

**INSTITUTIONAL CHANGES AND PERCEIVED TENSION BETWEEN CLASSES  
IN CONTEMPORARY URBAN CHINA: EVIDENCE FROM SURVEY DATA**

by

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M.A., University of Pittsburgh, 2006

Submitted to the Graduate Faculty of  
Arts and Sciences in partial fulfillment  
of the requirements for the degree of  
Master of Arts

University of Pittsburgh

2006

UNIVERSITY OF PITTSBURGH  
FACULTY OF ARTS AND SCIENCES

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This thesis studies the perceived tension between classes in contemporary urban China using the 1992 urban survey data. By investigating people's class identification and perceived class tension, I find that middle class identification exists widely in urban Chinese society and the perceived class tension is not strong enough to threaten the existing political regime and social stability, or to push further reforms and the progress of democratization. My findings provide some explanations to the two puzzles that have confused researchers of China studies: persistence of non-democratic political institutions despite robust economic development, and persistence of regime stability despite increasing social inequality.

## TABLE OF CONTENTS

<b>1. INTRODUCTION.....</b>	<b>1</b>
<b>2. THEORETICAL FRAMEWORK AND RELATED LITERATURE.....</b>	<b>6</b>
<b>2.1. THEORETICAL FRAMEWORK.....</b>	<b>6</b>
<b>2.1.1. Social Stratification.....</b>	<b>6</b>
<b>2.1.2. Social Class .....</b>	<b>8</b>
<b>2.2. RELATED LITERATURE.....</b>	<b>10</b>
<b>3. RESEARCH DESIGN.....</b>	<b>14</b>
<b>3.1. DERIVED HYPOTHESES .....</b>	<b>14</b>
<b>3.2. DESCRIPTION OF THE SURVEY DATA.....</b>	<b>17</b>
<b>3.3. RESEARCH VARIABLES .....</b>	<b>18</b>
<b>3.3.1. Independent Variables.....</b>	<b>18</b>
<b>3.3.2. Intermediate Variables.....</b>	<b>20</b>
<b>3.3.3. Dependent Variables.....</b>	<b>24</b>
<b>4. FINDINGS.....</b>	<b>30</b>
<b>4.1. FINDING I.....</b>	<b>30</b>
<b>4.2. FINDING II.....</b>	<b>32</b>
<b>4.3. FINDING III.....</b>	<b>35</b>
<b>4.4. FINDING IV .....</b>	<b>36</b>
<b>4.5. FINDING V .....</b>	<b>38</b>

<b>5. CONCLUSION AND DISCUSSION .....</b>	<b>40</b>
<b>APPENDIX A .....</b>	<b>43</b>
<b>APPENDIX B .....</b>	<b>44</b>
<b>APPENDIX C.1 .....</b>	<b>45</b>
<b>APPENDIX C.2 .....</b>	<b>46</b>
<b>APPENDIX C.3 .....</b>	<b>47</b>
<b>APPENDIX D .....</b>	<b>48</b>
<b>APPENDIX E .....</b>	<b>49</b>
<b>BIBLIOGRAPHY .....</b>	<b>50</b>

## LIST OF TABLES

<b>Table 1</b>	<b>Occupational Stratification in the 1992 Urban Survey .....</b>	<b>19</b>
<b>Table 2</b>	<b>Class Identification by Occupational Stratum (%) .....</b>	<b>22</b>

## **ACKNOWLEDGMENTS**

I am grateful to Professor Wenfang Tang for his advice and the data he allowed me to use in this thesis. I am also grateful to Professor Thomas Rawski and Professor Xinmin Liu for their helpful comments. All errors remain my own.

## 1. INTRODUCTION

The past nearly thirty years have witnessed the so-called “second social revolution” in China (Harding 1987), equal in significance to the 1949 communist revolution and reflecting fundamental shifts in the nation’s economic and political life. In general, the post-1978 reforms have been very successful, considering China’s considerable success in attracting foreign investment, selling Chinese goods abroad, sustaining high economic growth rates, improving popular living standards, and generating increased non-agricultural employments. However, this dramatic social transition from a central-planned economy to a market-oriented one has revealed several puzzles to the scholars in China studies. As one of such scholars, So (2003) sees that there are puzzles of the lack of impetus towards democratization and the lack of working class struggle, which I will further elaborate as below and attempt to explain by drawing empirical evidence later in this thesis.

First, So (2003) puts forward that there is the puzzle of little progress toward democratization. According to the “market transition” theory, economic reforms will create their own liberating effects, leading to the expansion of private sectors and middle class, the strengthening of civil society, and the transition from authoritarianism to democracy. However, despite the surprisingly high growth rates of Chinese economy, there have been little sign of another democratic movement in China after the rigorous Tiananmen demonstration in 1989.

Then, what factors could account for the persistence of non-democratic institutions in China despite its robust economic development?

So (2003) posts the second puzzle to question the relationship between social inequality and stability. According to the conflict theory founded by Marx and developed by later theorists such as Lukacs, the existence and increasing social inequality provides the key to social unrest and threats to the regime. In the Chinese context, the groups of people who get hurt by the reforms would respond through various protests, demonstrations, or strikes, which may get translated into social or political movements that could possibly threaten the stability of the existing regime. The economic reforms in China have produced a large number of winners such as private business owners or entrepreneurs as well as losers such as layoff workers. And the transition of the distributive system, from an egalitarian redistributive system to a liberalistic “distribution according to the contribution by resources to wealth creation,”<sup>1</sup> has given birth to the widespread and increasing income inequality<sup>2</sup>. Considering such problems, some scholars assert that China has been facing growing unrest that may threaten the stability of the current regime. As one of such scholars, He (2003:71) even claimed that “Chinese society currently resembles a volcano on the verge of eruption.” However, we notice that China has had sustained economic growth under a fairly stable society despite the increasing unrest and income inequality. In spite of the rising tide of public protests in China since the 1990s, there have been little sign of a demonstration which attempts to overthrow the existing regime or social system. Then, what explains the lack of social instability in Chinese society and how accurate is the assessment of China as a society on the “verge of a volcanic eruption?”

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1 Deng Xiaoping put forward this slogan and similar ones like “let a part of people be enriched before others” in order to arouse people’s enthusiasm for production and wealth creation.

2 The disparity between rich and poor is increasing, and the Gini coefficient has risen already from 0.2 in 1978 to 0.523 in 1995 (Zhu, Fan and Yan 2003).

This thesis is concerned with both these puzzles as they apply to 1990s China. To shed some light on the puzzles, instead of doing a stratification analysis on the impact of market reforms on Chinese society following the majority of the existing literature<sup>3</sup>, I analyze the contemporary Chinese stratification from a class analysis viewpoint since it is considered to be an important method for sociological studies<sup>4</sup>. In the case of China studies, a stratification researcher may look into the trend in social inequality and changing stratification mechanisms in terms of occupation, income, education, life style, social status and so on, while a class analyst would go further to examine how social stratification, social fragmentation, or social polarization is related to class formation, class differentiation, class identification, class relation as well as their impacts in the transitional society.

It is well-known that after the 1949 communist revolution, Chinese society transformed from a class-divided society to a so-called “classless” society ruled by the Leninist party-state. The Chinese Communist Party (CCP) carried out several socialist projects to eliminate the economic foundations of some classes, such as the land reform, the collectivization program, the nationalization program, the Hundred Flower Campaign, etc. As So (2003:365) documents, “the CCP used the land reform program to dissolve the economic foundation of the landlord class, the collectivization program to dissolve the economic foundation of the rich peasant class, the nationalization program to dissolve the economic foundation of the capitalist class, the Hundred Flower Campaign to dissolve the economic foundation of the new middle class intellectual.”

After Deng Xiaoping took power in the late 1970s, he and his colleagues carried out the reform-open policy and replaced Mao’s project with the Four Modernizations. This leads to the

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<sup>3</sup> See, for example, Parish 1981, 1984; Whyte 1985, 1986; Lin and Xie 1988; Nee 1989, 1991, 1992, 1996; Blau and Ruan 1990; Walder 1990, 1992, 1995, 1996; Lin and Bian 1991; Bian 1994, 1996; Lin 1995, 2000; Bian and Logan 1996; Szelenyi and Kostello 1996; Xie and Hannum 1996; Zhou, Tuma & Moen 1996, 1997; Zhou 2000; Tang and Parish 2000.

<sup>4</sup> See, for example, E.P. Thompson, Barrington Moore, Theda Skocpol, Erik Wright, and Michael Burawoy.

creation of a mixed economy (state-owned, collective and private), which laid the economic foundations for the reemergence of some “new” social classes in the post-1978 transitional period. As So (2003:366) notes, “Decollectivization has recreated a rich peasant class in the countryside. The expansion of the private sector has given rise to an old middle class (petty-bourgeoisie *getihu* employing less than ten workers) and to a capitalist class (entrepreneurs employing ten workers or more). Decentralization, enterprise reforms, and the success of township enterprises have greatly expanded the size of the new middle class (corporate professionals such as mid-level managers and accountants). The expansion of high education institutions and service sector has greatly expanded the size of another segment of the new middle class (intellectuals or service professionals such as teachers and journalists). The recreation of the labor market means that the working class now needs to sell its labor to the market for a living.” These dramatic changes potentially entail a rapid class differentiation or even a class polarization, associated with escalating class antagonism in Chinese society.

