THE TRANSFORMATION OF THE CHINESE CLASS STRUCTURE, 1978–2005*

LIN THUNGHONG AND WU XIAOGANG

Abstract

This article investigates the transformation of the Chinese class structure and class inequality since economic reforms. Drawing from neo-Marxian class theory, we develop a Chinese class schema based on the unique socialist institutions, such as the household registration system (*hukou*), the work unit (*danwei*), and the cadre-worker distinction, which are associated with the ownership of different types of productive assets. Using data from several national representative surveys from 1988 to 2005, we show the expansion of new capitalist classes and the declines in the numbers of both peasants and state workers, and we find that the class structure has shifted to a trajectory of proletarianization, particularly since 1992. Class is now the main source of income inequality and it became particularly important in 2005 compared with 1988. Both capitalists and cadres are the main winners of the economic transitions, whereas peasants, workers in the private sector, and even the self-employed are the losers.

Sociological research on inequality in China has flourished over the past few decades. The literature in the field, however, has been dominated by one paradigm, which is known as "the market transition debate." Theoretically, the debate is about how the institutional transition from state socialism to market capitalism has altered the mechanism of social stratification. Empirically, research is focused on changing economic returns to individual attributes to infer the shift of stratification mechanisms (e.g., Bian and Logan 1996; Nee 1989; Wu and Xie 2003; Xie and Hannum 1996; Zhou 2000). The arbitration of the debate often comes down to the comparison of regression coefficients for two variables included in analysis: party membership and

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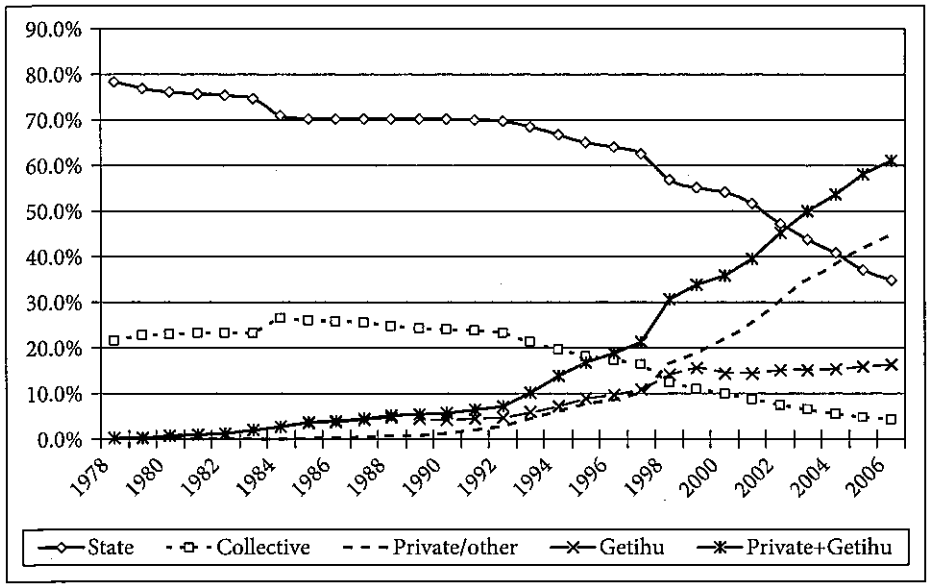
education, which are proxies for political capital and human capital, respectively (Wang 2008). Without specifying institutional contexts/structural conditions, such individual-level analyses have often led to inconsistent and controversial results (Parish and Michelson 1996; Walder 1996).

Despite some attention to the unique Chinese institutions in shaping the process of social stratification (Walder 1986; Bian 1994; Wu 2002; Wu and Treiman 2007), the structural effects of the rural-urban divide (*hukou*) and workplace (*danwei*) segmentation are yet to be integrated in a *general* research framework in the study of social stratification in China. On the other hand, while another important line of the research on transitional China focused directly on the institutional changes in property rights (e.g., Nee 1992; Walder 1992; Oi and Walder 1999), the development of the private sector and the social consequences of the emerging new form of property rights has not been adequately addressed either (except for Wu [2006]).

To put the growth of the private sector in a historical context, domestic private enterprises barely existed by the end of the 1980s. In the mid-1990s, 8,220,000 employees worked for 655,000 private enterprises, which were owned by about 1,340,000 private entrepreneurs. By the end of 2004, the number of employees of private enterprises increased to 40,686,000, and the number of owners increased to 9,486,000 (Zhang 2006: 345). These figures do not include the self-employed and small employers who hired fewer than eight employees (*geti hu*) and those working in share-holding companies and firms with investments coming from places outside China, including Hong Kong, Macau and Taiwan. According to the data from China's population mini-census in 2005 (authors' calculation), employment in non-state sectors accounted for 67.8 percent of the national non-agricultural labor force, of which 61.1 percent were wage employees, 6.6 percent were employers, and 32.3 percent were self-employed.

Figure 1 plots the distribution of the urban employment rate by ownership type of the employer over time, showing a significant structural shift in 1992, when Deng Xiaoping made his famous political tour to Southern China (Naughton 2007; Shirk 1993). Hence, after 30 years of economic reforms, particularly since the mid-1990s, those who own and those do not own the means of production have become increasingly divided. Notwithstanding exacerbating income inequality, rising labor disputes and public protests, social class as a core concept



Sources: National Bureau of Statistics, PRC. 2006. *China Statistical Yearbook*

Figure 1: Employment by Ownership Type in Urban China, 1978–2005

in analyzing social inequality and collective action has been largely neglected in the literature (Bian 2002; Cai 2006).

There are two reasons for such neglect. Firstly, the elimination of private ownership in the Maoist era rendered class a seemingly inadequate concept in analyzing socioeconomic inequality in the pre-reform era. Even if the private sector gradually emerged beginning in the late 1970s, it remained quite marginal in the national economy until the mid-1990s. Secondly, the usage of the concept of class necessarily implies the existence of exploitation in China, an idea that remains at odds with the official ideology of the Chinese Communist Party.

Given the sizable growth of private entrepreneurs/capitalists in the past decade, the Communist Party and the Chinese government have cleared away both political and legal ideological taboos for the development of a private economy. The "Three Representatives" theory paved the way to recruit capitalists into the Party; the protection of citizens' private property was incorporated into a Constitutional amendment in 2003 (Zhang 2006). Scholars have also revived their interests in class issues (under the term "stratum" [*jie ceng*]), with the new middle class (including private entrepreneurs) being a focal point of research and interests (Lu 2002). On the other hand, the formation

of a new working class in the private sector has been attracting more and more scholarly attention (Pun 2005; Shen 2006).

