

CONSUMPTION STRATIFICATION IN CHINA : AN IMPORTANT TOOL IN STIRRING UP ECONOMY

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INTRODUCTION

Since China took the new policy of reform and opening up, an important policy the government has taken is to change the traditional strategy that gives priority to production instead of to improvement of people's living standard and that emphasizes accumulation instead of consumption. During the 20 years since the reform policy was introduced, a rule has been clearly seen that every rise of economic development is closely related to ordinary people's consumption. What's worth notice is that a tendency of consumption stratification is becoming evident as a result of the widening of the income gap. Therefore, while making the policy to accelerate economic development and stimulate consumption, the government has to take consumption stratification into account.

THE SIGNIFICANCE OF CONSUMPTION STRATIFICATION AND THE THEORETICAL BASIS OF STRATIFICATION

While making social stratification, the most popular method universally used in Anglo-Saxon societies is to depend upon the occupational scales, whether it is based on the theory of structural transformation or on the assumption about an individual seeking social status. The occupation scales usually include some basic indicators such as occupation, income and educational level (Duncan, 1961; Treiman, 1970; Treiman and Yip, 1989; Goldthorpe and Hope, 1972; Erikson and Goldthorpe, 1993; Bond and Saunders, 1999). Two characteristics, which are industrial structural transformation and institutional transition, can be seen in China's social evolution. These, consequently, have resulted in a special condition that government regulation and market mechanism exist and go side by side in influencing occupation and income.

Take this for example. The business managers of state-owned enterprises and private-owned ones, and taxi drivers of public-owned firms and private-owned ones fall into different categories in relation to consumption.

While conducting a survey relating to the prestige of various occupations, researchers doing the survey had to add the factor of businesses' ownership to the questionnaire in order to accurately mirror the current condition of social stratification in China (The Study Group Conducting a Survey on the Urban and Rural Household Lives, 1994).

No survey conducted in recent years can depict a clear picture of the genuine income condition of both individuals and families because China is lacking well-established taxation and property declaring systems. Even worse, the fact that hidden (or invisible) income and an underground economy exist everywhere in the society make the statistics and survey far from being accurate in reflecting the real condition of the income of individuals and families. Take it for example that the National Bureau of Statistics made a survey in 1998.

According to this survey the per capita income at the disposal of China's urban and rural households in 1996 was 4,838.9 yuan; the per capita expenditure of consumption was 3,919.15 yuan; the per capita accumulation was 919.4 yuan with the accumulation rate being merely 19.0 percent. However, the total saving deposits of the urban and rural residents in 1996 reached 3085 billion yuan, increasing by 31.5 percent over the previous year, with a per capita increase of 2,050.92 yuan. (National Bureau of Statistics, 1998: 133135) Despite the fact that a great amount of public funds are put in individuals' bank accounts, the prime factor distorting the income indicators is the immense hidden income. A rough estimation shows that the hidden (or invisible) section may account for about 30 percent of individuals' total income. Because of this circumstance, the limitation of using occupation and income level as the leading indicators in conducting social stratification is apparent. Therefore, we chose the consumption indicators, which can be determined easily, in the article to serve as the basis for social stratification. Among the research achievements made previously in social stratification is the study on consumption stratification, which also provides a new tool in this regard. (Bourdieu, 1979; Rosenbaum, 1999). We made an attempt to determine whether or not there was consistency between consumption stratification and occupational stratification and income stratification through our study on consumption stratification, thus making an explanatory response to the call for effectively stimulating ultimate consumption.

The data on which the study was based was provided by Beijing Shangqing Survey Company, which conducted a survey in Chongqing in March of 1999. The survey resulted in 1,251 valid samples. It was conducted by means of sampling in different phases. The first group of samples are communities, and then a number of neighborhood committees in the communities. Finally, a number of households were chosen through random sampling based on the number of households in the neighborhood committees. The residents surveyed were those aged from 16 to 70 in the households. According to the statistics of 1997, Chongqing ranked 19th in per capita GDP among the 31 provinces, autonomous regions and municipalities under the direct jurisdiction of the central government in China's main land. and it ranked 21st in average salary and 6th in the per capita consumption expenditure of the urban and rural residents. Even though the survey in Chongqing was only an individual case, and the consumption level in the city cannot be used to deduce a conclusion covering all of China, it remains a representative in analyzing consumption structure. What needs mentioning here is that the survey in Chongqing had not been specially designed to analyze consumption stratification and, hence, it obviously lacked the materials bearing the symbolic marks of consumption. As a result, these data cannot be used to make analysis on nonmaterial consumption. While writing the article, we used internationally adopted Engel's law as the basis for consumption stratification. What should be mentioned here is that China is experiencing the transition from a planned to a market economy. During this period, there are still some consumptions which have not been subject to market manipulation. For example, housing, the largest section in an individual's consumption budget, remains an issue partly belong-

