

Chinese Middle Class: Reality or Illusion?

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Abstract: In the process of modernization around world, the change in class and social stratification, especially the rising and increasing of middle classes, has been a universally significant phenomenon. Centering on the debate of whether or not there are middle classes in China, this paper analyzes, against the background of Eastern Asian modernization and the reform and opening in China, the emergence and social structure of the Chinese middle class, and points out that the Chinese middle class is not only product of industrialization and modernization, but also, more important, result of social transformation. Owing to traits of modern Chinese politics, the Chinese middle class is evidently both a vanguard in consumption and a rearguard in politics. At the end of this treatise, the author also discusses the relationship between the rising of the middle class and the future of Chinese societies in regard to economic development, social structure and ideology in China.

The discussion on Chinese middle class has recently become the major concern of Chinese sociologists as well as the general public. Ever since the early 1990s, works on the middle class, in spite of all the ideological restraints existing, have been released successively, out of the increasing interest in the matter by the publishers and the mass media. The fundamental cause underlying the occurrence of such a phenomenon can be attributed to recent changes in China's social stratum conditions which, for the past over thirty years, have more or less remained unaffected. The most striking change noticed is the emergence of another class or stratum, or, at least, a new group of people with medium incomes, than the two traditional working and farming classes.

I. IS there the middle class at all in China?

This question followed the release of our book entitled *Survey A Survey of Chinese Middle Class* earlier this year. Our investigation indicated that the middle class or middle stratum accounted for 11.9 per cent of the population in Beijing, Shanghai, Guangzhou, Nanjing and Wuhan, the five major cities in China, according to a telephone interview of 3038 households there. Three main indices, namely, financial condition, occupation and educational background, were adopted in our study for a comprehensive survey of the interviewees' situation.

The publication of our investigation created much stir in sociological circles and other sectors of society as well. Shortly after *China Youth Daily*, an influential newspaper in China with a circulation of millions of copies a day, devoted a whole page for the report on our study, the investigation as well as its follow-up discussions were given full coverage home and abroad. Almost as many as 75,400 webpages were available using the internet search engine *Google* for *A Survey of Chinese Middle Class*, and no less than 39,700 using *Baidu*. Apart from objective reports on our study, there was also considerable comment presented on these webpages. 1/3 of the comment writers deemed the percentage of middle-income households in city population, “merely 11.9 per cent”, much lower than their expectation, whereas the other 2/3 of them challenged not only our estimate of the total middle class population but also the criteria for our judgments. According to them, if 11.9 per cent of Chinese population was classified as the middle income group, the total would reach an amazing 150,000,000 in China, for one thing¹; and it was doubtful whether a person with over 5,000 yuan monthly income, a white-collar occupation and formal college education was qualified for the middle class, for another.

As a matter of fact, challenges of that kind never really detached themselves from studies on the middle class. When Lu Xueyi declared in his *A Study on Modern China's Different Social Strata* in 2001, that the estimate number of middle-class households in China was 80 million, it gave rise to a large-scale heated discussion (Lu Xueyi, 2001). Then, in the year 2004, another stormy discussion on the same topic was aroused when the National Bureau of Statistics issued the standard for China's middle annual income as ranging from 60,000 to 500,000 yuan per household. In September 2005, Lu Xueyi again caused much agitation when he further proclaimed, during “The Second China-Europe Senior Forum on Government Management”, that based on an annual growth of one percentage point, the middle class in China was expected to make up for 40 per cent of the total work force in 20 years (Liu Jun *et al.*, 2005).

Actually, the debate on whether there is the middle class or a middle stratum at all in China goes far beyond the cyber talk. Some scholars, a few of whom are experts on social stratification, also deny the existence of the middle class in present China. As far as they are concerned, “there is more a middle-income group than the middle class” (Wang Yi, 2003). Some others even claim that “the so-called middle class in

¹ We have every reason to believe that those who challenged our results in this way have read neither the book by us nor the whole-page coverage by *China Youth Daily*. It was specified in our study that the survey was done among the urban citizens living in the above-mentioned five major cities in China, and hence our findings were not applicable to rural population, which makes up for over 60 per cent of Chinese population, or citizens of other cities lower in economic and development level.