It is increasingly the case that today's private entrepreneurs were yesterday's cadres and professionals. They have human capital or political connections for success in the market, whereas the new working class is primarily constituted of rural migrants and the laid-off workers from state-owned enterprises (Wu 2006). Hence, the rise of these new classes, directly out of a transformation of pre-reform institutions such as the household registration system and the work unit, forms a new class structure that has been fundamentally reshaping the patterns of inequality in China. In this sense, social class provides a viable analytical tool to help us to understand the dynamics of contemporary China's transformation.

In this paper, we aim to bring class back into the analysis of social changes in China since the economic reforms. We develop a neo-Marxian class schema in the Chinese institutional context, taking into account three unique Chinese institutions, namely, the household registration (*hukou*), the work unit (*danwei*), and the cadre-worker distinction, in delineating class boundaries. Based on the class schema, we describe the transformation of the class structure and class inequality in China since the economic reforms, using data from the population mini-census and national representative surveys.

Institutional Structures and a Chinese Social Class Schema

Before investigating the transformation of Chinese class structure, it is necessary to describe the class structure during the Maoist era as a benchmark to identify the changes that occurred. In the discipline of sociology, there were two theoretical traditions in class analysis. While Weberian theorists define "classes" by "market capacities", Marxian theorists believe that class is determined by the ownership of the means of production. According to Chinese communist rhetoric, social classes ceased to exist in 1957, when capitalists and landlords were eliminated and private ownership of the means of production was converted into public ownership. Despite the fact that class struggles were much emphasized during the Maoist era, "class" typically was a political label assigned by the communist regime based on one's family origins at the time of the Liberation (Unger 1982) rather than a socioeconomic concept based on the private ownership of production assets. In this vein, to what extent do social classes still exist in China?

Institutional Structure under Chinese Socialism

While the communist revolution and/or social reforms resulted in the extinction of exploiting classes, new class theorists argue that a new privileged class composed of bureaucrats and communist party functionaries, who used political power to collectively control the means of production, emerged under state socialism (Djilas 1957). Therefore, existing theories of stratification in socialist economies tended to focus on the power and privilege of elite, and socialist inequalities were simplified to the divide between party members and non-party members or cadres and ordinary workers. However, observations from the pre-reform era have posed great challenges to the paradigm because the major dimensions of inequality in China were not created by political particularism or elite power (Walder 1992; Wu and Treiman 2004). Hence, scholars have increasingly paid attention to unique institutional structures in studying social stratification in China since the mid-1980s (e.g., Bian 1994; Walder 1986, 1992; Wu 2002; Wu and Treiman 2004, 2007; Xie and Wu 2008).

Firstly, key to Chinese social structure was the rural-urban divide, characterized by the household registration system (*hukou*). Under the *hukou* system, all households had to be registered in the locale where they resided and also were categorized as either "agricultural" or "non-agricultural" (synonymously, "rural" or "urban") households (Chan and Zhang 1999: 821–22). The majority of the population was confined to the countryside and entitled to few of the rights and benefits that the socialist state conferred on urban residents, such as permanent employment, medical insurance, housing, pensions, and educational opportunities for children. The *hukou* system served as an important mechanism in distributing resources and determining life chances in China (Wu and Treiman 2004).

Secondly, the state-collective dualism not only characterized the Chinese economic structure in the pre-reform era but it also created status distinctions between privileged state workers and their deprived collective counterparts (Bian 2002), similar to the labor market dualism in western capitalist economies (Hodson and Kaufman 1982). While peasants were confined to the rural collective sector, almost all urban workers were organized into *danwei* (work units), be it a

factory, a store, a school, or a government office (Bian 1994; Walder 1986; Whyte and Parish 1984). Resources at a work unit's disposal were contingent upon its sector, ownership, and bureaucratic rank in the redistributive hierarchy, among which the ownership dualism between the state and collective units probably was the most important (Bian 1994; Liu 2000; Walder 1992). Urban workers and their families were largely dependent upon their affiliated work units for material resources and life chances (Walder 1986, 1992). State workers, which accounted for 78 percent of the urban labor force by 1978 (National Bureau of Statistics 2006), were provided with an "iron rice bowl" of permanent employment, as well as a variety of insurance, housing, and welfare benefits that were typically unavailable to collective workers. Once assigned to a work unit, workers could rarely change jobs in their lifetimes and mobility across different ownership sectors was even more difficult (Bian 2002). Such state-collective segmentation gave rise to the unique *danwei* society in urban China. Membership in a *danwei* was an important sign of social status and an important vehicle for status attainment and social mobility (Lin and Bian 1991).

Finally, within urban workplaces, employees were further distinguished into two status groups: cadres and workers. State cadres (*guojia ganbu*) were a government-designated group, encompassing not only the administrative and professional elite but also the ordinary people in administrative or professional career tracks (about 20 percent of the urban labor force). State cadres were provided with better compensation packages and more career opportunities as they were kept in reserve for training and promotion into leadership positions (Bian 2002). In contrast, those classified as "workers" most likely stayed in the group throughout their lifetime, and official promotion and change of status to state cadres (*ti gan*), if possible, would involve a very long bureaucratic procedure (Bian 1994; Wu 2001). Such a divide inside urban China's workplaces was similar to the line drawn between managerial staff and workers in western companies, although Mao's managers and professionals were fundamentally dependent upon the Communist party-state (Davis 2000). In the countryside, the unsalaried village cadres exercised political and managerial authority over ordinary peasants but did not belong to the group of state cadres (Oi 1989; Chan, Madsen and Unger 1992).

Hence, notwithstanding the similarity to the line between white-collar and blue-collar jobs in western capitalist economies, the status distinction between state cadres and workers in Chinese workplaces

were subordinate to the structural segmentations between the rural and urban sectors and between the state and collective work units. To fulfill the goal of rapid socialist industrialization under the constraints of limited resources and high demographic pressure, the Chinese government installed a set of institutions, based on collective exclusions and closures, to allocate resources and life chances differentially among its citizens. Through the *hukou* institution, the majority of the national population was confined to rural areas, and socialist benefits such as permanent employment, housing, medical benefits and pensions were only available to urban residents. In the urban sector, privileges were rendered to employees in the state-owned work units (*danwei*). In the same work units, further distinction was made between cadres and workers. Such multi-layer differentials created a hierarchy of bounded social status groups, which were qualitatively different from each other (Bian 2002; Wang 2008; Wu 2001).

A Neo-Marxian Approach to Class Analysis

Given the social cleavages as described above, the gradational approach, typically relying on an occupational status index (ISEI), was inappropriate for studying the social stratification process in China. Instead, inequalities among individuals were dominated by those among social categories to which individuals belonged (Wang 2008). In each category, resources and opportunities were distributed relatively equally. Under such a system, a person's social status was more associated with his/her group membership than with what he/she was, and social mobility was oriented mainly towards the changes in group membership as designated by state policies (Wu 2001).