TABLE 1. THE PROPORTION OF DIFFERENT CONSUMPTION CLASSES (Conducted According to Engle's Law)

	Type of consumption	Proportion of family expenditure	Accumulated proportion
0.29 or below	Richest class	7.2	7.2
0.30-0.39	Rich	10.6	17.8
0.40-0.49	Upper middle class	17.7	35.5
0.50-0.59	Middle class	22.0	57.5
0.60-0.69	Lower middle class	19.7	77.2
0.70-0.79	Poor class	12.9	90.1
0.80 or Above	Poorest class	9.9	100

Note: The Engle's law was deduced by adopting the formula "the proportion of expenditure on food/total expenditure."

ing othe government's welfare project. Because of this, the expenditure on food is comparatively rising on a family's expenditure sheet, thus expand ing Engle's law in family expenditure. (Li Peilin and Ding Shaomin, 1990). Considering this factor, while using Engle's law (expenditure on food/total expenditure) to make consumption stratification in China's urban families, we modified the standard to some extent according to the internationally adopted numerical value of estimation, thus dividing the Chinese society into seven classes in consumption (see Table 1). The survey conducted in Chongqing shows that the stratification structure of residents' consumption is like an olive in shape, with its two ends being small and the middle part being large. The proportion of different classes tells that the middle parts account for the largest section (22.0 percent), and the lower parts are larger than the upper parts (see Table 1).

DIFFERENCES IN CONSUMPTION STYLE OF VARIOUS CLASSES

Differences in Food Consumption

Chinese society has a tradition to be particular with food. Therefore, tak ing different food represents different consumption levels of a family according to an ancient saying, which divided the food consumption into four categories" eating to survive," "eating to enjoy life," "eating wild ani mal," and "eating herbs." The difference in food consumption in current Chinese society lies mainly in the food quality, or what is eaten. For exam ple, the purpose of eating varies. Some people eat to meet the basic physical requirement, while others eat for enjoying life. This obviously represents the lifestyle chosen by different consumption classes. Table 2 depicts clearly that various classes may show different consumption tendencies in choosing food. For example, someone may eat to solve hunger, some may choose good food to enjoy life, while others eat good food just for curiosity. The households belonging to the poorest classes tend to choose the answer "eating to solve hunger," representing 62.8 percent of the total. The table shows that the higher the class, the lower the proportion of people choosing the answer of "eating to solve hunger." The households of the richest class which chose that answer, only accounted for 31.8 percent. By contrast, the lower the class, the fewer the people choosing answers such as "eating good food to enjoy life" or "eating for curiosity." No households belonging to the poorest class chose these two answers.

Differences in Cloth Consumption

Cloth is the symbol representing consumption levels. In ancient China, the feudal system regulated different standards in clothing for various social classes or social status. For example, the color of yellow always belonged to the lord, and the title of "cottonclothed people" meant ordinary people. Though modern society sees no particular standard for people of different social status there remain varieties in clothing which reflect income, occupation or living ideology. According to Table 2, choosing the answer of "convenience and comfort" in clothing had less to do with the difference in consumption stratification. What has prominent importance to stratification is the choice of the answers "clothing to show personality," "catching fashion," or "keeping body warm." The higher the class the higher the tendency to choose the answers of "clothing to show personality" or "catching fashion." There was almost no person from the lower classes choosing the answers of "catching fashion" and "high quality and elegant clothing." The answer of "choosing new style of cloth" was chosen by a mixed group of people, which means that people of different income levels share it in common to love new types of cloths.

Differences in Living Conditions

At the present time, the majority of Chinese urban families are living in publicowned houses or those public houses that they purchased at a low price, called "welfare price" or "cost price." Since the public houses were provided according to ranks or technical levels, the living condition of the urban residents bears a clear mark of social status. Per capita living space more clearly indicates social stratification. Table 2 shows that the lower classes the families belong to, the smaller their per capita living space is. The families with per capita living space lower than 10 square meters account for 37.3 percent of the poorest class, while the families with per capita living space larger than 50 square meters account for 3.2 percent of the richest class. Because public houses were purchased at the low price and according to ranks, the families which live in public houses usually have a larger per capita living space than those living in private houses. As Table 2 shows, about 58.5 percent of the richest families have per capita living space lower than 20 square meters. Theoretically, these rich families should have purchased private houses. The fact that they did not spend money on improving their living condition may mean that they gave priority to different considerations including consumption, deposits and investment.

