

CHINA'S MIDDLE CLASS

A DRIVING FORCE FOR DEMOCRATIC CHANGE OR GUARANTOR OF THE STATUS QUO?

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The rise of the emerging countries has been accompanied by a sociological phenomenon: the creation of a middle class. The importance of this new stratum of society goes beyond their economic role as consumers. People in this group are also seen as representing new values, new types of behaviour and new ideas. There is also the hope that these people will start to demand some form of political and social participation and thereby contribute to a democratisation of the often authoritarian regimes in their respective countries.

This theory is based on historical experiences in the North Atlantic region over the last two centuries. But is this theory still valid at the beginning of the 21st century, especially for emerging countries that lie outside the European-American cultural area? Is it right to assume that history will be repeated in the most densely populated country in the world, the People's Republic of China?

IMPLICATIONS OF SOCIAL CHANGE IN CHINA

More cars are sold in China than anywhere else in the world, it is the world's biggest market for mobile phones and it is surely only a matter of time before it has overtaken the USA as the world's biggest consumer market. The country's huge economic growth since the beginning of the 1980s has created a new class of people who generally have a higher level of education, work predominantly in knowledge-intensive jobs, enjoy a certain amount of prosperity and tend to have western consumer habits. The potential buying power of this ever-growing group is naturally very attractive to international companies. This



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new stratum of society is also of great importance to the Chinese economy. The latest financial crisis showed that China, being a huge exporter, is particularly vulnerable to fluctuations in the world economy. Internal consumption is, therefore, seen as a very important potential driver of future economic growth in the country, and this is where the middle class will play a very important role. But the growth of a middle class in China is not just important for the world economy; it also has a wide range of social, political and even ecological implications:

1. It is the declared intention of the Chinese government to expand the "middle income class" in order to combat social inequality and to maintain social stability. The potential for people to climb up into the middle class is seen as a key factor for creating a "harmonious society".¹
2. Politically, the Communist Party can no longer be sure of unconditional support from those people who have benefited most from the country's economic reforms. Dissatisfaction with the regime itself and protests against what is seen as undue interference in property rights and a reduction in quality of life, all bear witness to this declining support. The fact that people now have access to new sources of information and means of communication via new media such as social networks in the internet have added to this process.
3. At the same time, the growth of the middle class and their changing consumption patterns is presenting the People's Republic with huge environmental challenges. Already stretched natural resources are being put under tremendous pressure by the growing number of people who want to own their own car, travel and significantly increase their personal consumption. As a result, China is facing the impossible task of trying to satisfy the consumer demands of more and more people on the one hand, while at the same time trying to ensure that urban centres plagued with traffic jams, a construction boom and a chronic lack of space are somehow provided with clean air, clean water and 'safe' food.

1 | Cf. Guo Yingjie, "Farewell to Class, except the Middle Class: The Politics of Class Analyses of contemporary China", *The Asia Pacific Journal*, June 2009, 11.

Therefore Germany should be following the 'rise of the middle class' in the world's most densely populated country with great interest. The growth of a consumer group with great buying power is of interest not only to German companies. Changes in social patterns, attitudes and political behaviour amongst this group are also highly significant. The question is whether calls from the middle class for more social and political participation actually represent a genuine opportunity for China to develop into a country founded on the principles of democracy and the rule of law. Or are the interests of the middle class so inextricably bound up with those of the political elite that this kind of fundamental change is highly unlikely?

The question is whether calls from the middle class for more participation actually represent a genuine opportunity for China to develop into a country founded on the principles of democracy and the rule of law.