Hence, the pre-reform Chinese social structure is defined by three distinct social groups: peasants (*nongmin*), workers (*gongren*), and cadres (*ganbu*), which were often termed as "status groups" by neo-Weberian sociologists (Parkin 1974; Tilly 1998). Given the absence of markets under the socialist redistributive economy, classes defined by market capacities hardly exist. Even from the perspective of classical Marxism, they were called social strata (*jieceng*) instead of social classes in Chinese communist rhetoric, as the private ownership of productive assets, based on which classes were defined, had been eliminated in China after 1957 (Lu 2002). Only in few occasions was the term "social class" used but without much theoretical justification (Bian 2002; Davis 1995).

In this paper, we take into account the Chinese socialist institutions and define social classes based on *hukou, danwei*, and the cadre-worker status distinction, and we link each group's location in production relations to the neo-Marxian class theory (Wright 2002). Neo-Marxian theorists emphasize exploitation and domination as the foundation of social classes. According to Wright, the exploitation can be derived from the ownership of productive assets satisfying three criteria: the inverse interdependence, the exclusion, and the appropriation of fruits of labor by those who control relevant productive resources (Wright 1997: 10). It should be noticed that the three principles of exploitation can be logically generalized to different institutional arrangements of the ownership in a non-market economy.

According to neo-Marxian literatures, such productive assets could be labor power, capital, organizations, or skills (Wright 1985). Under the feudalist system, classes were defined based on the ownership of labor power: lords partially owned serfs' labor power and exploited them through limiting the latter's freedom and through coercive extraction of surplus production. Under capitalism, capitalists exploited workers by virtue of ownership of the means of production, although workers possessed labor power and could sell it in the market. Under state socialism, after the elimination of private property, surpluses were appropriated and redistributed by the state via an organizational hierarchy; hence, possession of organizational assets was the main basis for resource allocation. Finally, socialism/post-industrialism gave rise to skills as the dominant form of productive assets, which created a class division between experts/managers and ordinary workers (Wright 1985: 83).

Class structures in modern societies could be determined by the ownership of multiple productive assets. For instance, Wright (1997) claimed that classes under advanced capitalism were shaped by the interpenetration of production relations based on ownership of capital, organizations, and skills. Similarly, we argue that the class structure in pre-reform China was shaped by the interpenetration of production relations based on labor power, organizational assets, and skills, which approximately corresponded to the social cleavages between rural and urban *de jure* residents, between state and collective employees, and between state cadres and workers.

The first class cleavage between rural and urban citizens is based on the household registration, through which peasants were bound to the land and prohibited from moving out of villages (Wang 2005).

Surplus was forcibly extracted from peasants via an unequal exchange of industrial products for agricultural produce, and peasants had no way to escape from being exploited and were excluded from welfare, pensions, housing and other benefits that the socialist state conferred on its urban citizens (Ka and Selden 1986; Selden 1988). The state-peasant relationship under the Chinese *hukou* system to a large extent imitated the feudalist production relationship, in which lords bound direct producers (i.e., serfs/peasants) on the fief to secure economic surplus (Wright 2005: 11). Nevertheless, similar to the inheritance of the serf identity, the rural *hukou* is matrilineally inherited which could hardly be changed unless one obtained college credentials or were enlisted in the army (Wu and Treiman 2004). Indeed, some scholars related the Chinese *hukou* registration to the system of serfdom from the standpoint of rural peasants (Scott 1998: 210).

The second divide of class based on *danwei* can be linked to the ownership of organizational assets. Under the Chinese work unit system, the entire urban society had been organized in a hierarchy, in which state-owned units were favored over collective units in resource distribution (Bian 1994; Lin and Bian 1991; Walder 1986). Remuneration provided by the work unit to its employees, particularly in terms of housing, ration coupons and a wide range of services, differed substantially between the state sector and the collective sector. Walder (1992) argued that the work units' ability to extract revenues varied by ownership type (property rights), and such variations in revenue extraction, in turn, created inequalities among organizations in their abilities to provide benefits to employees. Hence, workers in the state work sector received many more material rewards and fringe benefits than their counterparts in the collective sector, mainly because they had access to organizational assets that enabled them to take advantage of the unequal exchange of goods and services between the urban and rural sectors and between the state and collective sectors.

The third divide between state cadres and workers in Chinese urban work units can be linked to the ownership of authority/skills. In Wright's original formulation (1985), the advantages of managers and supervisors in the workplace were associated with the authority over organizational assets, whereas the advantages of professionals were associated with the ownership of "skills." The ownership of authority and skills was used to define "contradictory class locations" of managers and professionals under advanced capitalism whereas domination and exploitation based on authority and skills were often used to

explain the production relations and conflicts between cadres/experts and workers on the shop-floor under state socialism (Burawoy 1985; Burawoy and Lukács 1992). We believe that it makes more sense to combine authority and skills to distinguish between those who have and those who do not have such authority and skills in Chinese workplaces, as both administrative cadres and professionals belong to the same category (state cadres, or *guojia ganbu*) under the same bureaucratic regulations, regardless of whether they are in state work units or collective work units. The same criterion of combined authority and skills can generally be applied to those outside the work unit system to define cadres and managers in rural areas or in the emerging private sector.

To sum up, based on *hukou, danwei*, and *shenfen* (cadre status) under Chinese state socialism, we propose a neo-Marxian schema with six class locations on the left side of Table 1—peasants, rural cadres, collective workers, collective cadres, state workers and state cadres—to map the class structure in the pre-reform era. The economic reforms, as described in the beginning of the paper, led to the restoration and penetration of capitalist production relations, thereby to the rise of new social classes, including managers/experts and unskilled labor (the proletariat) in the private sector, capitalists and the petty bourgeoisie, classified by the ownership of capital and authority/skills (the right side of Table 1). The four social classes under capitalism, together with the six classes characterized by the state socialist institutions, constitute an extended neo-Marxian class schema in transitional China. The transformation of the class structure from six classes in the Maoist era to ten classes after three decades of economic reforms suggest that the contemporary China is shifting to a dual society with the coexistence of classes in the Maoist era and classes under capitalism, in which the socialist institutional legacies—*hukou* and *danwei* continue to shape the process of class formations.

Based on the sample data from the population mini-census in 2005 and several waves of national representative surveys, we present details on the class structure and class inequality in China after three decades of economic reforms. We then investigate the evolution of the class structure from the Maoist era to now and the changing patterns of class mobility and class inequality. Finally, we shed new light on how class analysis can help us understand the restructuring of inequality in post-socialist China.