Differences in Owning Electrical Appliances and Communication Tools

Table 2 shows clearly that the TV set has become a daily necessity of Chinese families, and owning it has nothing to do with consumption stratification. At present, the TV owning rate of Chinese families has even reached that in some developed countries. Except the families living under the poverty line, the telephone and the fax machine do not have special meanings to the families of the middle and upper classes. Those items still important to consumption stratification and that bear the fixed characteristics of stratification are the pager, the mobile phone and the Internet. Statistics show that the ownership rates of mobile phones and pagers among the richest families are respectively 44.3 percent and 59.1 percent, while among the poorest families are 2.5 percent and 16.5 percent. What's worth noticing is that these communication tools and family PCs, which are still important to consumption stratification, are those increasing with the fastest speed on the consumption budget of urban families. Take the Internet users for example. There were only 2,000 Internet using families in China in 1993, but the figure has now increased by 587.5

times. Statistics show that the Internet users in June of 1998 came to 1.1175 million in China, and about 7.1 percent of urban families planned to have access to the Internet in one year. It is estimated that by 2001 the number of Chinese people surfing the Internet will reach 7 million. (Xu Xinxin, Li Peilin, 1999, pp. 3638).

Differences in Taking Transportation Vehicles and Spending Time on the Road to Work

We used to have an estimation that there would be a clearcut consump

TABLE 2. FAVORED CONSUMPTION OF INQUIRED HOUSEHOLDS AND THEIR MEMBERS IN DIFFERENT CONSUMPTION CLASSES (%)

		Poorest	Poor	Lower middle	Middle	Upper middle	Rich	Richest	
N		121	154	236	260	202	124	88	
Cloth	Convenience & comfort	46.3	55.2	61.4	57.7	49.5	50.8	44.3	
	Showing personality	4.1	6.5	7.6	8.5	11.4	16.1	11.4	
	New style	2.5	4.5	4.2	6.9	7.4	7.3	6.8	
	Catching fashion	0	0	2.1	1.2	2.0	2.4	4.5	
	Quality of materials	9.1	6.5	4.2	7.3	9.4	6.5	9.1	
	Keeping warm and durable	26.4	18.8	10.2	8.5	8.4	8.1	9.1	
	Reasonable price	5.8	5.8	7.6	7.7	7.9	6.8	6.8	
	Elegant workmanship	0	0	0.4	1.2	0.5	0	1.1	
Food	Solving hungry	62.8	57.1	63.6	43.8	43.1	40.3	31.8	
	Nourishing	28.1	33.1	27.5	44.2	41.1	33.9	40.9	
	Convenient	4.1	5.2	4.7	6.2	5.4	10.5	4.5	
	Enjoying life	0	0	0.4	0.8	2.5	2.4	3.4	
	Diet culture	0	0	1.3	0.8	1.0	3.2	1.1	
	Meeting curiosity	0	0.6	0.8	0.4	2.0	1.6	4.5	
	Others	1.7	1.9	0.4	0.8	0.5	0.8	5.7	
Living space	10 sq.m or below	37.3	35.3	32.1	31.2	27.3	23.9	18.1	
	11-20 sq.m.	49	49	49.3	48.9	49.5	50.7	40.4	
	21-30 sq.m.	10.1	11.4	14.2	15.4	17.7	20.2	24.5	
	31-40 sq.m.	1.9	2.5	2.5	2.6	3.2	2.2	10.6	
	41-50 sq.m.	1.7	1.8	1.9	1.5	1.7	2.3	3.2	
	50 sq. m. or above	0	0	0	0.4	0.7	0.7	3.2	
Transportation vehicle	Private Car	0	0	0	0.4	1.0	1.6	2.3	
	Taxi	0	0.9	1.3	1.9	2.0	3.2	8.0	
	Service bus	1.7	2.6	3.4	1.5	2.5	2.4	1.1	
	Mini bus	0.8	0	2.1	3.1	1.0	7.3	2.3	
	Motorcycle	0	0	0.9	0.4	2.0	0.8	1.1	
	Bus	10.0	22.9	24.3	33.1	35.6	41.1	33.0	
	Walk	24.2	22.9	25.1	22.3	23.3	16.1	22.7	
	Others	4.2	5.2	2.6	2.7	1.5	0.8	4.5	
	Not included	58.3	45.1	40.4	33.5	31.2	26.6	25.0	
	Time from home to office	About 30 minutes	8.4	9.4	10.6	13.6	12.2	10.4	11.7
		About 60 minutes	8.3	10.2	17.7	18.7	25.2	25.5	20.0
About 90 minutes		8.3	16.8	10.8	14.3	9.0	21.5	13.8	
About 100 minutes		57.7	55.7	44.8	30.0	28.8	25.2	26.6	
Communication tools	Telephone	56.2	63.0	69.5	74.6	72.8	79.0	76.1	
	Fax machine	0	0	0	1.5	1.0	0.8	5.7	