Based on the changing mechanism of social classes in China, this thesis argues that some special characteristics of China’s development could be understood through examining the reconstruction of classes and people’s perception about classes in the reform era. Several questions which this thesis attempts to answer are as following: During the post-1978 reform era, several new classes have reemerged since the reestablishment of their economic foundations, then do class awareness and perceived tension between classes also appear along with this process, and if so, in what fashion are they manifested? What factors account for such awareness and perception? Which strata of the population make the major contribution? In what way such psychology affects democratization, social stability, reform process, and other prevailing attitudes and beliefs? Using the 1992 China Urban Survey conducted by the Economic System

Reform Institute of China, I will empirically explore the nature of class awareness and perceived class tension, outline their causal antecedents, and demonstrate their social impacts on mass political attitudes and beliefs, thereafter, on a series of democratic values.

## **2. THEORETICAL FRAMEWORK AND RELATED LITERATURE**

### **2.1. THEORETICAL FRAMEWORK**

Social stratification and social class are the two concepts which are always blurred for some reason. Sometimes they are considered the same and used interchangeably. Sometimes social class is considered as one form of social stratification. However, many scholars are conscious of the differences and ambiguities between these two concepts and use them separately. Two important early studies of this kind are those of Sorokin (1927) with respect to social stratification, and those of Centers (1949) regarding the psychology of social class and the nature of American class structure. Thus, before I start to report my empirical findings, it is necessary to clarify the meanings of these two concepts and the distinctions between them based on early works. The theoretical framework of this thesis adopts the principle that social stratification and social class are partly overlapped but different in the sense that the former emphasizes the objective classification while the latter emphasizes the psychological differentiation.

#### **2.1.1. Social Stratification**

Social stratification is at the heart of macro-sociology, that is, the study of the whole society on a comparative basis. According to Sorokin (1927), social stratification means “the

differentiation of a given population into hierarchically superposed classes. It is manifested in the existence of upper and lower social layers. Its basis and very existence consist in an unequal distribution of rights and privileges, duties and responsibilities, social values and privations, social power and influence among the members of a society.”

In fact, there are various forms of social stratification in modern societies and Sorokin (1927) believes that the majorities of these can be reduced to three principle types: the economic, political and occupational. Sorokin (1927) regards economic stratification as the social position based on a group’s wealth and income status in a society, which includes both the amount of wealth and income and the sources of them. Political stratification means that “the social ranks within a group are hierarchically superposed with respect to their authority and prestige, their honors and titles;” in other words, there are the rulers and the ruled within a group. Occupational stratification exists “if the members of a society are differentiated into various occupational groups and some of these occupations are regarded as more honorable than others,” or “if the members of an occupational group are divided into bosses of different authority and into members who are subordinated to the bosses.” But among all the criteria, occupation seems generally as “the most satisfactory single index to study the distribution of social strata and the attitudes of corresponding strata, probably because it is more objective than economic status (which depends to a certain extent on a rater’s judgment) and is more easily and reliably ascertained than income” (Centers 1949:15).

From the above descriptions, we can see that social stratification refers to the differentiation of people into hierarchical social categories based on some objective criteria, mainly occupational, political, economic status. We notice in sociological literature, the term stratification is usually associated with studies of social inequality (e.g., income inequality).

However, it is inappropriate to use social stratification as a single indicator to link to people's attitudes, beliefs, values, behaviors or acts, since it is simply an objective differentiation, rather than a subjective or psychological one which may conceptually form some values or beliefs within cohesive groups. In other words, social stratification is a purely nominal classification of social groups or social positions and therefore usually used as an analytic tool for empirical researchers. Importantly, the social strata generated from socioeconomic stratification analysis are not necessarily social classes, which I will explain below.

### **2.1.2. Social Class**

The concept of social class is perhaps the most debatable in modern sociology. We see various and numerous definitions or interpretations of social class. But the starting point of discussions of class undoubtedly should go back to Marx. Generally recognized as the founder of the conflict theory, Marx stresses the role that class and class conflict play in social movements and social changes. The core of Marxian theory is the idea that exploitation and inequality based on the ownership versus non-ownership relationship generate antagonistic interests which result in class consciousness and class conflict as forces for revolutionary social changes.

In Marxian account, a class in its objective sense is the aggregate of people standing in the same economic position with respect to ownership or non-ownership of the means of production in a society. In the most simplified form, there are two great classes, namely, the *bourgeoisie* and the *proletariat*. The subjective or psychological aspect of a class is associated with the idea of class consciousness, describing how the feeling of membership and possession of common interests are translated into collective action. In particular, when the members of the

*proletariat* become aware of their common social position and common interests rooted in the process of production and exchange, class conflict and class struggle take into place and eventually they will lead to revolutionary practical actions and social changes. To describe this psychological transformation process of the *proletariat* class, Marx depicts two stages: a “class in itself,” aggregate of people who have a common relation to the means of production but are not yet conscious of their common interests and common social position; a “class for itself,” a class of people who are already conscious of their common social situation and engage in active pursuit of their common interests.

Distinguished from social strata, social classes can be regarded as socioeconomic but essentially psychological groupings. One may think of a person based on his or her socioeconomic conditions. But to fully understand that person’s behavioral orientations, one should go further to examine his or her psychology. The feeling of belongingness to or identification with a class may lead him or her to think and act in a common way with others in the same class to pursue their common interests through political representation. That is to say, subjective belongingness to a class may form a crucial part of a person’s frame of reference for social behaviors. Nevertheless, in the process of self-identification, it is not always true that the class a person should belong to based on his or her socioeconomic attributes is the same as the one he or she really feels to belong to, and this links to Marxian concept of false consciousness. This is why class lines of cleavage based on subjective identification may not always conform to the stratum lines of cleavage based on objective socioeconomic stratification.

Unfortunately, Marx’ definition of class based on property ownership has becoming problematic and unrealistic in modern societies. The simplified cleavage between capitalist class (owners of the means of production) and working class (labor sellers) cannot explain the conflict

and inequality within the employed labor market. For example, different types of workers (e.g., business managers, professionals) emerged along with the transition towards post-industrial societies, who do not well fit the Marxian category of *proletarian* and obviously do not share common interests with traditionally defined working class. Therefore, to understand an individual's attitudes, values, and beliefs shared with some others in the society, it is important and necessary to combine the subjective or psychological aspect of social class based on the Marxian account with the objective criteria (e.g., occupation) widely used in existing socioeconomic stratification research.

## **2.2. RELATED LITERATURE**

Social stratification and social inequality in Chinese society have drawn the world's attention for a long time. Scholars have been involved in lively debates about China's changing mechanisms of social stratification during the transition from a central-planned economy toward a market economy (e.g., Parish 1981, 1984; Whyte 1985, 1986; Lin and Xie 1988; Nee 1989, 1991, 1992, 1996; Blau and Ruan 1990; Walder 1990, 1992, 1995, 1996; Lin and Bian 1991; Bian 1994, 1996; Lin 1995, 2000; Bian and Logan 1996; Szelenyi and Kostello 1996; Xie and Hannum 1996; Zhou, Tuma & Moen 1996, 1997; Zhou 2000; Tang and Parish 2000). The majority of the existing literature offers a social stratification analysis of the impacts of marketization on Chinese society. In particular, they examine the effects of institutional changes – e.g., the shift from redistribution to market – on altering the mechanisms of stratification.

The “market transition” theory proposed by Nee (1989, 1991, 1992, 1996) is an earliest attempt to link the institutional changes in the market transitional process and the changes in the social stratification order. Nee (1996:910) argues that the shifts of power from socialist redistributive institutions to market institutions will bring different logics of resource allocation, so “there will be a change in the distribution of rewards favoring those who hold market rather than distributive power.” In the new mechanisms of resource allocation, the direct producers are more likely to gain bargaining power and dominant advantage than the redistributors. The emergence and growth of market institutions lead to “a decline in the significance of socialist redistributive power even in the absence of fundamental change in the political order” (*Ibid.*). Consequently, the shift from a redistributive economy to a market economy causes changes in opportunity structure for gain and profit, changes in mechanisms of resource allocation, and finally changes in social stratification order.

After Nee’s theories came out, other scholars have developed several alternative explanations, including arguments emphasizing the increasing role of local governments (Walder 1995), the persistence of old redistributive power and growth of new market power (Bian and Logan 1996), the continuity of old technocratic political power (Rona-Tas 1994), the evolution of “political markets” on a level playing field (Parish and Michelson 1996), the path dependence of reforms (Stark 1992), and the maintenance of both old bureaucratic and new market advantages (Zhou et al. 1997). Although they differ in emphases, these arguments share the main idea that during the transformation process from a central controlled economy to a market economy, the persistence of existing political institutions maintain the power of redistributors and administrators, so they can secure more benefits and profits for themselves; on the other hand, the emerging economic institutions increase the bargaining power of direct producers, so

they can also reap greater economic rewards than before. In short, the market transformation allows multiple winners.

The debate between the “market transition” theory and the other theoretical arguments is on whether the power of state managers has been eroded by market forces, and whether human capital, social network, and entrepreneurship have induced new forms of stratification and inequality as economic reforms progress. This market transition debate has made a significant contribution to the literature of market reforms, social stratification and inequality in Chinese society. However, most of the scholars involved in the debate have adopted objective measures to detect the changes in economic institutions during transitional process. In particular, income<sup>5</sup> is one of the most commonly used indicators of economic benefits associated with positions, and most empirical studies thus have examined patterns of income inequality and how it relates to various social issues. Except for a couple of scholars, there seems little effort to analyze the contemporary Chinese stratification from a subjective perspective, in particular, a class analysis viewpoint. The literature on market transition has so far avoided raising the issues of classes in its analysis (So 2003). The lack of class analysis in this field is unfortunate, because class analysis has proved to be an important method in sociology. The works of E. P. Thompson, Barrington Moore, Theda Skocpol, Erik Wright, and Michael Burawoy have used class analysis to examine the origins of dictatorship or democracy, revolutions, and socialist transformation from state socialism to capitalism in the Eastern Europe. As stated in the theoretical section, stratification is merely a descriptive term for analyzing the existence of high and low hierarchical ranks in a society, while class can be regarded as an essentially psychological phenomenon in the fullest sense of the term. Thus, bringing class analysis back into the Chinese market transition

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<sup>5</sup> Beside the indicator of income, latent and non-monetary resources distributed through workplaces and other channels also began to attract the attention of scholars. See, for example, Oberschall 1996; Walder 1992; Zhou et al. 1997.

literature would open up new research questions and provide new perspectives for understanding the continuity and transformation of Chinese society in the second half of the twentieth century.