Table 1: Chinese Class Schema in Transition

		Classes under Chinese State Socialism			Classes under Capitalism	
		Bounded Labor Power			Capital	
		Yes (Rural *hukou*)	No (Urban *hukou*)			
			Organizational assets			
			No	Yes	No	Yes
Authority/Skills	Yes	Rural cadre	Collective cadre	State cadre	New middle class	Capitalist
	No	Peasant	Collective worker	State worker	Proletariat	Petty bourgeoisie

Data, Measures, and Methods

We analyze several data sets in this paper. The first is the sample data from the Chinese population mini-census conducted in 2005 (N = 178,479), which, for the first time, included the ownership of work units, employment status, monthly income, years of schooling, as well as occupation (two-digit code). The second and third data sets are from the survey of *Life Histories and Social Change in Contemporary China* (1996, hereafter LHSCC) and the *Chinese General Social Survey* (2005, hereafter CGSS), two national probability samples of adults aged 20–69 from all regions in China (except Tibet in 1996 and Tibet and Qinghai province in 2005).[1] The surveys are effectively a national probability sample of the Chinese population, since the populations of Tibet and neighboring Qinghai are so small that it is extremely unlikely an individual from there would be selected. Both surveys covered rural and urban populations. The LHSCC survey covered 6090 adults (3003 rural residents and 3087 urban residents) (Treiman and Walder 1996; Treiman 1998), whereas the CGSS2005 interviewed 9,487 Chinese adults, including 3,982 rural residents and 5,505 urban residents in the same age range (20–69). Because urban residents were over-sampled to yield enough cases for examination

[1] The LHSCC data can be downloaded from http://www.sscnet.ucla.edu/issr/da/; and the CGSS2005 data can be downloaded from http://www.chinagss.org.

of variations within cities, we use sampling weights to correct for the over-sampling to compute figures representative of the general population in China.

One advantage of the LHSCC data set is that it contains detailed information on respondents' career histories, including *hukou* status, work unit ownership, and occupation, based on which we are able to construct the neo-Marxian class schema at different historical periods and investigate the transformation of class structures from 1978 to 1996. Because neither census data nor repeated cross-sectional data contain the information necessary to construct the class schema over the period, the retrospective survey data on life history, though they may be subject to attrition bias and recall errors, are valuable sources to study social changes in contemporary China. Indeed, researchers have demonstrated that the retrospective data on work unit types and income are largely consistent with national statistics (Zhou, Tuma and Moen 1997; Zhou 2000). For the period after 1996, we use the data from the CGSS2005, which contains similar information on respondents' current occupation, work unit, and *hukou* status, but without detailed historical information on job changes. We use two waves of national probability survey data in 1996 and 2005 to examine structural changes in classes since the mid-1990s when private ownership was fully legitimized and the work unit and *hukou* systems were also undergoing fundamental transformations.

However, most rural respondents in LHSCC (1996) did not report their income from employment, making it difficult to analyze income inequality among different classes in China. For this purpose, we analyze the data from two waves of surveys in the Chinese Household Income Project in 1988 and 1995 (hereafter, CHIP88 and CHIP95). This survey project was designed specifically to measure and estimate the distribution of personal income in both rural and urban areas. Samples were drawn nationally (Griffin and Zhao 1993; Riskin Zhao and Li 2000). These data have been analyzed extensively by social stratification researchers on China (e.g., Xie and Hannum 1996; Shu and Bian 2003; Hauser and Xie 2005).

We divide respondents in each of the five data sets into ten class locations, namely, rural cadres, peasants, collective cadres, collective workers, state cadres, state workers, new middle class,[2] proletariat,

[2] We borrow the term "new middle strata/class" (*xin zhongjian jieceng*) in Chinese, which refers to professionals and managers in the private sector.

capitalists, and petty bourgeoisie; although not all classes existed when China started its economic reforms in 1978 (see Table 1). We also divide all respondents into two alternative class schemas based on the sample data from the 2005 mini-census. One alternative is the six-class EGP schema originally developed by Erikson, Goldthorpe and Portocarero (1979) as follows:

I+II	Service class (professional and managers)
III	Routine nonmanual workers
IVa+IVb	Self-employed
V+VI	Skilled workers
VIIa	Non-skilled workers
VIIb+IVc	Farmers

However, the EGP class schema may ignore unique features of Chinese society. As Wu and Treiman (2007) have demonstrated, the EGP class scaling metrics estimated from the empirical data in China did not follow the same gradient order as observed in western countries. For example, while farmer was the lowest class, the professional and managerial class was not the highest class in their analysis. They attributed this anomaly to the *hukou* system that divided the rural and urban populations. The other anomaly was the position of the self-employed. Typically, this category is ranked higher than foremen and skilled workers but lower than routine nonmanual workers (Ganzeboom et al. 1989). But this did not appear to be the case in socialist China where, in common with other socialist societies such as the USSR (Gerber and Hout 2004), privately owned small businesses had been suppressed, rendering self-employment as the least desired occupation other than farmers.

The other alternative is the classification developed by a group of sociologists from the Chinese Academy of Social Science (CASS). Based on occupational differentiation and the possession of organizational resources, economic resources, and cultural resources, Chinese people were classified into 10 social classes, including state/social administrators, managers, private enterprise owners, routine non-manual workers, self-employed, service workers, manufacturing workers, famers, and the jobless/unemployed/semi-employed (Lu 2002). These categories were called "social strata" (*shehui jieceng*), though they are essentially nominal classes. Because the jobless/ unemployed/semi-employed can hardly be defined without occupation information, we include only those who reported their occupations.

Table 2 presents the percentage distributions of classes by the three different schemas. Except for petty bourgeoisie/self-employed (*getihu*) and farmers, which account for roughly 10 percent and 50 percent of all working adults, respectively, the share of other classes varies greatly depending on how they are aggregated. For instance, in the first classification, state cadres account for 5 percent of the labor force; in the second classification, controllers account for 9.6 percent; whereas in the third classification, state/social administrators (*danwei fuze ren*) account for only 0.51 percent.

Income and schooling are two major indicators of socioeconomic status. In the second and third columns of Table 2, we compute the average monthly income and years of schooling in each class category under the three schemas. While categories, by nature, cannot be sorted in order, we can see a gradient among them. Under the neo-Marxian class schema, capitalists and the new middle class earn the highest on average, followed by state cadres, whereas state cadres have the most years of schooling, followed by the new middle class. Notably, capitalists are even less educated than collective workers, as many studies have shown that those involved in private businesses in the early years of the reforms mainly came from the lower tiers of the social hierarchy in China (Wu and Xie 2003; Wu 2006).

The socioeconomic gradients in income and schooling among the six EGP classes are consistent with each other, with controllers on the top and farmers on the bottom, except for the self-employed, who are only ranked higher than farmers (also see Wu and Treiman 2007). Nevertheless, although the CASS classes/strata are sorted from state/social administrators on the top down to the unemployed and semi-employed on the bottom, both income and schooling do not follow that gradient. For example, managers have the highest earnings on average, followed by private enterprise owners. State/social administrators earn less than routine non-manual workers, and routine non-manual workers have more education than professionals have.