TABLE 2. CONTINUED

		Poorest	Poor	Lower middle	Middle	Upper middle	Rich	Rich
	Cable TV	81.8	87.0	91.5	91.9	90.1	87.9	84
	Satellite TV	24.0	26.6	25.4	33.8	27.7	24.2	30
	Mobile phone	2.5	7.8	8.5	15.4	22.3	33.1	44
	Pager	16.5	32.5	35.2	45.0	56.4	56.5	59
	Internet	0	0	0.8	1.5	3.0	2.4	3
	Others	9.9	7.1	5.5	3.1	4.0	5.6	4
Leisure time	Entertainment	66.4	65.4	64.6	71.6	60.9	64.2	53
	Education	10.1	10.5	11.1	10.1	11.8	9.0	18
	Sports	3.4	3.2	6.4	4.5	5.5	5.2	7
	Travel	0.8	1.1	3.0	3.0	4.1	5.2	5
	Social life	3.4	3.1	4.7	3.7	6.4	6.7	5
	Others	16.0	16.7	10.1	7.1	11.4	9.7	9

Notes: All the questions were given as single choice except that about "Communication to... Since the item "not deserve mentioning" was omitted in some of the groups, the value not always sum to 100.

tion stratification in taking different transportation vehicles, because there would be the group "taking private car," those "taking taxi," those "taking bus" and those bicycling. However, the difference is true according to the survey. The prime reason may be the geographical characteristics of Chongqing. A mountain city, Chongqing rarely sees bicycles on the road. The majority of the residents go to work by taking a bus or just walking. Having a private car, taking a taxi, and driving a motorcycle are not popular in the city. The families owning a private car only accounted for 2.3 percent of the richest group. Quite a number of people, who were inquired at home, chose the answer "not included." This shows that most of the people receiving visiting inquiries at home are by no means working persons. This result also suggests a fact that those of "no working persons" take up a higher proportion of the lowconsumptionlevel families, meaning that the consumption condition of a family is directly related to the employment condition of the family members.

While inquiring the time that different people spend on the way to work, investigators found that the result failed to suggest that the lower the people's consumption classes are, the longer the time they spend going to work. This indicates that the distance between home and workplace of a person has no direct relation to his or her family's consumption level. Nevertheless, the tendency of social stratification may be clearly seen from the fact that the families with a lower consumption level take up a large proportion of those families whose members spend about 100 minutes to go to work. This shows that the people who live far from their workplace and cannot afford quick transportation are from the families with lower consumption levels.

Differences in Dealing With Leisure Time

According to the survey, "entertainment" is chosen as the prime way of consumption by people of all the consumption classes in their spare time. By comparing the various classes, however, one can find that a smaller proportion of the families belonging to the richest classes spend much time on entertainment. They instead spend more time on "learning," "sports" and "traveling." The result also shows that the rich and uppermiddle classes spend more time and money on their "social life."

Ironically, what was beyond our expectation was that the proportion of the poorest families which spend their spare time on entertainment was as high as 66.4 percent, ranking second only after the middleclass families.

THE RELATIONSHIP BETWEEN CONSUMPTION STRATIFICATION AND OTHER KINDS OF SOCIAL STRATIFICATION

In classic social stratification theories, consumption stratification should be closely associated with the grading of occupation, income and educational attainment. But in China, which is undergoing a course of structural transformation and institutional transition, some common indicators of social stratification have their limitations due to various peculiar reasons. The results of the survey show a low correlation between consumption stratification and occupational grading, but a high correlation between the consumption stratification and the level of education, per capita income of a family and the type of families.

