The Changing Faces and Roles of Communist Party Membership in China: An Empirical Analysis Based on CHIPS 1988-2002

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Ⅰ Introduction

Since the 1980s, the Chinese Communist Party (CCP) has promoted a system transition from a planning economy to a market economy and, despite the ongoing actualization of marketization, has been able to maintain a single party dictatorial political system. A system that draws capable individuals from various fields has been established (Li, Meng and Zhang, 2006), and a rise in the regime's operating prowess has been noted as a background factor (Tang, 2012 ; Jing, 2012). Party membership increased from 39.65 million in 1982 to 86.69 million by the year 2013. On the other hand, the proportion of party members among adults aged 18 and over (a requirement for party registration), increased only slightly from 6.6% to 7.8%. The rapid increase in party membership is a phenomenon that can be attributed to increases in the population and changes in the age compilation thereof. The actual supply of party memberships itself did not expand drastically.[1]

In recent years, the CCP Central Committee has published party membership, the number of newly joining party members, and party composition by various personal attributes, education level, and occupation (Mori, 2012). By combining these statistics, we are now able to grasp a rough picture of the membership of the CCP. However, even when we make multifaceted observations of categories such as sex, age, ethnicity, educational background, employment affiliation, or place of residence (i.e. rural or

[1] From the identity function (number of party members ÷ adult population) × (adult population ÷ general population) × general population, we can derive the relational expression (yearly percent increase in party members ＝yearly average proportion of party members ＋yearly number of adults as a percentage of the population ＋yearly percent change in the general population). Based on that function we can estimate the average percent increase in party members and the average percent contribution to that of three factors. For example, in the 28 years from 1982 to 2010, the number of party members grew by 2.6% on average, but increases in the proportion of party members contributed to only 20% of that. Increases in the proportion of adults in the population and increases in the overall population contributed 40% each to the increase. Official statistics on the number of party members published by the CCP Central Committee were actually based on general population and adult population census values released by the Bureau of Statistics.

urban areas, different provinces), there are various situations that remain an issue. The determinants that stipulate acquisition of party membership; the degree to which membership effects employment, attainment of occupational status, and income; and moreover, how these have changed in the process of economic transition cannot be well understood given just this published information.

In this paper, we will consider the profile of this mass of individuals known as CCP members, as well as look at the determinants of membership acquisition via analysis of multiple great sample surveys that cover the entire country. Defining the various functions and trends of CCP membership will be our principal research question. Specifically, we will econometrically analyze as well as is possible given the data (1) the percentage of the adult population 18 and over that holds party membership and characteristics of this group, (2) the factors that stipulate acquisition of party membership, and (3) the degree to which party membership affects or directs occupation, occupational attainment, and income. During this analysis, we will also perform a careful examination of personal attributes, area of residence, ownership sector of occupational affiliation (workplace), and the educational effects that reflect human capital. With examination of data from multiple country-wide censuses, including data from both rural areas and cities that was lacking in prior research, we will attempt to produce a profile of the CCP member that cannot be deduced from published information and gain a dynamic understanding of the changes marketization has had on the functions of CCP membership. This is a different point of view than that of political science that deals with the organization and function of the CCP, but we believe that it holds an important significance in forming a deeper, more versatile understanding of the Chinese Communist Party.

ll A Survey of Prior Research

In these past 20-odd years, many country-wide social and economic surveys have been conducted, and scientific studies that utilize that micro-data are plentiful (Riskin, Zhao and Li, 2001; Li, Shi and , 古, 2008; Li, Sato and Shi, 2013). Studies that focus on the effects of party membership on occupation, occupational attainment, and income have also accumulated.

In a China in transition from a planning economy to a market economy, the principle of competition has been introduced to various fields. With that as a backdrop, it is thought that value of political capital, which has a weak relationship to productivity, would decrease as the value of human capital, a factor that contributes positively to productivity, increased.[2] For example, a study by Nee

[2] Among questionnaire surveys and household surveys conducted in China, personal information questions regarding CCP membership are often seen from foreign/domestic joint research teams. This tendency can

(1989) utilizing micro-data from a farm survey performed an empirical analysis under the hypothesis that marketization weakens the earning premium for political capital while raising the rate of return to human capital.

However, the large number of empirical studies conducted under Nee's hypothesis that do not in the end support it is remarkable. Much literature supports a positive influence of both human and political capital on individual employment, promotion, and income as marketization of the economy progresses (Appleton Song and Xia, 2005; Appleton et al., 2009; Yan and Wei, 2014).

Many studies utilizing micro-data from country-wide surveys such as CHIPS (The Chinese Household Income Project Survey) or CGSS (The Chinese General Social Survey) have been presented,[3] and many very interesting insights have been gleaned from the results of analysis of basic information on party members or the income premium associated with CCP membership (the party premium).[4]

First, according to estimated values for party members as a proportion of the general population, terminal education record (or years of education), and ethnicity (1) the average level of education of the population has been increasing in both rural and urban areas, (2) the percentage of CCP members in the adult population 18 and over is trending upward, (3) there continues to be a large disparity in the proportion of party members in the population and years of schooling between rural and urban residents, (4) the proportion of CCP members is higher in higher income strata (and lower in lower strata), and (5) there is a large gap in the proportion of party members between men and women.

Second, party members receive higher incomes compared to the population at large, and this trend has become stronger with time. The lower the social stratum, the bigger the increase in the party premium. Furthermore, party membership shows a significant effect on priority selection in schools and job hunting. However, there are some results that show a reduction in the party premium resulting from marketization of the economy.[5]

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also be seen in surveys from Japanese studies of farming households in China (Sato, 1994; 1997; Yan, 2009; 2010).

[3] The effects of party membership on employment choice, occupational attainment, and income have been empirically analyzed by Li et al (2007); Sato and Eto (2008); Yang, Wang, and Liu (2010); Li, Lai, and Luo (2013); Cui, Nahm and Tani (2013); and Xia et al. (2013). For more information, please see Yan and Wei (2014).

[4] More information on the surveys used in studies on social stratification in party membership and education and the effects thereof on social mobility can be found in Yan and Wei (2014).

[5] According to Li, Lu, and Sato (2009), the party premium between the urban and rural sectors was largely

Thirdly, the rate of return to education as related to productivity gives a measured result that nearly aligns with the earnings function. That is to say, the rate of return to education is increasing with economic marketization, and that increase is greater in more competitive sectors (i.e. independent businesses and foreign and joint ventures) (Li, Lu and Sato, 2009; Pan, 2010).