To further check which class schema captures the clearest assessment of socioeconomic inequality in China, we conduct analysis of variance on logged income and years of schooling in each schema separately in Table 3. Results show that the neo-Marxian class schema explains 46.5 percent of variations in logged earnings, whereas the EGP class schema explains 44.5 percent and the CASS class schema explains 45.5 percent of variations in logged earnings. The advantages of the neo-Marxian class schema in explaining variation in schooling

Table 2: Distribution of Chinese Classes under Different Class Schemas, 2005 (N = 178,479)

		Average monthly income (Std dev.)	Average schooling (Std dev.)
Neo-Marxian class schema			
State cadre	5.00	1437 (1039)	14.10 (2.08)
State worker	7.87	1160 (856)	11.90 (2.76)
Capitalist	2.07	1747 (2735)	9.85 (2.76)
New middle class	1.84	1632 (1644)	12.20 (3.06)
Proletariat	19.80	838 (651)	9.14 (2.56)
Petty Bourgeoisie	9.54	850 (843)	8.59 (2.64)
Collective cadre	0.39	1290 (1366)	12.10 (2.75)
Collective worker	1.24	886 (632)	10.20 (2.53)
Rural cadre	1.82	397 (425)	7.79 (3.56)
Peasant	50.50	311 (257)	7.05 (2.90)
Total	100.00	656 (826)	8.57 (3.42)
Neo-Weberian class schema			
Controller (I+II)	9.60	1353 (1652)	12.30 (3.58)
Routine non-manual (III)	13.60	1039 (973)	10.80 (3.08)
Self-employed (IVa+b)	9.54	850 (843)	8.59 (2.64)
Skilled manual (V+VI)	9.08	885 (515)	9.37 (2.34)
Unskilled manual (VIIa)	8.25	909 (582)	9.06 (2.48)
Farmer (IVc+VIIb)	49.90	298 (236)	7.03 (2.92)
Total	100.00	656 (826)	8.57 (3.42)
CASS class schema			
State/social administrator	0.51	1267 (1110)	12.90 (3.18)
Manager	0.65	2236 (2133)	12.90 (3.04)
Private enterprise owner	2.07	1747 (2735)	9.85 (2.76)
Professional	7.79	1186 (1066)	12.30 (3.66)
Routine non-manual	4.21	1330 (1155)	12.60 (3.02)
Self-employed (*getihu*)	9.54	850 (843)	8.59 (2.64)
Service worker	8.10	877 (745)	10.07 (2.76)
Manufacturing worker	16.70	887 (501)	9.23 (2.42)
Farmer	49.50	298 (230)	7.03 (2.91)
Unemployed/semi-employed	0.96	327 (440)	8.19 (3.54)
Total	100.00	656 (826)	8.57 (3.42)

Table 3: Analysis of Variance on (Logged) Monthly Income and Schooling by Three Class Schemas in China, 2005

	Logged Income			Years of Schooling		
	Partial SS	DF	R^2	Partial SS	DF	R^2
Neo-Marxian class schema	67842	9	0.465	709251	9	0.341
EGP class schema	65022	5	0.445	576213	5	0.277
CASS class schema	66429	9	0.455	606299	9	0.291
Total sum of square	145990	—	—	2080545	—	—
N	177548			178315		

is even more evident compared to the two other schemas. For example, 34.1 percent of variations in schooling can be explained by the neo-Marxian class schema, whereas only 27.7 percent and 29.1 percent can be explained by the EGP class schema and the CASS class schema, respectively.

Hence, we conclude that the neo-Marxian class schema captures not only major categorical socioeconomic differences among citizens in Maoist China, but also accommodates the emergence of new classes (e. g., capitalists, the self-employed, and managers and proletariats in the private sector) since the economic reform started, thus providing a general framework to examine both the continuity and changes in the Chinese social structure in the reform era and beyond.

In the following, we first describe changes in the class structure from 1978 to 2005, using the data from the LHSCC and CGSS surveys. We then examine the intra-generational class mobility pattern to demonstrate the inflow and outflow of different classes. Finally, we investigate changing income inequality among different classes in China since the mid-1990s.

Results

Changes in Class Structure

We use the retrospective data from LHSCC (1996) to construct snapshots of class distributions in 1978, 1987, and 1996. We also use CGSS data to describe the class structure in 2005. Table 4 presents the historical changes in class structure from 1978 to 2005.

Table 4: Percentage of Class Location, National Survey, 1978–2005

	1978	1987	1996[1]	2005[2]
State cadre	12.30	13.20	10.02	11.70
State worker	16.51	17.24	14.14	9.15
Capitalist	—	0.38	0.62	0.52
New middle class	—	0.19	0.35	3.64
Proletariat	—	3.95	6.14	10.45
Petty bourgeoisie	—	4.10	12.22	6.20
Collective cadre	1.07	1.02	1.18	1.45
Collective worker	8.51	5.90	4.21	7.57
Rural cadre	2.93	2.73	1.75	1.02
Peasant	58.69	51.32	49.37	48.29
Total %	100.0	100.0	100.00	100.0
N	3,926	5,320	4,851	6,949

Notes: 1. The distributions of class structure before 1996 are calculated from the LHSCC data.
2. The distribution of class structure of 2005 is calculated from the CGSS 2005 data.

As shown in the table, in 1978, when economic reforms had just started, there were no capitalist classes in China. Nearly 60 percent of Chinese citizens were peasants, whereas 12.3 percent and 16.5 percent were state cadres and state workers, respectively. As the reform proceeded, capitalist classes gradually re-emerged in 1987. Because of the restrictions imposed on the development of private enterprises, most people in the private sector were self-employed (petty bourgeoisie, 4.1 percent) and private employees (proletariat, 3.95 percent). The petty bourgeoisie increased to 12.2 percent in 1996 and declined to 6.2 percent in 2005; the proletariat increased to 6.1 percent in 1996 and further to 10.5 percent in 2005. Capitalists and the new middle class expanded substantially, although their sizes remained relatively small.

What classes declined in size? As a result of China's rapid economic growth and industrialization, the number of peasants declined from nearly 60 percent in 1978 to 48.3 percent in 2005; the number of rural cadres also declined because of the abolishment of the People's Commune system in the 1980s. The number of state workers declined only slightly before the mid-1990s and sharply after that, from 14.1 percent in 1996 to 9.2 percent in 2005. This trend corresponds to the process of China's restructuring of state-owned enterprises, which have been allowed to lay off workers and transfer the ownership to the private

shareholders since the mid-1990s (Lee 2000). The share of state and collective cadres remains largely stable.

Patterns of Class Mobility

Where did the capitalists and proletariats come from? The discussion above provides a sketch of the Chinese class structure over time but it does not offer a source for the rising new classes under capitalism. We now identify this source.