China is no more than a myth invented by media reporters and scholars” (Cai Zhenfeng, 2004).

The Chinese middle class has long endured much hardship for its survival, the same way as have the studies on such a group of people. The former subject is well handled in our book *China's Middle Class: What They Can Do and What They Should Do* (Zhou Xiaohong, 2002), whereas the latter will be dealt with in the current study from one perspective only: How comes that, after 25 years of social reforms and opening-up, most people are still rather skeptical about the presence of the middle class or the middle stratum in China?

One reason accounting for the above-mentioned skepticism lies in our misinterpretation of the English term “middle class”, as once also happened in other East Asian countries and areas like Taiwan and Korea (Xiao Xinhuang, 1994). In Hongkong and Singapore, where English is generally used by the public, the term “middle class” is employed for the reference to a particular group of people, almost free of misunderstanding; there, the term “the new middle class” is usually used interchangeably with “the professionals”. In both Taiwan and Korea, however, the translation for the English term “middle class” in their respective local languages implies “the possession of middle property”; consequently, it is no longer appropriate to follow Mills’ practice as identifying professionals and white-collar workers with “the new middle class.” In mainland China, the conventional translation for the term “middle class” is *zhongchan jieji*, which means “the middle property class,” and, obviously, this translation adds to people’s overemphasis on the amount of assets owned, at the cost of total ignorance of occupational characteristics of the modern middle class or the new middle class. Even in the United States, as a matter of fact, the income, be it the absolute income or the relative income, of the middle class is far less than our expectation; “The great bulk of the new middle class are of the lower middle-income brackets”; Mills puts it bluntly. Again, when it comes to the transition of the old middle class to the new middle class, he asserts that “negatively, the transformation of the middle class is a shift from property to no-property; positively, occupation” (Mills, 1951: 64-65).

The second reason why people challenge the existence of the middle class in China can be attributed to their confusing “middle class” with “middle class society.” A close inspection into articles refuting the existence of China’s middle class shows that most authors have cited as a supporting argument the five standards proposed by Niu Wen Yuan, leader of a research team for sustainable development strategy studies at the Chinese Academy of Social Sciences (CASS): (1) the rate of urbanization is over 70 per cent;(2) the white-collar work force is of the same, if not larger, size as the blue-collar one;(3) the Engel coefficient is lower than 0.3 on an average;(4)the

Gini coefficient is maintained between 0.25 and 0.30; and (5) the average term of education for an individual is over 12 years. (As quoted in Wang Yi, 2004)

Anyone who has some knowledge of the middle class would know that the above standards are not intended for the judgment of the presence or absence of the middle class in a society; but rather, they are criteria for the middle class society, i.e., a society composed mainly of the middle class people. Still, it is open to discussion whether these standards are valid for the evaluation of the middle class society. A case in point would be the United States. The Gini coefficient for the nation is as high as 0.4, but no one would deny the fact that the States is a typical “middle class society” in the world.

Apart from the two reasons listed above, another fact which may give rise to people’s skeptical attitude has something to do with people’s overestimation of the middle class and its social properties. In an internet article entitled “The concept of ‘middle class’ misinterpreted: High income does not mean high quality,” the author argued that “as far as an individual is concerned, the middle class does not mean comfort and luxury, but responsibility and devotion.... The very reason why the middle class is a social group with extraordinary sense of social responsibility lies in the fact that the middle class people have full supply of the necessities of life...” (Weng Weng, 2005). Having read this article, one would have a better understanding of who has misinterpreted the middle class, especially when you compare it to the following phrases from the book *White Collar, The American Middle Class* by Mills, “the decline of the free entrepreneur and the rise of the dependant employee on the American scene has paralleled the decline of the independent individual and the rise of the little man in the American mind” (Mills, 1951: XII).