Consumptive Level in Different Occupational Grades and Different Types of Ownership

The order of occupational stratification in Table 3 is an occupational grading system defined subjectively in the light of the survey results of other occupational prestige. It may not precisely reflect the social status of different types of occupation, but it will not affect our judgement on the relationship between consumption stratification and occupational grading. According to the result of the survey, there is no regular consistency between the level of consumption and the grade of occupation. The structure of consumption by the Party and government employees, industrial and business managers, professional technicians, employees of the commercial sector and selfemployed people primarily takes a regular olive shape, that by the workers takes the shape of an olive with a big bottom end, while the structure of consumption by unemployed population takes the shape of an inverted pyramid, with the population at the poorest level reaching 31 percent. What is unexpected is that the average consumption level of the laidoffs is noticeably better than that of the employed workers and their proportion in the rich class reaches 17 percent, just next to those self employed people. This probably reflects problems existing in the statistics and definition of reemployment of those laidoffs, with some laidoffs doing another job while living on laidoff allowance. It also reflects the limits of the general occupational stratification system in interpreting China's realistic problems.

In relation to the distribution of consumption stratification in units of different ownership, the stateowned and collectiveowned units have more people in absolute poor and poor classes, while in foreignfunded enterprises, private economic sector and joint stock economic entities, the proportion of employees in the absolute poor and poor classes is low and the proportion of employees in the rich and richest classes is the highest. There is a great difference among people in the selfemployed economic sector, with the proportion of people in both the richest class and poorest class being high. The reason is that at present there lacks a clearcut line between self employed economy and private economy in terms of asset scale and income scale. They are defined depending than seven or more than eight). on the number of their employees (less The Relationship Between Consumption Stratification and Other Indicators.

To study the relationship between other social factors and the consumption stratification, we choose "educational background", "occupational prestige", "household monthly income per head", "living area per head", "type of family" and "individual monthly income"¹ to make a partial corre

¹.Although "individual monthly income," "occupational prestige" and "educational background"

lation analysis ² with "consumption stratification." The occupational pres

TABLE 3. DISTRIBUTION OF EACH CONSUMPTION LEVEL IN OCCUPATIONAL GRADE AND OWNERSHIP STRUCTURE (%)

		Poorest class	Poorer class	Lower middle class	Middle class	Upper middle class	Richer class	Richest class	Samples
Occupational grade	Party and government employees	2.2	15.2	17.4	28.3	23.9	8.7	4.3	46
	Industrial and business managerial personnel	6.1	6.1	15.2	36.4	15.2	15.2	6.1	33
	Company clerks	5.2	7.8	10.4	27.3	16.9	16.9	15.6	77
	Professional technicians	5.0	12.1	15.6	26.2	21.3	11.3	8.5	141
	Individual business managers	6.4	6.4	8.5	23.4	17.0	19.1	19.1	47
	Workers	10.2	16.2	25.7	20.4	16.2	8.4	3.0	167
	Employees in commercial sector	8.7	7.2	24.6	21.7	15.9	13.0	8.7	69
	Self-employed persons	11.5	11.5	17.3	13.5	26.9	9.6	9.6	52
	The laid-offs	9.1	9.1	25.0	23.9	13.6	17.0	2.3	88
	The jobless	31.0	20.7	13.8	13.8	10.3	6.9	3.4	29
Ownership structure	State-owned economy	10.0	16.2	19.8	23.1	17.0	8.1	5.9	631
	Collective economy	10.6	12.1	22.0	22.7	12.8	14.9	5.0	141
	Joint stock economy	5.1	10.3	17.9	20.5	17.9	20.5	7.7	39
	Foreign-funded enterprises	0	0	7.7	30.8	30.8	15.4	15.4	13
	Private economy	6.4	10.6	17.0	14.9	14.9	21.3	14.9	47
	Individually operated economy	12.1	7.5	13.1	19.6	24.3	12.1	11.2	107
	Others	0	0	25.9	11.1	48.1	7.4	7.4	27

tige was determined in light of the occupational reputation table based on a survey of 100 occupations nationwide conducted in 1993 by the study group conducting a survey on urban and rural household lives with the Sociology Study Institute of the Chinese Academy of Social Science (the study group conducting a survey on the urban and rural household lives, 1994: 14548). The results of analysis show (see Table 4) that noticeable partial correlation exists between

are individual variables and others are family variables, the educational attainment of an individual is somewhat associated with the consumption level of a family. As the majority of those surveyed are head of a household, their occupational prestige, to some extent, shows the position of their families. In addition, experience tells that the amount of "individual monthly income" cannot totally change the consumption level of a family, therefore, this indicator has a deficiency

