

The Long-Term Consequences of Family Class Origins in Urban China

Shun Wang¹

Department of Economics
University of British Columbia

Abstract

I study the long-term impact of class identity (*chengfen*) on individuals' income and households' wealth in urban China. The Chinese government launched movements to make income and consumption in cities substantially homogeneous and assigned an inheritable class identity to each family in the 1950s. The government then implemented class-based discriminatory policies against the rich and middle class until 1978. This paper shows that individuals with poor class origins have significantly lower income and family assets per capita than those from the rich class in 2002, however individuals with revolutionary background and Chinese Communist Party (CCP) members from the poor class do not have lower income than those from the rich.

¹ I thank Patrick Francois, Kathy Baylis, John F. Helliwell, Weina Zhou, and all the participants of the Canadian Economic Association Annual Conference at Ottawa in June 2011 and the International Economic Association Sixteenth World Congress at Beijing in July 2011. Remaining errors are my own.

1. Introduction

In the 1950s, the communist government of the People's Republic of China (PRC) launched the movement of expropriation of merchants and capitalists and nationalization of industrial and commercial enterprises in urban China. This movement led to substantial homogeneity of income and consumption in cities (Lee and Selden, 2007). The homogeneity sustain to late 1970s and early 1980s when the income inequality measured by gini coefficient is around 0.17 in urban China (Ravallion and Chen 2007, Wang 2008). The government also assigned an inheritable class identity (*chengfen*) that was considered permanent to each family and implemented discriminatory policies based on class identities. Their intention was to reprimand affluent citizens who were thought to be gaining wealth by exploiting others, while rewarding both citizens who were considered exploited and citizens who supported the socialist revolution.

The main determinants of a family's class status were the source of income, job type, and political status of the member of the family in the years prior to the formation of PRC in 1949. There were four broad status categories: 1) the revolutionary class, which includes revolutionary cadres, member of the Chinese Community Party (CCP) and army men; 2) the poor class, which includes poor or landless peasants, lower-middle-income peasants and industrial workers; 3) the middle class, which includes upper- and middle-income peasants, office workers, petty proprietors, teachers, and professionals; 4) the rich class or the exploiting class, which includes rich peasants, landlords and capitalists who earned land or capital rents (Deng and Treiman, 1997).

Before abolition of the class system, the family class background was officially recorded within the household registration (*hukou*) of each family, and was required to be

reported on any application for schools, jobs, and promotion. In addition, a family's class status was made public within their local community and to friends and relatives outside their community, which fostered discrimination within social settings.

Prior to its official abolition in 1979, family class origins were vitally important political labels for each individual throughout the Maoist era (Huang, 1995; Unger, 1982; Watson, 1984; Zhang, 1998). Rich and middle class families were discriminated in many aspects, including education, employment, and admission into the armed forces and the CCP. Li (2003), Zhou *et al.* (1998), Sato and Li (2007, 2008) and Zhang (1998) all find strong correlations between family class origins and educational achievements. Sato and Li (2007) show that CCP membership is affected by family class origins in rural China. There are also studies that discuss the intergenerational transmission of socioeconomic status such as official position, marriage, and fertility in China (Campbell and Lee, 2003, 2006; Deng and Treiman, 1997; Ting, 2004). However, there are few studies on the intergenerational transmission of wealth in China. The radical institutional change after 1949 depleted the capital of affluent families and led to substantial homogeneity of income and consumption in cities (Lee and Selden, 2007). The homogeneity sustain to late 1970s and early 1980s when the income inequality measured by gini coefficient is only around 0.17 in urban China (Ravallion and Chen, 2007; Wang 2008). Further, class-based discrimination is known to negatively influence member into the CCP and educational achievements, which are expected to increase income potential. Because of the expropriation and the subsequent discrimination, it might be expected that the descendents of the previously better-off families are not economically better off than the formerly poor.

Contrary to expectation, using data of China Household Income Project (CHIP) survey data in 2002, Sato and Li (2007) demonstrate that descendents of the poor class continue to possess relatively less capital than those of rich peasants and landlords in rural China. In fact, after controlling for the education of the male household heads and CCP membership, the results remain the same. Results of a similar study in rural Hungary, by Szelényi (1988) indicate that the ‘peasant entrepreneurs’ capitalizing on the opening of the markets in the 1970s are statistically more likely to be the decedents of well-off and entrepreneurial families before their political and economic transformation. One might believe that status and wealth is more difficult to change in a rural area due to the relatively isolated economic environment and slow economic development. In addition, given the large migration to urban areas in the PRC the true entrepreneurs may have left. This chapter discusses whether there is any long-run impact of the wealth redistribution associated with class status on the economic outcomes of urban residents in the PRC. And if so, how large is this effect? Urban and rural areas of China are very different in many aspects. The market economy in urban cities is more developed than in villages. Further, occupation and income data are available for urban residents in the CHIP 2002, which gives researchers the opportunity to examine the impact of family class background on income besides family assets.

This chapter begins by analyzing the association between family class status on CCP membership and educational attainments for urban respondents. I demonstrate that individuals with poor and revolutionary class origins are more likely to obtain CCP membership and achieve a higher degree of educational attainment while the discriminatory policy was formally in effect. Even after the abolition of the class systems in 1979, individuals with the revolutionary class background are still more likely to be

permitted to join CCP. The descendants of the rich who received education after the late 1970s were more likely to achieve a higher degree of educational attainment than all other classes. This association signals their strong preference for education, which was not apparent while social discrimination against them was abolished in the 1970s. Since 1977, the education system returned to merit-based.

