

# Attitudes Regarding the Market Economy in Urban China

Ming Tsui<sup>1</sup>, Xiao Li<sup>2</sup>

<sup>1</sup>Department of Sociology and Anthropology, Millsaps College, Jackson, USA

<sup>2</sup>School of Social Work, University of Alabama, Tuscaloosa, USA

Email: [tsuim@millsaps.edu](mailto:tsuim@millsaps.edu)

Received December 8<sup>th</sup>, 2011; revised January 9<sup>th</sup>, 2012; accepted February 18<sup>th</sup>, 2012

Compared with only thirty-five years ago, today's China is a different country. As recently as the early 1980s, despite universal poverty, there were universal, life-time employment, cheap work-place-provided housing, national healthcare, and free college education. For those who were born under communism, attitudes toward capitalism were largely negative and large disparities in income and wealth were seen as immoral and unjust. Today the state no longer assigns jobs to those who have completed their education and urban life-time employment and national healthcare are long gone. While there have been stunning improvements in living conditions, the rapid increases in housing prices, coupled with increasing unemployment and a disappearance of job security and national health care, have made ordinary people vulnerable. Because China has become one of the most unequal societies in the world in terms of income and wealth, there is also a sense of discontent among many of its citizens. Using a 2006 national survey, we explore how these changes have affected the public attitudes toward economic reform and communist rule. To our surprise, we found general agreement across different generation, education, and income-mobility groups as regards market economy, the legitimacy of profit-making and income inequality, the role and authority of the government, and the causes of poverty and inequality. The differences among generation, education, and income groups are largely in degree. We suggest that the lack of generation, income, and education differences on attitudes may be due to material benefits brought by the market economy and high economic growth.

*Keywords:* Public Opinion; Economic Reform; Urban China

## Introduction

Compared with only thirty-five years ago, today's China is a different country. As recently as the early 1980s, despite a universally low living standard and the fact that most ordinary Chinese were poor according to western standards, there were universal, life-time employment, cheap work-place-provided housing, national healthcare, and free college education. The Communist Party denounced the capitalist system as evil, and the Chinese people were told repeatedly that a free-market economy means exploitation and oppression of the masses. As a result, for those who were born under communism, attitudes toward capitalism were largely negative and large disparities in income and wealth were seen as immoral and unjust (Barboza, 2010; Mastel, 1997; Whyte & Parish, 1984).

Today the state no longer assigns jobs to those who have completed their education and urban life-time employment and national healthcare are long gone. While there have been stunning improvements in living conditions, the rapid increases in housing prices, coupled with increasing unemployment and a disappearance of job security and national health care, have made ordinary people vulnerable. Even though most urban residents are several times richer than 35 years ago, there is a wide-spread sense of insecurity caused by the disappearance of the government-provided safety net. Because China has become one of the most unequal societies in the world in terms of income and wealth, there is also a sense of discontent among many of its citizens (Eckholm, 2007; Kahn & Barboza, 2007; Mastel, 1997).

How have these changes affected the public attitudes toward

economic reform and communist rule? What are people's views on capitalism and income inequality? Are there inter-generational differences in attitudes toward these issues? Do income and education levels affect people's attitudes? These are the main questions for this study.

In a 2006 national survey conducted by the Remin University of China ("2006 Comprehensive National Survey", 2006), there were questions about employment, working/living conditions, family life, and personal opinions on various social, economic, and political issues. While the data are not sufficient to provide us with complete answers to our questions, the responses nevertheless offer valuable clues. The survey was the first, large-scale national survey that included such politically sensitive questions and so far there have been no English-language publications using this information. In this paper, we present a preliminary analysis of findings regarding urbanities' opinions on the market economy, specifically the legitimacy of profit-making and income inequality, government regulation over private companies, and reasons for poverty.

## Data and Methods

We use data from the 2006 survey, which was designed and carried out by the Department of Sociology at Remin University of China (a leading university in China in social sciences) on behalf of the Chinese Academy of Social Sciences. The survey used a stratified random sample of more than 10,000 urban and rural households. Within each household, one person was randomly selected for an interview. The interviews were carried out from September to October of 2006, using trained

teams with specific guidelines regarding interview format and procedures.

The interviews were conducted individually, face to face. An investigator went to the interviewee's residence, read a series of questions to be answered and statements to be rated, and recorded all responses. The interview was between the investigator and interviewee only. If possible, other family members were asked to leave the room while the interviews were being conducted. All together, 10,151 interviews were conducted, more than half with urban residents.