There are a number of excellent analyses that have been performed using high quality micro-data and a diversity of quantitative methods, but in order to establish a profile of CCP members and develop a multifaceted understanding of the function of party membership, the following three issues must be addressed: (1) Analyses that take into account both urban and rural areas in order to form a complete picture of the communist party in China are few, (2) research that utilizes multiple surveys to gain a dynamic understanding of changes over time are rare, and (3) a process that takes full advantage of the properties of great sample surveys, creates a profile of CCP members from various angles, and inspects the features of party membership is not to be found. We would like to position this study to reinforce the gaps in previous research.

Ⅲ Data

The data used in this study will be micro-data from the CHIP Surveys (CHIPS) conducted in 1988, 1995, and 2002 by the Chinese Academy of Social Sciences (CASS). CHIPS is a nationwide survey conducted using the State Statistics Bureau's household survey system. The number of rural households included in the three surveys are 10258 (covering 28 provinces), 7998 (19), and 9200 (19) respectively; and the number of urban households included are 9009 (10), 6931 (11), and 6835 (12) respectively. The staff involved in the survey were exclusive members of the Statistics Bureau at the local level, and this fact assures the quality of the statistical data. For this reason, it is believed that a full picture of the country can be inferred from the results of an analysis based on CHIPS data.[6]

1988, when the CHIP Survey was first performed, was a period which delivered the basic result of a shift in the priority of system reform from rural areas to urban areas. However, reform of state-owned enterprises had not yet begun at a meaningful scale, and 70% of workers worked in the state-owned sector (government institutions, non-profit/non-business entities, or state-owned

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the same.

[6] In CHIP Surveys after 2007, data regarding party membership is missing. In the 2008 Chinese General Social Survey, this same data is missing. In the 2008 Pearl River Delta and 2009 Shanghai Employment surveys in which this author participated, items related to party membership were included in the questionnaire without any problems (Yan, 2010). The reason for exclusion from CHIPS is unknown.

enterprises). In the rural sector, township and village enterprises (TVEs) accomplished rapid growth in city outskirts and along the coast. However, the number of individuals employed therein stalled at 95.45 million (23.8% of rural workers) and the number of migrant laborers (*nongmingong*) moving to the city for work is estimated to be approximately 27 million during this time. It can be said that marketization was just in its initial stages.

Following the June 4th Incident at Tiananmen Square in 1989 and Deng Xiaoping's Southern China Tour in 1992, the reform of state-owned enterprises accelerated and restrictions on internal labor migration were relaxed. By 1995 when the second CHIP Survey was conducted, the population employed by the state-owned sector had fallen to 59% in urban areas, the number of non-farm workers in rural areas had risen to 33.5%, and the total number of *nongmingong* had surpassed 56 million. Market reform was rapidly moving toward a transformative stage.

In the seven years leading up to the third CHIP Survey in 2002, sweeping reforms to state-owned enterprises had been implemented under the leadership of Prime Minister Zhu Rongji, and China had been inducted into the World Trade Organization (WTO). In 2002, the proportion of workers employed by the state-owned sector was just 28.5% in urban areas, and the number of *nonmingong* exceeded 100 million. It can perhaps be said that the Chinese economy as a whole had attained a high level of marketization by this time.

As is apparent from the above, the distinctive feature of this paper is the attempt at a dynamic understanding of the changes in China's labor market via analysis of CHIPS micro-data, which shows traces of market reform processes.

Ⅳ The Profile of CCP Members as Seen within CHIP Surveys

In this section, we will analyze micro-data covering both rural and urban areas from the three CHIP Surveys and develop a quantitative profile of CCP members that does not exist in previous documents. More specifically, we will consider the proportion of party members in the population and their composition, disparities in income between party members and other people, occupations and affiliation of party members, and the determinants of entering the party in total, and in urban or rural areas respectively.

1. Characteristics of Party Members as Seen in Terminal Education Record

According to the terms of the Chinese Communist Party, applying for entrance into the party requires that one be 18 years of age or older. From that, we will take the population 18 and over in each survey, total the number of adults that answered as a "CCP member" in rural and urban areas separately,

and then find the percentage of the adult population that is made up by party members. Next, we will calculate the percentage of party members and their distribution by sex, ethnicity, and educational levels. As noted previously, the CHIP Survey is a great sample survey covering the entire country, and as such, the overall situation of the nation as a whole can be surmised from its results.

Let us give a description of the basic characteristics of the Communist Party member in China based on Table 1. In the 14 years from 1988 to 2002, the number of CCP members as a percentage of the adult population increased from 5.9% to 7.7% and 22.7% to 26.1% in rural and urban areas respectively. Between the city and country, there is a disparity of three to four times, and moreover the difference shrinks only slightly during this period. In the same period in both rural and urban areas, the proportion of party members among adults 18 and over increased only 2 or 3 points, despite an increase in the adult population of around 10 points. From this fact it can be deduced that the increase in supply of party memberships is being strictly controlled.

Table 1 Rate of party membership and the structure by personal attitudes and education levels (18 years old or above)

(person, %)

	Rural			Urban		
	CHIPS1988	CHIPS1995	CHIPS2002	CHIPS1988	CHIPS1995	CHIPS2002
Number of all observations	28776	23551	28122	20902	16981	16661
Percent of 18 years or above	64.6	70.1	74.3	73.0	78.3	82.6
Communist Party member	1700	1348	2152	4755	3971	4356
Percent in 18 years or above	5.9	5.7	7.7	22.7	23.4	26.1
Female	1.0	1.0	2.3	11.5	14.0	18.1
Male	10.5	10.4	12.8	33.8	33.1	34.4
Minority	5.3	5.4	6.3	27.4	21.2	23.7
Han	6.0	5.7	7.9	22.6	23.5	26.3
4-year college or above		9.4	8.8	49.3	43.2	45.3
3-year college	9.8	13.3	17.8	45.6	39.1	41.4
Senior high school	12.0	12.5	15.6	23.4	21.7	23.6
Junior high school	7.2	6.3	7.8	18.5	18.8	18.2
Elementary school or bellow	4.4	3.8	4.2	14.3	12.0	12.6

Source: The 1988, 1995 and 2002 CASS CHIP surveys.

