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# Emergence of the Chinese Middle Class and Its Implications

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**Abstract:** The expansion of China's middle class since the late 1970s has inspired some political scientists to speculate that rapid economic growth and the ensuing rise of the middle class could constitute the basis for a democratic transition. This article analyzes the political implications of the emergence of the Chinese middle class and discusses how the Chinese Communist Party copes with the rising middle class. This article concludes that at present, the Chinese middle class quietly endorses the leadership in Beijing. Nevertheless, as economic growth continues, the middle class will not only grow in size but also may change its political attitude. Following the footpaths of its counterparts in the West and other Asian countries, the Chinese middle class may develop not only post-material lifestyle and values, but also play an important role in the struggle for democracy.

**Key words:** China, democracy, middle class

With phenomenal economic growth, a middle class has emerged in China, and its size has been increasing rapidly. A recent survey by the Chinese Academy of Social Sciences (CASS) estimated that the middle class has swelled 1 percent every year since 1999 and included 19 percent of the population by 2003.<sup>1</sup> Some even predicted that the middle class can reach about 35 percent of the population by 2020 if the number continues to increase by 1 percent each year.<sup>2</sup> The economic and social implications of this rapidly expanding middle class will shape China's future and help define its role on the world stage. Since the reforms started in the late 1970s, managers and professionals, along with private entrepre-

neers, appear to have become the central players in the rising market economies in rural and urban China. In the reform era, the Chinese Communist Party (CCP) has largely shifted its basis of legitimacy to economic performance. Despite the conflict between Communist ideology and private ownership, then Party General Secretary Jiang Zemin announced in his 2001 “July First” speech a call to recruit party members from all social strata, including private entrepreneurs. The change of the party’s policy reflects the party’s inclusion of entrepreneurs into the party’s base. As Lewis and Xue put it, “Beijing was attempting to marry loyalty, power, expertise, and wealth. It would thereby advance state interests in much the same way that leaders in Japan, Korea, and Singapore had earlier used state power to create and foster new forms of public-private enterprises and meritocracy.”<sup>3</sup> In fact, the construction of a middle class had become a political project of the CCP long before Jiang’s speech.

The emergence of a middle class and democracy is a common category in political discourse. However, what the rise of the middle class means for China’s social and political fabric is a subject of debate. Many believe that, as in many societies, the size and characters of the middle class are critical for the establishment of a democratic political institution. Continued economic growth will make China more prosperous and thereby in turn boost the growth of the middle class. This growth will then lead to demands for democratic reforms because the middle class naturally wants a say in government.<sup>4</sup> China’s burgeoning middle class holds the key to the future of the country. As Nicholas Kristof put it, “Hu Jintao is more like a Franco, a Pinochet, a Park. And, knock wood, the China he rules will follow Spain, Chile, and South Korea in fostering the educated middle class that will lead it to democracy.”<sup>5</sup>

Others think that the Chinese middle class is dependent on the state. Therefore, it is not in a position to promote political change in China.<sup>6</sup> David Goodman notes that “as long as the CCP maintained its commitment to economic growth, there were few if any grounds for structural conflicts between the new middle classes and the party-state.”<sup>7</sup> In spite of different perspectives on the political implications of the middle class, both sides of the debate believe that contrary to Marx’s theory of class polarization, the development of market economy in every industrial society (including today’s China) has given birth to a growing middle class.

This article addresses the following questions: What defines membership in the Chinese middle class? Why is the CCP trying to co-opt the middle class? What are the political implications of emergence of the Chinese middle class? Will the middle class become an Aristotelian middle class—that is, a middle class carrying democratic values, and able to act as a mediating class between the rich and the poor? This article, which is principally based on extensive interviews in China over the past three years, is organized as follows. The first section documents the changes of the class structures since the economic reforms began in 1978. The

second part analyzes the political implications of the rise of the Chinese middle class. The third part explores how Beijing copes with the rise of the middle class and why the Chinese middle class has a very limited political influence. The last section explains why, in the long run, the middle class could have a significant impact on the sociopolitical structure in China.