Therefore, to provide some explanations for the puzzles presented in the introduction section, that is, the lack of democratic progress during the period of market transition and economic development, and the counter-intuitive co-existence of both social inequality and social stability, this thesis uses 1992 survey data to empirically explore these puzzles and analyze social stratification, class identification, perceived class tension and their impacts on people's values, beliefs, and attitudes in the post-Mao Chinese urban society.

### **3. RESEARCH DESIGN**

#### **3.1. DERIVED HYPOTHESES**

In most of the existing studies of social stratification, one of the main hypotheses is that class identification or class awareness, which is determined by economic and social ascriptions, will influence people's beliefs and practices. This logic of social action is driven by the common interests shared by a class. Thus, in the empirical parts of this thesis, the first step is to identify the patterns of social stratification based on occupational composition<sup>6</sup>, and how it affects people's perceived class tension and their class identification during the transitional period in urban China. As we know, the transformation from a redistributive economy to a market economy has produced numerous winners and losers. People who do not have the necessary survival skills or the knowledge of new market rules (versus old socialist rules) feel their social status and even basic livelihood threatened. And according to the classical Marxian class theory, the inequality between classes will result in antagonistic interests that generate tension or conflict. Along with the processes of industrialization and urbanization, the "exploited" class will be more aware of their common experience and interests which provide the key to social changes. Applying this theory to China's market reform context offers the initial basis for the first two hypotheses.

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<sup>6</sup> As noted in the theoretical section, "occupation seems generally agreed upon as the most satisfactory single index, probably because it is more objective than economic status (which depends to a certain extent on a rater's judgment) and is more easily and reliably ascertained than income" (Center 1949:15).

*Hypothesis 1: The groups who gain from the reforms are more likely to identify themselves with higher classes than the groups who lose from the reforms.*

*Hypothesis 2: The groups who gain from the reforms perceive less class tension than the groups who lose from the reforms.*

Correspondingly, I propose the next hypothesis as:

*Hypothesis 3: The groups who identify themselves with higher classes perceive less class tension than the groups who identify themselves with lower classes.*

Nee's (1989, 1991, 1992, 1996) "market transition" theory has clarified our understanding of the question of who gains and who loses during the reforms, especially when it is applied to China's rural sectors. He argues that, the market transitions shift power and privilege from redistributors to direct producers, and create larger gains and rewards to the latter. As Bian and Logan (1996) note, several implications could be generated from Nee's theory, which include 1) the decline of the redistributive political power; 2) the increase of the rewards of market direct producers, in other words, people who directly participate in the market (e.g., entrepreneurs, private business owners) will have higher rewards than who do not; 3) the increase of the returns on human capital (e.g., education, training, work experience, talent, entrepreneurship, hard work, innovations).

Administrators and resource redistributors used to secure great benefits and privilege for themselves and their families during the state socialist era. If the "market transition" theory has a bite, this kind of redistributive power should decline during the market reforms and people who are closer to the market should gradually believe that they could also gain benefits and privilege and improve their social status through individual initiative and effort in the market economy.

Based on this argument and the predictions of Hypothesis 1 and 2, I generate the following hypothesis:

*Hypothesis 4: The groups who perceive more class tension or who identify themselves with lower classes are less likely to attribute personal success to individual effort.*

Following up the “market transition” theory, it is argued that the rapid economic development will lead to the expansion of private sectors, the expansion of a cosmopolitan middle class, the strengthening of civil society, and the transition from authoritarianism to democracy in China’s reform era (So 2003). However, as mentioned in the first puzzle, despite the surprisingly high growth rates of the Chinese economy, there have been little sign of a democratic breakthrough in China after the rigorous democratic movement in 1989. Then, if we are not able to find much evidence from the “objective” social phenomenon to explain the persistence of non-democratic institutions, is it possible to find some explanations from people’s “subjective” democratic values and attitudes? In this thesis, I specifically look at people’s values of political participation and interest expression. Therefore, I have the following hypothesis.

*Hypothesis 5: The groups who perceive more class tension or who identify themselves with lower classes are more likely to hold certain political participatory values and attitudes.*

Finally, considering the second puzzle, we need to find out some explanations for the lack of social instability and threats to the existing regime despite the increasing inequality in China and examine how accurate is the assessment of China as a society on the “verge of a volcanic eruption.” In order to do that, again I use a class analysis perspective in terms of people’s “subjective” feeling, which leads to the following hypothesis.

*Hypothesis 6: The groups who perceive more class tension or who identify themselves with lower classes are less likely to possess feeling of fairness of the social system and satisfaction of the reforms.*

### **3.2. DESCRIPTION OF THE SURVEY DATA**

Survey data are used to test the above hypotheses. For this paper, I use data from a national urban survey conducted in June 1992 by the Economic System Reform Institute of China, which consists of 2395 respondents in 44 cities and 26 provinces. It provides lots of details on specific responses to reform and related attitudes. The data set was provided by Professor Wenfang Tang<sup>7</sup> at University of Pittsburgh.

As we know, Deng Xiaoping's southern tour in early 1992 was a turning point in China's stagnation after the 1989 Tiananmen movement. Deng's southern tour and his speech marked the intensification of the market reforms and promoted China's return to the path of steady economic development. Therefore, it is meaningful to see the public response to this newly-revived atmosphere by examining the survey conducted in the summer of 1992, several months after Deng's southern tour.

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<sup>7</sup> For further information, see Tang and Parish 2000.

### 3.3. RESEARCH VARIABLES

#### 3.3.1. Independent Variables

The survey data obtained provide several objective indicators of respondents' demographic information (gender, age), social-economic capital (occupation, income), human and political capital (education, party membership), as well as societal and material conditions (locale/region, etc).

##### *Occupational Stratum*

I use occupation as the major index to delineate the patterns of social stratification because it is considered to be the most accurate and objective. To some extent, it is one of the most important indicators of who gains and who loses in the reform era of China. To classify respondents according to their occupations, I employ the seven categories listed in Table 1. The categories form a hierarchy in terms of skill, responsibility and complexity of the occupational function or role in the whole society. Each category is converted into a dummy variable, so that the score of value or attitude change can be interpreted with percentage change. Among all categories, state administrator, state-owned enterprise (SOE) manager and private business owner/manager are at the highest layer of the entire hierarchy<sup>8</sup>, followed by professional and clerical worker<sup>9</sup> at the middle layer, and sales/service worker and old industry worker at the lowest layer. Such a categorical scale helps to indicate an individual's relative placement and positional power in the stratification hierarchy of the society.

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<sup>8</sup> In generally, the assumption is that the state administrators and the SOE managers have the highest redistributive power, while the private business owners/managers have the highest market power in Chinese urban society.

<sup>9</sup> "Clerical worker" sometimes is called "semi-professional" or "white collar" in the literature of occupational classification.

**Table 1 Occupational Stratification in the 1992 Urban Survey**

Occupational Stratum	Frequency	Percent (%)
State Administrator	180	8.48
SOE Manager	152	7.16
Private Business Owner/Manager (including <i>getihu</i> )	45	2.12
Professional	252	11.88
Clerical Worker	522	24.60
Sales/Service Worker	107	5.04
Old Industry Worker	864	40.72
Total	2122	100.00

Source: 1992 China Urban Survey by the Economic System Reform Institute of China

*Gender (Male)*

I use a dummy variable (male=1) to examine gender-based variations.

*Age Groups*

Age is divided into six sub-groups by the year when the respondent reaches twenty years old. Respectively, they are group “before 49,” group “49-65,” group “66-76,” group “77-84,” group “85-92,” and group “after 92.” For example, group “before 49” means the respondent had reached twenty years old by 1949, and “after 92” means the respondent hadn’t reached twenty years old when the survey was done in 1992. All the age groups are converted into dummy variables.

*Party Membership*

I use a dummy variable (party membership=1) to indicate the Chinese Communist Party (CCP) membership as a measure of political capital.

*Education Years/10*

I use the years of formal education as a measure of human capital in market societies. It is measured by the respondents’ total years of formal education divided by 10.

### *Family Income per capita*

Income is measured by the respondents' family income per capita, including bonus and fringe benefits. I convert it into a 0-1 scale.

### *Control Variables*

I include a set of control variables to indicate respondents' regional (city) characteristics in all analyses to control for regional-specific variations. The control variables include locale/region<sup>10</sup>, city annual income growth rate, city population/1000, weak ties to neighbors, and proportion of city income generated by expanding light industries and service sectors (as opposed to old, state-owned, heavy industries).

### **3.3.2. Intermediate Variables**

In this thesis I introduce "class identification" and "perceived class tension" to the regression models as intermediate explanatory variables. They are considered as intermediate factors since they are expected to be affected by the independent variables on the one hand (Hypotheses 1, 2), and they are also expected to influence people's various values and behaviors as dependent variables on the other hand (Hypotheses 4, 5, and 6). Moreover, Hypothesis 3 tests the causal relationship between the two intermediate variables.