II. Who are the middle class people in China?

The Chinese middle class in the modern sense came into being between late 19th century and early 20th century, and the concept was gradually enriched in the first half of the 20th century. It was such metropolis as Shanghai that had supplied a hotbed of its emergence. The growing process of the middle class in China before the year 1949 was, however, one featured by difficulty and hardship, due to both the invasion of Japanese imperialists and the problems of the old China (Lian Lian, 2005).

The Chinese middle class was deprived of its breeding ground after the revolution in 1949. Although the middle class did not undergo the same rough treatment as was imposed on landlord and bureaucratic-capitalist classes, the great majority of the class who used to be members of the national bourgeoisie and the petty bourgeoisie were almost extinct, after a series of political movements (e.g., from Three Antis and Five Antis to Anti-Rightists and Cultural Revolution) and economic

reforms (e.g., industrial and commercial reform). Not until the adoption of the opening policy initiated by Deng Xiaoping in the year 1978 did the middle class find its new way to come into Chinese society. In another word, the prosperity of the modern Chinese middle class or middle stratum owes most to the social reforms and opening-up or social transformation since 1980. As early as five years ago, it was estimated that the proportion of middle class people or households, i.e., those with 10,000-100,000 yuan per capita annual income or 30,000-100,000 yuan's worth of family assets, was about 20 per cent to 25 per cent of the whole population (Xiao Wentao, 2001). At the same time, it was also calculated, according to a sample survey in urban and rural places in China, that the middle-career people was 15.9 per cent of the whole population, the middle-income people 24.6 per cent, the middle-consumption people 35%, the self-approved-middle-class people 46.8 per cent, and the percentage of people who fell into all the above categories was only 4.1 per cent (Li Chunling, 2003). Our own study shows, however, that the middle class people, those who can meet the three composite indices on career, education and income, are of 11.8% of all the citizens in Beijing, Shanghai, Nanjing, Guangzhou and Wuhan (Zhou Xiaohong, 2005a: 45). No matter how high the percentage or proportion is, the middle class or middle stratum in modern China should be including the following basic components:

(1) The owners of newly-born private and township enterprises, a group of people that has been spawned by China's free market agenda over the past 25 years. According to statistics, by the end of 2002, the number of self-owned enterprises in mainland China had reached 2,435,000, with total employees involved being as many as 34,093,000. Among them, investors that could be classified as members of the middle class or the middle stratum were 6,228,000 (National Statistics Bureau, 2003: 148).

(2) Other kinds of self-employed people like petty proprietors and small trades people, who emerged almost the same time as those private and township enterprises owners. By the end of 2002, the total number of this group of people was 23,775,000, and employees involved were 47,429,000 (National Statistics Bureau, 2003: 149). Of course, a small part of this group of people had so small business that they could hardly be labeled as the middle class.

(3) Some officials and intellectuals who serve, directly or indirectly, for Party and government apparatus, as well as the leaders of state-owned enterprises. This group was derived from the middle layer of the above-mentioned planning economy society or, as Li Qian has put it, the quasi middle class. Whereas some state enterprises leaders may have experienced big changes in their economic and social status, those Party and government officials and intellectuals, owing both to their own

cultural and quality advantages and the privileges their work units enjoy, have reserved their superiority, although no longer in an over-bearing manner.

(4) Those Chinese people who work in white-collar and senior managerial occupations in joint ventures. Statistics suggested that by the end of 2002, mainland Chinese workers employed by foreign-investment enterprises were 3,675,600, and those employed by Hongkong, Macao and Taiwan funded enterprises were 3,529,500, and the total was 7,205,100 (National Statistics Bureau, 2003: 138).

(5) A great number of managers of enterprises and social organizations. With the increasing social demand, there have appeared more and more MBA, MPA and masters of laws. This group of people, while steadily increasing in number, is in every way qualified for the Chinese middle class.

(6) Those high-income people working in new hi-tech professions or fields, such as returned overseas students, architects, lawyers, accountants, real estate appraisers, salespeople, film and TV program producers, stock investors as well as other types of professionals.