Because the employment situation before, and the effects of, the market reform are very different for urban and rural residents, we decided to focus our analysis only on urban residents. After eliminating cases with missing information, we had available responses from 5,200 urban residents. The age of the respondents ranged from 18 to 70. For dependent variables, we selected the following 12 statements concerning social, economic, and political issues:

- 1) Society will not progress if companies do not seek profit.
- 2) Increasing disparity in income makes people work harder.
- 3) The poor are poor because they do not have sufficient education.
- 4) The poor are poor because they do not want to work.
- 5) Bad public policies are an important cause of poverty.
- 6) Government should tax the rich more in order to assist the poor.
- 7) As long as there is economic growth and stability, there is no need to promote democracy.
- 8) You can not go wrong if you listen to the government.
- 9) Companies have profited a great deal from their employees' labor.
- 10) Government should impose more regulations on private companies.
- 11) Decision-making should be left to experts or people with training and knowledge.
- 12) Experts and intellectuals tend to have higher morals than ordinary people.

The rating scale for each of these statements was "strongly disagree", "disagree", "agree", "strongly agree", and "no answer". We decided to exclude the no-answer response because of its ambiguity. We also decided to combine "strongly dis-

agree" with "disagree" (re-labeled "disagree") and "agree" with "strongly agree" (re-labeled "agree"). We treat age, income mobility and education as independent variables. Because urban economic reform started in 1980, we divided the respondents into two generation/age groups, those who were born before 1980 ( $\geq 26$  in 2006) and those who were born in 1980 or later ( $\leq 25$ ). For income mobility, we used the question "compared with 3 years ago, how has your income changed?" The four possible choices were "increased", "stayed the same", "decreased", and "hard to say". For education, we combined all respondents without college education into one group and those with at least some college into the second group. We use these large groupings because due to a 9-year compulsory education system implemented in the late 1950s, almost all urban residents have at least an elementary-school level of education.

## Findings and Discussion

**Table 1** reveals a complex picture as regards respondents' opinion on the market economy, the role of the government in regulating the private sector and government responsibility to assist the poor. In general, urban residents in China support a free market economy and see profit-making in the private sector and income inequality as not only legitimate, but also beneficial for social progress: 77 percent respondents agreed with the statement that "society will not progress if companies do not seek profit," and 60 percent agreed that increasing income disparity will make people work harder. At the same time, individual failure in the market economy was blamed largely on a lack of education rather than a lack of individual effort. Moreover, more than three-fourth of the respondents believed that "bad public policies are an important cause of poverty" and an overwhelming majority agreed that that the rich should be taxed more in order to help the poor and that the government should impose more regulations on the private companies.

The survey found conflicting sentiment toward democracy and the one-party, communist rule. On the one hand, 61 percent of the respondents agreed with the statement that "you can not go wrong if you listen to the government;" on the other hand, 61 percent of the respondents believed that democracy should be promoted even if the economy continues to grow. Eighty-four

**Table 1.**  
Levels of agreement with the 12 statements used in the present study.

Statement	Total N	% agree	% disagree	X <sup>2</sup>
Society will not progress if companies do not seek profit.	5005	77.3	22.7	1491.550***
Increasing disparity in income makes people work harder.	4972	59.7	40.3	187.682***
The poor are poor because they do not have sufficient education.	5080	60.8	39.2	238.189***
The poor are poor because they do not want to work.	5100	31.2	68.8	719.815***
Bad public policies are an important cause of poverty.	4926	77.9	22.1	1530.758***
Government should tax the rich more in order to assist the poor.	5005	80.6	19.4	1872.072***
As long as there is economic growth and stability, there is no need to promote democracy.	4790	39.3	60.7	218.055***
You can not go wrong if you listen to the government.	4819	60.9	39.1	228.346***
Companies profited a great deal from their employees' labor.	5054	84.1	15.9	2352.336***
Government should impose more regulations on private companies.	4937	83.4	16.6	2204.456***
Decision-making should be left to experts or people with training and knowledge.	4925	52.3	47.7	10.097***
Experts and intellectuals tend to have higher morals than ordinary people.	5030	50.1	49.9	.013

\*p < .05, \*\*p < .01, \*\*\*p < .001.

percent of respondents believed that companies profited a great deal from their employees' labor, indicating a sense of injustice felt by these respondents about the current economic systems and labor relations. However, fifty percent of respondents did not seem to believe that equal participation in decision-making is wise or necessary.