This then demonstrates that the descendants of the poor and middle class have significantly lower income and family assets per capita than those of the rich class after controlling for the CCP membership, educational attainment, and other characteristics². Specifically, individuals with poor class origins have 12% lower monthly income and 27% lower family assets than those with rich class origins. This social experiment that lasted over half century in the PRC provides an example of strong intergenerational transmission of wealth status.

The transmission seems not likely to occur through inheriting physical capital due to the movements of homogenization of income and properties in the first three decades of PRC. Despite the movement of expropriation of merchants and capitalists and nationalization of industrial and commercial enterprises in 1950s, many properties were confiscated but never returned or even destroyed during the movement to “smash the four olds” along with the Cultural Revolution. In the summer of 1966 all over China, the “Red Guards” began to search homes and confiscate properties of the families of “bad” class, i.e. the descendants of the rich class and the middle class, and even of many government officials who were deemed to be anti-party or anti-revolution elements (Macfarquhar and Schoenhals 2006). A lot of antiques and art works were destroyed. The diary of a lab technician on August 26, 1966, cited by Macfarquhar and Schoenhals (2006, pp. 118),

² The results hold even only region dummies are controlled.

documented the situation: “First they targeted capitalists and landlords, but soon they entered cadres’ homes and the homes of persons attacked in the movement as well. At this point it is still getting worse, with similar things occurring in factories and enterprises.” As documented by an official document in October 1966, the confiscation by “Red Guards” all over China of a total of 65 tons of gold was praised as the “confiscation of the ill-gotten wealth of the exploiting classes” (Wang, 2009).

After the Cultural Revolution, in some cities such as Shanghai, the government set up the “Bureau for Sorting Looted Goods” to return those confiscated items to their owners, but much of them had probably disappeared due to theft or misplace (Cheng, 1988). Moreover, it was difficult to find the original owners due to lack of accurate records under the situation of bureaucracy chaos during the Cultural Revolution. Therefore, even though the possibility of hiding wealth such as gold, silver, antiques or art works cannot be completely ruled out, it is not likely to play major roles in determining the intergenerational transmission of wealth. Moreover, the story of hiding wealth might help explain the difference in family assets between the rich and the poor, it cannot explain the difference in income once education level is controlled to reduce the impact of wealth on income through education.

The subsequent discussions in this chapter are structured as follows. Section 4.2 describes the data and measurement of variables. Section 4.3 estimates the correlation between family class origins and individuals’ CCP membership, educational attainment, and economic outcomes including personal income and family assets per capita. Section 4.4 draws conclusions.

2. Data and Measurement

The data source for this paper is a national cross-sectional survey of Chinese urban households conducted in 2003 by the Chinese Household Income Project (CHIP) under the auspices of the Chinese Academy of Social Sciences. The sampling frame for the survey is a sub-sample of the official household survey conducted by the National Bureau of Statistics (NBS)³, conducted in 2002. The survey covers 6,835 urban households distributed across 77 cities in 12 provincial-level administrative units in the PRC. Survey respondents used for analysis are limited to household heads aged 22 to 71 resulting in 12,906 male and female respondents.

The survey includes data on personal and family characteristics such as gender, age, marital status, personal rustication experience⁴, years of education, CCP membership, occupation, personal income and family assets. It also has information on family background such as fathers' CCP membership, education level and occupation. Table 1 presents the summary statistics of personal and family characteristics. The average age of respondents is 46.5. Virtually all (97%) of the respondents are married and 31.5% of them are CCP members. They have an average of 10.5 years of education. Nearly a half of the respondents are skilled or non-skilled labourers, and 12% of them are employed by

³ See Gustafsson *et al.* (2008) for more details of the sampling framework and sampling method of the CHIP 2002 survey.

⁴ Many individuals in urban areas were sent down to rural areas to do manual labour during the Cultural Revolution. Most of them returned to urban areas after the Cultural Revolution. Some literatures show that there is long-term impact of the rustication experience on later life outcomes (Li *et al.* 2010, Xie *et al.* 2008, Zhou 2010, and Zhou and Hou 1999).

the government. The average log of monthly income and family assets is 6.765 and 10.251, which translates to 867 CNY and 28,311 CNY respectively⁵.

Table 2 presents the summary statistics of family background. The first two sets of variables are the family class origins of male household head and of respondents respectively. The two set of variables are different only for female respondents. Females generally finished their education before getting married. Therefore education for females is expected to be related with their own family class origins. However, their political and economic achievements are more likely to be affected by their husbands' family class status since they are treated as family members of their husbands after getting married. The summary statistics show that approximately 5% respondents are descendents of rich class, and 3% are from revolutionary class. Most of them are offspring of the poor class.

The paper contains two measures of the father's CCP membership. One is in regards to the respondents' father and the other is regarding the father of the male household head. Similar to family class origins, these two variables are only different for female respondents. For education, the paper uses the CCP membership of respondents' fathers and for all other outcomes the paper uses the CCP membership of male household heads' fathers. Approximately 29% of respondents' fathers are CCP members.

The education of respondents' fathers is categorized into five groups, no school, elementary school, junior high school, senior high school or equivalence, and college. The data show that the education levels of fathers are generally low, with 63% of them never entered school or just finished elementary school and only 6% had college

⁵ Since there is a small number of respondents reported zero income or asset, the log of income and asset in this paper is actually the log of one plus income or asset.

education. Regarding occupation of the fathers of the male household head, 65.3% are skilled or non-skilled workers and 18.6% are in the cadre group. By contrast, the proportion of individuals having labour work and government jobs is 45.6% and 22.3%, respectively. Thus, the proportion of survey respondents with professional or other white-collar jobs are significantly higher than their fathers.

3. Empirical Analysis

This section of the paper estimates the impact of family class background on individuals' CCP membership, years of education as well as personal income and family's assets per capita using cross-sectional regression analysis. Logistic regressions are employed for CCP membership model, and OLS regressions are used for all other models. City dummies are included in all the models to control for regional variations in policy and social-economic environment. Standard errors of coefficients are clustered at city level to account for the possible correlation within cities.