### *Class Identification*

Class identification is broadly synonymous with class awareness. It is about the feeling of belongingness to a distinct class, which is a prerequisite condition for class consciousness of that particular class as a unified group in tension with other classes. In the 1992 survey, the

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<sup>10</sup> In this analysis, there are six regions in total, each of which is a combination of several adjacent cities. The regions are Northeastern Region, North Central Region, Central Region, Yangtze Delta Region, Lingnan Region, and Southwestern Region. They are all converted into dummy variables.

question to measure class identification is: (65) “If people in the society can be classified into different social classes, which class do you think you belong to? a) upper class, b) upper middle class, c) middle class, d) lower middle class, e) lower class.”

The results from the descriptive analysis are shown in Table 2. Surprisingly, 45.63% of the respondents identify themselves with middle class, 35.56% with lower middle class, and 5.33% with upper middle class. These three self-identified classes constitute about 86.52% of the total sample, which infers that urban Chinese people have very strong sense of middle class identification. The same pattern of class identification is found in each occupational stratum. This result actually shows quite a difference compared with the Western early capitalist experience<sup>11</sup>. There are three potential reasons for such a high middle class identification among urban Chinese people. First, under state socialist system in Mao’s era, the government asserted that the ideal model of class structure was “two classes, one stratum” (*liang jieji, yi jieceng*), in which state administrators, SOE managers, professionals, industry workers, and so on were all considered as working class. Therefore, even though the market transition brought in a set of different ideologies and values, and gave birth to the reemergence of several classes, people are still not quite familiar with those class labels and “middle class” seems to be the one which fit the old egalitarian ideologies best. Second, as we know, the 1992 survey is an urban survey, excluding the rural population. Thus, urban people are less likely to identify themselves as lower class if they compare with their rural counterparts. Third, the influence of Confucianism is still going on generation by generation. Therefore, Chinese people are used to

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<sup>11</sup> A similar survey conducted in America in 1945 by the Princeton University had the results as following: nearly three-quarters of all business, intellectuals and clerical workers identify themselves with middle class or upper class. On the other hand, an even larger proportion of all manual workers (79%) identify themselves with working and lower class (Centers 1949).

choose the “middle way” in the public, which possibly explains why respondents hesitated to choose “upper” or “lower” classes.

Due to such a high middle class identification found in the survey, instead of using class identification in a general manner, I introduce the variable “middle class identification” based on the above descriptive results (also see Table 2 for details). It is a 0-1 scaled variable, for which 1 indicates that the respondent identifies himself or herself with middle class, 0.5 indicates upper middle class or lower middle class identification, and 0 indicates lower class identification<sup>12</sup>.

**Table 2 Class Identification by Occupational Stratum (%)**

	State Administrator	SOE Manager	Private Business Owner/Manager	Professional	Clerical Worker	Sales/Service Worker	Old Industry Worker	Total
Upper Class	0.46	0.00	0.00	0.81	0.00	1.92	0.59	0.58
Upper Middle Class	6.99	2.67	8.89	11.29	0.00	4.81	2.84	5.33
Middle Class	48.33	46.67	51.11	51.61	51.43	55.77	39.81	45.63
Lower Middle Class	35.41	37.33	31.11	29.84	34.29	23.08	38.86	35.56
Lower Class	8.81	13.33	8.89	6.45	14.29	14.42	17.89	12.91
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: 1992 China Urban Survey by the Economic System Reform Institute of China

<sup>12</sup> To better test the hypotheses, I code the upper class identification as missing for the variable “middle class identification”, provided its frequency is considerably small (only 13 respondents out of 2180).

### *Perceived Class Tension*

In this thesis, the “perceived class tension” is derived from a series of questions measuring sympathies and antipathies of people from different classes, the indices on who gets too much paid and who does not get enough, which reveal some socially significant trends. The question asks: (107-116) “What do you think about the income of the following categories of people: peasants; workers; people working in sales or service sectors; SOE managers; state administrators; teachers; scientists and technologists; other intellectuals; private business owners/managers, including *getihu*<sup>13</sup>; employees of private businesses?” The answers include: a) too high, b) somewhat high, c) just right, d) somewhat low, e) too low, f) don’t know.

The results of the descriptive analysis are shown in Appendix A. All the seven occupational strata of people believe the private business owners/managers are the most over-paid, and all of them think old industry workers are the most under-paid. This indicates people’s sympathy towards old industry workers and antipathy towards the private business owners/managers, which further suggests more or less the perception of tension between these two groups. Thinking in the Marxian framework, tension between classes is generated from the deprivation of one group by the other, especially the deprivation of working class by capitalist class in terms of relative remuneration. Indeed, in urban areas, it is widely believed that old industry workers are among the groups who heavily lose from the reforms, while the private business owners/managers are among the winners of the reforms. Old industry workers not only lose economically, but also politically. They used to be officially recognized as a “leading class” (*lingdao jieji*) and were highly protected by the state in Mao’ era, but they have no longer been favored by the income and welfare policies and their political status have been eroded since the reforms (Bian 2002). On the other hand, the private businesses have thrived and the income of

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<sup>13</sup> Small business owners/managers who employ less than 10 workers, for example, mom-and-pop shop owners.

the private business owners/managers has been getting increasingly higher over the last two decades. Therefore, I create a 0-1 variable called “perceived class tension” to measure people’s perception of the tension just between private business owners/managers and old industry workers<sup>14</sup>, in which 1 means the highest perceived tension between the two groups and 0 means the lowest.

### **3.3.3. Dependent Variables<sup>15</sup>**

Hypotheses 4, 5, and 6 test the impacts of the independent and intermediate variables on the dependent variables, containing peoples’ various values, beliefs, and behaviors. To test Hypothesis 4, I use four dependent variables (economic efficacy, ability, exertion, and connection to bureaucrats) to measure the “attributions of social inequality.” For Hypothesis 6<sup>16</sup>, I introduce four dependent variables (reform support, fairness, hopefulness, and monetary acquisitiveness) to indicate the “response to the reform and feeling of fairness.” Finally, to test Hypothesis 5, I use five dependent variables (political efficacy, political activism, psychological involvement, and attention to public media) to measure the “political participation and interest articulation.”

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<sup>14</sup> Since there are seven occupational groups in this analysis, it would be extremely complicated to examine the perceived tension between every two groups. Hence, I only examine the perceived tension between the private business owners/managers and old industry workers, since all respondents perceive that the tension between these two groups is the largest.

<sup>15</sup> For the dependent variables, I borrow the measurements for “economic efficacy”, “reform support”, “hopefulness”, “monetary acquisitiveness”, “political efficacy”, “political activism” from Tang and Parish (2000).

<sup>16</sup> I test Hypothesis 6 before Hypothesis 5 intentionally, since I want to examine people’s attitudinal response to the reform before examining their political activist values.

### 3.3.3.1. Attributions of Social Inequality

#### *Economic Efficacy*

“Economic efficacy” scale includes four questions about whether one can gain success through his or her own individual effort without assistance from family, social connections, or other social factors. It is a summary scale to examine the attributions of social and economic success at the individual level and social inequality at the societal level. These survey questions are: (66) “One only needs to be willing to exert oneself<sup>17</sup> and then one will surely succeed.” (70) “If one wants to become a leader, then one must have a very good family background.” The implication of “good family background” is to be born in a high-status family with good social connections. This item enters into the summary scale in a reverse direction from the other items. (76) “In your opinion, under current conditions, one’s income lags behind others is mainly because of: a) laziness, b) bad luck, c) inability, d) bad fate, e) social injustice, f) risk adverseness, g) poor education, h) bad family background, i) poor health, j) disinterest in money, k) bad character, l) poor money management, m) fear of losing face, n) others. Responses of a, c, f, g, I, j, k, l, m are coded as 1 for high on personal responsibility, and the rest are coded as 0 for low in personal responsibility. (100) “In your opinion, if one wants to succeed nowadays, it depends mostly on: a) willingness to take risks, b) scholarship, c) ability, d) willingness to exert oneself, e) willingness to manipulate others, f) family background, g) good at making friends with all kinds of people, h) good at building good relations with bureaucrats, i) good at seizing opportunities, j) good luck, k) others. Responses of a, b, c, d are coded as 1 for high on individual initiative, and the rest are coded as 0 for low on individual initiative.

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<sup>17</sup> Literally translated from Chinese language, the wording for “be willing to exert oneself” should be “be willing to eat bitterness” in the survey.

### *Ability*

“Ability” is generated from the response “ability” for item 100 in the survey (see detailed descriptions of item 100 above). It is converted into a dummy variable and measures whether the respondents believe that an individual’s success depends mostly on his or her ability.

### *Exertion*

“Exertion” is created from the response “willingness to exert oneself” for item 100 (see detailed descriptions of item 100 above). It is converted into a dummy variable and measures whether the respondents think a person’s success depends mostly on his/her willingness to exert himself or herself, literally, “to eat bitterness.”

### *Connections to Bureaucrats*

“Connections to bureaucrats” is derived from the response “good at building good relations with bureaucrats” for item 100 (see detailed descriptions of item 100 above). It is converted into a dummy variable and measures whether the respondents consider the connections to the redistributive power is the most important for a person’s success.