**Table 2** divides the respondents into two age groups, those who were born before 1980 (aged 26 or older in 2006) and those who were born in or after 1980. The Chinese economic reform started in urban areas in the early 1980s. Since then there has been rapid shift from a state-controlled economy to a free market economy and uninterrupted economic growth. Those who were born in 1980 or after have had almost no personal experience with the socialist economy. For them, a market economy is the norm. Unlike the older generation whose jobs had been assigned by the state, this generation always has had to find its own employment. For them, life-time employment and cradle-to-grave security are not even memories. While there is currently more uncertainty regarding employment and general social security, the market economy has brought this generation material resources and higher living standards than the older generation had ever imagined (Bradsher, 2010; "Chinese takeovers", 2010; "Dating games", 2010; Gross, 2010; Miller, 2010). With increasing access to Western media and increasing freedom for international travel, this younger generation is more familiar than the older generation with notions of democracy and individual rights. Given these facts, we believed that this younger cohort would show stronger support for democracy and a market economy, have stronger beliefs in *laissez-faire* on social and economic issues, and have strong negative views toward government control and regulation. The survey findings really surprised us. As can be seen in **Table 2**, on most issues, there was general agreement between the two generational groups and the intergenerational differences in opinions were largely a matter of degree, rather than opposing views. For example, a majority of both generations agreed with the statements regarding reasons for poverty and government assistance to the poor; however, compared to their older counterparts, the younger generation was somewhat less

sympathetic toward the poor and less supportive for the idea of taxing the rich to assist poor. A similar pattern was found in the responses regarding government regulation on private companies, where the younger generation was somewhat more conservative than their older counterparts. However, on the statement "as long as there are economic growth and stability, there is no need to promote democracy", the younger group was more liberal than the older group. While a majority of both generations agreed with the statement, "you cannot go wrong if you listen to the government", the proportion within the younger group was much smaller than that of the older group. Additionally, the younger generation seemed to be somewhat more hesitant than the older generation to want leave decision-making to the experts.

Since age-related experience is only one factor that may influence opinions about social, economic, and political issues, we decided to explore relationships between income mobility and opinions on these statements. Respondents were divided into subgroups on the basis of their responses to the income question (see **Table 3**). Thirty-six percent of urban Chinese have seen their income increase in three years time, 42 percent have seen no change in income, and only 15 percent experienced an income decline. However, regardless of the changes in their personal income, all groups share similar views toward the market economy, the legitimacy of income inequality, the role of the government, and beliefs in the causes of poverty. For example, there was majority agreement across all income groups that "society will not progress if companies do not seek profit" and "increasing disparity in income makes people work harder," although those who experienced an income decline were less likely to agree than did those with income increase. At the same time, those who had benefitted from the market economy were no less likely than those who had not economically benefitted to agree with the statements that "government should tax the rich more in order to help the poor" and "government should impose more regulations on private companies." A majority of respondents in all income mobility groups expressed their trust in the Chinese government, although interestingly, those who experienced upwardly mobility were less

**Table 2.**  
Responses to statements as a function of generation.

Statement	26 or Older		Younger than 26		X <sup>2</sup>
	Total N	% agree	Total N	% agree	
Society will not progress if companies do not seek profit.	4233	77.2	772	78.2	.436
Increasing disparity in income makes people work harder.	4205	59.9	767	58.5	.520
The poor are poor because they do not have sufficient education.	4306	60.9	774	60.5	.050
The poor are poor because they do not want to work.	4321	30.6	779	34.4	.350*
Bad public policies are an important cause of poverty	4176	78.2	750	75.9	2.066
Government should tax the rich more in order to assist the poor.	4243	81.1	762	77.4	.705*
As long as there is economic growth and stability, there is no need to promote democracy.	4047	40.3	743	33.9	10.808***
You can not go wrong if you listen to the government.	4080	61.8	739	55.8	9.657**
Companies have profited a great deal from their employees' labor.	4281	83.9	773	85.1	.698
Government should impose more regulations on private companies.	4188	83.9	749	80.5	5.390*
Decision making should be left to experts or people with training and knowledge.	4169	53.6	756	45.1	18.342***
Experts and intellectuals tend to have higher morals than ordinary people.	4260	50.3	770	48.7	.691

\*p < .05, \*\*p < .01, \*\*\*p < .001.