3.1 Family class origins and CCP membership

CCP membership can be viewed as an investment in political capital, therefore joining it is a decision based on a cost-benefit analysis of private material advantage. Joining the CCP not only brings more political opportunities and economic benefits (Morduch and Sicular, 2000; Liu, 2003; Appleton *et al.* 2006; Li *et al.*, 2006), but it is also one of the few ways of reducing the potential discrimination for individuals with unfavorable class backgrounds. Comparing to the benefits, the costs of joining CCP are small (Appleton *et al.* 2006). The main costs for obtaining the membership are those

associated with a formal application and participation in study sessions and community service with monitoring. The costs after admission include time devoted to CCP activities, submission to scrutiny and discipline, and a low membership due. Therefore we can ignore the supply side and focus on the screening of CCP members. If we observe a negative link between unfavorable class origins and CCP membership, we can fully or at least largely attribute it to the CCP preferences over class background especially before 1979.

Table 3 presents CCP membership and the age the individual joined the CCP by cohort and class origins. The 1931-1961 cohorts were potentially directly affected by the class-based discriminatory policies since they were at least 18 years of age in 1979. For all the samples, those with a revolutionary class background have the highest percentage of CCP membership. Individuals with a poor or middle class background have almost the same proportion of CCP members. Those descendents of the rich class have the lowest CCP membership. The 1931-1961 cohorts follow the same patterns. However, the 1962-1980 cohorts present a different pattern. Individuals from the revolutionary class still have highest CCP members, while citizens from poor and middle also have higher than average CCP membership. The only change is that the rich class ranks second. The data also shows that it takes longer for descendents of rich class to join the CCP. The age at which individuals with poor and rich class background join the CCP are 30.5 and 34 respectively.

The study then conducts logistic regressions to examine the correlation between family class origins and CCP membership. Table 4 presents the impact of class origins on individual's CCP membership and the age at which the respondent joined the CCP. The

first three columns show the impact of class origins on the respondent's probability of joining CCP. Column (4) demonstrates the impact of class origins on the age when the individual joined the CCP. Each of the four models control for personal characteristics, such as gender, age, marital status, personal rustication experience, pre- and post-rustication cohorts dummies, years of education, as well as CCP membership and occupation and education level of male household head's father and the respondent's father, respectively.

Column (1) uses all the samples covering individuals born from 1931 to 1980. It shows that individuals with revolutionary or poor class background are more likely to join the CCP. Column (2) restricts the sample to include only the 1931-1961 birth cohorts to capture the greater effect of the family class designation. The coefficient of regression for the poor class and the revolutionary class are positive and significant, which suggests that CCP membership is biased towards the aforementioned classes. However, the coefficient of the revolutionary class is only significant at a 10% confidence level, which implies there is no conclusive evidence that individuals from the revolutionary class of this birth cohort were favored. This result might be attributed to the political campaign against cadres who were deemed to have betrayed CCP during the Cultural Revolution. Column (3) considers only the 1962-1980 birth cohorts. In this later group, only the coefficient of regression for the revolutionary class is positive and significant, which might imply that individuals with revolutionary class background are more favored in terms of CCP membership after the abolition of the class system.

Besides the impact of family class origins, many other variables have effects on individuals' CCP membership. The CCP membership of fathers and their offspring is

positive and significant in all three models, suggesting the impact of a father's membership in the CCP to their offspring's membership. Furthermore, consistent with the fact that males are more actively involved in the political activities, males are more likely to join the CCP. In addition, younger individuals and individuals with less education are less likely to obtain CCP membership. The CCP define themselves as the group of leaders and the pioneers of working class, tends to accept more educated individuals. Individuals who have the experience of being sent down to rural areas are less likely to join CCP.

Results in column (4) show that CCP members within the poor class join the CCP an average of 2.3 years earlier than those within the rich class. Individuals with revolutionary class background join the CCP an average of 1.6 year earlier than those with other rich class origins, although the coefficient of regression on the revolutionary class is not significant. The results are consistent with the fact that individuals from the revolutionary class were not significantly favored in terms of CCP membership before 1979, as shown in column (1). The results also show that those who have rustication experience join CCP an average of 2.4 years later than non-rusticated individuals. Again, the father's CCP membership matters. Offspring of CCP members join the CCP an average of 1.1 years earlier.

3.2 Family class origins and educational attainment

The Chinese government expanded the educational system in 1949, raising the education level of the entire population. Moreover, the government tried to promote the

educational achievement of descendants of poor class at the expense of those from rich and middle classes especially during the Cultural Revolution⁶. The discrimination policy lasted until 1977. Individuals born before 1960 are likely to be affected by the discrimination policy. In theory, these two factors together would make the descendants of the rich and middle class less educated.

This paper tests the hypothesis that the rich and middle class are less educated for different age cohorts. Respondents born 1931-1980 are grouped into five cohorts: 1931-1940, 1941-1950, 1951-1960, 1961-1970 and 1971-1980. Table 5 presents the years of education by cohorts and class origins. Individuals with poor family class are consistently the least educated by lowest number of years of education within each of the samples. Individuals born after the early 1960s with the rich family class origins have the highest years of education. This indicates the strong incentives the rich family class have to invest in education while not being constrained by the discrimination policy.

OLS regressions are then conducted to examine the effect of family class origins on educational attainment. Table 6 presents the regression results. Male individuals have more years of education than female respondents. There is no significant education diversification among classes in 1941-1950 cohorts. Individuals in 1951-1960 cohorts with revolutionary class background have significantly more years of education than those with rich class origins. However, the descendants of the rich who received education after the late 1970s were more likely to achieve more years of education than all other classes.