Some problems are worth our attention when it comes to the estimation of the size of middle class population. In the first place, we have noticed that the middle class in China did not spring up until 1978. In western countries, the middle class has undergone a fairly long development process, and many families of the class can be traced back to their early ancestors. On the contrary, the middle class in China was almost eradicated by the revolution after 1949, so that what exists now in modern China is in a sense the first generation of the middle class. But, we should also notice that some of the post-1978 middle class people owed much to the social and economic resources they occupied in the planning economy. In his study, Lu Xueyi confirmed that the maintenance of superiority by officials and intellectuals in the middle class greatly depended on how they adjusted their own social positions and made use of acquired social connection resources, power resources and knowledge resources in the market economy (Lu Xueyi, 2001: 255). The study carried out in Shanxi by David Goodman indicated that China's middle class, being it private entrepreneurs or managers of state enterprises, keeps a good rapport with the national and Party organizations, which is a prerequisites for their acquisition of the economic resources (Goodman, David S. G., 1999).

Secondly, in the western world, there was a gap of over one century between the emergence of the old middle class and that of the new one. The former was mainly a result of industrialization, whereas the latter was formed during the transition from industrialization to post-industrial society. But, in China, the two kinds of middle class were forged almost simultaneously after 1978. The reason for this is that the old middle class in China, like owners of private and township enterprises and petty

proprietors, was, strictly speaking, not a result of industrialization itself (In China, industrialization boomed even before 1978, when the modern state system and a hierarchy of power were also established.), but that of market transformations in the wake of the reforms and opening-up. It was just the reforms and opening-up that caused China to display itself in the world arena and soon, based on her industrialization, formed the new economic system embedding post-industrial elements like tertiary industry and technology-intensive industry, and finally led to the emergence of the new middle class including professionals and managers. The short interval between the emergence of the old middle class and the new one can be better illustrated through a comparison between the abnormal situation where “intellectual labor is less well paid than manual labor” in 1980s and then the return to a “rational relation between mental labor and manual labor” in 1990s. The current phenomenon of the harmonious co-existence and co-development of the two types of middle class or, the conspicuous heterogeneity of the development of the middle class in mainland China, makes it possible for the middle stratum to be vividly described as “multiple collars”.

III. The social background for the emergence of China’s middle class

In the western world, the transition from the industrialization to post-industrial society provided a social background for the emergence of the middle class; in China, industrialization itself did not impose as much influence on the social class transformation. As we can see, industrialization only began to have effect on the formation of the middle class after the reforms and opening-up in 1978 and the consequent massive social transformation.

This conclusion is better justified when considering how remarkable an achievement China’s industrialization had made during the 30 years between 1949-1978, with a yearly growth rate of about 7%, not counting the hazardous Big Leap Forward period. However, apart from all those political devices that were meant to contain the emergence of the middle class, some economic factors also made the emergence of the middle class a mere dream. Political means employed concerned two seemingly contradictory respects. One was to plant a symbolic “exploiting class”, as opponents of existing working and peasantry classes, for as long as 30 years. The other was to apply the equalitarian de-stratification strategy² among “the masses”. There were multiple means for the realization of de-stratification, ranging from the equalitarian salary system to the allotment system for daily consumptions, the housing distribution system, and the abandoning of the piecework system as well as the

² According to William’s (1984) study, China was the most equal society among all the socialist countries during the period from 1960 through 1970, when the higher income was only 2.2 to 2.3 times that of the lower one, with the Gini coefficient being a mere .20 to .21.

premium system.

The economic factors were multiple in the same way. To begin with, under the influence of Russian economic mode, Chinese industrialization gave priority to the development of heavy industry, on the sacrifice of light industry and service industry, which were closely related to the daily life of common people, but lagged seriously behind people's demand of enhancing life quality. Also, owing to the principle of "regarding agriculture as the key link in national economy" and the quasi-militarized administrative system in people's commune, the flowing of farmers was greatly confined; especially after the monopolization of the purchase and marketing of grain in 1953, agricultural and sideline products were in great shortage, the various coupons prevalent in Mao Zedong era being a sure proof of that. Finally, the military confrontations with the United States and afterwards with India and Russia made the defensive expenses a considerable proportion of the national income. All the above-mentioned factors contributed to the fact that the income of Chinese average people had hardly any substantial increase from 1952 through 1980³.