### What Defines Membership in the Chinese Middle Class?

Class boundaries of the middle class are inherently fuzzy and theoretically controversial. There are a variety of approaches to define the middle class. For some, it is a group of consumers who merely imitate a certain lifestyle found in the media without the commonly accepted social and moral values implied when using the term “middle class.” Chinese able to possess Western-style accessories, such as a car, could be considered a member of the middle class. It is a well-known fact that there are sharp differences in terms of car ownership even among the major cities in China. In Chongqing, the largest city of Sichuan Province, for example, car ownership is just 1.3 per 100 people, a fifth of the rate in Beijing.

Some scholars adopt a self-identification approach to define the middle class. The middle class is identified according to an individual’s belief or perception that he or she belongs to the middle stratum of society. As seen in table 1, 45.5 percent of respondents now believe they belong to the middle or upper middle class.

Many studies depend heavily on an income classification. However, this income-based, quantitative measurement of the middle class has a drawback: it is difficult to achieve any consensus on the criterion of income when defining the middle class, since actual personal income varies a lot from region to region. In

**TABLE 1. Self-identification of Social Standing**

Stratum	Percentage
Upper	1.3
Upper middle	7.1
Middle	38.4
Lower middle	23.2
Lower	20.8
Unclear	1.4
No response	7.8

Source. Xin Ru et al., eds. “Middle Class: A New Group to Be Recognized,” [Zhongchankieung: Zhongguo shehui zhide guanzhu de renqun] in *Blue Book of China’s Society: Analysis and Forecast on China’s Social Development (2004)* [2004 nian shehui lanpishu: Zhongguo shehui fenxi yu yuce] (Beijing: Social Science Documentation Publishing House, 2004), 58.

Beijing, the per capita disposable income of urban residents rose to 15,637.8 yuan (US\$1,954), in 2004.<sup>8</sup> It is much lower in provincial cities, and urban income is much higher than rural income.

A growing number of scholars use occupation as a criterion for the middle class. According to a nationwide sample organized by CASS's Institute of Sociology, research identified, as far as profession is concerned, five categories considered to be part of the middle class: party and state cadres, business managers, private entrepreneurs, professionals, and office staff. As table 2 shows, using occupation as a measure, as of 2002, 15.9 percent of the workforce are considered middle class. China's middle class is not a "middle class" in European terms. That is, the Chinese middle class contains not only intellectuals and professionals in private and foreign-owned enterprises, managers of small and middle-sized businesses, but also the middle and lower-level cadres under the payroll of the party-state. This approach is used by a large number of Chinese scholars, who view the middle class status in terms of profession rather than lifestyle, self-perception, or income. Economists and sociologists have defined what they believe will compose the Chinese "middle class" of the future. They suggest that five categories of people will represent the middle class: scientific development entrepreneurs, Chinese managerial staff working in foreign firms in China, middle level managerial staff in state-owned financial institutions, professional technicians in various fields, especially in intermediary firms, and some self-employed private entrepreneurs.

Karl Marx used the relations of production to classify a society. According to him, classes are political forces based on the relations of property and power and

**TABLE 2. Class Division: Composition of China's Labor Force (percentage)**

	1952	1978	1988	1999
Administrators/Managers	0.64	1.2	2.2	3.6
Owners of private enterprises*	0.18	0.0	0.0	0.6
Owners of private enterprises†	4.08	0.0	3.1	4.2
Technicians/Specialists	0.86	3.5	4.8	5.1
Office workers	0.50	1.3	1.7	4.8
Business/Service workers	3.13	2.2	6.4	12.0
Manufacturing workers	6.40	19.8	22.4	22.6
Peasants	84.21	67.4	55.8	44.0
Unemployed/Underemployed	N/A	4.6	3.6	3.1

Source. Xueyi Lu, ed., *Report on Contemporary Chinese Social Strata [dandai zhongguo shehui jieceng yuanju baogao]* (Beijing: Shehui kexue wenxian chubanshe, 2002), 44.