⁶ See Deng and Treiman (1997), Giles *et al.* (2008), Sato and Li (2008) and Zhou *et al.* (1998) for more details.

The coefficients of regression for the father's education level are positive and significant at 1% confidence level for all birth cohorts. This result shows stronger effects of parental education than previous work by Zhou *et al.* (1998), who uses samples in urban China and Sato and Li (2008), who uses samples in rural China. The results suggest a consistently strong correlation between father's and descendants' educational attainment in urban China. Moreover, the coefficients of regression for each level of father's education shows a U-shape across birth cohorts as presented in Figure 1. The effect of the Father's education continues to decrease in the first three decades of PRC, and reaches the minimum level for the 1951-1960 cohorts who were impacted by the Cultural Revolution. Since the reform and opening up of the economy of the PRC in late 1970s, the connection between the education of the father and his children has gradually re-strengthened. These U-shapes generated from this nationally representative cross-sectional survey of Chinese urban households confirm the results of Giles *et al.* (2008) who use data from the China Urban Labor Survey (CULS) conducted in 5 large cities in 2001.

3.3 Family class origins and economic outcomes

This section of the paper studies the impact of family class background on personal income and family assets. The subjects are limited to respondents with data on income and occupation. Table 7 shows the summary statistics of personal income by cohorts and classes. For the entire sample, as well as the 1951-1960 and 1961-1980 cohorts, income of individuals from the rich class ranks as the second highest among the four classes. Table 8 presents the family assets per capita by cohorts and classes. Individuals with

revolution class origins consistently have the highest level of assets in across all age cohorts. The family assets of respondents with rich class origins are always higher than those from the poor class. Tables 9 and Table 10 report results from OLS regressions that examine the effects of family class origins on economic outcomes.

Table 9 gives the estimated effects of family class origins on the respondent's log of monthly income. The first column presents the regression using all samples of individuals born from 1941 to 1980. It excludes the 1931-1940 birth cohorts because most of the individuals in the former cohort are retired or otherwise out of the labor market and thus have no wages. The results show that, on average, individuals with middle and poor class origins have significantly lower monthly income than those from the rich class, yet there is no significant difference in the income between individuals from the revolutionary and the rich class. Individuals from the poor class and the middle class have 12% and 8% lower income than those from the rich class.

Columns (2) through (4) demonstrate the results for different cohorts. Column (2) shows that there is no significant difference in income among individuals from different classes for individuals born in 1941-1950. However, we do observe a difference for those born after early the 1950s. Individuals with a poor and middle class background have lower monthly income than those from the rich class, although the coefficients of regression for the middle class are only significant at 10% confidence level for 1951-1960 cohorts.

Thus, we see evidence that the class-based social discriminatory policy to oppress the rich and middle class and benefit the poor and the revolutionary class does not affect income. Individual with rich class background have the highest monthly income, and

individuals with the poor class background have the lowest monthly income. The only group of individuals who benefit is those with the revolutionary class background, i.e. the decedents of revolutionary cadres, Chinese Communist Party (CCP) members, and army men, whose incomes are not significantly different from those from the rich class.

Individuals' years of education, CCP membership and occupation each demonstrate a significantly positive contribution to monthly income. On average, one additional year of education increases personal monthly income by approximately 4%. CCP members have approximately 10% higher income than non-members. Respondents who are government officials, professionals, and other white collars have approximately 36%, 37%, and 23% higher income than skilled or non-skilled labourers, respectively. Furthermore, the experience of rustication does not have significant effect on income, as shown in Xie *et al.* (2008) and Zhou (2010).

Table 10 presents the estimated effects of family class origins on the respondent's log of family assets per capita. Only the male heads of household born between 1941 and 1980 are used as subjects. The reason for not using female heads of household is that males are usually the main sources of family income and have a larger impact on family assets. There are four models in Table 10. The first model includes all the families with male heads of household born from 1941 to 1980. The second to the fourth models conduct regressions for the 1941-1950, 1951-1960, and 1961-1980 birth cohorts respectively. They do not run the regression separately for the 1971-1980 birth cohorts because the number of observations in this group is small and the respondents are so young that their current family assets might not be a proper measure of the family's economic status over a long period of time.

The results in column (1) show that households with poor and middle class backgrounds have significantly lower family assets per capita than those with rich class origins, after controlling other measures of individual and family characteristics. Specifically, families with poor class origins have approximately 27% lower asset values and families with middle class origins have 14% lower asset values than those from the rich class. Performing a similar analysis using rural samples of the same survey, Sato and Li (2007) show that the difference in assets per capita between descendants of the poor and the rich is 6% for respondents born 1943-1967, and is 13% for those born 1955-1967. The results in this study find the difference is 25% and 21% for these two birth cohorts respectively⁷. The differences in family assets per capita in urban China are much larger than in rural China. This difference could imply that the factor that makes the descendants of the rich better off gives them a higher return in the more market-oriented environment. Households with the revolutionary class background have lower family assets per capita, but the difference is small and not statistically significant. The revolutionary class seems to have become the new elite class in contemporary China⁸.

Other family characteristics, such as fathers' CCP membership, occupation and education, are not significant, while respondents' years of education, CCP membership and occupation types are significant determinants of family assets per capita. One more year of education increases the family assets per capita by approximately 5%. The difference in family assets owned by CCP members and non-members is very large. CCP

⁷ To make this comparison, I conduct regressions using Sato and Li's definition of cohorts. The full results are not reported here to save space.