THE CONCEPT OF "MIDDLE CLASS" IN THE MIDDLE KINGDOM

The goal of the communist ideology that lay behind the revolution was to produce a 'classless society' in China. As a result, academic analysis of social classes during the rule of Mao Zedong was largely impossible. Under Mao there were officially only three classes: peasants, workers and the 'intermediary' class of the 'intellectuals'. It was only when social stratification started to become more obvious following the introduction of the Reform and Opening policies in 1978 that Chinese academics themselves could begin analysing the different social groups in the country.² Initially the term 'social class' was used (社会阶级 / shehui jieji), but these days the term 'social stratum' (社会阶层 / shehui jiecheng) has become more popular, even in China itself.³

So far, the different social strata have not been clearly defined in China, even though the idea of 'social stratification' has increasingly come under the microscope of Chinese sociological researchers since the beginning of the

2 | Cf. Cheng Li, "Chinese Scholarship on the Middle Class: From Social Stratification to Political Potential", in: Cheng Li (ed.), *China's Emerging Middle Class: Beyond Economic Transformation*, Brookings Institution Press, Washington D.C., 2010, 57.

3 | Cf. Ana Anagnost, „From Class to Social Strata: Grasping the Social Totality in Reform-Era China“, *Third World Quarterly*, 29, 2008, 3, 501.

21st century. In 2004 the National Bureau of Statistics of China announced that the definition of 'middle income' was an income between 60,000 and 500,000 Renminbi (RMB). However, this categorisation has been strongly criticised as it does not take into account significant regional differences.⁴ In West and Central China, for example, somebody with an income of 60,000 RMB might be considered very well-off, but in a city like Shanghai, a family could barely live on that amount.

Most Chinese sociologists, like their Western counterparts, tend to use indices based on several criteria to try to calculate the size of the Chinese middle class. These criteria generally tend to include income, employment and level of education. In 2002, Lu Xueyi, former Director of the Institute for Sociology, Chinese Academy of Social Sciences (CASS), and one of China's most influential sociologists, divided Chinese society up into ten social groups and five social strata. In doing so, he took into account to what extent individuals had access to three types of

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resources: organisational resources (power and influence), economic resources (income and property) and cultural resources (status and education).⁵ Here there is an obvious difference from the Western approach to classification. The main difference between the Western and Chinese concept of a middle class lies in the unique role played by party functionaries as a result of their having access to power and resources. Working in the state sector is seen as a key factor in becoming part of the middle class, and having a close relationship with the political elite can have a significant impact on financial success.

In the People's Republic the creation of a middle class is seen as being closely linked to the concept of a 'society of modest prosperity' (小康社会 / xiaokang shehui). The term 'xiaokang' was first used in the 1980s by Deng Xiaoping as the key concept underlying the country's socio-economic

4 | Cf. Ye Tan, "Overestimating the Chinese middle class", China.org.cn, September 3, 2010, http://china.org.cn/opinion/2010-09/03/content_20859345.htm (accessed September 22, 2011).

5 | Cf. *China Daily*, "Lessons on Society's Class Structure", 2004.

development. The origin of the term lies in Confucianism, where it is used to describe the level of prosperity that every household should have in a 'harmonious society'.⁶ In 2002 Jiang Zemin reintroduced this concept and suggested at the 16th National Congress of the Communist Party that 'xiaokang' means not only a standard of living that goes beyond the mere satisfaction of someone's basic needs, but also includes a higher standard of education and employment.⁷ The middle class is seen as the core component of a society of modest prosperity and should, therefore, be allowed to grow as much as possible in order that "an olive-shaped social strata model can develop out of the current pyramid structure". This is seen as the only way to avoid conflict between rich and poor and to ensure long-term stability.⁸

Because there are so many different definitions of the middle class in China, it is not possible to clearly differentiate them from other social strata. In the rest of this article 'middle class' is used to describe those people who would typically be classified into this category in the West as a result of their material well-being, their type of work (white collar) or their level of education (university graduate).⁹

According to studies by various Chinese and international researchers, around one fifth of the Chinese people can currently be classified as belonging to the middle class.¹⁰

6 | Cf. Anagnost, n. 3, 502.

7 | Cf. *China Daily*, "Blueprint for an overall Xiaokang Society in China", 2002.