All the changes came only after 1978. The Third Plenary Session of the Eleventh Central Committee of the Communist Party of China set off a large-scale reforms and opening-up movement in China. The movement started with the contract responsibility system of linking remuneration to output in agriculture, and later spread to many urban economic fields. In the following over 20 years, China's economic development made achievements of world interest. The yearly increasing rate of GDP remained 8 per cent after 1978, and it even achieved 11-13 per cent during the three years between 1992 and 1994. The strategic objective of quadrupling GDP during the 20 years between 1980 and 2000, set by Deng Xiaoping at the Twelfth National Congress of the Communist Party of China, was also met five years ahead of time.

If the fast development of China's economy during the last 20 years of the 20th century lays the basic material foundation for the bettering of Chinese's people's life, it is the social transformation after 1978 that has lent much to the emergence and growth of China's middle class. Here the social transformation includes the following three primary aspects: firstly, to carry the industrialization from 1949 through 1978 further so as to assist the social transition from an agriculture-oriented one to an industry- and service-industry-oriented one. Secondly, more importantly, to transit from mandatory planning economy to modern market economy. Last, to transit from a political system featured by extreme centralism to socialist democratic political system. Soon we would find that it is just the social transform, together with all the

³ Statistics provided by *China Agricultural Yearbook* (1980) and *China Statistical Yearbook* (1981) suggested that the average per capita annual income for Chinese civil servants was 446 yuan in 1952, and 529 yuan in 1980, the total increasing rate being 18.6 per cent, and that the average per capita annual income for peasants was 38.8 yuan after collectivization in 1953, and 54.4 yuan in 1975, with a total increasing rate of 40.2 per cent.

changes it has brought along to social life, that has rendered possible the emergence and growth of China's middle class.

The first change that can be attributed to the social transform is the dissociation of people's everyday life from the political life of the state and the appearance of "public fields", a term by Jurgen Habermas, in certain scopes, as a consequence of the relaxed and well-regulated political environment and the readjustment of national and social relationship. This change is one of the necessary conditions for the emergence and growth of China's middle class. After China adopted the reform and opening policy, the first meaningful change noticed was the removal of the labels on landlords and rich farmers by the Central Committee of the Communist Party of China after 1979, for one thing; and the modification of the basic line of keeping economic construction, rather than class struggle, as the central task, for another. This change, accompanied by some other changes, especially the subdivision of career, finally led to the stratification of the Chinese society following, in place of the former "symbolic" class standard, a career standard. While this serves as a prerequisite for the emergence of the middle class, the further weakening of the interference of the state on the social life, economic as well as political (China has taken its first step towards villager autonomy in rural places), the formation of a civil society, and the expansion of all relevant public fields, will definitely contribute a lot to the maturity of the Chinese middle class.

The second change lies in how the sustained, steady growth in the national economy, the adjustment of the economic construction, the expansion of tertiary industry, the rise of the marketing level, and the quickening of the pace of urbanization have all fulfilled the conditions for the emergence and growth of China's middle class. The achievement made by Chinese economy during the past 20-odd years, which is widely acknowledged by the whole world, continues the world's confidence in China's promising future. As for the forge of the Chinese middle class, the increase of economy may lay the foundation, whereas the rise of the national income and its increasing rate may be more direct a reason. A fact is that the national income made up for 57 per cent of GDP in the year 1980, 71 per cent in the year 1993 and, hopefully, as much as 81 per cent in the year 2010, which means more and more of the state wealth is now in the grasp of common people. What's more, a draft of the Constitutional Amendment, submitted by the National People's Congress (NPC) Standing Committee to the NPC session in 2004, made formal alterations of Article Thirteen from "The State protects citizens' lawful income, deposit, housing and the ownership of other lawful property" to "'Citizens' lawful private property brooks no violation". Although it was only about one year ago that the clause recognizing "protection of private property" was included into the constitution, the successful

practice of encouraging the individual economy by the Chinese government already hinted its protection of citizen's legal private property.