⁸ It is not likely due to their wealth are less redistributed in the Cultural Revolution since the descendants of the revolutionary class are actually affected more severely during it (Worden *et al.* 1987). Moreover, their relatively higher income provides evidence of their sources of assets.

members have approximately 21% higher family assets per capita than those non-members. Respondents who are government officials, professionals, and other white collars have approximately 34%, 29%, and 17% higher family assets per capita than skilled or non-skilled labourers respectively. The experience of being sent-down to rural areas does not have any significant effect on family assets per capita.

The family class origins are not significant determinants of wealth for 1941-1950 cohorts, but are significant for the remaining cohorts. The respondents with poor and middle class who were born in 1951-1960 have significantly lower family assets per capita, and the respondents who were born in 1961-1980 with poor class background have significantly lower family assets per capita. In addition, individuals born after 1950 were accumulating their wealth in the era of market economy, which explains the divergence in family assets among classes and might further suggest that decedents of the rich class are more adaptive to the market economy than others.

4. Conclusions

In a radical social experiment the physical capital of wealthy Chinese families was expropriated. The government further imposed a class system to restrict the political and educational rights of the rich for nearly three decades. Family members of the poor and revolutionary class were favored during this period. Using data in 2002, I show that individuals with poor and revolutionary class origins obtain CCP membership more easily and achieve a higher level of education in the three decades wherein the discriminatory policy was formally in effect.

In 1979, China government implemented market-oriented economic reform. The class system and class-based discriminatory policy were also officially abolished.

University admissions returned to merit-based enrollment in 1977. The regression results in this chapter show that individuals with a revolutionary class background are continue to be more likely to be granted CCP membership even after the abolition of the class system. However, descendents of the poor class no longer enjoyed this political benefit. The descendents of the rich who received education after the late 1970s were more likely to achieve a higher level of education than all other classes, after controlling for fathers' education, occupation, and CCP membership. These results could indicate their strong preference over education. Once the social discrimination against them was abolished and the education system returned to merit-based, invested more on education.

Furthermore, after controlling for the CCP membership and educational attainment which can transmit the effects of family class background, I find that the descendents of the poor and middle class continue to have significantly lower income and family assets than those of the rich class. Specifically, individuals with poor class origins have 12% lower monthly income and 27% lower family assets per capita than those with rich class origins. Moreover, individuals with a revolutionary class background have the same income and assets per capita as those with rich class origins. This result implies that families with a revolutionary background have become the new elite group in contemporary China.

This social experiment over half a century in the PRC provides evidence that the intergenerational transmission of wealth does not solely come through physical capital. There could be two main explanations for this phenomenon. First is the intergenerational transmission of ability. An alternative hypothesis is that entrepreneurship or the spirit of capitalism embodied in those previously well-off families was preserved through family education throughout the era of planning economy, and began to play roles after the

revival of the market economy. More evidence ought to be explored in the future to identify the channels of transmission.

References

- Appleton, S., Song, L., Knight, J. and Xia, Q. (2006). 'The economics of Communist Party membership - The curious case of rising numbers and wage premium during China's transition', MPRA Paper No. 8345.
- Campbell, C. and Lee, J. (2003). 'Social mobility from a kinship perspective: rural Liaoning, 1789-1909', *International Review of Social History*, vol. 47, pp. 1-26.
- (2006). 'Kin networks, marriage and social mobility in Late Imperial China', *Social Science History*, vol. 32(2), pp. 175-214.
- Deng, Z. and Treiman D.J. (1997). 'The impact of the Cultural Revolution on trends in educational attainment in the People's Republic of China', *American Journal of Sociology*, vol. 103(2), pp. 391-428.
- Giles, J., Park, A., and Wang, M. (2008). 'The great proletarian Cultural Revolution, disruptions to education, and returns to schooling in urban China', World Bank Policy Research Working Paper No. 4729.
- Gustafsson, B., Li, S., and Sicular, T. (eds.) (2008). *Inequality and public policy in China*. New York: Cambridge University Press.

- Li, C. (2003). 'Socio-political changes and inequality of educational opportunity - the impact of family background and institutions on educational attainment (1940-2001)', *Social Sciences in China*, vol. 3, pp. 86-98.
- Li, H., Meng, L., Wang, Q. and Zhou L. (2008). 'Political connections, financing and firm performance: evidence from Chinese private firms', *Journal of Development Economics*, vol. 87(2), 283-99.
- Li, H., Meng, L. and Zhang, J. (2006). 'Why do entrepreneurs enter politics? Evidence from China', *Economic Inquiry*, vol. 44(3), pp. 559-78.
- Li, H., Rosenzweig, M. and Zhang J. (2010). 'Altruism, favoritism, and guilt in the allocation of family resources: Sophie's choice in Mao's mass send-down movement', *Journal of Political Economy*, vol. 118(1), pp. 1-38.
- Liu, Z. (2003). 'The economic impact and determinants of investment in human and political capital in China', *Economic Development and Cultural Change*, vol. 51(4), pp. 823-49.
- Meng, X. and Gregory, R.G. (2002). "The impact of interrupted education on subsequent educational attainment: A cost of the Chinese Cultural Revolution." *Economic Development and Cultural Change*, vol. 50(4): 935-59.
- Morduch, J. and Sicular, T. (2000). 'Politics, growth, and inequality in rural China: does it pay to join the Party?' *Journal of Public Economics*, vol. 77(3), pp. 331-56.
- Pepper, S. (1996). *Radicalism and Education Reform in Twentieth-Century China*. Cambridge: Cambridge University Press.