\*eight or more employees

†fewer than eight employees

a society is only divided into two major classes, the ruling and the ruled.<sup>9</sup> The CCP does not use the term “middle class” in its official documents, preferring instead such phrases as “those in the middle income stratum” (*zhongchan jiecen*). In a study of China’s social classes published in 2002, CASS also shied away from the term “middle class,” explaining in a footnote that “the word ‘class’ has negative connotations.”<sup>10</sup>

Middle class is often defined as a social stratum having better socioeconomic status. Middle class and middle stratum are often used interchangeably. Strictly speaking, they are not the same. Middle class in this article embraces the people whose occupations as judged as primarily of a service nature, such as white-collar professionals, intellectuals, private entrepreneurs, and mid-level managers. As is well understood, the middle class is a heterogeneous group. Their political behavior is varied and mixed. In a strict sense, there is no single middle class but several middle classes or several segments within a larger middle class. Mid-level managers, intellectuals, and private entrepreneurs are quite different in their lifestyle, values, and political orientation. We will discuss these in turn.

### *Private Entrepreneurs*

In 1979 there were—officially at least—no Chinese on record working in private business. By the end of 2001, nationally, registered private entrepreneurs reached more than 2 million and involved 270 million employees.<sup>11</sup> Private entrepreneurs rose in the growing market economy but lacked any political interest or autonomy.<sup>12</sup> Patron client ties with state officials were the hallmark of private entrepreneurs in Xiamen and elsewhere.<sup>13</sup>

Having been beneficiaries of the past two decades economic growth and stability, they are not willing to give up what they have obtained. Their fate remains closely linked to the government’s economic policies. These “business elites” are understandably weak politically, having no interest, no autonomy, and no class capacity to work for the cause of a democratic state and politics.<sup>14</sup> Entrepreneurs support economic liberalization to promote further growth, but there is little evidence that this group favors political liberalization. They could back political reforms only so far as they feel assured that the economic prosperity is not in jeopardy. Unlike professionals and intellectuals, their main concern has been “economic freedom” rather than “political democracy.”

### *Mid-level Managerial Stratum*

Mid-level managerial stratum of state cadres (*guojia ganbu*) is a product of the expansion of government agencies. These individuals are provided with above-average compensation packages and some are kept in reserve for training and promotion to leadership positions in party and government offices. Their civil service

status seems to affect their attitude toward government. Some of them belong to a classic rent-seeking group, in the sense that they pursue benefits arising from the difference between free-market prices and the higher prices that result from continued state regulation and interference in the economy.

In the post-Mao era, former revolutionary cadres have been replaced by technocrats. While the technocrat class has been the major promoter of China's economic growth, it has also benefited from economic growth most. The population of this social stratum increased from less than 1 percent in 1978 to 2.1 percent in 1999.<sup>15</sup> The latter are younger, better educated, and more professionally competent.<sup>16</sup> In general, these technocrats are not enthusiastic about democracy. Participation, consensus-building, negotiation, and compromise all run counter to the values of technocrats. While the technocrats prefer "scientific" decision making, democracy is seen as an obstacle to economic growth.

With the large inflow of foreign direct investment (FDI) and expanding of the market economy, the ranks of the middle class have grown with the inclusion of mid-level managers working in the private sector, joint-venture, and foreign-owned enterprises. Their compensation packages are higher than those in the public sector. Yet, unlike their counterparts in the public sector, they do not enjoy a strong sense of security. They are interested in three *zis* (*fangzi*, *chezi*, and *piaozi*, i.e., house, car, and money), and few of them have any interest in politics.

### *Professionals and Intellectuals*

Professionals and intellectuals have always had an ambiguous class status throughout postrevolution history. Yet, their status has changed significantly. Politically, intellectuals were Mao's "stinky old ninths" (*chou lao jiu*), ranking last among all nine "black" categories. They were flattered and cheerful in 1979 when given a "working class" status by Deng Xiaoping, for that status meant that intellectuals finally had become a "revolutionary" class in the reform era.<sup>17</sup> Huang sees Chinese intellectuals divided between "in-institution" and "out-institution" groups, depending on whether they work primarily within the state sector or outside it. This institutional boundary implies no anticipation that "out-institution" intellectuals are "autonomous humanists" (*zi you wen hua ren*) who might otherwise work in an independent sphere of civil society.<sup>18</sup> Now the intellectuals are incorporated as part of the middle class and "advanced productive forces," which the CCP claims to represent.<sup>19</sup>

Beginning in the late 1990s, an increasing number of Western trained students returned to China. A new Chinese term, *haiguais* (returnees from study abroad), was recently coined to describe this rapidly growing group. Many of them have joined the ranks of the middle class in society. A large number of them teach at colleges and universities. Some became professionals in joint ventures or started their own business, and still others work at major government agencies or think tanks.

