories that capture the gradients of power and authority among occupational positions.

Notes

1. Kim Weeden and David Grusky, "The Case for a New Class Map," *American Journal of Sociology* 111, no. 1 (2005):141–212.

2. Robert Erikson and John H. Goldthorpe, *The Constant Flux* (Oxford: Clarendon Press, 1992); and Weeden and Grusky, "The Case for a New Class Map."

3. Deborah Davis, "Self-Employment in Shanghai," *China Quarterly* 157 (March 1999): 22–43; Deborah Davis, "Social Class Transformation: Training, Hiring, and Promoting Urban Professionals and Managers after 1949," *Modern China* 26, no. 3 (2000): 251–75.

4. Yanjie Bian, "Urban Occupational Mobility and Employment Institutions," in *Creating Wealth and Poverty in Post-Socialist China*, edited by Deborah Davis and Wang

Feng (Stanford University Press, 2009), pp. 172–92; Deborah Davis, "Skidding: Downward Mobility among Children of the Maoist Middle Class," *Modern China* 18, no. 4 (1992): 410–37.

5. Davis and Wang, *Creating Wealth and Poverty in Post-Socialist China.*

6. Azizur Rahman Khan and Carl Riskin, "Income and Inequality in China: Composition, Distribution, and Growth of Household Income, 1988 to 1995," *China Quarterly* 154 (June 1998): 221–53. Through the Chinese Household Income Project (CHIP), the National Bureau of Statistics of China conducted comprehensive national surveys in 1988, 1995, 2002, and 2005. For this chapter we use 6,236 male household heads from the urban sample of 1995, which covers a total of 21,698 individuals in 6,931 households; and 6,179 male household heads from the urban sample of 2002, which covers a total of 20,628 individuals in 6,836 households.

7. The survey asked household heads questions on their perceptions of income inequality and life satisfaction. In this study we focus on three questions: Do you think current national income distribution is fair? (Answers range from very fair, relatively fair, relatively unfair, and very unfair.) In general, do you feel happy? (Answers range from very happy, relatively happy, just so-so, not so happy, and very unhappy.)

8. See Homi Kharas and Geoffrey Gertz, chapter 2, this volume.

9. In the statistical yearbooks the National Bureau of Statistics provides the mean per capita household figure for households that fall in the top two and bottom two deciles and in the three middle quintiles. Using these mean estimates in each of the seven groups, one can derive a rough estimate of the increase in middle-class households.

10. Weeden and Grusky, "The Case for a New Class Map."

11. The CHIP asked respondents to identify their own occupational status. The unemployed reported their last occupation before unemployment. The retired reported their occupation before retirement. The original occupations include owners of private enterprises; the self-employed (*getihu*); professionals; directors of a government agency, an institution, and an enterprise; department directors of a government agency, an institution, and an enterprise; clerical/office staff; skilled workers; unskilled workers; sales and service workers; farmers; and others. Respondents were asked whether their work units were enterprises, government agencies, or institutions, which was used to identify cadres.

12. Deborah Davis, "Urban Chinese Homeowners as Citizen Consumers," in *The Ambivalent Consumer,* edited by Sheldon Garon and Patricia Maclachan (Cornell University Press, 2006), pp. 281–99.

13. Interquartile range is the number of cases that fall 25 percent above and below the median. It is useful to visualize the dispersion, and thus degree, of inequality.

14. Jianying Wang, "Self-Employment in Urban China," Ph.D. dissertation, Yale University, 2009.

15. Erikson and Goldthorpe, *The Constant Flux;* Weeden and Grusky, "The Case for a New Class Map."

16. Wang Feng, *Boundaries and Categories* (Stanford University Press, 2008).