- Sato H. and Li, S. (2007). 'Revolution and family in rural China: Influence of family background on current family wealth', *IZA Discussion Paper No. 3223*.
- (2008). 'Class origin, family culture, and intergenerational correlation of education in rural China,' *China Economic Quarterly*, vol 7(4), pp. 1105-30.
- Szelényi, I. (1988). *Socialist Entrepreneurs: Embourgeoisement in Rural Hungary*. Madison: University of Wisconsin Press.
- Ting, T. (2004). 'Resources, fertility, and parental investment in Mao's China', *Population and Environment*, vol. 25(4), pp. 281-297.
- Watson, J. ed. (1984). *Class and Social Stratification in Post-Revolution China*. Cambridge: Cambridge University Press.
- Worden R.L., Savada, A.M., and Dolan R.E. ed. (1987). *China: A Country Study*. Washington: GPO for the Library of Congress.
- Xie Y, Jiang Y, and Greenman E. (2008). 'Did send-down experience benefit youth? A reevaluation of the social consequences of forced urban-rural migration during China's Cultural Revolution', *Social Science Research*, vol. 37(2), pp. 686-700.
- Zhang, W. (2010). 'How does a traumatic experience during youth affect later life?' mimeo, UBC.
- Zhou, X., Moen, P. and Tuma, N.B. (1998). 'Education stratification in urban China: 1949-94', *Sociology of Education*, vol. 71(3), pp. 199-222.
- Zhou X and Hou L. (1999). 'Children of the Cultural Revolution: The State and the Life Course in the People's Republic of China', *American Sociological Review*, vol. 64(1), pp.12-36.

Table 1: Summary Statistics of personal and family characteristics

Variables	Number of obs	Mean	Standard deviation	Min	Max
Male	12906	0.488	0.500	0	1
Age	12906	46.548	10.023	22	71
Married	12906	0.970	0.170	0	1
Years of education	12900	10.506	3.336	0	23
CCP membership	12763	0.315	0.464	0	1
Rustication experience	12500	0.188	0.391	0	1
Pre-rustication cohorts dummy	12906	0.267	0.442	0	1
Post-rustication cohorts dummy	12906	0.133	0.340	0	1
<i>Occupation</i>					
Skilled or non-skilled labourers	8326	0.450	0.498	0	1
Clerical/office staff	8326	0.204	0.403	0	1
Professional	8326	0.223	0.416	0	1
Cadre	8326	0.122	0.328	0	1
Log of monthly income	8273	6.765	0.705	0	9.498
Log of family asset per capita	6292	10.251	1.339	0	13.776

Table 2: Summary statistics of family background

Variables	Number of obs	Mean	Standard deviation	Min	Max
<i>Family class origins of male household head</i>					
Rich class	12136	0.052	0.223	0	1
Middle class	12136	0.125	0.330	0	1
Poor class	12136	0.797	0.402	0	1
Revolutionary class	12136	0.026	0.160	0	1
<i>Family class origins of respondents</i>					
Rich class	12385	0.051	0.221	0	1
Middle class	12385	0.124	0.329	0	1
Poor class	12385	0.798	0.402	0	1
Revolutionary class	12385	0.027	0.163	0	1
CCP membership of respondent's father	12789	0.292	0.455	0	1
CCP membership of male household head's father	12545	0.284	0.451	0	1
<i>Education level of respondent's father</i>					
No school	12898	0.300	0.458	0	1
Elementary school	12898	0.333	0.471	0	1
Junior high school	12898	0.187	0.390	0	1
senior high school or equivalence	12898	0.120	0.324	0	1
College	12898	0.061	0.239	0	1
<i>Occupation of male household head's father</i>					
Non-skilled and skilled labourers	11907	0.653	0.476	0	1
Clerical/office staff	11907	0.067	0.249	0	1
Professional	11907	0.094	0.291	0	1
Cadre	11907	0.186	0.389	0	1

Table 3: CCP membership and age of joining CCP by cohorts and classes

Class origins	Proportion of CCP membership			Age of joining CCP
	All	1931-1961	1962-1980	All
Rich class	0.292	0.305	0.273	34.077
Middle class	0.320	0.339	0.244	33.196
Poor class	0.316	0.350	0.237	30.494
Revolutionary class	0.411	0.429	0.365	30.938
Total	0.315	0.348	0.242	31.115
Number of observations	12763	8792	3971	3947

Table 4: Class origins and CCP membership

Independent variables	Probability of joining CCP			Age of joining CCP
	(1)	(2)	(3)	(4)
	All	1931-1961	1962-1980	All
Male	0.732*** (0.070)	0.711*** (0.089)	0.818*** (0.079)	-2.559*** (0.366)
Age	0.087*** (0.008)	0.083*** (0.008)	0.133*** (0.018)	0.120*** (0.033)
Married	0.069 (0.193)	-0.110 (0.215)	0.460 (0.417)	-1.628 (1.238)
Years of education	0.268*** (0.011)	0.255*** (0.012)	0.317*** (0.025)	0.104* (0.062)
Rustication experience	-0.180** (0.072)	-0.196*** (0.075)	0.030 (0.716)	2.395*** (0.393)
Pre-rustication cohorts dummy	0.086 (0.103)		0.211 (0.150)	-1.322*** (0.433)
Post-rustication cohorts dummy	-0.520*** (0.123)	-0.442*** (0.124)		0.922 (0.651)
Family class origins of male hh head				
Middle class	0.144 (0.132)	0.229 (0.170)	0.118 (0.214)	-1.097 (0.837)
Poor class	0.337*** (0.112)	0.464*** (0.158)	0.108 (0.194)	-2.346*** (0.665)
Revolutionary class	0.475** (0.210)	0.454* (0.269)	0.755** (0.360)	-1.558 (1.014)
CCP membership of male hh head's father	0.243*** (0.071)	0.245*** (0.095)	0.311** (0.138)	-1.062** (0.463)
Education level of respondent's father				
Elementary school	-0.010 (0.063)	0.023 (0.070)	-0.132 (0.144)	1.339*** (0.485)
Junior high school	-0.056 (0.070)	0.033 (0.082)	-0.198 (0.156)	1.428** (0.564)
Senior high school or equivalence	-0.058 (0.081)	-0.061 (0.121)	-0.066 (0.160)	1.895*** (0.597)
College	-0.174* (0.105)	-0.124 (0.149)	-0.301 (0.208)	2.437*** (0.766)
Occupation of male hh head's father				
Clerical/office staff	-0.050 (0.108)	0.045 (0.143)	-0.259 (0.182)	1.247 (0.805)
Professional	-0.205** (0.096)	-0.136 (0.109)	-0.396** (0.181)	0.993* (0.587)
Cadre	-0.016 (0.077)	-0.008 (0.111)	-0.128 (0.139)	-0.014 (0.484)
City dummies	Yes	Yes	Yes	Yes
Pseudo/Adjusted R-squared	0.165	0.154	0.208	0.117
Number of observations	11049	7425	3614	3413
Number of clusters	77	77	76	77