We analyze intra-generational class mobility from the first job to the current job, using the survey data from the Chinese General Social Survey, 2005. Panel A of Table 5 presents outflow mobility and Panel B for inflow mobility. The diagonal cells in the outflow table show the highest rate of immobility for the petty bourgeoisie (80.3 percent), followed by capitalists (75 percent) and peasants (75 percent). Among those who originally were peasants but have changed class, 8.2 percent became collective workers and 5.9 percent became proletariats in the private sector. Among collective workers who were mobile, their destinations were quite diverse: 21.0 percent became employees in the private sector (proletariat), whereas 17.1 percent became state workers and 13.2 percent became state cadres. Notably, 10.8 percent of them also became the petty bourgeoisie.

The inflow table in Panel B confirms that peasants, who accounted for the majority of the national population, were the main source for the proletariat (36.5 percent), petty bourgeoisie (37.6 percent), new middle class (23.4 percent) and capitalists (16.7 percent). At the same time, 16.7 percent of capitalists were former state cadres.

To examine the temporal trend, we divide the sample into three cohorts of labor force entry: pre-1979, 1979–1992, and post-1992. We examine historical variations in the pattern of outflow into the four new capitalist classes from the old classes in the Maoist era. As Table 6 shows, the expansion of the number of private workers has been prominent, particularly since 1992. For the post-1992 cohort, 14.7 percent of peasants, 23.4 percent of rural cadres, 28 percent of collective workers, 14.5 percent of state workers and 10 percent of state cadres ended up as the proletariat. The number of those in the new middle class is also expanding from other classes. For example, 14.9 percent of rural cadres became members of the new middle class (managers and professionals in the private sector) in the post-1992 cohort, compared to 3.6 percent in the pre-1979 cohort and 4.4 percent in the 1979–1992 cohort. This

Table 5: Intra-generational Class Mobility from the First Job to the Class Destination in 2005

Panel A	Outflow Rates (%) to Class Destination in 2005										
From Class Origin	Peasant	Rural cadre	Collective worker	Collective cadre	Unskilled worker	Petty bourgeoisie	New Middle class	Capitalist	State worker	State cadre	Total
Peasant	75.0	1.1	8.2	0.5	5.9	3.6	1.3	0.1	2.4	1.8	100.0
Rural cadre	0.0	7.4	10.4	3.3	16.4	7.0	9.7	1.3	9.4	35.1	100.0
Collective worker	0.0	0.0	21.9	9.0	21.0	10.8	6.3	0.6	17.1	13.2	100.0
Collective cadre	0.0	0.0	9.0	13.9	4.9	2.8	10.4	0.7	11.8	46.5	100.0
Proletariat	0.0	0.0	0.0	0.0	62.7	13.0	21.0	3.4	0.0	0.0	100.0
Petty bourgeoisie	0.0	1.2	7.5	0.0	4.6	80.3	2.9	0.6	1.7	1.2	100.0
New middle classes	0.0	0.0	0.0	0.0	53.0	10.8	33.7	2.4	0.0	0.0	100.0
Capitalist	0.0	0.0	0.0	0.0	25.0	0.0	0.0	75.0	0.0	0.0	100.0
State worker	0.0	0.0	3.3	1.6	8.4	2.0	2.2	0.0	47.6	34.9	100.0
State cadre	0.0	0.0	0.8	1.9	4.5	0.8	2.9	1.6	19.6	67.9	100.0
Total	48.3	1.0	7.6	1.5	10.4	6.2	3.6	0.5	9.2	11.7	100.0

Table 5 (*cont.*)

Panel B	Inflow Rates (%) to Class Destination in 2005								
From Class Origin	Peasant	Rural cadre	Collective worker	Collective cadre	Unskilled worker	Petty bourgeoisie	New middle class	Capitalist	State worker	State cadre	Total
Peasant	100.0	66.2	70.2	21.8	36.5	37.6	23.4	16.7	16.7	10.1	64.4
Rural cadre	0.0	31.0	5.9	9.9	6.7	4.9	11.5	11.1	4.4	12.9	4.3
Collective worker	0.0	0.0	13.9	29.7	9.6	8.4	8.3	5.6	9.0	5.4	4.8
Collective cadre	0.0	0.0	2.5	19.8	1.0	0.9	6.0	2.8	2.7	8.2	2.1
Proletariat	0.0	0.0	0.0	0.0	28.0	9.7	27.0	30.6	0.0	0.0	4.7
Petty bourgeoisie	0.0	2.8	2.5	0.0	1.1	32.3	2.0	2.8	0.5	0.2	2.5
New middle classes	0.0	0.0	0.0	0.0	6.1	2.1	11.1	5.6	0.0	0.0	1.2
Capitalist	0.0	0.0	0.0	0.0	0.1	0.0	0.0	8.3	0.0	0.0	0.1
State worker	0.0	0.0	4.6	11.9	8.5	3.5	6.3	0.0	55.2	31.6	10.6
State cadre	0.0	0.0	0.6	6.9	2.3	0.7	4.4	16.7	11.6	31.5	5.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

sharp increase may be due to the privatization of township and village-owned enterprises in rural areas and state-owned enterprises in urban areas since the mid-1990s (Kung and Lin 2007).

On the other hand, while the emergence of the petty bourgeoisie (self-employed), known as *getihu* in Chinese, played an important role in China's economic transition in the early years (Wu 2006), China's further reforms and privatization did not lead to growth in the number of the petty bourgeoisie (also see Table 4). Indeed, entry into the petty bourgeois class has declined sharply for rural cadres, collective workers and cadres in the most recent labor cohort. The petty bourgeoisie may have become a counterpart of the *lumpenproletariat* instead of "a road to riches", and they did no better than wage employees in the private sector (Hanley 2000). To our surprise, there is no clear trend in the mobility into the capitalist class, probably due to the fact that survey research does not easily distinguish groups of such small size.

In Table 7, we estimate multinomial logit models on mobility into the four new capitalist classes (vs. other classes under state socialism), taking into account other covariates, such as education, party membership, and gender. Education is measured by years of schooling, a continuous variable, as is age. Party membership is coded as a dummy variable (yes = 1), as is gender (female = 1). We also include characteristics of the first job related to *hukou*, *danwei* and cadre status. To capture historical variations, we include a dummy variable indicating whether the respondents entered the labor force after 1992 (yes = 1).

Results in Table 7 confirm the pattern we observed in Tables 5 and 6, showing that state cadres, if moving into the private sector, are much more likely than non-cadres to become capitalists and less like to join the proletariat, petty bourgeoisie, or the new middle class. For instance, cadres' net odds of becoming capitalists versus joining the proletariat are 6.9 times ($\exp^{1.061+0.864}$) the odds for non-cadres; cadres' net odds of becoming capitalists versus joining the petty bourgeoisie are 14 times ($\exp^{1.061+1.577}$) than the odds for non-cadres. Those with first jobs in the state sector are less likely to end up in any of the capitalist classes. People with urban *hukou* are less likely to move into the private sector. Communist party members are also less likely to move into the private sector in general and to become capitalists in particular, probably due to their ideologically antagonistic attitude to capitalism: party members' odds of becoming a capitalist versus staying in the state sector are only 3.4 percent of the odds for non-party members, net of the other factors.