Having technical expertise and providing indispensable professional services, the intellectuals and professionals serve as an ascending class in society. They look at themselves as the vanguard of democracy and great contributors to society. Fang Lizhi, a famous democracy advocate, alluded to limited peasant political participation, in that democracy demands an enlightened citizenship—something that in China only the intellectuals claim to be.<sup>20</sup> Some are active in new social movements such as the environmental movement. Since intellectuals are better educated, they can act as a communication bridge to pass out information to the rest of society. With higher salaries and huge government budgets for research and development, their status and living standard have improved significantly since the early 1990s. In addition, their employment in educational and scientific institutions provides them with above-average wages, fringe benefits, and employment security.

Some Chinese researchers found that entrepreneurs who have applied to join the party or sought election to legislative bodies want to gain social status and security rather than change the system from within. In a similar vein, intellectuals detest arbitrary power and desire personal freedom. They want to read a free press and to be able to speak freely.<sup>21</sup> Yet, few of them want to challenge the regime openly. As a result, they prefer an incremental reform and would not support any radical transformation. In general terms, the intellectuals and professionals seem to be somewhat more pro-labor than the private entrepreneurs. Yet, so far there are only rare cases that intellectuals and college students have joined forces with migrant workers and urban unemployed and few have become their tutors and protest leaders.

Urban white collar workers, lower level managers, and staff workers in the service sector joined the rank of the middle class as well. Though large in number, they are not as influential as other segments of the middle class.

China's middle class today does not yet share a commonly recognized image of their counterparts in an advanced industrialized society—a stable lifestyle, mainstream values, and active political participation.<sup>22</sup> Thus, it is hard to expect them to be monolithic in their political or ideological inclination. It is still a “class-in-itself,” not a “class-for-itself.”<sup>23</sup> At present, private entrepreneurs are more predisposed to making money than contesting power, thus have a slim basis for independent resistance against the state. They support the status quo because through it they can protect their interests. Intellectuals and professionals tend to espouse liberal political ideas such as freedom of expression and association. Yet, a large number of them believe China is not ready for democracy and those with political ambitions wish to be “included” in the political establishment. Mid-level managers and technocrats in general are not enthusiastic about democracy. Some of them believe that they could transform the existing political system from within.

### Implications of the Rise of the Middle Class in China

Since the time of Aristotle, political scientists have linked democracy and



political stability to the presence of a large and vibrant middle class. The middle class, they suggest, tends to be politically moderate and serves as bridge between the upper and lower classes. Its members also have the political and organizational skills necessary to create political parties and other important democratic institutions. It is generally agreed that the emergence of the middle class and bourgeoisies in Western Europe was associated with the growth of modern democracy. Barrington Moore notes that the defense of property and profits encourages ordinary citizens to fight for the freedoms associated with liberal democracy.<sup>24</sup> Huntington pointed out that if there is no middle class, there is no democracy in the third wave of democratization.<sup>25</sup>

What are the political implications of the emergence of the Chinese middle class? Some studies predict the middle class will stick to the status quo. Others argue that they will become harbingers of democracy. The political implications of the burgeoning middle class are already being seen. First of all, the middle class has already had some impact on one-party rule, as shown by the CCP policy since 2001 of expanding its constituency to include the middle class. “Three Represents,” presented by Jiang, stated that the party could not only represent workers and peasants anymore—its traditional Marxist constituencies—but also had to represent “the interests of the vast majority of the population,” of “advanced productive forces and advanced cultural forces.” According to Jiang, “the great door to Chinese Communist Party membership should be opened to all advanced elements of the Chinese people. If we do this we can solidify our party and we will face no dangers.” What Jiang meant is that to remain strong, the party had to become more middle class and more bourgeois. The so-called well-off (*xiaokang*) society, which the CCP claims to build up for the Chinese people, is in fact a “middle class” society.