8 | Cf. Chen Dongdong, "Wo guo zhongchan jieji yanjiu de xianzhuang, yiyi ji xuyao kuozhan de ji ge wenti" (An analysis of the Chinese middle class, significance and questions that require further investigation), *Hubei jingji xueyuan xuebao* (Journal of Hubei University of Economics), Vol. 2, No. 4, 2004, 114.

9 | That a narrow consideration of income is not sufficient to analyse social strata can be seen in the 'social time-bomb' that is developing amongst the ever-growing group of university graduates, who, in spite of having a relatively high level of education and jobs that are well-respected, are not able to reach the standard of living of the middle class (any more). Only when this group is also taken into consideration will it be possible to determine whether there is a 'healthy' middle class in China.

10 | There are exceptions that suggest either a much higher or much lower figure, but most estimates are somewhere around this average.

Lu Xueyi estimates that this group will grow by one per cent per year – on the assumption that there is constant economic growth – and therefore by 2030 it will represent over 40 per cent of the Chinese population.¹¹

There are other ways of classifying the middle class that give significantly different results. The Asian Development Bank (ADB), for example, suggests that anybody with an income of between 2 and 20 PPP USD (Purchasing Power Parity in U.S. dollars)¹² belongs to China's middle class. According to the ADB's calculations, in 2007 23.4 per cent of the Chinese had two to four USD PPP, 48.9 per cent had four to 10 PPP USD and 18.7 per cent had 10 to 20 PPP USD per day. This would suggest that 89 per cent of the Chinese population could be classified as middle-class.¹³ In the Chinese press this calculation was described as being absurd.¹⁴ Indeed, this classification doesn't really seem

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to make sense, because it actually equates 'not being poor' with being middle class.¹⁵ Someone who can just cover his basic needs can hardly be considered a member of the middle class. Kharas and Gertz, for their part, classify all households with daily expenditure of between 10 and 100 PPP USD as being middle class. On this basis there would currently be 157 million members of the Chinese middle class, or only 12 per cent of the population.¹⁶ This estimate would seem to be somewhat closer to reality. However, as already suggested, using only material indicators is nowhere near enough to make a proper analysis of the middle class in China.

11 | Cf. Cheng Li, "Introduction: The Rise of the Middle Class in the Middle Kingdom", in: *China's Emerging Middle Class: Beyond Economic Transformation*, loc. cit., n. 2, 16.

12 | In order to make a true comparison possible, the local currency is not converted to U.S. dollars using the actual conversion rate but is weighted according to the purchasing power of the currency in that country.

13 | Cf. Asian Development Bank (ADB), "Special Chapter: The Rise of Asia's Middle Class", *Key Indicators for Asia and Pacific*, 2010, 9.

14 | Cf. Tan, n. 4.

15 | Also it is questionable whether the right factor has been used to calculate the PPP USD.

16 | Cf. Homi Karras and Geoffrey Gertz, "The New Global Middle Class: A Crossover from East to West", in: *China's Emerging Middle Class: Beyond Economic Transformation*, loc. cit., n. 2, 41.

THE IMPORTANCE OF THE MIDDLE CLASS TO THE ECONOMY AND SOCIETY

When China started the transition to an economic system based on the principles of a market economy in 1978, a remarkable entrepreneurial potential was unleashed. As state-owned businesses were closed or restructured, a lot of talented employees either took over the management of many of these businesses or started private businesses of their own. These independent entrepreneurs were the first to join China's 'new middle class.' During this process of change there was a huge growth in demand in both the public and private sectors for well-educated staff, which meant that more and more people now had the opportunity to significantly improve their material well-being.