Notes: Standard errors in parentheses. * p<0.1, ** p<0.05, *** p<0.01

Table 5: Educational attainment by cohorts and classes

Class origins	All	Years of education				
		1931- 1940	1941- 1950	1951- 1960	1961- 1970	1971- 1980
Rich class	11.138	10.361	10.209	10.516	12.524	12.265
Middle class	10.626	9.071	10.481	10.567	11.742	11.100
Poor class	10.425	8.610	9.689	10.144	11.379	12.130
Revolutionary class	11.613	11.067	10.457	11.724	11.861	12.067
Total	10.506	8.767	9.887	10.270	11.494	12.127
Number of observations	13245	1196	2564	4736	3719	685

Table 6: Family class origins and educational attainment by cohorts

Independent variables	Years of education				
	(1) 1931- 1940	(2) 1941- 1950	(3) 1951- 1960	(4) 1961- 1970	(5) 1971- 1980
male	2.257*** (0.215)	1.297*** (0.151)	0.581*** (0.095)	0.941*** (0.091)	0.926*** (0.229)
age	-0.267*** (0.048)	0.062* (0.034)	-0.152*** (0.023)	-0.100*** (0.020)	0.002 (0.084)
married	0.942 (0.613)	-0.835* (0.490)	-0.238 (0.271)	0.123 (0.329)	-0.368 (0.618)
Rustication experience		0.268 (0.230)	0.225** (0.107)	-0.385 (0.506)	
Family class origins of respondent					
Middle class	0.935* (0.547)	0.436 (0.366)	0.0696 (0.206)	-0.451* (0.249)	-0.409 (1.004)
Poor class	0.086 (0.524)	-0.166 (0.357)	0.028 (0.182)	-0.877*** (0.199)	0.006 (0.923)
Revolutionary class	3.016*** (0.775)	0.086 (0.575)	0.703** (0.290)	-0.612** (0.301)	1.166 (1.212)
CCP membership of respondent's father	-0.195 (0.578)	0.411* (0.232)	0.494*** (0.117)	0.479*** (0.103)	-0.153 (0.319)
Education level of respondent's father					
Elementary school	1.594*** (0.339)	0.687*** (0.168)	0.326*** (0.090)	0.495*** (0.185)	1.584*** (0.469)
Junior high school	1.780*** (0.448)	1.101*** (0.280)	0.702*** (0.148)	0.717*** (0.223)	1.716*** (0.487)
Senior high school or equivalence	2.857*** (0.434)	1.680*** (0.344)	0.977*** (0.165)	1.316*** (0.248)	1.995*** (0.480)
College	3.855*** (0.667)	2.394*** (0.425)	1.134*** (0.205)	1.916*** (0.287)	2.188*** (0.593)
Occupation of male hh head's father					
Clerical/office staff	0.004 (0.586)	0.047 (0.301)	0.034 (0.134)	-0.202 (0.165)	1.340*** (0.477)
Professional	0.364 (0.672)	-0.005 (0.337)	0.563*** (0.132)	0.291 (0.215)	1.488*** (0.463)
Cadre	0.474 (0.664)	0.244 (0.273)	0.312*** (0.113)	0.226 (0.168)	0.893** (0.422)
City dummies	Yes	Yes	Yes	Yes	Yes
Adjusted R-squared	0.271	0.172	0.167	0.158	0.207
Number of observations	1006	2142	4213	3412	632
Number of clusters	74	77	77	77	73

Notes: Standard errors in parentheses. * p<0.1, ** p<0.05, *** p<0.01

Table 7: Personal income by cohorts and classes

Class origins	All	Natural log of monthly income		
		1941-1950	1951-1960	1961-1980
Rich class	6.887	6.871	6.910	6.873
Middle class	6.833	6.970	6.843	6.740
Poor class	6.735	6.913	6.743	6.683
Revolutionary class	6.977	7.160	7.030	6.878
Total	6.765	6.925	6.779	6.708
Number of observations	8273	1051	3456	3766

Table 8: Family asset by cohorts and classes

Class origins	All	Natural log of family assets per capita		
		1941-1950	1951-1960	1961-1980
Rich class	11.475	11.553	11.610	10.196
Middle class	11.482	11.606	11.487	10.292
Poor class	11.305	11.451	11.297	10.087
Revolutionary class	11.754	11.874	11.932	10.320
Total	11.329	11.471	11.330	10.108
Number of observations	5577	1370	2287	1946