In addition, a growing number of private entrepreneurs are serving in official posts, such as the people’s congresses and Chinese People’s Political Consultative Conferences (CPPCCs) at various levels, and are being elected to leading posts at the grassroots level, including party branch secretaries. For instance, in Zhejiang’s Fuyang municipality, there are 256 representatives in the local people’s congress, of whom 78 (about 30 percent) are private entrepreneurs; of the 208 members of the local CPPCC, 21 (about 10 percent) are private entrepreneurs. As of 2004, there were some nine thousand private entrepreneurs nationwide participating in people’s congresses at various levels and another thirty thousand participating in CPPCCs.<sup>26</sup> It should be noted that some of them were “designated” by the CCP to occupy these positions.<sup>27</sup> In other words, they became members of the new nomenklatura.

Their impacts are also seen in other areas such as the mass media. Occasionally, liberal scholars could get their controversial point of view published in journals and newspapers such as *Nanfang Zhoumo* (*Nanfang Daily Weekend Edition*). *Nanfang Zhoumo* is published in Guangzhou, a city near Hong Kong,

but far from Beijing. The Chinese call this practice “playing the marginal ball.” Yet, as noted by Qinglian He, “most Chinese scholars today are willing to tailor their research to placate the regime, and adopt a cynical and perfunctory attitude toward sensitive political and social issues.”<sup>28</sup>

A handful of independent think tanks have emerged. Although their opportunities to influence public policy are very limited, they provide a forum for prominent academic and government officials to discuss and examine a host of important issues. One such independent outlet is the Unirule Institute of Economics Consulting Firm, which was established in 1993. Unirule is funded on a project-by-project basis by provisional grants from both domestic and foreign foundations. Private corporations, including Beijing Daxiang Culture Co., also provide it with financial support. Unirule resembles an informal club where influential individuals study economic issues and international affairs rather than a policy-research institution made up of scholars preparing detailed analyses of world events. Unirule sponsors a biweekly forum for lectures by elites from different sectors of the intelligentsia (including current and former members of the CASS and their counterparts in government-supported think tanks). The Institute of China and the World (ICW) is another nongovernmental think tank based in Beijing. The ICW focuses its activities on elections at the village and county level and its funding is mainly from foreign foundations.

The growth of commerce helped stimulate the emergence of a new class of business people who began to organize into associational and/or professional groups. Associations of all kinds, from professional groups to hobby clubs, have blossomed all over the country.<sup>29</sup> Meanwhile, numerous professional societies and research associations concerned with a variety of issues have been established. These associations hold annual meetings, sponsor publications, and facilitate the exchange of research findings among scholars and professional researchers. In addition, there are many informal gatherings where specialists share ideas. According to Ding, “local associations put pressure on local officials to resist central directives and emphasize local interests over central ones.”<sup>30</sup> In the meantime, Beijing has increased control over social organizations through stringent registration procedures. If an organization wishes to be registered with the Ministry of Civil Affairs, approval must be obtained by a sponsoring institution. This means the sponsoring institution has to be responsible for the organization’s action. As it is so difficult to register as a social organization, many nongovernmental organizations (NGOs) register as an enterprise, a subsidiary of a façade institution, or by avoid registration altogether and establish an informal “club” or “salon.”

Meanwhile, the middle class have become active participants of new social movements (such as environmental and consumer movements) in China. The close relationships between the middle class and the rise of new social movements in postindustrial societies have been widely noted. Similarly, the rise of

the middle class in the newly industrial societies is believed to have sprouted many new social movements in the past decade. In China, the environmental movement is on the rise. There are approximately two thousand environmental groups officially registered as NGOs, with perhaps as many registered as for-profit business entities, or not registered at all. Over the past decade, since the establishment of China's first environmental NGO, Friends of Nature, there has been a transformation in the nature of environmental activism in China. Initially concerned primarily with the relatively politically safe issues of environmental education and biodiversity protection, environmental NGOs in China today are engaged in dam protests, filing lawsuits against polluting factories, and pursuing multinationals engaged in illegal activities.<sup>31</sup>

