

The Progress and Characteristics of Poor, Middle and Rich Classes in Urban China: Results from Partial Definition of Class Membership

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The last part of the last century saw profound change in urban China. The One Child Policy intervention introduced in the late 1970's changed fundamentally the nature of the family in many respects in subsequent years. The Economic Reforms, also instigated in the late 1970's, appeared to promote unprecedented growth in urban incomes (the average annual growth rate of city incomes over the period 1990-1999 was over 18%) in addition there was a massive migration to the cities (in 1985 20% of the Chinese population was urbanized, by 1999 over 42.6% of a growing population was urbanized). All of which could have changed substantially the way that households relate to one another, one aspect of which is the extent to which households grouped and evolved into classes. Data on 10 independent annual surveys of urban households from three coastal and three interior provinces in China from 1992 to 2001 are used to study the evolution of household income classes and their determining characteristics over the period. Class membership can only be partially identified (i.e. only the probability of a household being in a class can be estimated). It appears that three classes corresponding to the poor, middle and rich income classes emerge throughout the period. Class sizes, income growth and the extent of class identification are examined and the relationships between class membership probability and various characteristics of the household are studied.