In addition to private entrepreneurs, the Chinese middle class at this time was made up of people employed by the Party, civil servants, professional and technical staff employed by state-owned and private businesses and employees of social institutions. In the past, access to many of these jobs was limited and pay was generally poor, but the demand for well-educated staff at all levels has grown considerably and as a result salaries have risen significantly. Because these types of jobs generally require a higher level of formal education and the importance of school and university education has grown accordingly. People are now investing more and more in the education of their children. However, the possibilities for social and financial betterment through education are not infinite and these days personal networks are still important if someone wishes to get a leading position in the public and also the private sector.¹⁷

In the past, access to many jobs was limited and pay was generally poor, but the demand for well-educated staff at all levels has grown considerably and as a result salaries have risen significantly.

With growing prosperity, consumption patterns amongst the middle classes have changed markedly and now resemble much more closely those of the West. This has made the Chinese middle class a target for domestic and international businesses alike. By 2020 the Chinese middle class could become the largest consumer group in

17 | Cf. Lu Hanlong, "The Chinese Middle Class and Xiaokang Society", in: *China's Emerging Middle Class: Beyond Economic Transformation*, loc. cit., n. 2, 123.

In 2009 13.9 million cars were sold in China, more than anywhere else in the world. With 700 million mobile phone users, the People's Republic is also the biggest mobile phone market in the world.

the world, with a 13 per cent share of global consumer demand, and so become the driving force behind the global economy.¹⁸ In some important sectors China is already the biggest market. In 2009 13.9 million cars

were sold in China, more than anywhere else in the world and significantly more than in the USA, where only 10.4 million new cars were registered. With 700 million mobile phone users, the People's Republic is also the biggest mobile phone market in the world. Nokia, the world's biggest mobile phone producer, has a turnover in China that is approximately three times the size of their turnover in the United States.¹⁹

China's national economic planners believe that the key to the restructuring of the country's economy lies in the expansion of domestic consumption, and for this they need a broad middle class with significant buying power. In October 2010, when the Central Committee of the Communist Party of China held a plenary session during which proposals for the 12th Five-Year Programme (2011-2015) were approved, Prime Minister Wen Jiabao suggested that China's economic development is "unbalanced, uncoordinated and unsustainable".²⁰ He was particularly critical of the imbalance between exports, investment and domestic consumption.²¹ Domestic consumption has steadily declined as a percentage of GDP in recent years, even though the latest Five-Year Programme was meant to reverse this trend. Currently, domestic consumption represents only 37 per cent of the national income. This puts China significantly below the global average of 61 per cent.²² Falling demand in Europe and North America, rising wage costs in China and the strengthening of the RMB against the U.S. dollar and the Euro have all helped to highlight the vulnerability of a growth model that is heavily reliant on exports. Also, state investment

18 | Cf. Karras and Gertz, n. 16, 38 et sqq.

19 | Cf. *ibid.*, 41.

20 | Cf. Peter Hefele and Eileen Lemke, "Zwischen Kontinuität und Wandel. Das 12. Fünfjahresprogramm der Volksrepublik China 2011-2015", *Country Report*, May 2011, Konrad-Adenauer-Stiftung Shanghai office.

21 | Cf. Günter Schucher, "Unausgeglichen, unkoordiniert, nicht nachhaltig: Chinas Entwicklung vor großen Problemen", *Giga Focus Asien* 3/2010, 3.

22 | Cf. Karras and Gertz, n. 16, 43.

in resource-intensive areas, such as building and traffic infrastructure, can only help to stabilise the Chinese economy in the short-term and tends to be accompanied by significant ecological costs. For these reasons, political decision-makers have come to the conclusion that only growth in private consumption can guarantee sustained growth.