## **3.3.3.2. Feeling of Fairness and Response to the Reform**

### *Reform Support*

The “reform support” scale includes five agree/disagree statements that question whether people view life as improved or not under reforms. This “reform support” scale is different from the “hopefulness” scale, which I will illustrate later, because the former asks questions more about how well the government is doing while the latter asks questions more about how well the individual respondent is doing under reforms. The five statements include (95) “Society is changing too fast now. Life is much more difficult than before reform,” (96) “Reform has caused changes in many aspects of life, which gives people a lot more opportunities to develop themselves,” (97) “Reform has caused many things to get worse. It is not as good as the past

when everyone was about the same, going to work to get a salary without worry,” (98) “Regardless of how society changes, I am confident that I will never end up on the bottom rung compared with others,” (99) “There are more and more people in the society who do not respect the rules today.” Items 96 and 98 enter into the summary scale with negative loadings compared with the other items in the scale.

### *Fairness*

“Fairness” is based on two questions in the survey. One is about one’s feeling about career fairness: (105) “Are your career achievements reasonable or fair?” The other question is about one’s feeling about income fairness: (106) “Is your income reasonable or fair with regard to your ability?”

### *Hopefulness*

“Hopefulness” is about one’s personal and psychological situation. It asks how the reforms affect the respondents in terms of their mental well-being and optimism. It includes five agree/disagree statements from the survey. It is the inverse of a normal anomie scale, which indicates a loss of old values and rules to live with in a changing society. The five statements are (92) “People’s thoughts are constantly changing. One really does not know what one can hold on to,” (93) “With so many decisions to be made in life, sometimes one really does not know what one should do,” (94) “Life is really meaningless,” (95) “Society is changing too fast now. Life is much more difficult than before reform,” (96) “Reform has caused changes in many aspects of life, giving people a lot more opportunities to develop themselves.”

### *Monetary Acquisitiveness*

I use a seven-statement summary scale to measure whether one highly values money and its acquisition or not. It includes statements: (67) “As long as one does not steal or kill, any

means of making money is fine.” (68) “Work is merely for earning money to get by.” (71) “Money is the only thing one needs to gain respect from others, and it makes no difference how one got the money.” (72) “Generally speaking, tranquility alone is wealth. One does not need be too concerned about fortune, fame, or success.” (75) “Individual’s money acquisition is always beneficial to the society.” (77) “Two people, A and B, are looking for jobs. A is looking for a job with prestige but not so highly paid. B is looking for a job lacking prestige but with pay twice as high. If it were you, which job would you like to choose?” (79) “There are three people, A, B, and C. A says the more money the better. Moreover if A got a lot of money, A would not work anymore. B says money is not a good thing. Having a lot of money is pointless. C says one can not get by without money, but one just needs a little to get by. Which manner of speaking do you most agree with?” Due to the opposite direction of their wordings, items 72 and 77 enter into the summary scale with weighted reverse direction from the other items.

### **3.3.3.3. Political Participation and Interest Articulation**

#### *Political Efficacy*

“Political efficacy” is a summary scale derived from two statements: (133) “If one often voices opinions, [even] people like us can influence society’s developments,” (134) “Ordinary citizens can also influence government policy making.”

#### *Political Activism*

Three questions in the survey are used to measure “political activism,” which asks whether people would or did raise issues and make suggestions in society and/or at work. A factor analysis nicely categorizes the three questions into one factor, which I name as “political activism.” The first question is about the degree of one’s political participation in civic society: (120) “What would you do if something happened that hurts everyone’s interest at work or in

your neighborhood? Would you a) lead a petition to relevant government offices and officials, b) lead a petition if being asked, c) follow the crowd rather than leading, or d) avoid troubles?" The second question is about one's disobedience: (123) "What would you do if your supervisor made a wrong decision related to work? Would you a) obey, b) silently disobey, or c) tell the supervisor he or she was wrong." The third question is about one's participation in workplace decision making: (124) "In recent years, have you made suggestions or expressed your opinions on workplace reform, innovation, or improvement of management? a) yes, often, b) sometimes, c) only when being asked, d) only talked to friends or colleagues about it, or e) never."

#### *Psychological Involvement*

One question in the survey is used to measure individual's level of interest in politics and frequency of discussing politics with friends — "psychological involvement." The question is: (125) "How often do you discuss with others about China's reforms and important political events?" The answers include a) often, b) sometimes, c) rarely, d) never.

#### *Attention to Public Media*

One item is employed to tap the level of one's attention to public media: (121) "How often do you read newspapers or magazines, watch television, or listen to radio?" The answers include a) often, b) twice or three times a week, c) rarely, d) never.

## 4. FINDINGS<sup>18</sup>

### 4.1. FINDING I

By testing Hypothesis 1, this section explores the causal antecedents of people's class identification in contemporary urban China. Since I specify the intermediate variable "class identification" as "middle class identification," the Hypothesis 1 is revised correspondingly as:

*Hypothesis 1': The groups who gain from the reforms are more likely to identify themselves with middle class than the groups who lose from the reforms.*

In order to explore the causal factors of middle class identification, I run a multivariate regression of "middle class identification" on all the independent and control variables. Based on the results presented in Appendix B, gender has a statistically significant and negative influence on middle class identification. Interestingly, women are more likely to identify themselves with middle class than men do. About the age groups, the impact of group 66-76 on middle class identification does not have statistically significant difference from that of the reference group 49-65, while other groups are more likely to identify themselves with middle class than group 49-65 and group 66-76. The implication is that people who grew up during the Mao era (1949 – 1976) tend to identify themselves in a more "humble" way. It may be very sensitive for these people to reveal their real social status even if they should belong to middle

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<sup>18</sup> The structure of the explanatory regression models and all variables used are shown in Appendix D.

class according to the objective occupational stratification. Both education and income have statistically significant and positive impacts on middle class identification, which is quite intuitive as the more educated or the richer tend to have relatively higher self-prestige. Surprisingly, communist party membership does not have statistically significant influence on middle class identification, possibly because party members have been losing their former privileges solely determined by their right political proclivities.

As for the occupational strata, compared with old industry workers, state administrator, SOE managers, and professionals all show statistically significant and positive impacts on middle class identification; while private business owners/managers, clerical workers, and sales/service workers all exhibit no significant difference from old industry workers in terms of their impacts on middle class identification. The regression results are somewhat opposite to Hypothesis 1. Although private business owners/managers are closer to the market and have been doing well since the second decade of market reforms especially after Deng's southern trip in 1992 – right before this survey was conducted, they were still looked down upon in earlier days of reforms due to low status of private business as compared with state-owned business during the state socialist period. Therefore, they still tended to identify themselves with lower class in the early 1990s, although they have acquired more freedom in the market and been widely considered as the winners of the reforms. The results for state administrators and SOE managers are significant, which do not support our hypothesis, because the “market transition” theory suggests that as the transition from a redistributive economy to a market economy, the old administrative and work unit advantages will fade. In some sense, the results are consistent with the “power persistence” theory proposed by Bian and Logan (1996), in which they argue that the market reforms allow multiple winners, including old administrative redistributors and new

managerial and entrepreneurial producers. In other words, existing redistributors can still maintain their privilege and secure their benefits through the conversion of their political and social capitals to other capitals. As for professionals, they may not be the direct beneficiaries of the open market. As late as 1992, before the 1993 wage reforms, professionals remain very unhappy with their incomes (Tang and Parish 2000). However, they possess high self-prestige and social status; therefore, they still tend to consider themselves as higher classes compared with old industry workers.

#### 4.2. FINDING II

This section explores the causal antecedents of people's perceived class tension in urban Chinese society. Since I specify this intermediate variable as perceived tension between private business owners/managers and old industry workers, Hypothesis 2 is revised correspondingly as:  
*Hypothesis 2': The groups who gain from the reforms perceive less tension between private business owners/managers and old industry workers than the groups who lose from the reforms.*

Correspondingly, I revise Hypothesis 3 as:

*Hypothesis 3': The groups who are more likely to identify themselves with middle class perceive less tension between private business owners/managers and old industry workers than the groups who are less likely to identify themselves with middle class.*

In order to explore the causal relationships, I run a multivariate regression of “perceived class tension” on all the independent and control variables. Moreover, to test out Hypothesis 3', I also include “middle class identification” as one of the independent variables in the regression model.

The regression results are shown in Appendix B. Gender, education, and income do not have significant impact on perceived class tension. Party membership does have significant impact on perceived class tension. As stated in Finding I, party membership seems no longer as an important indicator of right political orientations and high social positions as in the pre-reform period. A large number of party members who lose their privileges may have difficulty accepting the new order of the market, so tend to recognize the tension between the so-called winners and losers of the reforms. As for age groups, compared with group before 49, all other groups have significant and positive effects on perceived class tension. In other words, people grown up after the foundation of the People's Republic of China are more likely to perceive class tension than people of earlier generations. This is probably because that, people who grown up after 1949, especially before the market reforms, were overwhelmed by the terms "class," "class struggle" and "class conflict" all the time, and this class-intensified ideology may be passed over generation by generation even during the reform era today.

Regarding the influences of occupational strata, compared with the reference group – professionals, SOE managers and old industry workers have significant and positive impacts on perceived class tension, while all other groups do not exhibit significant difference from professionals. This is somewhat understandable. During the market transitional period, old industry workers are among the groups who lose from reforms. Many of them have lost their "iron-bowls" and their "leading class" status, been laid off without any income and proper compensation, and even witnessed the bankruptcies of the SOEs where they have worked for decades. Meanwhile, private businesses have become more and more thriving and people working in private businesses have been improving their living standard successfully. Hence it is not so surprising for old industry workers to perceive class tension. As for the SOE managers,

they have faced the massive layoff of old industry workers, most of whom were the former employees of SOEs. Also, realizing the increasing competitions in the market, particularly since the second decade of the reforms, SOE managers tend to see the prospering private businesses as their business contesters. Therefore, showing sympathy towards their former employees while antipathy towards their potential enemies, SOE managers tend to recognize the tension between these two groups.