When looking at individual attributes and education we can see that there is a large gap in party membership acquisition between pairs of individuals in different categories. Men and individuals with 3 years of college or more are far more likely to have entered the party than women or individuals with a senior high school eduction or below respectively. On the other hand, such a difference is comparatively small between Han and minority groups. Moreover, the proportion of party members with higher educational backgrounds saw an overall decline with time in urban areas. This is likely due to a large number of individuals whose party applications were declined due to age among the population with a higher educational level, which itself has increased in step with the development of college

education.

2. Party Membership and Occupation

In China, communist party membership is both a social status and a difficult qualification to acquire. As long as dues are paid in accordance with regulations and no big mistakes that would result in expulsion are made, one will always be a party member. Neither employment status, nor area of residence has any effect on maintaining membership in the CCP. Of course, if one does not have steady employment, party membership may not hold much significance. The distribution of party members by occupation is available in Central CCP statistics, but we cannot know the distribution or percentage of party members in each occupation. Here, we will take relevant data items from the three CHIP Surveys, tie them to party membership, and calculate that information.

First, let us look at the basic situation of party members by occupation. As shown in Table 2, in the 14 years between 1988 and 2002 and as the percentage of party members 18 and over increased from 23.8% to 29.0%, we can see a change in which the proportion of party members made up by cadres from various organizations decreased by 5.1 percent points, the proportion of professionals/engineers and clerical staff remained roughly the same, and the proportion of workers increased by 5.7 percent points.

Table 2 Distribution of party members in urban China (18 years or above) (%,times)

	Percent of CP members in all adult population			Distribution of CP members/ Distribution of all adult population		
	CHIPS1988	CHIPS1995	CHIPS2002	CHIPS1988	CHIPS1995	CHIPS2002
Executive from various type of organizations	81.9	74.8	76.8	3.44	2.89	2.65
Professionals / Engineers	34.2	28.9	33.2	1.44	1.11	1.15
Clerical staffs	39.0	29.4	38.2	1.64	1.13	1.32
Workers	7.0	9.9	12.7	0.30	0.38	0.44
Other	16.0	11.4	12.6	0.67	0.44	0.44
Total observations	23.8	25.9	29.0	1	1	1

Source: The 1988, 1995 and 2002 CASS CHIP surveys.

However, if we look at a specialized coefficient from the distribution of party members divided by the distribution of adults 18 and over, the probability that a cadre will be a member of the CCP is remarkably high. For example, the proportion of cadres in the adult population in the 1988 survey was only 6.5%, but the proportion among party members was 22.2%. Supposing we ignore other factors, the probability that a cadre is a party member will be 3.44 times the average. In contrast, the chances that a simple worker will be a party member are only 30% of the average. In the 1995 and 2002 surveys, the proportion of cadres as a percentage of party members declined, and that of workers increased. Despite this, a large disparity between the two still exists. The opportunities for relatively high level

professionals/engineers and clerical staff to gain entrance to the party showed slight decreases in the 1995 and 2002 surveys. In China, it is said that the communist party championed the working class, but cadres find greater opportunity to gain party membership.

3. Party Membership and Affiliation (Workplace)

In the different CHIP Surveys there is a question regarding the nature of individual affiliation, but the responses available in each vary subtly. In order to clarify how the nature of employee affiliation changes with time or if the affiliation of people who hold party membership trended in a meaningful way, we will consolidate similar items below and aggregate. Specifically, we will group government institutions, non-business institutions, and state-owned enterprises (including corporations where the state controls more than half of shares) as state-owned sector; and classify other various enterprises into collective enterprise, private enterprise, foreign and joint venture, and other categories. Table 3 shows the number of party members, the number of other people, the ratio of party members, and the distribution of party members by affiliation.

Table 3 Percent of party members and distribution of CP members by affiliations in urban China (18 years or above in working)

(person, %)

		CP member	Non-CP menber	Percent of CP members	Distribution of CP members
1988 CHIPS	State-owned sector	3839	9844	28.1	91.8
	Collective enterprise	324	3215	9.2	7.7
	Private enterprise	4	166	2.4	0.1
	Foreign and joint venture	9	54	14.3	0.2
	Other ownership sector	5	82	5.7	0.1
	Total	4181	13361	23.8	100.0
1995 CHIPS	State-owned sector	2730	7021	28.0	91.8
	Collective enterprise	219	1618	11.9	7.4
	Private enterprise	1	45	2.2	0.0
	Foreign and joint venture	14	140	9.1	0.5
	Other ownership sector	10	228	4.2	0.3
	Total	2974	9052	24.7	100.0
2002 CHIPS	State-owned sector	2339	4130	36.2	81.2
	Collective enterprise	117	507	18.8	4.1
	Private enterprise	39	299	11.5	1.4
	Foreign and joint venture	30	173	14.8	1.0
	Other ownership sector	355	1967	15.3	12.3
	Total	2880	7076	28.9	100.0

Source: The 1988, 1995 and 2002 CASS CHIP surveys.

Notes: The state-owned sector includes state-owned enterprise, the party and government, and non-bussines institutions.

According to this table, among individuals who work in the state-owned sector, the proportion of CCP members remained relatively unchanged at approximately 28% between 1988 and 1995, but rose over 8 percentage points to 36.2% by 2002. In the urban collective sector, the proportion of party members amongst workers has risen continuously, with the rate of growth increasing after 1995. Of particular note is the rapid increase in the number of party members working in private enterprises in the seven years following 1995 (increasing by 9.1 points). In contrast, the percentage of party members among workers in foreign and joint ventures changed very little.

If we look at the distribution of party members by affiliation, we can see that the percentage of individuals in the state-owned sector dropped ten points between 1988 and 2002. The advancement of extensive reforms in the second half of the 1990s that resulted in a broad reduction in state-owned enterprises and the overall number of state employees is a likely factor here. Relative to this, the comparative percentage and overall number of party members working in private, foreign and joint venture, and other enterprises increased. The position of party members changed greatly with the advancement of economic marketization. This was likely a background factor in the era in which the "Three Representations" appeared in the 16th National Congress of the Chinese Communist Party, and lead to the legitimization of party members working in the non-state sector.