High levels of investment in China are only possible because private households save around 40 per cent of their income, which is the highest level in the world.²³ The main reason for this unusually high level of saving is the fact that healthcare and pension systems are considered to be inadequate.²⁴ The creation of a properly functioning healthcare and pension system is therefore seen as a key factor in increasing private spending. On July 1, 2011 a new Social Security Law came into force, but it will take some years before state social security will be guaranteed to a higher degree and with it the possibility of a reversal in people's tendency to save. So in the short-term, consumption by the Chinese middle class is hardly going to be *the* decisive driving force behind a national economy that is oriented towards domestic consumption. In the long-term, a significant increase in spending power will be absolutely essential if China wants to avoid falling into a "middle income trap".²⁵ Historical examples in East Asia (Japan and South Korea, for instance) have shown that, following a phase of initial growth and a shift from being a developing nation to being an emerging nation, growing demand from a broad middle class is essential if growth is to be maintained.²⁶

The creation of a properly functioning healthcare and pension system is seen as a key factor in increasing private spending.

23 | In 2009 private households in Germany saved only 11.2 per cent of disposable income. Cf. Federal Statistical Office of Germany, http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/DE/Presse/pm/2009/10/PD09_410_811,templateId=renderPrint.psml (accessed October 5, 2011).

24 | Cf. McKinsey (ed.), "The Value of China's emerging Middle Class", *The McKinsey Quarterly*, 2006, 66.

25 | This expression was coined by the World Bank economist Ardo Hansson and describes a situation of growing wage costs that are not offset by appropriate productivity gains or the production of higher value goods. Those countries who find themselves in this position are usually not able to develop into prosperous industrialised nations.

26 | Cf. Karras and Gertz, n. 16, 44 et seq.

The creation (and stabilisation) of a broad middle class is seen by China's political leaders as the key to social stability overall and a major contribution to overcoming the great disparity in incomes that currently exists. China's Gini coefficient (a measure of the inequality of the distribution of income in a society) has risen steadily in recent years and currently stands at 0.48. Any value above 0.4 is generally classified as a risk to social stability. In order to reverse this trend it is essential to have a fair education system that also guarantees a good education to children from poor economic backgrounds. Some Chinese academics are also calling for a fairer tax system and a greater redistribution of wealth.²⁷

GOALS, DESIRES AND FEARS OF THE CHINESE MIDDLE CLASS

But what are the attitudes and values of the Chinese middle class? Are they even aware of being part of a specific group? What changes have become evident in recent years?

Chen Dongdong, professor of sociology at the Shanghai University, believes that, more than anything, members of the middle class are characterised by a high degree of motivation. They are aware that they have an opportunity to improve their lot in life and are prepared to work

hard for their own success and that of their children. Their own status is very important and so status symbols, such as houses, cars and luxury items, are also important.

Their consumer culture is becoming more and more aligned with that of the West.²⁸ They have learned about Western lifestyles and value systems from travels abroad, working for foreign companies and access to Western media and are also familiar to an extent with Western political systems. All these factors have had a significant influence on their own personal value systems.

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27 | Cf. Chen, n. 8, 114.

28 | Cf. *ibid.*, 113.

Many sociologists in China are of the opinion that an awareness of belonging to a certain group will only develop slowly over time, if it develops at all. The main reason for this is that the middle class is very heterogeneous, ranging from party members to private business people to peasants who have become well off by selling land. What is clear is that the development of a middle class is accompanied by a significant pluralisation of lifestyles, opinions and values.

What is common to the lower middle class especially, in a more negative sense, is the fact that they are by and large all experiencing huge pressure and uncertainties due to a rapidly rising cost of living. Buying their own house or apartment is very important to them as both a status symbol and as a form financial security, but this is becoming more and more difficult, due to rising property prices in larger cities.²⁹

The same applies to providing education for their children (or in many cases their child, because of the country's one-child policy).

Even if both parents work in relatively stable and respectable jobs, they are less and less

likely to be able to fulfil their dream of having their own home, their own car or even overseas education for their children. If they want to be able to at least finance their own four walls – something that is a central pillar of the culture of Chinese society – they often have to rely on the whole extended family to help out. And if you are a young man, having your own home is generally a prerequisite for getting married.