² The specific given value to "consumption level" = 1 when the Engle coefficient is more than 0.80, = 2 when the Engle coefficient is between 0.70 and 0.79, = 3 when this coefficient is between 0.60 and 0.69, = 4 when the coefficient is between 0.50 and 0.59, = 5 when the coefficient is between 0.40 and 0.49, = 6 when the coefficient is between 0.30 and 0.39, and = 7 when the coefficient is at or below 0.29. The specific given value to "educational background" is: illiteracy or having little education = 1, graduation from primary school = 2, graduation from junior middle school = 3, graduation from senior middle school = 4, graduation from technical secondary school or three-year course college education = 5, university graduate = 6, and post graduate with master degree or above = 7. The specific given value to "type of family" is: 1 = three generations and more living together, 2 = a couple plus their parents or the elderly couple living independently, 3 = a couple plus their unmarried children, 4 = a young couple with out child, and 5 = single; all the others were picked out.

"educational background" and "consumption level" while the relationship between "individual monthly income" and "consumption level" is not clear.

In view of the striking relationship between "individual monthly income" and "household monthly income per head," we may consider that "individual monthly income" can produce marked influence on the consumption level only through its influence on "household monthly income per head." "Type of family" obviously affects the "consumption level." The variable indicates that the younger the families are, the lower the coefficient of their supporting the elderly and the higher their consumption level. On the other hand, the families who have a higher coefficient of supporting the elderly (e.g. three generations living together and the families where the couple live together with their parents) usually are at a lower consumption level.

Of course, young families probably have a stronger desire for consumption than older families. The concept of consumption decides, to a certain extent, the consumption structure of a family and therefore affects their consumption level. The lack of partial correlation between "occupational prestige" and "consumption level" shows that the variable has deviated from the consumption stratification, that is, the group of high occupational prestige lives at a low consumption level (e.g. professors) while the group at a higher consumption level does not have high occupational prestige (e.g. fashion models). In addition, housing consumption has become a significant element affecting consumption level, which cannot be looked over to urban families at least. Table 4 also shows that "educational background", having marked correlation with "consumption level" though, is not noticeably associated with "household monthly income per head" and "individual monthly income." This indicates that its influence on "consumption level" is independent. Hence, it can be said that a marked consumptive disparity exists between people of different educational background. Also, "occupational prestige" remains unidentified with "household monthly income per head" and "individual monthly income" (partial correlation coefficient is not clear). This is to say we need the support of other variables when using occupational prestige to forecast consumption level.

FORECAST RELATED TO THE TREND OF CONSUMPTION AT DIFFERENT CONSUMPTION LEVEL

We all know that a rise in consumption level depends on the improve

TABLE 4. PARTIAL CORRELATION COEFFICIENT BETWEEN CONSUMPTION LEVEL AND OTHER RELATED FACTORS (The control variable is the number of family members)

	Consumption level	Educational background	Occupational prestige	Household income per head	Type of family	Housing area per head
Educational background	0.1339**					
Occupational prestige	0.0095	0.3605**				
Household monthly income per head	0.2013**	0.0425	0.0603			
Type of family	0.1966**	0.1431**	0.0735	0.1012*		
Housing area per head	0.1651**	0.1541**	0.1614**	0.2563**	0.0577	
Individual monthly income	0.0490	-0.0506	-0.0376	0.2033**	0.0729	0.1150**

Note: ** p < 0.01; * p < 0.05.

ment of income level on the one hand, and on the other hand, consumer mentality also decides choice of consumption pattern. In other words, the concept of consumption held by each consumption level, to a certain extent, affects their way of consumption, and, therefore, influences the trend of consumption of the whole society. Hence, it is essential to study consumer mentality at different consumption levels, which is helpful to our understanding of the development of social demand and consumption.