4. Determinants of Party Membership Acquisition

Below is a quantitative analysis of the relationship between a handful of variables and party membership utilizing a multiple regression model that examines the adult population age 18 and over. The model takes party membership as independent (1 if a member of the CCP, 0 otherwise). The dependent variables are gender (male = 1, female = 0), age (years), race (Han = 1, minority = 0), marital status (married = 1, single = 0), and education (dummy variables 4-year college, 3-year college, senior high school, and primary school or below with junior high school graduates as a benchmark group). We run models using data sets from each individual CHIP Survey, as well as a model that pools the three surveys into one data set. Table 4 shows the results of a logistic model. Based on the estimates from each model (odds ratio Exp(B)) we can point out the following findings on the determinants of party membership acquisition.

Table 4 Determinants of joining the Chinese Communist Party

	CHIPS1988·1995·2002, Rural		CHIPS1988·1995·2002, Urban		CHIPS1988		CHIPS1995		CHIPS2002	
	B	Exp(B)	B	Exp(B)	B	Exp(B)	B	Exp(B)	B	Exp(B)
Constant term	−11.290	0.000 ***	−9.133	0.000 ***	−12.890	0.000 ***	−11.208	0.000 ***	−9.212	0.000 ***
Male	1.907	3.281 ***	0.949	2.584 ***	1.454	4.279 ***	1.189	3.283 ***	0.968	2.632 ***
Age	0.300	1.330 ***	0.275	1.317 ***	0.406	1.501 ***	0.290	1.336 ***	0.203	1.226 ***
Age squared/100	−0.264	0.785 ***	−0.230	0.795 ***	−0.385	0.681 ***	−0.247	0.781 ***	−0.148	0.862 ***
Han people	−0.087	0.935	−0.077	0.926	−0.100	0.905	−0.096	0.909	−0.011	0.989
Married	0.189	1.337 **	0.342	1.407 ***			0.523	1.686 ***	0.474	1.607 ***
4-year college or above	1.220	4.233 ***	1.489	4.435 ***	0.989	2.689 ***	1.250	3.492 ***	2.100	8.163 ***
3-year college	1.067	4.495 ***	1.562	4.771 ***	1.290	3.632 ***	1.403	4.068 ***	1.831	6.237 ***
Senior high school	0.725	1.889 ***	0.603	1.827 ***	0.579	1.785 ***	0.631	1.879 ***	0.764	2.147 ***
Elementary school or bellow	−0.826	0.412 ***	−0.742	0.476 ***	−0.810	0.445 ***	−0.852	0.426 ***	−1.018	0.361 ***
Urban sector					0.952	2.591 ***	0.854	2.349 ***	0.476	1.610 ***
The middle region	−0.168	0.846 ***	−0.091	0.913 ***	−0.117	0.890 ***	−0.085	0.918 *	−0.131	0.877 ***
The easten region	0.332	1.393 ***	−0.178	0.837 ***	−0.105	0.900 ***	0.078	1.082 *	0.071	1.074 *
CHIPS1995	−0.424	0.655 ***	−0.581	0.559 ***						
CHIPS2002	−0.296	0.743 ***	−0.621	0.537 ***						
Cox-Snell R-2squared	0.098		0.190		0.193		0.188		0.184	
Nagelkerke R-2squared	0.260		0.286		0.361		0.349		0.328	
Number of observations	81448		54843		50384		40826		45081	

Source: The 1988, 1995 and 2002 CASS CHIP surveys.

Notes: * Significant at 10%; ** significant at 5%; *** significant at 1%.

First, compared to women, the odds ratio that a man will acquire party membership (a value found by dividing the probability of successfully acquiring membership by the probability of failing to or not attempting to acquire membership) is approximately three times higher. However, the difference between the two tended to shrink as time passed, decreasing from a 4.3 times greater probability for men in 1988, to 2.6 times in 2002. It is not reflected in the table, but if only the urban sector is observed, those odds ratios decreased from 3.5 to 2.0 in the same period. It can be said that equality of opportunity in entrance to the party increased here.

Second, while the probability of successfully acquiring party membership increases with age, the trend reverses past a certain age. This is based on an inverse-U relationship found in the above model.

Third, based on the pooled data from all three surveys the difference in opportunity of party membership acquisition between minority groups and Han was shown to very slightly disadvantage Han people. No statistically significant difference between ethnicities was found in models using data from the individual surveys. A statistically significant result that showed disadvantageous treatment for minority groups or prioritization of Han people in acquiring party membership was not found.

Fourth, the effect of education on party membership acquisition was significant and positive. The higher the educational level of an individual, the higher the chance of acquiring party membership. This effect increases still with the passage of time. As Table 4 shows, the odds ratio of acquiring party membership for a 4-year college graduate as compared to a junior high school graduate increase from 2.7 in 1988 to 3.5 in 1995, and increased even further to a factor of 8.2 in 2002. This rapid upward trend

can be confirmed for 3-year college graduates as well. In contrast, it is becoming more and more difficult to obtain party membership for individuals with an elementary school education or lower.

Fifth, the odds ratio of acquiring party membership differs largely based on whether the individual resides in the urban or rural areas. However, this trend is shrinking with time (odds ratio of urban versus rural: 2.6 times in 1988, 2.3 times in 1995, 1.6 times in 2002). In the three largest regions, the East, Central, and West, there is a statistically significant difference in opportunity to enter the party, but the degree is only slight.

Ⅴ The Functions of Party Membership and Changes Therein

As is made clear by much of the previous research, party membership holds similar power in the form of political capital to the human capital that reflects an individual's abilities and education. Below we will examine the function of party membership in both urban and rural areas. More specifically, we will empirically analyze the role that party membership plays in occupation, attainment of social status, and income; and we will examine whether this role changes over time while considering the effects of education.

1. The Relationship between Party Membership, Occupation and Earnings in Rural China

(1) Non-farm Employment Choice amongst the Farming Population

We would like to consider whether party membership as political capital affects employment choice and earnings. First, we must express the employment situation of the farm population. Since the 1980s, the non-farm sector has grown rapidly, and population movement from rural areas to cities has increased since the 1990s [Yan, 2009]. In the midst of this, the proportion of individuals working in non-farm sectors has continued to rise amongst members of rural households. According to calculations based on CHIP Survey data, the percentage of individuals with non-farm earnings in the rural population aged 16 years or older increased rapidly, growing from 6.9% in 1988 to 21.9% in 1995 and again to 34.5% in 2002.