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One of the consequences of the 'education explosion' is the growing number of university graduates who have found it very difficult over recent years to find a sufficiently well-paid job. Entry-level salaries for graduates in Shanghai and Beijing are so low that they can only afford tiny apartments in the suburbs. This means that they also have to travel several hours every day to their place of work in the centre of the city. In Beijing these people are referred to as 'ant people' (蚁族 / yizu) because of their cramped accommodation. For those with better paid jobs, the price they

29 | In Shanghai property prices have risen by an average of 253 per cent in the last seven years, cf. *Shanghai Daily*, "Housing prices up by 253 per cent in last 7 years", September 2, 2011.

often have to pay to join the economic middle class includes working extremely long hours, doing regular overtime and working at weekends, which all significantly reduces their quality of life.³⁰ This lower middle class therefore tend to consider their situation to be somewhat precarious and are afraid that they will not be able to maintain their status. This would also explain why many members of this social stratum tend to classify themselves as being lower rather than middle class.

THE CHINESE MIDDLE CLASS AS A "POLITICAL INNOVATOR"?

In the past, many societies found that the emergence of a significant middle class was accompanied by demands for a greater voice in political decision-making. The democratisation of South Korea and Taiwan after 1987 was closely linked to the growth of the middle class there. Many

Chinese scholars have been of the opinion that members of the middle class in China have such close ties to the current political regime that they are more likely to be interested in maintaining the status quo.

Western academics and politicians hope that a similar development may take place in China for the same reason. However, up until now, Chinese scholars have been of the opinion that members of the middle class in China have such close ties to the current political regime that they are more likely to be interested in maintaining the status quo.³¹ It is argued that in China people have developed a relatively high tolerance for authoritarian leadership, similar to some Southeast Asian countries, such as Singapore and Malaysia.³²

The middle class has profited the most from the reforms introduced by Deng Xiaoping in 1978, and it is widely believed that their financial success is dependent on the stability of the existing political system. As a result, most of them are likely to see any radical changes to the political constitution of the country as a risk to their financial

30 | Cf. *Shanghai Daily*, "White-collar blues", February 18, 2011.

31 | Cf. e.g., Chen, n. 8; He Li, "Middle Class: Friends or Foes of Chinas New Leadership", *Journal of Chinese Political Science*, 08/2003, 1; Jie Chen, "Attitudes towards Democracy and the Political Behaviour of Chinas Middle Class", in: *China's Emerging Middle Class: Beyond Economic Transformation*, loc. cit., n. 2; Richard McGregor, *The Party: The Secret World of China's Communist Rulers*, London, 2011, 266.

32 | Cf. Jie, n. 31, 336.

success. And it is not just private entrepreneurs and managers of state-owned businesses who may feel this way. The intellectual elite, such as teachers and professors, have also profited from the reforms, with their salaries rising significantly in recent years.³³ Many members of the Chinese middle class work in the public sector or have close ties to the political elite.

More and more private entrepreneurs, who represent an important group within the middle class, are taking the opportunity to join the Communist Party and to become involved in local politics. Following the protests in Tiananmen Square in 1989, private entrepreneurs were initially banned from joining the Party. The ban was officially lifted in 2001 by Jiang Zemin on the basis of the 'Theory of the Three Representats' (三个代表 / san ge daibiao). According to Jiang, the Communist Party of China should no longer represent only the interests of the workers, peasants and soldiers, but also those of "the advanced productive forces, the progressive course of advanced culture, and the majority of the Chinese people". For Jiang "advanced productive forces" included private business. One of the goals of this new ideological orientation was clearly to avoid the creation of some kind of organised opposition outside of the Party.³⁴

The number of private entrepreneurs who were also members of the Party rose significantly from around 20 per cent in 2000 to 38 per cent in 2007.