Elizabeth Economy pointed out that the intelligentsia, including writers, scholars, scientists, and other professionals, as well as college students like their counterparts in the former Soviet Union and Eastern bloc countries, used environmental protection as a cover for the sharing of broader grievances, and environmental NGOs helped developed the germ of civil society. Already, several of China's leading environmental activists leave no doubt as to their desired outcome: not only the greening of China but also the democratization of the country.<sup>32</sup> The privately funded and run Aizhi Foundation has revealed the true scope of China's AIDS crisis, successfully pushing the government to come clean about the problem.<sup>33</sup> At present, China's environmental activists tend to be educated and in many cases, are members of the middle class.

Moreover, large number of returnees and the increasingly important role they play parallels what occurred in South Korea and Taiwan.<sup>34</sup> One recent study found that the returnees already dominated leadership positions in China's higher education and the diffusion of liberal ideas and Western values in Chinese society has become apparent.<sup>35</sup> Yet, it remains to be seen whether they will evolve similarly toward democratic pluralism.

### Why Does the Chinese Middle Class Have a Weak Influence?

If a linear model of political evolution from an autocratic to a democratic system is universal, and if the middle class actually plays an indispensable role in expediting the evolutionary process, then the Chinese middle class should have asked for more political freedom. The findings reveal otherwise. This rapid growing but silent Chinese middle class does not react to government policies uniformly. They are primarily utilitarian in orientation, not really seeking radical change in the current one-party rule. What they are essentially asking from the government is a higher autonomy in their socioeconomic life, e.g., protection of their private property or their children's education. Only in "politically safe" areas (such as the environment) have they contested the government's policies. According to Mingming Shen, director of Beijing University's Research Centre

for Contemporary China, the only groups in China with collective political consciousness are those traditionally recognized by the party: workers, peasants, and intellectuals. In recent years, unemployed workers and downtrodden peasants have staged frequent protests against corruption or violations of their rights.<sup>36</sup> The emerging middle class seems content with bargains the party offers: get rich if you can, but do not meddle in politics. As Shen put it, “those profiting from the reforms are cooperating with the government rather than challenging it.”<sup>37</sup>

Another Chinese scholar, Gongqin Xiao, pointed out:

The stake that these people held in the booming economy hardly made them adventurous political reformists. On the contrary, they worried that too much political change too fast would cause social upheavals and endanger their material interests. So far there is scant evidence that the middle class is seeking anything more than political security. Wanting neither a return to socialism nor a leap into the uncertain future of radical political change, they gravitated to the pragmatic authoritarianism of the new technocrats, perhaps comforting themselves with the belief that economic development would eventually lead to democracy and the rule of law.<sup>38</sup>

By Western standards, the Chinese middle class has not come of age, as far as political rights are concerned. It has not yet developed a middle class identity or value system and lacks political motivation to fight for a democratic society. China's case reveals the relationship between the middle class and democracy is by no means simple and unilinear. There are several reasons why generations about the rise of the middle class and democratic transition in the West may not be entirely applicable to China presently.

Historically, no Chinese regime fostered an independent middle class. Never fully economically or politically independent under the Nationalist (Kuomintang [KMT]) Party, after 1949, this social stratum became fundamentally dependent on the party-state in every sphere of life.<sup>39</sup> It is also important to remember that even though a strong middle class and bourgeoisie are necessary for democracy, those groups are not always democratically oriented. In its early phases, the middle class is not necessarily a force for democracy.<sup>40</sup> For example, in Argentina and Chile during the 1970s, as the middle class felt threatened by social unrest from below, it threw its support behind the right-wing military dictatorship. In the case of South Korea, the middle class supported the authoritarian regime during the 1970s. Only in the 1980s was the middle class transformed into a supporter of democratization.