We use here "consumption level" as an independent variable to forecast the response of different consumption levels to the dependent variable "I favor over (or excessive) consumption." "Overconsumption" here has a dual implication: one refers to the consumption ahead of average level, or, as it could be called, "guiding social consumption"; and the other implication refers to "consumption going beyond one's existing capacity. For example, when a majority of people use a bicycle as a means of transport, some people have bought a car as a personal daily means of transport. This means overconsumption compared with the average consumption level. Besides, some families consume on credit when their income is limited. It is also a

TABLE 5. ESTIMATION ON "I FAVOR OVERCONSUMPTION" WITH "CONSUMPTION LEVEL" AS AN INDEPENDENT VARIABLE

Dependent variable	Way of forecast	R ²	Freedom	F value	Significance	b1	b2	b3
I favor over consumption	Linear	.694	1 246	2 829.14	.000	.4694		
	Quadratic	.779	1 245	2 189.96	.000	1.0675	-.1171	
	Cubic	.798	1 244	1 640.07	.000	1.8293	-.4597	.0352

kind of overconsumption. Generally speaking, excessive consumers are all those having a high level of consumption or a high propensity to consume.

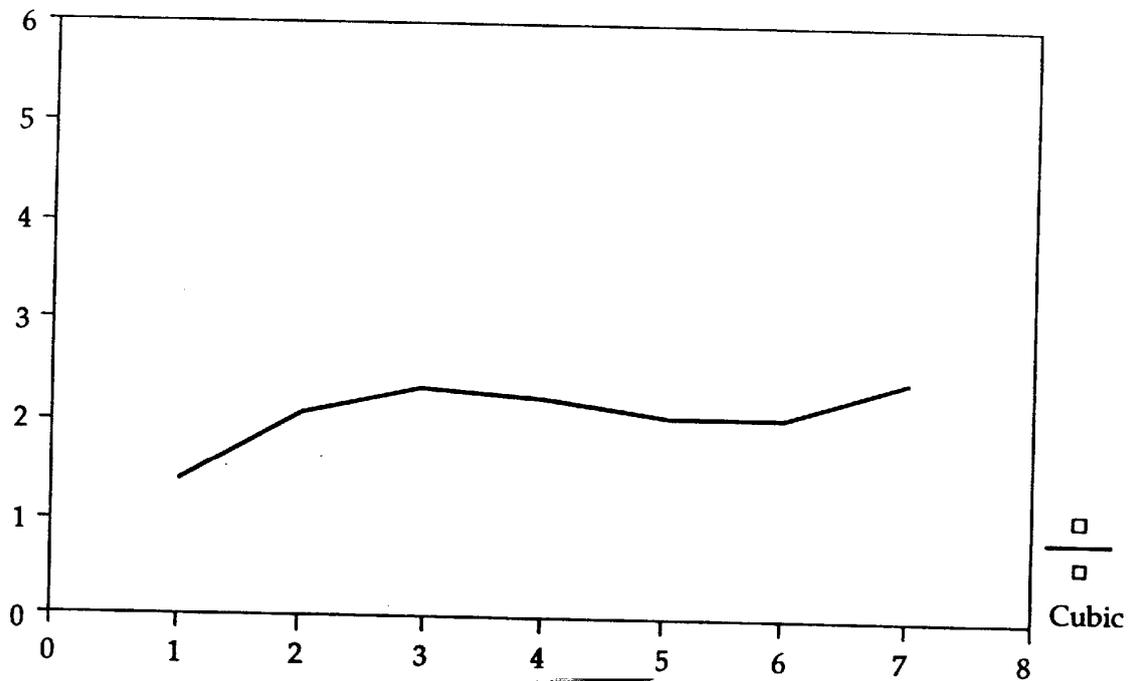
Table 5 shows that in the model of forecast, although R², the interpretative rate for the linear

equation and quadratic curve equation is high respectively, but the R2 for the cubic curve equation is 0.798, the strongest in various models of forecast. Hence, we mainly use the cubic curve to reflect attitude toward consumption at different levels.

Figure 1 (drawn based on the cubic curve equation in Table 5) shows that with the change of consumption level from the poorest to poor class, the degree of not "favoring overconsumption" is lowering gradually, from "disagree at a high degree" to "disagree at a moderate degree," and further shifting to "agree generally." But after the "lower middle class," the attitude not "favoring overconsumption" suddenly becomes so stubborn that it ranges between "disagree at a moderate degree" and "disagree at a high degree" from the "lower middle class" to "middle class" and to "upper middle class." It is not until the "rich class" and the "richest class" that the attitude of "favoring overconsumption" takes the initiative the cubic curve begins to tilt upward again. The following is a very interesting discovery: At the current consumer market, the low consumption level (the poorest and poor classes) has can invalid desire to consume due to low income. The huge middle consumption level (the lower middle, middle and upper middle classes) probably has the potential but has no desire to consume. And the high consumption level (the rich and richest classes) is not affected by the current inactive market in terms of their desire to consume though their actual consumption lacks resilience. Such a pattern of consumption conception probably tells why we have a depressed consumer market at present.