The third change is that the diversification of culture and the shift from elitist education to mass education have prepared the ground, both culturally and psychologically, for the emergence and growth of the middle class, especially the new one. In Mao Zedong era, culture and literature and art were working exclusively for the politics and as a means of propagandizing official ideology; and thus, understandably, the exclusiveness and the orthodoxy of the worker-peasant-soldier culture and literature and art left it impossible for the middle class (even if there were such a class in terms of the economic income) to possess its own cultural property. The diversification of culture and people's tolerance of multi-culture only came up following the reforms and opening-up in 1978. Moreover, just as Mills has put it, "mass education has also been one of the major social mechanism of the rise of the new middle-class occupations, for these occupation require those skills that have been provided by the education system" (Mills, 1951: 266). The development in China's higher education is perfectly obvious. For instance, Chinese People's University's enrollment rate was above 15 per cent in the year 2003, which was good evidence of the transition from elitist education to mass education. However, the development of the higher education and the rise in the people's educational level do not suffice for the emergence of the middle class. It was again confirmed by William's study that whereas the number of years for education for Chinese average people kept rising from 1930 through 1978 (except for in 1960s when the Cultural Revolution led to a decline in educational level), their occupational ranks and their incomes deteriorated (William, 1984). The situation was altered only after 1980 when education started to yield increasingly profitable returns for people, with an increasing rate as high as 6-7 per cent in 2000 (i.e., one extra year of education brings about a rise of 6-7 per cent in one's income), which was almost equal to that of developed nations. This also provides favorable conditions for the emergence of the middle class, the new one in hi-tech fields in particular.

IV. Growing pains or, the bottleneck in development

From the above discussion, we have seen how the over 20 years of reforms and opening-up has given rise to the tremendous transformation and change in almost all respects of Chinese society, even the social construction, and how this fact has caused the emergence and growth of China's middle class. Just because the Chinese middle class has exerted much influence on China's modernization process and because of its own growth rate, the rising of such a class in China has aroused a worldwide concern. As we have noticed, a whole set of policies carried out by the Chinese government

after the reforms and opening-up are all favorable for the emergence and maturity of the middle class or, using a term from the state discourse system, the middle stratum. In the primary 10 years after the reforms and opening-up, a whole set of new policies produced universal benefits for not only farmers but also the whole society, among which the first middle income group emerged as the times demanded when Deng Xiaoping advocated “allowing some people to become well-to-do ahead of others.” In the latest ten-odd years, the number of the middle class people has multiplied so enormously that some overseas media even take alarm at their own judgment that “China has stepped into a middle-class era.”

We would not deny that China’s middle class has taken its shape and is now in rapid growth, but this does not mean China has stepped into a middle-class era. In western developed countries, i.e., the so-called post-industrial or middle-class societies, the middle class people account for 80% of the whole population (hence referred to as “the masses”), and the social structure is the “olive” styled one. In present China, however, the middle class constitutes less than 20 per cent of the whole population. Even after over 20 years of reforms and opening-up, the former “pyramid” styled social structure has only been replaced by an “onion” structure, one with a slightly expanded middle part and an even bigger base. What’s more, no matter whether it is for the rapid development of the economy, the distribution of wealth, the transformation of social structure or, the realm of ideology, the maturity of China’s middle class is doomed to rigorous test.

The first difficulty for the maturity of the Chinese middle class lies in the distribution of wealth brought about by the rapidly growing economy. We have discussed the legitimacy of incomes by China’s middle class, especially those new middle class people who live on their own intellectual output, but, at the same time, it is also evident that the upper “capital class” and a fraction of the middle class in Chinese society either are derived from the former power center or, at least, have something to do with it. Part of their wealth is acquired through unfair competition or utilization of the loopholes in the state system and policies. More importantly, this group of people, while small in number and proportion, own a great part of the social wealth. Statistics suggest that the financial capital for the present China is over one thousand billion yuan, but the majority of it is under the control of a tiny minority. In 2003, the per capita GDP for Beijing, counted on the permanent population, reached \$US3,074, \$US6,000 for Shanghai, and \$US4,000 even for the whole triangular zone, which has, in every way, reached the level of the moderately developed countries (Li Yang, 2004; *Oriental Morning Post*, 2005). But at the same time, the increase of the gap between the poor and the rich is also apparent, the seriousness of the problem of which is fully demonstrated by the Gini coefficient of 0.457. Obviously, if the efforts