For Hypothesis 3', the result suggests that middle class identification has statistically significant and negative influence on perceived class tension, which supports our hypothesis. This means that people who tend to identify themselves with middle class are less likely to perceive tension between private business owners/managers and old industry workers. This result shows the mediating role of middle class identification in Chinese urban society. It is widely believed in the West that middle class as an important social component serves to stabilize the society. However, it is interesting to find that in Chinese society, with the discrepancy between objective social stratification and people subjective class affiliation, the latter is more important than the former to suppress their awareness of class tension and to stabilize the society. It may be inappropriate to say that Chinese people suffer from "false identification" or even "false consciousness," but their "identification" to some extent does keep them away from the perception of class tension<sup>19</sup>.

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<sup>19</sup> The results confirm the findings of a survey conducted by Li (2005).

### 4.3. FINDING III

In the following sections, I use “middle class identification” and “perceived class tension” as explanatory variables to test the remaining hypotheses. The revised Hypothesis 4 is:

*Hypothesis 4': The groups who are more likely to perceive tension between private business owners/managers and old industry workers or who are less likely to identify themselves with middle class are less likely to attribute personal success to individual effort.*

In order to explore the causal relationships, I run a multivariate regression of a set of dependent variables – “economic efficacy,” “ability,” “exertion,” and “connection” – on the two intermediate variables and all other independent and control variables. The results in Appendix C.1. show that “perceived class tension” has significant and negative impact on “efficacy,” “ability,” “exertion,” and significant and positive influence on “connection.” In other words, people who are more likely to perceive class tension tend to believe that one could get ahead by his/her social connection to bureaucrats, rather than by his/her own effort, including ability, willingness to exert, etc. These results contradict with the prediction by the “market transition” theory, while confirm the power persistent theory. As the market transition goes on, the redistributive power does not necessarily step down for the market power. On the contrary, people who perceive class tension tend to feel that bureaucrats still hold great redistributive power and private businessmen who have connection to bureaucrats are more likely to get resources and run business successfully. Some “insiders” of the system even use their power or privilege to transform themselves into capitalist owners/managers of semi-state, collective, or private properties. These results are also consistent with the observations of some scholars. For example, Wank (1999) notes that patron-client ties with government officials are the hallmark of private businessmen in Xiamen.

“Middle class identification” has statistically significant and positive impact on “economic efficacy,” “ability,” “exertion,” and significant and negative influence on “connection.” That means people who tend to identify themselves with middle class are more likely to attribute a person’s success to his/her individual effort. As discussed, state administrators, SOE managers and professionals, the multiple winners of the reforms, are the three groups who are most likely to identify themselves with middle class. No matter how they gain the benefits from the reforms or maintain their power, they tend to glorify their success by attributing it to their individual effort rather than their persistent power or connection to bureaucrats.

#### **4.4. FINDING IV**

This section studies people’s feeling of fairness of the social system and satisfaction of the reforms by testing the following revised hypothesis:

*Hypothesis 6’*: *The groups who are more likely to perceive tension between private business owners/managers and old industry workers or who are less likely to identify themselves with middle class are less likely to possess feeling of fairness of the social system and satisfaction of the reforms.*

In order to explore the causal relationships, I run a multivariate regression of a set of dependent variables – “fairness,” “hopefulness,” “reform support” and “monetary acquisitiveness,” on the two intermediate variables and all other independent and control variables. The results in Appendix C.2. show that “perceived class tension” has significant and negative influence on all the four dependent variables, which confirms Hypothesis 6’. That

means people who tend to perceive class tension are more likely to feel hopelessness about his/her personal situation, to feel dissatisfied with the reforms, to feel unfairness of the social system, and to long for the traditional communal egalitarianism rather than the market acquisitiveness. In other words, the one who perceives class tension seems somewhat pessimistic about the market reforms. As discussed, people who are more likely to perceive class tension are usually those who lose from the reform, such as old industry workers. The wholesale transformation of distributive system leads to their loss in social status and even basic livelihood. After decades of socialization with the socialist egalitarian values, it is not surprising to find that they have difficulty accepting the legitimacy of the new social order in which market-based individualist and acquisitive values have become favored. Moreover, they are more likely to blame the unfairness of the new system and complain about the market reforms.

“Middle class identification” has significant and positive impact on all the four dependent variables, which also supports Hypothesis 6'. That means people who believe themselves as middle class tend to feel optimistic about his/her personal situation, to feel satisfied with the reforms and the market acquisitive value, and to perceive fairness of the social system. As we know, the groups who identify themselves with middle class are among those elites in Chinese urban society, who are supposed to be more confident about their performance and status in the society. They tend to believe that regardless of how society changes, they will never end up on the bottom rung of the social ladder compared with others. Therefore, it makes sense for them to be optimistic about the reforms and adopt various market values. Moreover, these results further confirm the role of middle class identification to stabilize society and mediate negative consequences resulting from social tension.

#### 4.5. FINDING V

This section examines people's political participation and interest articulation by testing the following revised hypothesis:

*Hypothesis 5': The groups who are more likely to perceive tension between private business owners/managers and old industry workers or who are less likely to identify themselves with middle class tend to hold certain political participatory values and attitudes.*

In order to explore the causal relationship, I run a multivariate regression of a set of dependent variables: "political activism," "political efficacy," "attention to public media," "psychological involvement," on the two intermediate variables and all other independent and control variables. The results (see Appendix C.3.) for "middle class identification" are similar with the previous findings. It has significant and positive influence on "political activism," "political efficacy," "psychological involvement," and no significant impact on "attention to public media." That means people who identify themselves with middle class are more likely to physically participate in political activities, psychologically get involved in political issues, and believe their influence on political decision-making process. As discussed, people having middle class identification are among the elites of Chinese urban society, and many of them are either direct redistributors or consultants for redistributors. Hence, they inevitably get involved in shaping political decisions either physically or psychologically. Moreover, it once again supports the mediating role of middle class identification. In this case, middle class identification also promotes political activism, political efficacy and psychological involvement, which are important prerequisites for the progress of democratization.

The results for "perceived class tension" seem quite interesting. It has significant and positive effect on "attention to public media," "psychological involvement," significant and

negative effect on “political efficacy,” and no significant effect on “political activism.” That means perceiving class tension does promote people’s attention to public media, psychological involvement in politics, but it induces them to disbelieve they could influence the decision-making process. Moreover, it does not lead to people’s interest in participation in political activities. On the one hand, those perceiving class tension are among groups who are most vulnerable and unprotected in urban society, hence they are eager to improve their status and welfare, they pay much attention to what is going on in public media, they want to get involved in discussing politics to exchange more information, and they expect to find some way to make themselves better off. On the other hand, due to their disadvantageous social status and disconnection to neither market power nor old redistributive power, they are precluded from decision-making process in reality and also in their psyche. Therefore, they exhibit little belief in political efficacy and they do not think they have political influence. There is sign indicating their psychological involvement in politics, while in practice there is little sign indicating their active participation into political activities. In other words, even though they are upset about their situation during the reform era, such discontent does not automatically or easily get translated into certain political activities or movements that could dismantle the social order or threaten the regime stability.

## 5. CONCLUSION AND DISCUSSION

Although the survey results reported in this thesis alone cannot provide a definitive picture of the patterns of social classes and class tension in urban China, they shed some light on the two puzzles presented in the introduction section and make some contributions for future research to build on.

Now let us return to the two puzzles proposed earlier in this thesis: the persistence of non-democratic institutions despite the robust economic development, and the regime stability despite the increasing social inequality. The “market transition” theory argues that as economic reforms go on, the direct producers (e.g., private entrepreneurs) will gain more and more bargaining power than the old redistributors (e.g., state administrators), and the direct producers will inevitably push the society toward further reforms, wide opening to the outside world, and expansion of civil society and democratization (So 2003). However, this thesis challenges the predictions of the “market transition” theory. The findings seem more consistent with the “power persistence” theory argued by Bian and Logan (1996), which suggests that market reforms allow multiple winners. On the one hand, the direct producers who are closer to the market are gaining more bargaining power through the reforms. On the other hand, the state redistributors and SOE managers continue to enjoy great control over political and economic resources and they use these resources to secure the benefits for themselves.

This thesis confirms such arguments through empirical investigations and I use class analysis approach to examine people's psychological incentive of pushing democratization process. From the top, state administrators and SOE managers are among the beneficiaries of the reforms, they are still enjoying their high social status and bargaining power through using their political and social capitals, and they are more likely to hold positive attitudes toward the system and the reforms. Hence, they are less likely to initiate political reforms since they may lose their control power during the democratization process. For the direct producers such as private business owners/managers, it is widely believed that they gain their success not through their talent, ability, entrepreneurship, hard work or other individual effort, but through their connections or patron-client ties with bureaucrats and redistributive power. In other words, although they are getting stronger economically, they are still weak politically. Thus, as the group who are supposed to push for political reforms predicted by the "market transition" theory, they have neither incentive nor capability to do so since the connection to the old redistributive power is crucially important for their economic performance. From the bottom, the transformation of the system necessarily produced large number of losers such as old industry workers. Although they do have strong perceptions of unfairness and injustice, their unrest and discontent are not easily translated into political actions. Their disadvantageous positions promote their psychological involvement in political issues and their attention to public media, but they do not believe that they have any say to change the status quo. Furthermore, my empirical findings suggest that Chinese people's high middle class identification also help to explain the lack of actions. De-empowered people's self-identified classes are inconsistent with their objective social strata, probably due to the influence of the remaining socialist ideology. They are not fully aware of the "inequality" they are experiencing and they do not realize that

they are becoming the real “*proletarians*” or non-owners. They still seem to enjoy their perceived high social status, though they do get hurt economically. Hence, their awareness is not adequate to transform their “class in itself” to “class for itself” per se, and their incentive and power to push the political reforms and democratization is far from enough. In short, from the 1992 urban survey, we see little sign for social movements or rebellions that aim in threatening the political regime and social stability.