**Table 3.**  
Responses to statements as a function of income mobility.

Statement	Income	Total N	% Agree	X <sup>2</sup>
Society will not progress if companies do not seek profit.	Increased	1810	79.9	16.986***
	The same	2109	76.2	
	Decreased	755	73.1	
	Hard to say	331	79.5	
Increasing disparity in income makes people work harder.	Increased	1798	62.6	11.291**
	The same	2086	57.6	
	Decreased	761	58.0	
	Hard to say	327	58.0	
The poor are poor because they do not have sufficient education.	Increased	1839	61.7	5.642
	The same	2132	60.8	
	Decreased	770	61.4	
	Hard to say	342	55.0	
The poor are poor because they do not want to work.	Increased	1841	33.4	12.855**
	The same	2141	30.2	
	Decreased	773	27.2	
	Hard to say	345	33.0	
Bad public policies are an important cause of poverty.	Increased	1771	76.4	15.966***
	The same	2070	76.9	
	Decreased	758	83.0	
	Hard to say	320	80.3	
Government should tax the rich more in order to help the poor.	Increased	1808	79.6	4.492
	The same	2103	80.6	
	Decreased	767	83.2	
	Hard to say	324	80.1	
As long as there is economic growth and stability, there is no need for democracy.	Increased	1747	40.0	1.646
	The same	2012	38.9	
	Decreased	728	39.8	
	Hard to say	303	36.6	
You can not go wrong if you listen to the government.	Increased	1770	57.7	13.225**
	The same	2019	62.7	
	Decreased	722	64.0	
	Hard to say	308	60.4	
Companies have profited a great deal from their employees' labor.	Increased	1831	82.7	21.279***
	The same	2126	83.1	
	Decreased	765	87.8	
	Hard to say	299	90.1	
Government should impose more regulations on private companies.	Increased	1782	82.5	1.915
	The same	2086	83.7	
	Decreased	756	84.7	
	Hard to say	313	83.7	
Decision making should be left to experts or people with training and knowledge.	Increased	1782	53.4	12.024**
	The same	2075	52.3	
	Decreased	754	53.3	
	Hard to say	314	43.0	
Experts and intellectuals tend to have higher morals than ordinary people.	Increased	1806	51.6	4.627
	The same	2210	50.1	
	Decreased	768	48.0	
	Hard to say	336	50.1	

\*p < .05, \*\*p < .01, \*\*\*p < .001.

likely to agree with the statement that “you can not go wrong if you listen to the government”. On the whole, these urban residents seemed to give their government a lot of credit for economic development and for improvement in their income. At the same time, the majority wanted government roles limited to taxing the rich in order to help the poor and to preventing market excess and exploitation. While an overwhelming majority across all income groups believed that companies profited a

great deal from their employees' labor, reflecting a sense of dissatisfaction toward the current system, only 61 percent expressed a desire for political change and democracy.

To further explore why respondents replied the way they did, we included the factor of education level in our analysis (see **Table 4**). In 2006, only 21.6 percent of respondents had at least some college education. As regards opinions on a majority of social, economic, and political issues, once again, we found

**Table 4.**  
Response to statements as a function of education levels.

Statement	Education	Total N	% Agree	X <sup>2</sup>
Society will not progress if companies do not seek profit.	No college	3904	76.9	1.755
	Some college or above	1094	78.8	
Increasing disparity in incomes makes people work harder.	No college	3878	59.7	.013
	Some college or above	1087	59.9	
The poor are poor because they do not have sufficient education.	No college	3978	60.4	1.359
	Some college or above	1095	62.4	
The poor are poor because they do not want to work.	No college	3987	31.7	2.863
	Some college or above	1106	29.1	
Bad public policies are an important cause of poverty.	No college	3931	78.9	9.799***
	Some college or above	1088	74.4	
Government should tax the rich more in order to help the poor.	No college	3915	81.3	6.159*
	Some college or above	1083	77.9	
As long as there is economic growth and stability, there is no need for democracy.	No college	3718	41.3	24.992***
	Some college or above	1065	32.8	
You can not go wrong if you listen to the government.	No college	3755	62.7	22.736***
	Some college or above	1057	54.6	
Companies have profited a great deal from their employees' labor.	No college	3945	83.9	722.00
	Some college or above	1102	84.9	
Government should impose more regulations on private companies.	No college	3852	83.5	.129
	Some college or above	1080	83.1	
Decision making should be left to experts or people with training and knowledge.	No college	3838	54.0	19.844***
	Some college or above	1080	46.3	
Experts and intellectuals tend to have higher morals than ordinary people.	No college	3932	51.5	14.528***
	Some college or above	1091	45.0	

\*p < .05, \*\*p < .01, \*\*\*p < .001.