The industrialization that occurred in China is characterized as “late industrialization.” There are two important features of the late industrialization. One is that it is a state-led economic development process, wherein the developmentally oriented state plays an active role in providing infrastructures, developing technology and manpower, and guiding capital accumulation. The other is that the late industrialization depends on borrowed technology rather than on invention or innovation. An educated and skilled workforce is of great necessity for the

late industrialization than for the early industrialization. Both of these characteristics of the late industrialization naturally led to a strong state in the Chinese economic development and a dependent middle class. In other words, the state contributed to the middle class's formation and expansion. First, the state is still the largest single employer. Second, the state plays a prominent role in managing the flow of finance from loans to foreign investment. In this way, the state becomes the source of capital and controls its use. Third, an inclusionary and corporatist political and economic relationship between the state and business has been forged, which restricts the autonomy of the capital. As a result, private entrepreneurs are accustomed to seeking state protection and patronage.

Politically, the Chinese government is strong enough to terminate the democratic process in response to an "unacceptable outcome." Despite daily headlines of protests, the CCP has so far been relatively successful at suppressing or redirecting potential opponents and at bringing new social forces into its fold. In the meantime, the party has co-opted elites by offering party membership to able persons from all walks of life. In the post-Mao period, the switch from class struggle to economic modernization as the key task of the party has made the party increasingly reliant on the technocrats and entrepreneurs who play an important role in economic growth. The CCP is ruling mainly by the power of co-optation, not by dictatorship of the proletariat, but the power of co-optation is even stronger than the dictatorship of the proletariat, purchasing the allegiance of the middle class.<sup>41</sup> The Chinese leadership has realized the growing importance of the middle class. As one article in *China Daily* noted, "On the one hand, the middle class can help ease contradiction and even conflict between the upper stratum and lower stratum. On the other hand, the moderate and conservative ideology of the middle stratum tends to be accepted as the mainstream."<sup>42</sup> Recognizing that the party is the only game in town and that party membership is beneficial to many career goals, a growing number of young intellectuals and private entrepreneurs are applying for Party membership. Many overseas reporters noted that the party has not lost its appeal to China's younger generation, especially college students.<sup>43</sup>

The Confucian ideal of the "scholar-official" still is deeply rooted in Chinese culture. The Confucian concept that the "one who studies becomes an official," remains very popular in Chinese society. A growing number of young people have sought to become graduate students to join the political establishment. In recent years, the government reestablished the civil service examination, which provides upward mobility for many ambitious young people. Under such circumstances, it is hard for some intellectuals to separate themselves from the government and to assert their independence. As Merle Goldman put it rightly, the Chinese political culture, in which intellectuals' highest calling is to enter government service, is so deeply embedded in society that the majority of intellectuals are likely to continue to work in the established political order and to continue to beg the regime to reform itself.<sup>44</sup>

It is argued that the middle class is the chief beneficiary of the rapid economic development (see table 3). In recent years, the CCP has brought the middle class into its power base, and legitimized and protected private property. Favorable economic conditions (such as high salary, career development, and housing benefits) have enabled the middle class to enjoy life and develop a set of distinctive class symbols to show its high status.<sup>45</sup> Since it emerges and benefits from the process of economic growth and political stability, it often supports the status quo.

At present, the middle class is dependent on the state and is too small to have a major impact on society. It is unlikely that a tiny middle class will attain or maintain democracy. Analysts say there is still a long way to go before the middle class becomes a social majority and takes the wheel of China's political and economic future. This growth will then lead to demands for democratic reforms because the middle class naturally wants a say in government.<sup>46</sup> In short, so long as the middle class is small, weak, and politically dependent on authoritarian elements, democratic development is less likely.

Two decades of growth since the economic reforms initiated by Deng in 1978 led to the expansion of the middle class. Numerous studies have shown that transition to democracy depends on several critical factors.<sup>47</sup> They include: sufficient economic growth, an emerging middle class, civil society, civil liberties, rule of law, and favorable international environment. The middle class in China played an important role in economic transformations and a supporting role in the course

**TABLE 3. Urban Residents' Impression of the Group That Has Benefited Most from Reform and Opening Up**

Social group	Rank	Percentage selected
Party and state cadres	1	59.2
Private enterprise owners	2	55.4
Actors and artists	3	43.0
Individual entrepreneurs	4	33.0
SOE managers	5	29.3
Specialists and technicians	6	24.3
Teachers	7	14.9
Peasants	8	3.4
Workers	9	1.5
Others	10	0.5