What effect did party membership have on access to these various non-farm occupations, including cadres of rural local government? Here, we examine the determinants of non-farm employment for individuals who were 16 years of age or older at time of survey. Specifically, we estimate a logistic regression model where the independent variable is 1 if an individual receives non-farm earnings and 0 otherwise. The dependent variables are age, gender, ethnicity and other attributes, education, party membership, and more. Table 5 shows the results of models using data from each individual survey, as well as a model using pooled data from all three.

Table 5 Determinants of working in non-farm employment in rural China (16 years or above)

	CHIPS1988		CHIPS1995		CHIPS2002	
	B	Exp(B)	B	Exp(B)	B	Exp(B)
Percent of non-farm employment(%)	6.9		21.9		34.5	
Constant term	−5.711	0.003 ***	−3.941	0.019 ***	−3.978	0.019 ***
Male	0.487	1.628 ***	1.219	3.383 ***	1.536	4.645 ***
Age	0.042	1.043 ***	0.061	1.063 ***	0.116	1.123 ***
Age squared/100	−0.051	0.950 ***	−0.096	0.909 ***	−0.178	0.837 ***
Married			−0.123	0.884 **	−0.041	0.960
Han people	0.477	1.611 ***	0.500	1.648 ***	0.651	1.917 ***
Education	0.156	1.169 ***	0.065	1.067 ***	0.034	1.034 ***
Party member	0.745	2.107 ***	1.120	3.064 ***	0.693	1.999 ***
The middle region	−0.240	0.787 ***	0.119	1.126 ***	0.121	1.129 ***
The easten region	1.322	3.750 ***	0.665	1.945 ***	0.472	1.603 ***
Cox-Snell R-2squared	0.076		0.132		0.192	
Nagelkerke R-2squared	0.177		0.200		0.264	
Number of observations	29381		23779		28080	

Source: The 1988, 1995 and 2002 CASS CHIP surveys.

Notes: * Significant at 10%; ** significant at 5%; *** significant at 1%.

As can be seen in Table 5, the coefficients representing individual attributes were shown to be significant in affecting employment choice in each of the surveys. Specifically, we can point to the following items: (1) opportunities in non-farm occupations increase with aging, but become difficult again past a certain age; (2) men have a higher probability of choosing non-farm occupations than do women, and that tendency is further trending upward; (3) the odds ratio that a Han person will choose a non-farm occupation is high and trending upward; and (4) in the East, Central, and West regions, the opportunities for members of rural households to find non-farm work are converging toward equality.

Something we would like to pay particular attention to here is whether or not the effect that years of schooling, which reflects human capital, and CCP membership, which reflects political capital, have on employment choice has changed. As one can see from Exp(B) in Table 5, the odds ratio of non-farm employment choice increased by 1.169 with each additional year of education. This was 1.067 in 1995 and 1.034 in 2002. This means that for each additional year of schooling the probability of attaining non-farm work over farming work increased by 3.9 percentage points, 1.6 percentage points, and 0.8 percentage points for each respective year[7]. The effect of education on non-farm employment

[7] This can be calculated as following. For example, in situations where other conditions are held constant, the probability of non-farm employment choice in 1988 will be 1.169/(1+1.169)=53.9%. From this we see that if 50% probability of finding employment is subtracted from non-farm employment or farming employment attainment, we arrive at a value of 3.9 percent points.

choice with other factors held constant weakened. On the other hand, the effect (in the form of an odds ratio) of party membership remained at a high level throughout the three surveys. In the 1988 and 2002 surveys, the odds ratio for an individual with party membership versus a member of the general public to choose non-farm employment was a factor of approximately two. In 1995, it was a factor of three on average.

When looking at employment choice for members of a rural household, the effect of education was meaningful and positive as ever, but the degree of this effect decreased greatly. On the other hand, however, the effect of party membership for this group remained at a high level.

In order to emphasize the difference between common party members and executive party members, we utilized a new model that takes into account common and executive party members in place of the party member variable in each of the models represented in Table 5. When this is done, we can see that the odds ratio for non-farm employment choice between common party members and members of the general public is a modest 1.22 times, 1.81 times, and 1.17 times in each respective survey. For executive party members, the odds ratio is 6.6 times, 23.3 times, and 67.6 times respectively. Executive party members were absolutely superior in gaining access to non-farm employment.

(2) The Effects of Party Membership and Education on Non-farm Earnings in the rural Household

To continue, let us consider the effect of party membership on non-farm earnings. Here we employ an OLS regression model with non-farm earnings as the independent variable, but we sort party members into common and executive, adding further dummy variables for executives of various types of organizations. Table 6 shows the results of regressions utilizing data from each of the surveys, as well as a model that uses pooled data from all three.

First, in regards to the relationship between individual attributes and earnings, let us speak on the regression coefficients in the table and their respective levels of significance. From the 1988 rural survey, we were able to confirm that factors such as gender, age, or ethnicity for rural household members had almost no statistically significant effect on the amount of non-farm earnings received. In the 1995 survey, gender and age again showed no meaningful effect on non-farm earnings, while Han people earned close to 38.7% more non-farm earnings than minority groups. Then in the 2002 survey, all three factors came to show statistical significance. We see the following findings: earnings increase with age in youth and then decrease again past a certain age, men have a higher earnings than do women, and the earnings of Han people are higher than that of minority groups.

Table 6 The earnings function of non-farm employment in rural China (at age 16-64, OLS)

Dependent variable: ln(monthly earnings)	CHIPS1988	CHIPS1995	CHIPS2002	CHIPS1988·1995·2002
Constant term	3.106 ***	3.777 ***	3.852 ***	2.346 ***
Age	−0.039	−0.014	0.022 ***	0.001
Age squared/100	0.022	0.004	−0.049 ***	−0.022 ***
Male	−0.063	−0.019	0.066 **	0.027
Han people	−0.274	0.387 ***	0.285 ***	0.247 ***
Education	0.103 ***	0.071 ***	0.048 ***	0.063 ***
Party member	0.741 ***	0.204 ***	0.266 ***	
Common party member				0.089 **
Executive party member				0.597 ***
The middle region	1.072 ***	0.157 ***	0.235 ***	0.297 ***
The easten region	1.134 ***	1.237 ***	0.973 ***	1.062 ***
CHIPS1995				1.443 ***
CHIPS2002				1.729 ***
Adjusted R-squared	0.072	0.209	0.155	0.208
Number of observations	2312	5026	9317	16657

Source: The 1988, 1995 and 2002 CASS CHIP surveys.
Notes: * Significant at 10%; ** significant at 5%; *** significant at 1%.