strong agreement between the two education groups. The pattern of the responses is similar to those we found in our analysis on generation and income mobility. An interesting, but expected, finding here is the answers to issues on democracy and trust of government where the college-educated tended to be more liberal in their opinions than those without a college education. The responses to the statements concerning decision-making are also interesting. Unlike the responses to most statements, the responses here are of opposite direction between the two education groups. Among those with no college education, more than half agreed with the statement that decision-making should be left to experts, while less than half of the respondents with college education agreed with the statement. The statement "experts and intellectuals tend to have higher morals than ordinary people" elicited similar patterns of response. These findings seem to suggest that education still commanded respect in China and educated people were more likely to be trusted in decision-making by their less-educated counterparts. At the same time, the educated themselves were less confident.

### Summary and Conclusion

To our surprise, we found general agreement across different generation, education, and income-mobility groups as regards market economy, the legitimacy of profit-making and income inequality, the role and authority of the government, and the causes of poverty and inequality. The differences among generation, education, and income groups are largely in degree. The findings on attitudes and income mobility are the most surprising because we had expected a strong sense of dissatis-

faction with market reform among those who did not see income growth. We suggest that the lack of generation, income, and education differences on attitudes may be due to material benefits brought by the market economy and high economic growth. Since the early 1980s, the Chinese economy has grown consistently at about 10 percent GDP per year and personal income and the living standards have doubled every 10 years (Miller, 2010). While individual Chinese may experience different degrees of improvement in their material life and upward mobility, very few have been completely left out of this economic development and have not seen improvement in their material lives. Because the changes occurred within a generation, they offer people a clear historical comparison between the old socialist economy and the current market economy; and such comparison makes the current economy look more attractive. This comparison may explain why there was strong support for the market economy among those whose income had increased and those whose incomes had not. It must be uplifting for many Chinese to witness their country becoming, in a short span of 30 years, the 2<sup>nd</sup> largest economy in the world (from a poor country with 60 percent of its population living in abject poverty.) Under these circumstances, individuals are more hopeful and optimistic about their future and the future of their children. Those who have not done well financially can blame lack of education or lack of luck for their failure; and at the same time, hope that with better education, their children will do better than themselves. This may explain why there is no objection to profit making even among those who did not fare well in terms of income. Moreover, the rapid economic growth and improvement in living standards, coupled with the failure

of, and chaos after, the 1989 democracy movement, may lead many Chinese to prefer economic stability over democracy/political change. Finally, a strong, shared support for government to tax the rich in order to help the poor and for more government regulation seem to reflect the influence of a socialist tradition.

## REFERENCES

- Barboza, D. (2010). Changes in China could raise prices worldwide. *The New York Times*, 7 June 2010. URL. <http://www.nytimes.com/2010/06/08/business/global/08wages.html>
- Bradsher, K. (2010). For auto industry, questions about Beijing's road ahead. *The New York Times*, 29 December 2010. URL. <http://www.nytimes.com/2010/12/30/business/global/30auto.html>
- Chinese Takeovers. (2010). *The economist*. 13-19 November 2010, 81-83.
- Dating Games. (2010). *The economist*. 18-31 December 2010, 145.
- Eckholm, E. (2007). Worker's rights are suffering in China as manufacturing goes capitalist. *The New York Times*, 22, August 2001. URL. <http://www.nytimes.com/2001/08/22/world/workers-rights-are-suffering-in-china-as-manufacturing-goes-capitalist.html>
- Gross, M. (2010). Lost in China. *The New York Times*, 26 December 2010. URL. <http://travel.nytimes.com/2010/12/26/travel/26chongqing.html>
- Kahn, J., & Barboza, D. (2007). As unrest rises, China broadens worker's rights. *The New York Times*, 30 June 2007. URL. <http://www.nytimes.com/2007/06/30/world/asia/30china.html>
- Mastel, G. (1997). *The rise of the Chinese economy: The middle kingdom emerges*. Armonk, NY: M.E. Sharpe.
- Miller, K. (2010). Coping with China's financial power. *Foreign Affairs*, July/August 2010, 96-110. URL. <http://www.foreignaffairs.com/articles/66466/ken-miller/coping-with-chinas-financial-power>
- Remin University of China. (2006). *Comprehensive National Survey of the Livelihood of Chinese Urban and Rural Residents*. Beijing: Remin University of China.
- Whyte, M., & Parish, W. (1984). *Urban life in contemporary China*. Chicago: University of Chicago Press.