However, this thesis has a weakness that makes my findings not conclusive enough. Considering the research questions and the two puzzles I want to address, using 1992 urban survey data alone is not adequate to deal with the problems in an updated and comprehensive manner. In my subsequent research, I would like to use more current national survey data, covering both urban and rural areas, to conduct a longitudinal study. Without doing this, it may be too arbitrary to conclude that China could maintain its non-democratic institutions and social stability under rapid economic development and widening income gap. And there is no ground for us to answer whether “Chinese society really resembles a volcano on the verge of eruption.”

## APPENDIX A

### Perceived Class Tension by Occupational Stratum

		Respondent's Occupational Stratum						
		State Administrator	SOE Manager	Private Business Owner/Manager	Professional	Clerical Worker	Sales/Service Worker	Old Industry Worker
Attitude toward the Income of	State Administrators	6.56	12.40	27.14	8.37	20.83	18.18	23.88
	SOE Managers	21.91	17.72	25.00	22.52	26.92	27.22	28.11
	Private Business Owners/Managers (PBOM)	68.24	66.00	32.05	66.19	57.41	67.98	67.97
	Professionals	3.85	4.13	7.81	0.27	6.52	9.70	11.52
	Clerical Workers	28.47	28.39	9.09	27.72	24.07	27.98	26.34
	Sales/Service Workers	14.37	12.30	14.29	18.84	14.81	7.98	14.52
	Old Industry Workers (OIW)	1.89	0.35	1.28	2.79	3.45	1.55	0.94
Major Tension is Perceived between		OIW — PBOM	OIW — PBOM	OIW — PBOM	OIW — PBOM	OIW — PBOM	OIW — PBOM	OIW — PBOM

Source: 1992 China Urban Survey by the Economic System Reform Institute of China

Note: In order to calculate respondents' perceived tension among the seven groups of people, I assign a value from 0-1 for each response to the question "What do you think about the income of the following categories of people: peasants; workers; people working in sales or service sections; SOE managers; state administrators; teachers; scientists and technologists; other intellectuals; private business owners or managers, including *getihu*; employees of private business?" In particular, the response "too high" is assigned 1, "somewhat high" is assigned 0.5, and "just right," "somewhat low" "too low" are assigned 0. Then I calculate a weighted average (0-100 scaled) of each respondent. The higher in the scale, the more negative attitude toward this group of people; the lower in the scale, the more positive attitude toward this group of people.

## APPENDIX B

### Models for Middle Class Identification and Perceived Class Tension (OLS)

	Middle Class Identification	Perceived Class Tension
Middle Class Identification		-0.084*
state administrator	0.064*	0.007
SOE manager	0.070*	0.113*
private business owner/manager	0.067	0.032
professional	0.072*	cf.
clerical worker	0.055	0.004
sales/service worker	0.048	0.034
old industry worker	cf.	0.089*
before49	0.109*	cf.
g4965	cf.	0.104*
g6676	-0.007	0.160*
g7784	0.048*	0.152*
g8592	0.067*	0.165*
after92	0.161*	0.120*
male	-0.114*	0.015
education years/10	0.050#	0.010
party membership	0.000	0.038#
family income, per capita (0-1)	0.408*	-0.047
North Central Region	-0.002	-0.010
Central Region	0.023	0.008
Yangzi Delta Region	0.057#	-0.006
Lingnan Region	-0.005	-0.050
Southwest Region	0.086*	-0.038
Northeast Region	cf.	cf.
city income growth	0.486*	0.064
city light industry/services (% of GNP, logged)	-0.002*	0.003*
city population/1000 (logged)	0.000*	0.000
city weak neighbor ties (index)	0.044*	0.028*
Constant	0.488*	0.374*
Adj. R2	0.086	0.041
N	2250	2057

cf.: Comparison group; \*: p<.05; #: p<.10.

Source: 1992 China Urban Survey by the Economic System Reform Institute of China

## APPENDIX C.1

### Models for Attributions of Social Inequality (OLS)

	Economic Efficacy	Ability	Exertion	Connection to Bureaucrats
Perceived Class Tension	-0.062*	-0.100*	-0.027#	0.075*
Middle Class Identification	0.101*	0.047#	0.036*	-0.068*
state administrator	-0.007	0.037	-0.038*	0.020
SOE manager	0.019	0.092*	-0.028	-0.030
private business owner/manager	0.089*	0.208*	-0.039	-0.020
professional	-0.085*	0.050	-0.068*	0.067*
clerical worker	-0.029	0.028	-0.053	-0.031
sales/service worker	0.000	-0.003	-0.001	0.000
old industry worker (cf.)				
before49	0.209*	0.090*	0.064*	-0.085*
g4965	0.098*	0.041	0.042*	-0.015
g6676 (cf.)				
g7784	0.007	-0.029	-0.009	-0.020
g8592	0.000	0.100*	-0.051*	-0.055*
after92	0.101*	0.131*	-0.028	-0.058#
male	0.018#	0.028	-0.007	-0.035*
education years/10	-0.091*	-0.018	-0.126*	-0.007
party membership	-0.012	0.012	-0.019	0.028#
family income, per capita (0-1)	0.046	0.000	-0.023	-0.090
North Central Region	0.010	0.030	0.023	-0.082*
Central Region	-0.030#	0.087*	0.008	-0.083*
Yangzi Delta Region	-0.011	-0.054#	-0.006	-0.056#
Lingnan Region	0.025	-0.080#	0.095*	-0.113*
Southwest Region	0.006	-0.128*	0.099*	-0.103#
Northeast Region (cf.)				
city income growth	0.197	0.921*	0.014	-0.269
city light industry/services (% of GNP, logged)	0.000	0.002*	-0.001	-0.001
city population/1000 (logged)	0.000*	0.000	0.000	0.000*
city weak neighbor ties (index)	0.012	-0.004	0.002	-0.020*
Constant	0.568*	0.063	0.324*	0.323*
Adj. R2	0.148	0.026	0.070	0.040
N	1900	2039	2039	2039

cf.: Comparison group; \*: p<.05; #: p<.10.

Source: 1992 China Urban Survey by the Economic System Reform Institute of China

## APPENDIX C.2

### Models for Response to the Reforms and Feeling of Fairness (OLS)

	Reform Support	Fairness	Hopefulness	Monetary Acquisitiveness
Perceived Class Tension	-0.032*	-0.044*	-0.024*	-0.024*
Middle Class Identification	0.059*	0.098*	0.020#	0.023*
state administrator	0.024*	0.004	0.041*	0.032*
SOE manager	0.031#	-0.002	0.054*	0.047*
private business owner/manager	0.055#	0.141*	0.029	-0.029
professional	0.011	-0.032	0.040*	0.032*
clerical worker	0.064*	0.054	0.039	0.039#
sales/service worker	-0.015	-0.007	-0.027	-0.005
old industry worker (cf.)				
before49	0.045*	0.145*	0.048*	0.032*
g4965	-0.006	0.028#	0.006	0.012
g6676 (cf.)				
g7784	-0.004	0.026	-0.010	0.004
g8592	0.024#	0.023	0.015	0.025*
after92	0.038#	0.067#	0.066*	0.077*
male	0.008	-0.018#	0.017#	-0.003
education years/10	0.032*	-0.128*	0.026#	0.031*
party membership	0.006	0.012	0.020#	0.031*
family income, per capita (0-1)	0.105*	0.195*	0.121*	0.039
North Central Region	0.009	0.043*	0.010	0.021*
Central Region	0.015	0.050*	0.017	-0.008
Yangzi Delta Region	0.030*	0.019	0.015	-0.006
Lingnan Region	0.082*	0.050*	0.038*	-0.034*
Southwest Region	0.058*	0.011	0.019	0.005
Northeast Region (cf.)				
city income growth	0.098	0.243#	0.306*	-0.082
city light industry/services (% of GNP, logged)	0.000	0.000	0.001*	0.000
city population/1000 (logged)	0.000	0.000	0.000#	0.000
city weak neighbor ties (index)	0.017*	0.015#	0.029*	0.013*
Constant	0.447*	0.467*	0.267*	0.314*
Adj. R2	0.102	0.117	0.098	0.077
N	1495	1438	1398	2004

cf.: Comparison group; \*: p<.05; #: p<.10.