Second, education has a positive effect significant at 1% on non-farm earnings, but that effect decreased over time. The rate of increase in salary that results from a 1-year increase in years of schooling, or the rate of return to education, declined from 10.3% in 1988 to 7.1% in 1995, and again to 4.8% in 2002. It is possible that as the average years of schooling for members of rural households continued to increase, a phenomenon known as academic inflation occurred. In a time when the average level of education was low, those with lower educational attainment could still find work relatively easily. However, rapid expansion in education perhaps meant that higher educational attainment became underutilized as the level of education in rural households increased with no proportionate creation of jobs that utilized that learning.[8]

Third, while there is a positive and statistically significant correlation between party membership and earnings, there is no doubt that our findings show a remarkable decline in the party premium. In the 1988 survey, non-farm earnings for party members as compared to members of the general public was 74.1% higher. In contrast, this fell to 20.4% and 26.6% for the 1995 and 2002 surveys respectively.

In the era of Chinese economic reform, not only was the average education level of the citizenry growing regardless of sector, but the educational disparity between members of the same generation was also shrinking greatly [Yan, 2014]

Amongst party members, however, there is a difference in the party premium between those who hold no managerial duties and officers in government, non-business enterprises, and other various organizations. Actually, as is shown in the last row of Table 6, there was only a slight increase in earnings of 8.9% between the general public and common party members in contrast to an almost 60% greater increase in earnings for executive party members of 59.7%.

2. The Relationship between Occupational Status and Earnings in Urban China

Let us continue to look at the effects of party membership and education on employment choice, attainment of occupational status, and earnings in urban China based on CHIP Survey data. We will divide the analysis into three steps. First, in places where urban residents work, we will separate valid respondents into two categories. Government institutions, non-business institutions, state-owned enterprises and corporations where the state owns a majority of stock will be termed state-owned sector. Privately-owned enterprises, foreign and joint ventures, and the self-employed will be termed other. Using these categories, we will clarify determinants of working in the state-owned sector at the time of each survey. Second, we will consider the determinants of working in executive positions in each type of organization at time of survey. We will analyze this by separating respondents to questions regarding occupation into two groups, cadres in various organization and individuals engaged in other occupations, such as engineers or clerical staff. Third, we will estimate an earnings function that expresses the relationship between individual attributes, education, and party membership. We will then examine the effects of each of these factors on earnings, their degree, and any trends that may exist therein.

(1) The Determinants of Formal Employment in the State-Owned Sector

When looking at employment choice in the state-owned sector, we will utilize a logistic regression model that takes state-owned sector formal employment as 1 and other employment as 0. For dependent variables, we will take gender, age and age squared, race, level of education (with 5 strata), and a cross term of education level and party membership. Table 7 shows the results from models using data from each survey. Below, we shall focus on the regression coefficients of education level and the education level party membership cross term. Let us analyze and consider the relationship between employment choice, education, and party membership.

Table 7 Determinants of working in fomal employment in the urban state-owned sector (18 years or above)

	CHIPS1988		CHIPS1995		CHIPS2002	
	B	Exp(B)	B	Exp(B)	B	Exp(B)
Percent in formal employment(%)	65.3		70.2		36.5	
Constant term	−5.320	0.005 ***	−4.487	0.011 ***	−10.903	0.000 ***
Male	0.804	2.235 ***	0.482	1.619 ***	0.596	1.814 ***
Age	0.350	1.420 ***	0.217	1.242 ***	0.494	1.639 ***
Age squared/100	−0.476	0.621 ***	−0.207	0.813 ***	−0.603	0.547 ***
Han people	0.163	1.177 *	−0.218	0.804 **	−0.062	0.940
Party member	0.948	2.579 ***	0.792	2.209 ***	0.847	2.332 ***
4-year college or above	1.997	7.370 ***	1.204	3.334 ***	1.703	5.488 ***
3-year college	1.375	3.953 ***	1.288	3.624 ***	1.690	5.421 ***
Senior high school	0.674	1.962 ***	0.785	2.192 ***	0.778	2.178 ***
Elementary school or bellow	−0.683	0.505 ***	−1.069	0.343 ***	−0.681	0.506 ***
4-year college or above× party member	−0.559	0.572 **	0.064	1.066	−0.052	0.949
3-year college×party member	−0.200	0.819	−0.075	0.927	−0.338	0.713 ***
Senior high school× party member	−0.069	0.933	−0.349	0.706 ***	−0.244	0.784 **
Elementary school or bellow×party member	0.007	1.007	0.484	1.623 ***	0.324	1.382
The middle region	−0.465	0.628 ***	0.048	1.050	0.005	1.005
The easten region	−0.865	0.421 ***	−0.312	0.732 ***	−0.279	0.757 ***
Cox-Snell R-2squared	0.270		0.179		0.271	
Nagelkerke R-2squared	0.373		0.254		0.370	
Number of observations	20944		16981		16918	

Source: The 1988, 1995 and 2002 CASS CHIP surveys.

Notes: * Significant at 10%; ** significant at 5%; *** significant at 1%.

To begin, whether or not an urban resident could find employment in the state-owned sector was strongly influenced by education at the time of the 1988 survey. If we take junior high school graduates as a benchmark, the odds ratio of an elementary graduate to work in the state-owned sector were no more than half. For a senior high school graduate, 3-year college graduate, and 4-year college graduate, the odds ratios versus junior high school graduates were 1.96, 3.94, and 7.33 times higher respectively.

When looking at the relationship between state-owned sector formal employment and CCP membership, the following trends can be read from the coefficients. Compared to members of the general public, those holding CCP membership had a higher probability in general of working in a state-owned sector, but it was not necessarily the case that higher education level amongst party members meant a higher chance of working for the state. Rather, it was the opposite. At the time of the 1988 survey, the odds ratio of working in the state-owned sector decreased linearly from 2.6 to 1.5 between elementary graduates and those with 4-year college or higher. A similar phenomenon can be observed in

the results obtained from the 2002 survey data. The odds ratio falls even more as education level rises. The difference between 3-year college graduates and members of the general public disappears. Those with 4-year college degrees or higher came to avoid the state-owned sector more than the general public.

At the time of the 1995 survey, CCP members in all educational strata had a higher probability of working in the state-owned sector than the others, and the trend is particularly conspicuous for those with an elementary education or below. In 1997, the reform of state-owned enterprises began in earnest. It is conceivable that over the following five years, many capable individuals in government institutions moved to other sectors such as foreign and joint stock corporations as privatization advanced and state-run businesses began to disappear.