CONCLUSION AND IMPLICATION

Through the above analysis, we learn that occupational grade and reputation are currently deviated from income stratification in certain cases and I favor overconsumption



Consumption stratification

Source: The survey in Chongqing, 1999.

Notes: The given values of the independent variable — "I favor over consumption" in the figure: 1 = disagree at a high degree; 2 = disagree at a moderate degree; 3 = agree generally; 4 = agree at a moderate degree; 5 = agree at a high degree. The given values of the consumption level: 1 = the poorest class; 2 = the poor class; 3 = the lower middle class; 4 = the middle class; 5 = the upper middle class; 6 = the rich class; and 7 = the richest class.

FIGURE 1. CURVE ESTIMATION OF CONSUMPTION ATTITUDE CHANGING WITH THE RISE OF CONSUMPTION LEVEL

the existence of a huge amount of hidden income makes it difficult to have a clearcut understanding of the exact income of an individual. Consumption stratification as a substitute indicator closely associated with social status. can better reflect the actual condition of social stratification. The consumption stratification system is a real existence in various consumer fields including food|clothing, housing, appliances, transportation and recreation.

The consumption indicator is useful also for its being able to differentiate the social classes between different generations of a family. It is very common to see that the elder generation in urban families saves money on food and clothes while the younger generation dresses in brands. Of course, consumption stratification has its own limitation. On the one hand, restricted by a lack of materials and information, our analysis did not include consumption on social securities such as buying medical and endowment insurance, which are the major items contributing to household consumption. This will, therefore, affect, to a certain extent, the correctness of our judgement of consumption stratification. On the other hand, the marginal curve is different for consumption at different income level. For instance, the marginal rate of consumption at lower income level is probably more than 95 percent. That is, 95 yuan out of the 100 yuan earned are consumed. Such a rate for the high income level is probably less than 20 percent. In addition, consumers' way of thinking produces significant influence on the consumption stratification.

Educational background produces remarkably constant influence on consumption stratification, which is of great significance. It demonstrates that in modern society, education plays a distinctive role in promoting social mobility, readjusting social orders and regulating social stratification. The stratification of educational background has increasingly become a universally recognized standard of reference for a reasonable social stratification system. At the time to greet a knowledge economic age, improving professional skills and the consumptive potential through popularizing and raising educational level will play a more direct role.

The result of research shows both the high and low consumption levels have a relatively strong desire to consume while the huge middle consumption level takes a rather conservative attitude. Current consumptive deficiency has resulted mainly from the fact that the middle consumption level (accounting for about 60 percent of the families at various consumption levels, see Table 1) has "no desire to consume." The reasons could be very simple: First, some reform measures (e.g. restructuring in medical, pension, housing and educational fields) to be adopted or to be drafted have increased the future expenditure expectation of residents, therefore restricting current consumption and enhancing the tendency for saving. Second, as the overall market remains to be inactive, residents are waiting for the further drop of prices. And third, such household consumer

goods as education, housing, and automobiles remain to have a high threshold to bar the ordinary consumers, consequently restraining demand and consumption. The result of the above curve forecast of the desire of different consumption levels to consume gives us new enlightenment. Building on it, we put forward the following suggestions to stimulate household consumption at different consumption levels: First, the low consumption level has a better resilience towards marginal consumption. Consequently, effort should be made to improve the income level of the low consumption level so as to enable them to materialize their desire for consumption. This will play a direct role in stimulating the final demand. Second, for the middle consumption level, their restraint in consumption does not result from inadequate income, but from the negative consumer psychology and saving psychology produced when the prospect of social security is not clear and in the situation of deflation.

To help the middle consumption level reverse such psychology, it is very important to use economic leverage to create an "economic boom" (e.g. the inflation rate is kept under 3 percent) in addition to providing a stable and dear social security expectation. Third, the high consumption level has very small resilience in marginal consumption. The improvement of their income will not play a direct role in stimulating their consumption. To people at this level, as a result, what is important is to encourage them to transform their household savings into investment in production and business operation by, for instance reducing taxes and fees on investment and eliminating investment barriers of monopoly industries. On the other hand, efforts should be made to restrict their changing investment into household savings. For instance, strictly differentiating the account of the corporation from the family account of the investor (even if the legal person and the household head are the same natural person). Individual income tax shall be levied on any capital transfer from the former to the latter after the enterprise income tax is levied.

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