As a consequence of these changes, the number of private entrepreneurs who were also members of the Party rose significantly from around 20 per cent in 2000 to 38 per cent in 2007.³⁵ A significant number of entrepreneurs also have access to the political elite through a family member, even if they are not Party members themselves.³⁶

Another widespread belief is that the middle class in China associate radical political change with the sort of chaos that could threaten their financial success. Some researchers even believe that the middle class is actually afraid of

33 | Cf. Jonathan Unger, "China's Conservative Middle Class", *Far Eastern Economic Review*, April 2006, 28.

34 | Cf. He, n. 31, 90 et sqq.

35 | Cf. Bruce J. Dickson, "China's Cooperative Capitalists: The Business End of the Middle Class", in: *China's Emerging Middle Class: Beyond Economic Transformation*, loc. cit., n. 2, 297.

36 | Cf. David S. G. Goodman, *The New Rich in China. Future rulers, present lives*, Routledge, Oxon / New York, 2008, 36.

democratisation of the political system, as power might pass to the lower strata of society and simple peasants, who, because of their relatively low level of education, are not really ready for democracy and could be susceptible to manipulation by demagogues.³⁷

However, in recent years some academics have started to question these prevailing beliefs. Some studies carried out by Chinese sociologists show that there is in fact widespread dissatisfaction with the political situation amongst members of the Chinese middle class. According to one of the more recent studies, disapproval of the prevailing communist ideology and power structure in the People's Republic is much more widespread among the middle classes than among other social strata.³⁸ The middle class has greater access to information than ever before and, as a result, they are much more aware of unresolved social and political problems in the country. These days, political decisions made by central and local government are no longer simply accepted without question.

More and more private entrepreneurs, a key part of the middle class, are starting to experience the effects of widespread corruption and the preferential treatment given to state-owned businesses or even their control over whole branches of industry. In recent years the saying that 'the state advances as the private sector retreats' (国进民退 / guo jin min tui) has become something of a catchphrase in China. The ones who are suffering the most are those private entrepreneurs who do not maintain any direct or indirect contact to government or Party functionaries. A growing number of private entrepreneurs is no longer willing to accept this type of discrimination towards their businesses.³⁹

So in recent years there has been a growing feeling that they need to defend their interests more strongly. However, protests against what is seen as undue interference in

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37 | Cf. Min Tang, Dwayne Woods, Jujun Zhao, "The Attitudes of the Chinese Middle Class towards Democracy", *Journal of Chinese Political Science*, 2008, 84.

38 | Cf. Cheng, 2010, 73 et seq.

39 | *Ibid.*, 78.

property rights and a reduction in quality of life have so far only been seen at a local level. The urban middle class are becoming increasingly concerned about environmental protection, but also about things such as food safety. As people's personal prosperity increases they start to become more aware of their individual rights. In 2007, for example, the citizens of the city of Xiamen objected strongly to the building of an eleven billion RMB chemical plant, as they were concerned about potential air and water pollution.⁴⁰ Bayer's application to build a chemical plant in Chongqing has also been delayed for the same reason. Following protests by local residents, it was decided that adherence to environmental standards would have to be improved. Another good example is the Transrapid (Maglev) line in Shanghai. Pressure from local citizens, who were concerned about potential magnetic radiation, vibrations and noise, has meant that an extension of the 31.5 kilometre long line into the centre of Shanghai and to the neighbouring town of Hangzhou was not possible.⁴¹ These protests are not limited to the middle class, but they have played an important role in helping to get people's concerns across.

As part of this process, new forms of communication, such as micro-blogs (e.g. Sina Weibo) and social networks like Renren⁴² have become more and more important.

New forms of communication have the middle class taking an interest in problems in other regions as well as in wider political issues.

These types of platforms have contributed to the middle class taking an interest in problems in other regions as well as in wider political issues. For example, the causes of the disastrous train accident in Wenzhou on July 23, 2011 were extensively discussed in blogs. Many blamed unbridled greed and corruption and heavily criticised the slow pace of the investigation carried out by the Chinese authorities. Within just six days, 26 million comments about the accident had been posted on micro-blogs.⁴³ Protests are also increasingly being organised by members of the middle class via the internet, such as the call for the government to close down a chemical plant in the northern Chinese coastal town of Dalian in August this year. After

40 | Ibid., 75.