(2) The Conditions for Becoming a Cadre

Next, let us think about the requirements for becoming a high-ranking member of an organization. Here, we run a logistic regression model that takes respondents who answered as a cadre in government, non-business enterprise, or other various organizations as 1 and respondents in other occupations as 0. The targets of analysis are adult respondents age 18 and over and CCP members within that population. For the former group, variables that express individual attributes, years of schooling, and party membership were used. For the latter group, ages were stratified and dummy variables for age at time of party entrance (under 29, 30s, and 40 and up) were utilized. Table 8 shows results of models using data from the 1995 and 2002 surveys (due to limitations in the data, a similar analysis of the 1988 survey cannot be performed).

Table 8 Determinants of being an executive in urban China (18 years or above, or party members)

	18 years or above						Party members			
	CHIPS1988		CHIPS1995		CHIPS2002		CHIPS1995		CHIPS2002	
	B	Exp(B)	B	Exp(B)	B	Exp(B)	B	Exp(B)	B	Exp(B)
Rate of Executive(%)	5.5		10.7		6.3		33.9		19.1	
Constant term	−16.176	0.000 ***	−10.345	0.000 ***	−19.122	0.000 ***	−8.150	0.000 ***	−19.198	0.000 ***
Male	1.137	3.118 ***	0.786	2.195 ***	1.105	3.020 ***	0.714	2.042 ***	1.070	2.914 ***
Age	0.448	1.565 ***	0.170	1.186 ***	0.510	1.665 ***	0.133	1.142 ***	0.597	1.817 ***
Age squared/100	−0.455	0.634 ***	−0.138	0.871 ***	−0.552	0.576 ***	−0.095	0.910 ***	−0.645	0.524 ***
Han people	−0.092	0.912	0.382	1.465 **	−0.026	0.974	0.336	1.400 *	0.082	1.085
Education	0.114	1.121 ***	0.155	1.168 ***	0.296	1.344 ***	0.154	1.167 ***	0.270	1.310 ***
Party member	2.070	7.923 ***	2.012	7.479 ***	1.705	5.500 ***				
Joining the CCP under age 29							0.932	2.540 ***	0.222	1.249 *
Joining the CCP at age 30-39							0.596	1.814 ***	−0.047	0.954
The middle region	0.019	1.019	0.045	1.046	−0.017	0.983	0.014	1.014	0.063	1.065
The easten region	−0.093	0.911	−0.071	0.932	−0.107	0.898	−0.093	0.912	−0.142	0.867
Cox-Snell R-2squared	0.116		0.170		0.131		0.092		0.157	
Nagelkerke R-2squared	0.332		0.346		0.350		0.128		0.253	
Number of observations	20866		16980		16877		3775		4228	

Source: The 1988, 1995 and 2002 CASS CHIP surveys.
Notes: * Significant at 10%; ** significant at 5%; *** significant at 1%.

In each CHIP Survey, the proportion of cadres changes somewhat, but only to a degree of a few percent. What kind of qualities do cadres in various organizations possess in terms of individual attributes, political capital, and human capital? Let us describe our findings as shown in Table 8 that express the conditions necessary for one to assume office as a cadre in an organization. Education in particular has a positive effect on installation as a cadre. Furthermore, that tendency strengthens with time. The odds ratio for this rose from 1.121 in 1988, to 1.344 in 2002. In contrast, the effect of party membership on working in a high-ranking position weakened somewhat. This odds ratio decreased from 7.9 to 7.5, and again to 5.5 over the three surveys. Despite this finding, we can still say that the absolute power party members hold over members of the general public still exists here.

Being a party member does not uniformly guarantee a high-ranking position for all, however. As the results for CCP members show, men have a markedly stronger tendency to become cadres, and this trend has increased even more with time. The employment advantages of Han CCP members observed in the 1995 survey data disappeared by the time of the next survey. Finally, the effects of education for party members, as with the result for members of the entire adult population, grew more and more significant with time.

One interesting point was that age at time of party entrance had a significant correlation to employment as a cadre. In the 1995 survey, those who joined the party in their 30s or before had a remarkably higher probability of finding a high-ranking position as compared to those who finally joined the party in their 40s or later. By the 2002 survey, however, the difference between respondents age 40 and up and those in their 30s was no longer significant, and the comparative advantage for those under 30 had decreased. This means that the sooner in life one joined the party, the greater the probability of finding success later, but this effect decreased over time.

(3) The Earnings Function for Urban Residents

Finally, let us consider the relationship between party membership and earnings. Table 9 shows the earnings function for workers in urban China. From these regression coefficients and the associated levels of significance, we can deduce the relationships between each dependent variable and earnings. When compared to the earnings function for members of rural households, the effects here of individual attributes, education and party membership, and the direction of each is very clearly different.

First, consider the relationship between age and earnings. In every survey, earnings show an inverse-U relationship, increasing with age before turning downward past a certain point.

Second, there is a disparity in earnings between men and women, and the trend is widening. Compared to women, the earnings of men were 13.6% higher in 1988. This gap increased to 11.0% in 1995 and further to 15.1% in 2002.

Third, a statistically significant difference in earnings between Han people and minorities could not be found, but the results do tentatively show higher earnings for minorities. This is the opposite of the situation for non-farm workers in rural China (Han people have an advantage).

Table 9 The earnings function in urban China (at age 16-64, OLS)

Dependent variable: ln(monthly earnings)	CHIPS1988	CHIPS1995	CHIPS2002	CHIPS1988	CHIPS1995	CHIPS2002
Constant term	2.834 ***	3.525 ***	4.135 ***	2.796 ***	3.523 ***	4.137 ***
Male	0.136 ***	0.110 ***	0.151 ***	0.136 ***	0.110 ***	0.151 ***
Age	0.082 ***	0.079 ***	0.058 ***	0.083 ***	0.078 ***	0.058 ***
Age squared/100	−0.090 ***	−0.076 ***	−0.056 ***	−0.092 ***	−0.076 ***	−0.056 ***
Han people	0.021	0.011	−0.066 **	0.019	0.012	−0.065 **
Education	0.021 ***	0.041 ***	0.074 ***	0.021 ***	0.041 ***	0.074 ***
Party member	0.079 ***	0.089 ***	0.081 ***	0.194 ***	0.151 ***	0.102 ***
Executive from various type of organizations	0.034 ***	0.049 ***	0.098 ***	0.046 *	0.097 ***	0.225 ***
Working in the state-owned sector	0.199 ***	0.176 ***	0.218 ***	0.220 ***	0.184 ***	0.217 ***
Executive of organizations× party member				−0.002	−0.070 **	−0.178 ***
Employee of state-owned sector ×party membership				−0.143 ***	−0.060 *	−0.002
The middle region	−0.122 ***	−0.076 ***	−0.108 ***	−0.121 ***	−0.076 ***	−0.108 ***
The easten region	0.123 ***	0.247 ***	0.281 ***	0.124 ***	0.247 ***	0.280 ***
Adjusted R-squared	19067	11891	10127	19067	11891	10127
Number of observations	0.345	0.290	0.283	0.348	0.291	0.284

Source: The 1988, 1995 and 2002 CASS CHIP surveys.