Source. Liang Dong, "Relationships between Officials and the Masses," ["Zhongguo dangzheng ganbu ji ganqun guanxi de diaocha fenxi"] in *Blue Book of China Society: Analysis and Forecast on China's Social Development (2004)* [2004 nian shehui lanpishu: Zhongguo shehui fenxi yu yuce], ed. Xin Ru et al., 35 (Beijing: Social Science Documentation Publishing House, 2004).

of slow and incremental political change, but they are not the determining factor in democratic transition. As has been found in many case studies of transitions from authoritarian rule, the middle class mood during the transitional period was clearly gradualist and stability orientated, wanting reform within the existing economic and political system.<sup>48</sup>

## Conclusion

Unlike peasants and workers, China's middle class is increasingly confident and prominent. The question we must turn to, then, is: will the middle class become an Aristotelian middle class—that is, a middle class carrying democratic values, and able to act as a mediating class between the rich and the poor? If the fate of the middle class in other Asian countries (such as Taiwan and South Korea) is any guide, then the Chinese middle class could play an important role in pushing for democratization.

Sustained economic growth will lead to the growth of a middle class that will begin to demand change. New social forces, most notably college-educated professionals, white collar workers, and skilled laborers, have formed the backbone of social institutions. Many political scientists seem to agree that in the early stage of economic development, rapid economic growth can destabilize a regime as new social groups, such as the middle class, increase in size and power. They tend to make political demands for greater participation in government and economic demands for a greater share of the material riches produced by their society. As Bruce Gilley notes: "The growth of a broad and stable middle class and an autonomous civil society armed with more information than ever, coupled with emergent legal, electoral, and parliamentary ideals of constrained state power, are nudging China in the desired direction. The emergence of a strong reform faction inside the CCP is doing the same."<sup>49</sup>

Unlike peasant and worker demonstrations (sometimes violent) against job losses and social displacement, the middle class seeks recognition and protection of its growing interests from the state, mainly through improved legal guarantees and openness. The pressure to reform may take place more powerfully not from the peasants and workers, but from the new, property-owning middle class, which will demand accountability from officials. In this sense, the emergence of the middle class might become a harbinger of political reform in the long run.

The alternative scenario is the possibility of interruption of the Chinese economic growth and growth of a more conservative middle class. It is well-known that foreign trade and FDI played a critical role in China's extraordinary growth and middle class has benefited from the Chinese integration with the global market. China's total exports and imports accounted for 75 percent of GDP in 2004. Yet, any major setback or crisis of the global economy will have a profound negative impact on China's middle class. Its members might feel threatened and have status

anxiety. They will use every means to preserve the status quo and get back their former privilege. In this respect, they might become a conservative force, supporting nationalist movements, and prefer authoritarianism and political stability at the expense of freedom of assembly. An economic slowdown might create a situation where an increasing number of middle class people may lose their previous social status and become downwardly mobile. For instance, the processes of economic development (such as exhaustion of import-substitution industrialization) produced bureaucratic-authoritarianism in South America in the 1960s. Nevertheless, they also provided the impetus for democratization in the 1980s.<sup>50</sup>

The Chinese middle class has a Janus-faced character.<sup>51</sup> On one hand, it often supports the status quo and tends to identify with the authoritarian state. On the other, it cherishes equality of opportunity (not outcome) and transparency in government decision making, which helps promote market reform, openness in decision making, and support for the expansion of civil rights and political liberty, as long as these do not interfere with its own economic interests. The members of the middle class are best equipped to transmit, clarify, and endorse the people's demands. And they need little organizational strength and financial resources to carry out such activities. Their endorsement could help shift public opinion. This article concludes that at present, the Chinese middle class as a whole does not seek any radical change of the current one-party rule. It quietly endorses the leadership in Beijing. Nevertheless, if the past is the key to the future, as economic growth continues, the middle class will not only grow in size but also may change its orientation. Following the examples of its counterparts in the West and other Asian countries, the Chinese middle class may develop not only post-material lifestyle and values, but also play an important role in the struggle for democracy.

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