41 | Cf. Heiner Siegmund and Johnny Ehrling, "Chinas Wutbürger", *Die Welt*, June 17, 2011.

42 | A social network similar to Facebook.

43 | Cf. Günter Schucher and Kawsu Ceesay, "Wird China zum neuen Modell für soziale Stabilität", *GIGA Focus Asien* 8/2011, 5.

a typhoon had swept over the town, there were concerns that a chemical substance could leak from the plant and contaminate the sea water. Over twelve thousand, mainly young, people responded to an anonymous appeal on the internet and gathered in front of the town council offices to call for the plant to be shut down.⁴⁴ It was only when the mayor and the Party leader of the town promised to close the plant down and move it elsewhere that the crowd started to disperse.⁴⁵

'Middle class activists' are becoming more and more sceptical about official reports and tend to trust information gathered from social networks much more than reporting from the state media.

Because 'middle class activists' understand the importance of access to information, they tend to be very sensitive to censorship.⁴⁶ The 'Middle class activists' are becoming more and more sceptical about official reports and tend to trust information gathered from social networks much more than reporting from the state media. It is likely that these kinds of middle class protests will gain strength in the future, and the influence of the middle class will grow accordingly. Another area of activity in this respect is the large number of NGOs that have been set up by the urban middle classes and whose membership numbers are growing rapidly.⁴⁷

THE FUTURE ROLE OF THE CHINESE MIDDLE CLASS

Although a clear definition of what exactly constitutes the middle class in the People's Republic is still a matter for debate, there is no doubt that a social stratum has emerged in the last three decades that includes entrepreneurs and skilled workers. These people have made a significant contribution to China's economic miracle through their high levels of consumption. They are much more aware of their own interests, but also of the threats to their socio-economic status. New forms of protest have emerged, but so far these have not seriously questioned the political system. They still tend to focus first and foremost on

44 | Cf. Mark Siemons, "Chinas Mittelschicht – Niemand ist immun", *Frankfurter Allgemeine Zeitung*, September 4, 2011.

45 | Cf. Liu Linlin and Zhen Yi, "After massive Protests Dalian to move Plant", *Global Times*, August 15, 2011.

46 | Cf. Cheng, n. 2, 74.

47 | Cf. Maria Bondes, "Negotiating Political Spaces: Social and Environmental Activism in the Chinese Countryside", GIGA Working Papers 127, 12 et seq.

A resolving local grievances and calling for greater transparency and increased opportunities for participation.

The Chinese government is aware of this and so has begun to allow various interests to express their views during consultation phases – within clearly defined limits – but not during decision phases. The protection of property rights has improved, but there are still weaknesses in the Chinese legal system when it comes to implementing those rights. Also, there has been no noticeable progress in ensuring that there is fair competition for all those involved in the market. Indeed, some sectors have even seen an increase in vested interests, as described above. A key factor for social stability and for maintaining the political loyalty of the middle class will be how successfully and quickly the comprehensive Social Security Law, introduced in July 2011, can be implemented.

The jury is currently out on whether the middle class will prove to be a political innovator. A significant number, but not necessarily a majority, of the middle class owe their position and prosperity directly or indirectly to having access to those in political power. This interlocking of interests is likely to continue to be a key pillar of Communist Party rule in the future. Another section of the middle class, perhaps in cooperation with the lower classes, may continue to grow in confidence and be prepared more and more to express their dissatisfaction with specific developments within the country, including the growing influence of the state in business, widespread corruption and a lack of legal certainty. Because of the special nature of the political and economic situation in the People's Republic of China, it seems unlikely that the Chinese society will follow the same path of modernisation as other East Asian societies, especially in the political sphere.