Source: 1992 China Urban Survey by the Economic System Reform Institute of China

### APPENDIX C.3

#### Models for Political Participation and Interest Articulation (OLS)

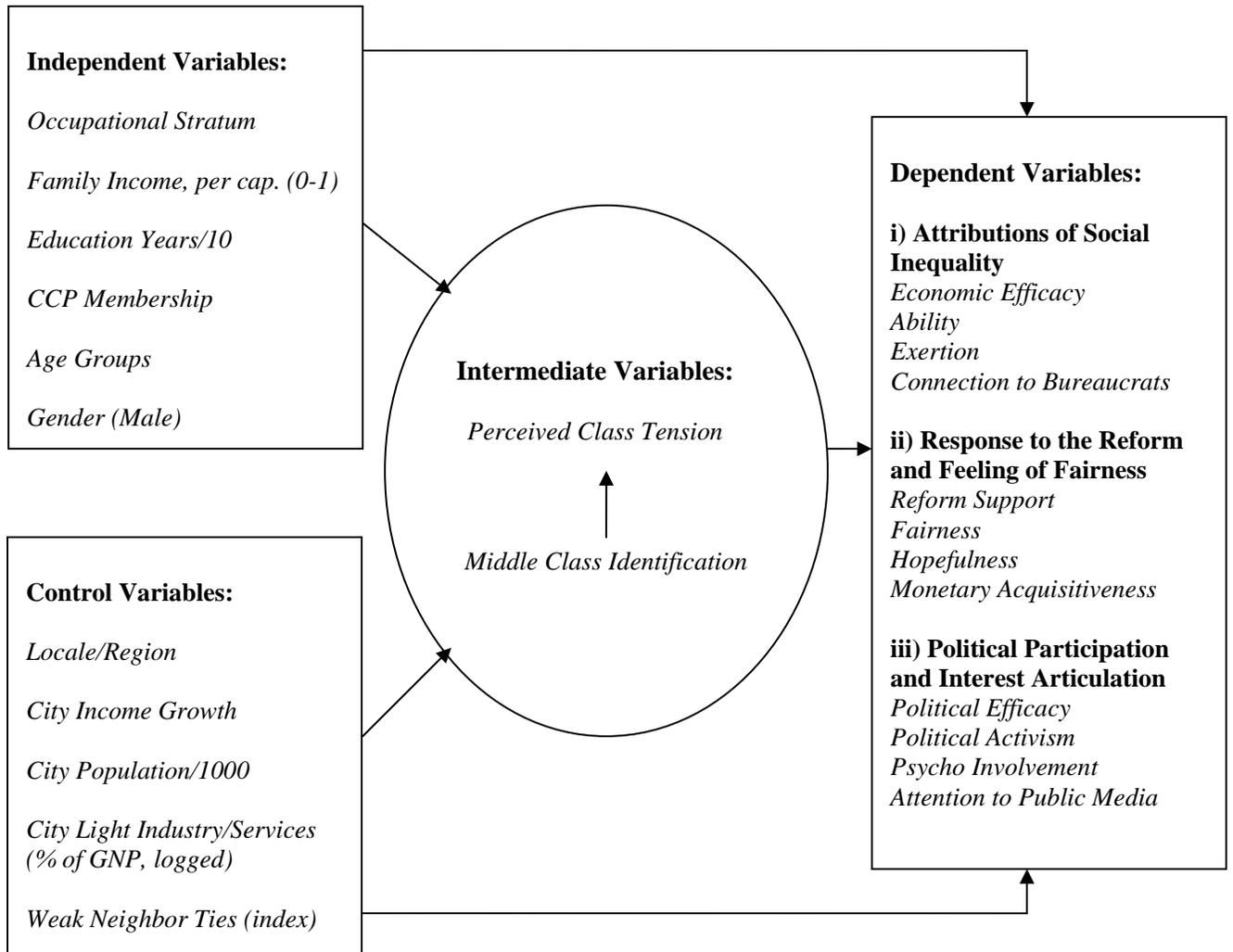
	Political Efficacy	Political Activism	Psychological Involvement	Attention to Public Media
Perceived Class Tension	-0.034*	-0.006	0.031*	0.034*
Middle Class Identification	0.047*	0.078*	0.041*	0.005
state administrator	0.003	0.043*	0.056*	0.050*
SOE manager	-0.014	0.051*	0.055*	0.035#
private business owner/manager	0.079#	0.017	-0.030	0.003
professional	-0.045*	-0.016	-0.003	0.027#
clerical worker	0.037	0.012	-0.044	0.023
sales/service worker	-0.041	-0.015	0.019	0.024
old industry worker (cf.)				
before49	0.096*	0.085*	-0.032#	0.027#
g4965	0.072*	0.034*	-0.033*	0.018#
g6676 (cf.)				
g7784	-0.010	-0.039*	-0.045*	-0.006
g8592	-0.006	-0.069*	-0.032#	-0.025#
after92	0.075*	-0.063*	-0.093*	-0.077*
male	0.010	0.032*	0.080*	0.011
education years/10	-0.038#	0.073*	0.150*	0.098*
party membership	0.006	0.056*	0.077*	0.009
family income, per capita (0-1)	0.024	0.091#	0.116*	0.112*
North Central Region	-0.035*	0.037*	0.040*	0.017
Central Region	-0.025	0.019	0.010	-0.020#
Yangzi Delta Region	-0.008	0.012	0.005	0.004
Lingnan Region	-0.049*	0.017	0.012	0.007
Southwest Region	-0.054#	0.024	0.017	-0.058*
Northeast Region (cf.)				
city income growth	0.255#	0.098	-0.235#	0.066
city light industry/services (% of GNP, logged)	0.001	-0.001*	0.000	0.000
city population/1000 (logged)	0.000*	0.000	0.000	0.000
city weak neighbor ties (index)	0.015#	0.052*	0.077*	0.025*
Constant	0.354*	0.481*	0.335*	0.720*
Adj. R2	0.054	0.134	0.182	0.091
N	1577	1984	2046	2055

cf.: Comparison group; \*: p<.05; #: p<.10.

Source: 1992 China Urban Survey by the Economic System Reform Institute of China

## APPENDIX D

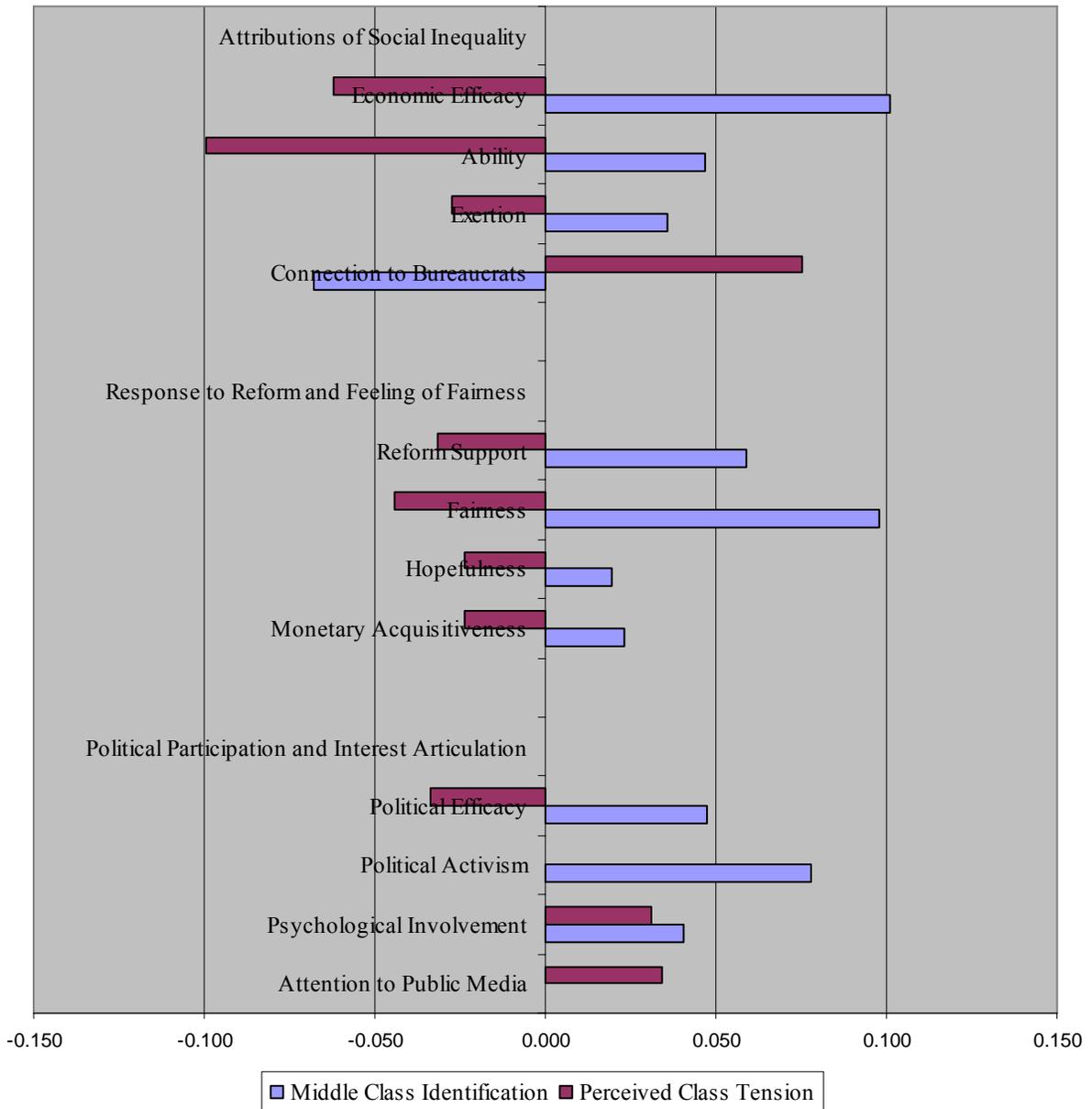
### OLS Regression Models and All Variables Used



Source: 1992 China Urban Survey by the Economic System Reform Institute of China

## APPENDIX E

### Dependent Variables by Intermediate Variables “Middle Class Identification” and “Perceived Class Tension” (OLS coefficients)



Source: 1992 China Urban Survey by the Economic System Reform Institute of China

Note: All coefficients are statistically significant at  $p \leq .10$ . Independent variables and control variables are included in the OLS regression equations but not shown (see Appendix C.3, C.4, and C.5).

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