Table 6: Outflow Rates of Selected Class Destinations under Capitalism by Three Cohorts in 2005

Outflow Rate	Class Origin (First Job)				
	Peasant	Rural cadre	Collective worker	Collective cadre	State worker	State cadre
Destination: proletariat						
Pre-1979 cohort	2.5	5.5	27.0	10.7	6.0	1.0
1979–1992 cohort	6.7	11.1	10.4	3.3	6.3	2.0
Post-1992 cohort	**14.7**	**23.4**	**28.0**	**3.6**	**14.5**	**10.0**
Destination: petty bourgeoisie						
Pre-1979 cohort	2.2	10.9	25.2	7.1	2.0	0.0
1979–1992 cohort	5.1	4.4	4.8	1.7	2.0	0.7
Post-1992 cohort	**4.6**	**7.1**	**1.1**	**1.8**	**2.1**	**1.5**
Destination: new middle classes						
Pre-1979 cohort	0.4	3.6	9.6	14.3	2.7	2.1
1979–1992 cohort	1.3	4.4	2.4	10.0	1.8	1.3
Post-1992 cohort	**4.3**	**14.9**	**7.5**	**8.9**	**2.6**	**5.4**
Destination: capitalist						
Pre-1979 cohort	0.1	1.8	0.9	0.0	0.0	1.0
1979–1992 cohort	0.1	1.1	0.8	0.0	0.0	2.0
Post-1992 cohort	**0.3**	**1.3**	**0.0**	**1.8**	**0.0**	**1.5**

Table 7: Coefficients for Multinomial Logistic Regression Models on Capitalist Class Attainment, Chinese General Social Survey, 2005

Variables	Class Destinations in 2005 (vs. other classes under state socialism)			
	Proletariat	Petty bourgeoisie	New middle class	Capitalist
First job: cadre	−0.864**	−1.577**	−0.738**	1.061*
	(0.277)	(0.598)	(0.274)	(0.517)
First job: state sector	−1.920***	−1.927***	−1.863***	−1.937***
	(0.109)	(0.161)	(0.148)	(0.251)
Urban *hukou*	−0.737*	−2.030***	−1.084***	−1.817***
	(0.302)	(0.282)	(0.303)	(0.537)
First job: owner	0.044	4.462***	1.043	5.482***
	(0.655)	(0.551)	(0.737)	(0.747)
Schooling (years)	−0.128**	−0.199***	0.090+	0.150
	(0.040)	(0.045)	(0.048)	(0.105)
Party member	−1.576***	−1.232*	−1.051**	−3.385***
	(0.439)	(0.487)	(0.340)	(0.887)
Post-1992 cohort	0.740*	0.625+	0.588	−1.065+
	(0.289)	(0.377)	(0.377)	(0.625)
Age	−0.072***	−0.013	−0.040+	−0.006
	(0.017)	(0.018)	(0.022)	(0.003)
Female	−0.111	0.028	−0.298	−0.682
	(0.208)	(0.260)	(0.246)	(0.468)
Constant	6.206***	4.728***	1.965+	−1.605
	(0.857)	(0.962)	(1.111)	(1.695)
Log likelihood		−2290.78		
χ^2		883.81		
Pseudo R^2		0.399		
N		2894		

Notes:
1. Figures in parentheses are standard error.
2. + p<0.1 * p<0.05 ** p<0.01, *** p<0.001 (two-tailed tests).

While people with more education are less likely to join the proletariat and the petty bourgeoisie, they are more likely to either join the new middle class or become capitalists, as indicated by the positive coefficients (though not statistically significant). Those who started their first job as owners (the petty bourgeoisie and capitalists) are much more likely to remain as the petty bourgeoisie and capitalists than to become state employees. The early birds' advantages can be seen here clearly for the ownership of capital. It can be also explained as the declining permeability of the class boundary between the capitalist and the other classes.

The private sector has been expanding dramatically since 1992, as shown in Figure 1. People who entered the labor force after 1992 are more likely than people who joined before 1992 to end up in the proletariat, petty bourgeoisie and the new middle class. On the other hand, they are much less likely to become capitalists than the pre-1992 cohort because of increasing market competition and capital requirements. While private employment has increased dramatically, most new entrants from rural area and those laid off from urban jobs joined the proletariat and some became the petty bourgeoisie, who lost their socioeconomic advantages compared to wage employees. Hence, the pattern confirms the trend of the proletarianization of Chinese class structure.

Trends in Class Inequality

Given the transformation of the class structure, we now examine changing income inequality among different classes in China. Table 8 presents the results from one-way ANOVA (analysis of variance) using data from CHIP88, CHIP95 and CGSS2005, respectively. We use three indicators: class, party membership, which measures political capital, and years of schooling, which measures human capital. The latter two indicators are usually used in the literature on the market transition debate. We also examine the changing explanatory power of *hukou*, *danwei* and *shenfen*, which are combined to define the neo-Marxian class schema.

Results in Table 8 suggest that class has become an increasingly important source of inequality. Class explains 23.7 percent of the variations in income in 1988 and 43.2 percent in 1995; by 2005, class explains 48.8 percent of income variations. Further examination suggests that the explanatory power of *hukou* status increased from

Table 8: One-way ANOVA on (Logged) Monthly Income by Classes in China, 1988, 1995, and 2005 National Surveys

	1988 Logged Income			1995 Logged Income			2005 Logged Income		
	Partial SS	DF	R^2	Partial SS	DF	R^2	Partial SS	DF	R^2
Neo-Marxian class schema	7043.318	9	0.237	9270.753	9	0.432	4367.909	9	0.488
Hukou (urban)	1475.259	1	0.125	5479.812	1	0.255	2846.715	1	0.318
Danwei (state/collective)	2115.136	2	0.179	6448.826	2	0.300	1707.900	2	0.191
Cadre (authority/skills)	394.509	1	0.033	1991.675	1	0.093	1685.072	1	0.188
Owner	0.052	1	0.000	5.225	1	0.000	220.048	1	0.025
CCP membership	442.964	1	0.037	769.838	1	0.036	241.505	1	0.027
Year of schooling	126.786	1	0.011	3230.507	1	0.151	3564.931	1	0.399
Total sum of square	11838.471	—	—	15797.737	—	—	8934.278	—	—
N (% of total cases)	20,242			17,542			6,528		

Notes: F-test is statistically significant ($p<.05$) for all variables.