on constraining the over-concentration of the wealth into the hands of a tiny minority failed, the result would be not only a more striking poor-rich disparity but also conflicts among different social strata. Such a situation will not be beneficial for the growth and maturity of China's middle class; on the other hand, it is quite possible that the middle class may be finally taken as the "scapegoat" for social inequality. Therefore, the government should, through perfection of the legal and tax systems and the establishment of an appropriate social security system, protect the economic interests of the lower-income groups and, at the same time, facilitate a rational and effective flow of the national wealth to the middle class or middle stratum. Also, to ensure that the middle class would not follow the suit to seek "special privilege" for the improvement of their own economic status, which is sure to invite criticism and boycott from the mid-and-low social classes, the government cannot neglect legal constraints on the middle class as well.

The second difficulty for the expansion of China's middle class is related to the unsolved problem of the demand and pressure the large rural population has on industrialization. Ever since the reforms and opening-up policy, we have observed a nationwide large influx of rural laborers into cities and developed areas, where industrialization begins to take its effect. According to the fifth national demographic census, the number of rural laborers in cities added up to 88 million. With China being admitted into WTO, most villages, especially those in backward rural areas, will confront more severe challenges, and it then follows that the amount of farmers who have no other choice but to move into cities for a living will continue to shoot up. Nevertheless, the cities' absorption of rural labor force is rather limited, because the pace of industrialization is lagged behind the flowing rate of farmer laborers, the business of state-owned enterprises is generally depressed, and township enterprises which used to display prosperity are now losing their momentum (most villages in China's rural areas have not been affected by industrialization yet). Apparently, even if the millions of Chinese farmers can successfully find their places in cities, owing to the requirement on labor force by industrialization, it is quite likely that they can only place their hopes on their next generation, i.e., "the second generation immigrants", to enter into the ranks of the middle class. Therefore, it remains a remote dream for China to have the same "olive" structure as some western societies.

The final difficulty for the growth of the Chinese middle class stems from ideological pressure. As we all know, modern Chinese regime is a socialist one which is characterized by the leading of the work class and the alliance of workers and farmers. But, the current situation is when more and more state enterprises are caught in extreme difficulties, the leading position of the work class meets great challenges and, as we have found out, it is just these challenges that have delayed the recognition

of the legitimacy of China's middle class in legal documents. Most officials and official documents prefer to address this class as the middle-income class or the middle stratum. Obviously, it is disadvantageous for the future development of the middle-property class or stratum if it cannot be properly acknowledged in theory. In fact, on second thoughts we would realize that it is not so contradictory to acknowledge the socialist regime of present China and, simultaneously, the existence of the middle-property class or the middle stratum as we would think. On the one hand, our analyses have made clear that the middle class is far from being the mainstream of the society in China, a developing country still in its process of industrialization. Even in the following dozens of years, the growing rate of the work class (the so-called blue-collar workers), in its traditional sense, is sure to surpass that of the middle-property class or stratum, especially when considering that more and more rural laborers will enter into the group of industrial workers. Consequently, the expansion of the middle class will not shake the fundamental regime of China. On the other, Deng Xiaoping's proposal of viewing intellectuals as a part of the work class has both its theoretical basis and practical necessity. In western sociological society, it is just common sense to view mental workers as "white-collar workers", in that their vocational feature and their middle income do not change the nature of their work. As a consequence, I would argue that the expansion of the middle class in China could just as well be perceived as the wax and wane of the two groups, white-collar group and blue-collar group, of the same work class. One visible change in the 21st century will be, along with the continuous flowing of farmer laborers into cities as demanded by the industrialization, the majority of the work class, through further improvement of their economic and social status, become members of the now minor middle-property class or stratum.

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