Table 9: Class origins and log of monthly income

Independent variables	Natural log of monthly income			
	(1)	(2)	(3)	(4)
	All	1941-1950	1951-1960	1961-1980
Male	0.230*** (0.021)	0.147*** (0.051)	0.233*** (0.027)	0.242*** (0.027)
Age	0.006*** (0.002)	0.004 (0.008)	0.011** (0.005)	0.009** (0.004)
Married	0.013 (0.078)	0.151 (0.191)	0.058 (0.098)	-0.029 (0.118)
Years of education	0.0366*** (0.003)	0.0287*** (0.007)	0.0347*** (0.005)	0.043*** (0.005)
CCP membership	0.096*** (0.017)	0.111*** (0.036)	0.083*** (0.031)	0.108*** (0.023)
Occupation				
Clerical/office staff	0.205*** (0.025)	0.228*** (0.075)	0.220*** (0.033)	0.173*** (0.030)
Professional	0.313*** (0.024)	0.360*** (0.065)	0.340*** (0.039)	0.262*** (0.035)
Cadre	0.306*** (0.031)	0.344*** (0.071)	0.378*** (0.036)	0.193*** (0.050)
Rustication experience	-0.016 (0.024)	0.056 (0.042)	-0.016 (0.030)	-0.030 (0.087)
Pre-rustication dummy	0.020 (0.025)			
Post-rustication dummy	0.010 (0.047)			
Family class origins				
Middle class	-0.078** (0.030)	0.063 (0.096)	-0.090* (0.049)	-0.094** (0.044)
Poor class	-0.111*** (0.027)	0.061 (0.087)	-0.118*** (0.043)	-0.125*** (0.040)
Revolutionary class	-0.022 (0.044)	0.041 (0.163)	-0.045 (0.060)	-0.020 (0.066)
Father's CCP membership	0.044** (0.020)	0.119 (0.072)	0.057** (0.026)	0.016 (0.029)
Fathers' education level				
Elementary school	0.027* (0.015)	-0.063 (0.040)	0.051* (0.027)	0.013 (0.028)
Junior high school	0.050** (0.022)	-0.110** (0.046)	0.071** (0.034)	0.056 (0.042)
Senior high school or equivalence	0.041 (0.026)	-0.100 (0.076)	0.092** (0.035)	0.029 (0.044)
College	0.095** (0.036)	0.030 (0.117)	0.138** (0.054)	0.067 (0.054)
Occupation of male hh head's father				
Clerical/office staff	-0.024 (0.029)	-0.145 (0.116)	-0.003 (0.044)	-0.004 (0.047)
Professional	0.031 (0.029)	0.094 (0.081)	0.022 (0.047)	0.038 (0.040)
Cadre	-0.005 (0.020)	0.098 (0.079)	-0.004 (0.026)	-0.010 (0.030)
City dummies	Yes	Yes	Yes	Yes
Adjusted R-squared	0.305	0.321	0.303	0.298
Number of observations	7282	879	3019	3384
Number of clusters	77	77	77	77

Notes: Standard errors in parentheses. * p<0.1, ** p<0.05, *** p<0.01

Table 10: Family class origins and log of family assets per capita

Independent variables	Natural log of family assets per capita			
	(1)	(2)	(3)	(4)
	All	1941-1950	1951-1960	1961-1980
Age	0.012*** (0.004)	0.016 (0.019)	0.027** (0.011)	0.025** (0.010)
Married	-0.182* (0.109)	-1.066*** (0.330)	-0.105 (0.167)	-0.026 (0.141)
Years of education	0.047*** (0.007)	0.068*** (0.013)	0.042*** (0.011)	0.048*** (0.012)
CCP membership	0.194*** (0.034)	0.219** (0.096)	0.174*** (0.052)	0.187*** (0.050)
Occupation				
Clerical/office staff	0.157*** (0.058)	-0.039 (0.125)	0.226*** (0.077)	0.158* (0.083)
Professional	0.255*** (0.052)	0.0505 (0.126)	0.249** (0.100)	0.254*** (0.077)
Cadre	0.291*** (0.044)	0.165 (0.109)	0.360*** (0.063)	0.194** (0.093)
Rustication experience	0.056 (0.039)	0.054 (0.099)	0.098** (0.049)	0.143 (0.239)
Pre-rustication dummy	-0.060 (0.062)			
Post-rustication dummy	0.038 (0.100)			
Family class origins				
Middle class	-0.132** (0.062)	0.052 (0.194)	-0.242*** (0.083)	-0.072 (0.119)
Poor class	-0.236*** (0.053)	-0.134 (0.171)	-0.345*** (0.076)	-0.197** (0.087)
Revolutionary class	-0.068 (0.087)	0.413 (0.454)	-0.156 (0.124)	-0.052 (0.163)
Father's CCP membership	0.082* (0.045)	0.022 (0.112)	0.104* (0.062)	0.114* (0.060)
Fathers' education level				
Elementary school	0.064 (0.045)	0.183 (0.111)	-0.097* (0.049)	0.239** (0.101)
Junior high school	0.087 (0.055)	0.147 (0.120)	0.024 (0.079)	0.212** (0.104)
Senior high school or equivalence	0.061 (0.066)	0.047 (0.198)	-0.136 (0.105)	0.311*** (0.104)
College	0.117 (0.074)	0.386** (0.177)	-0.037 (0.098)	0.253** (0.115)
Occupation of male hh head's father				
Clerical/office staff	0.083 (0.071)	-0.144 (0.225)	-0.007 (0.116)	0.156 (0.103)
Professional	0.078 (0.062)	0.173 (0.173)	0.132 (0.109)	-0.030 (0.104)
Cadre	0.083 (0.061)	0.112 (0.155)	0.105 (0.073)	-0.019 (0.081)
City dummies	Yes	Yes	Yes	Yes
Adjusted R-squared	0.242	0.300	0.227	0.215
Number of observations	4147	713	1785	1649
Number of clusters	77	77	77	77

Notes: Standard errors in parentheses. * p<0.1, ** p<0.05, *** p<0.01

Figure 1: Coefficients of father's education on descendants' education