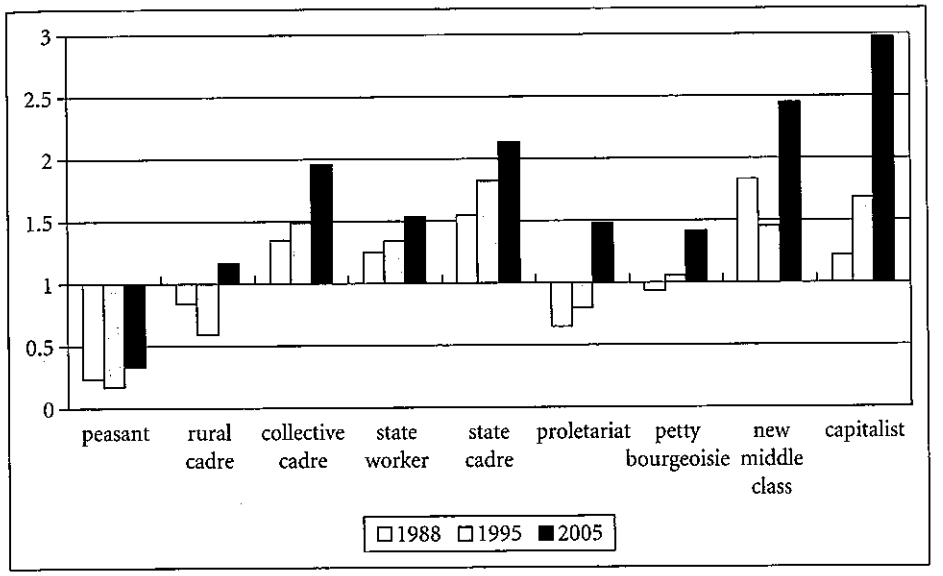
12.5 percent in 1988 to 31.8 percent in 2005; the explanatory power of *danwei* status slightly increased from 17.9 percent in 1988 to 19.1 percent in 2005. On the other hand, the explanatory power of state cadre increased dramatically from 3.3 percent in 1988 to 9.3 percent in 1995, and then to 18.8 percent in 2005. The explanatory power of the ownership of private property (including the petty bourgeoisie) increased from ignorable in 1988 and 1995 to 2.5 percent in 2005. Similar to results in previous studies, the explanatory power of schooling also increased (from 1.1 percent in 1988 to 15.1 percent in 1990 and to 39.9 percent in 2005, respectively); while the explanatory power of party membership declined from 1988 to 2005 (from 3.7 percent to 2.7 percent). It suggests that education matters but the political advantage of party members did suffer in the privatization process after the mid-1990s. Class has become the main source of increasing income inequality.

We fit linear regression models on logged income separately for 1988, 1995 and 2005, with class, education, party membership, gender, age and its squared term as independent variables. Based on the regression results, we plot the average annual income of different classes in Figure 2, controlling the other variables. We set collective workers' income as the benchmark for comparison and the changing income distribution among different classes are expressed by the ratio to collective workers' average annual income.

As shown in Figure 2, income inequality in 1988 was relatively small, except for the inequality between rural (peasants and rural cadres) and urban classes based on *hukou* status. By 2005, capitalists' income advantages were further enhanced, and they earned almost three times more than collective workers, so did the middle class and urban cadres. Rural cadres' income disadvantages compared to collective workers seem to have disappeared in 2005. Hence, we conclude that the main winners of the market transition in China are cadres and capitalists..

Conclusions and Discussion

In this paper, we proposed an extended neo-Marxian class schema in the Chinese context, based on unique Chinese socialist institutions such as household registration (*hukou*), work unit (*danwei*), and the cadre-worker distinction. We argue that they are essentially associated with the ownership of different types of assets in a neo-Marxian per-



Sources: National Bureau of Statistics, PRC. 2006. *China Statistical Yearbook*

Figure 2: Predicted Incomes by Different Classes with Collective Workers as the Benchmark (= 1), 1988–2005

spective: labor power, organizations, and skills. With empirical data from the Chinese mini-census, 2005, we demonstrate the advantages of such schema in explaining variations in socioeconomic status (income and schooling) in China. Based on the class schema and the data from two national representative surveys conducted in 1996 and 2005, we describe the transformation of the Chinese class structure since the economic reforms began in 1978. We observe the expansion of new capitalist classes and the decline of the peasants and workers in the state sector, who became the main supply of the working classes in the private sector under the capitalist production relationship. The trend toward proletarianization referring to an increasing proportion of working class in the private sector has been particularly prominent since 1992: in the era of economic privatization, state workers were laid off and pushed into the private sector for survival, whereas the surging rural-to-urban migration also facilitated the formation of the new working class in China.[3]

[3] The original thesis of proletarianization in Marxist literature is often associated with the deskilling of managers and experts. The case of China, however, defies this scenario. Instead, evidence suggests that the advantages of managers and experts persist, hence the proletarianization here refers to a sharp increase in the proletariat

The transformation of the class structure is largely contingent upon the stages of China's economic transitions. We separate the transition of economic institutions into two stages: marketization (1978–1991) and privatization (1992–present), marked by Deng Xiaoping's tour to Southern China. The class structure and mobility remain basically intact despite the gradual emergence of the small business owners, who were mostly from lower classes in the hierarchy during the Maoist era. Since 1992, the further economic reforms drove more cadres and professionals to start private businesses to compete with existing small businesses. Some party cadres and government officials also converted public assets into private assets in the privatization process. As a result, the ownership of capital has become increasingly concentrated and monopolized. The self-employed and small businesses were pushed into marginal positions and lost their economic advantages (Wu and Xie 2003). Their economic conditions were closer to the proletariat. It also suggests that the class mobility (permeability) accessing the capitalist class position stagnated.

How is changing inequality related to the transformation of class structure in China? The analysis of income determination revealed that, while education and party membership are important predictors of income in China, class is the most important source predictor of inequality and it was more important in 2005 than in 1988. Between-group comparisons of income show that private owners and cadres' income advantages have increased over the decades. They are the main winners in the economic transitions, whereas peasants, workers in the private sector, and even the self-employed are the losers, though they have done better than collective workers.

Previous studies in the market transition debate tended to focus on the returns to human capital and political capital to infer the changing stratification mechanisms. Our analysis of class transformation and class inequality shed new light on the changing mechanism of inequality in the course of China's economic transition, taking into account changes of pre-existing institutional legacies. From this perspective, China's momentum of changes in inequality is associated with the shifting effect of the exploitative/accumulative capacity of the ownership of the four productive assets—labor power (*hukou*), organizational assets (*danwei*), skill/authority in the workplace, and means of production. The development of labor markets and the privatization since the mid-1990s seem to have enhanced the role of the ownership of authority/skills and economic capital in generating inequalities in the course of China's market transition.

class and a moderate increase in the new middle class in the private sector, who have moved either from agricultural sector or from the state sector.

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