Notes:* Significant at 10%; ** significant at 5%; *** significant at 1%.

Fourth, the rate of return to education was 2. 1% in 1988, no more than a fifth of that of rural households. This grew to 4.1% in 1995, closer to the number for rural households, but overtook rural households in 2002 growing to 7.4% (compared to 4.8%). This continuing increase in the rate of return to education is the opposite of the earnings function found for non-farm workers in rural households.

Fifth, the party premium for urban residents also shows a very different situation to that of members of rural households. The earnings for urban residents who hold party membership is around 8% higher than members of the general public. This is only one ninth of the party premium for rural households in 1988. By the 1995 and 2002 surveys, although the earning premium of CCP membership for rural residents has fallen rapidly, the party premium for urban residents still failed by far to reach the rural residents' level. We can say that the earnings premium for CCP membership in urban China is relatively stable, and less than the effects of the CCP premium in rural households.

Sixth, when we add two cross terms of (executive of organization *party), and (employment of stated-owned sector *party) as dummy variables to the model, the party premium is found to change greatly. Just working in the state-owned sector grants an earnings increase of around 20% over those who do not, and working as a high-ranking cadre means that one will gain more earnings. One very

interesting trend was that cadres in various organizations saw a drastic increase in earnings premium as time passed (4.6% in 1988, 9.7% in 1995, and 22.5% in 2002). By holding party membership, it is easier to find work in the state-owned sector, and the probability of advancement to high-ranking positions increases. Finally, this result means that those who hold party membership do have comparatively higher earnings.

3. Summary of Results

Here, we will gather and summarize the results of analysis and compare to the above hypotheses on the effects of party membership on employment choice, occupational attainment, and determinants of earnings.

First, party membership has a statically significant and positive effect on the amount of non-farm employment choice and non-farm earnings found in the rural areas. Further, the effect of party membership on non-farm employment choice is relatively stable, while the effect on non-farm earnings is weakening gradually. In contrast, the effects of education on both non-farm employment choice and non-farm earnings are weakening markedly with time.

Second, in the urban areas, education and party membership are raised as determinants of formal state-owned sector employment and tendency to work in the state-owned sector increases with educational record, but the trend is weakening as time passes. Those who hold party membership are more likely to work in the state-owned sector than the general public, but that relationship isn't necessarily stronger for party members with more education. Furthermore, among party members, the probability of working as a cadre in an organization increases with younger age of entrance into the party, and is higher for men than for women. Education is becoming more and more important to finding work as an executive of an organization. There are nearly no advantages for Han people when other conditions constant.

Third, when considering the amount of non-farm employment choice in rural areas, the earnings premium for only being a common party member is comparatively small, but for executive party members working in high-level positions, the effect is very large and increases further with time. In urban areas on the other hand, the party premium is not only remaining constant regardless of the organization's form of ownership, but there is a mechanism in which one can attain party membership, attain a high rank in an organization, and find higher earnings.

Fourth, over the 14 years covered in the surveys, the rate of return to education and the earnings premiums for CCP memberships moved in opposite directions in rural and urban areas. If we look at overall levels, both sides appear to be moving toward convergence. This hints that marketization is deepening, and integration of labor markets is proceeding at a nationwide level.

Ⅵ Conclusions

In this paper, we analyzed how the group of individuals known as the Chinese Communist Party changed using micro-data from three nationwide surveys performed at different periods between which the degree of marketization and the social and economic structure in China was transforming. We examined how party membership affects people's choice of employment, occupational attainment, and determinants of earnings, while including changes in the function of individual attributes and human capital. Previous studies utilizing CHIPS data performed chronological analyses of just urban or rural areas, or handled both together, but most dealt with only one or two surveys. In this paper, we endeavored to cover both urban and rural areas over all three periods and gain a dynamic understanding of the transformation as a whole through the process of marketization, and we believe we have achieved that goal. Based on the results of our empirical analysis, we offer the major conclusions of the paper as follows.

First, the proportion of people who join the CCP as they grow older is relatively stable in the three surveys, while the overall level of education of party members is increasing rapidly with time. Between men and women and between the urban and rural areas, the probability that people will enter the party is noticeably different, but that gap is in a downward trend. A noticeable difference in CCP entrance between ethnicities cannot be detected. The supply of party memberships (approval of applications for party entrance) is strictly controlled, and increases in the number of CCP members largely stem from increases in population and changes in age demographics. Focus is being placed on selection of party members from highly educated and younger groups, and highly educated people are being brought into the party from various strata of society. This phenomenon could very much be called a sharpening and streamlining of the party.

Next, in both urban and rural areas, those who hold party membership not only have higher earnings overall than those who do not, but the trend is increasing with time. But how should we interpret this party premium? Does CCP membership hold value in the form of political capital in communist-controlled China, or is party membership itself a kind of signal of ability with those who hold it suitable to receive higher earnings than those who do not?

In rural China, party membership and education have a statistically significant and positive effect on non-farm employment choice and earnings, but those effects are decreasing rapidly over time. In addition, even if one holds party membership, the earnings premium will be greatly reduced if one is not a high-ranking cadre in their organization.

In urban China, though, party membership and education are exerting more and more of an effect on each employment choice, occupational attainment, and earnings. In party members with higher levels of education, and among those who joined the party at a younger age, the odds ratios for attaining

high-ranking employment are markedly higher. These individuals are garnering higher and higher earnings as compared to others.

In simpler terms, party membership is a valuable form of capital in the same vein as education, and it is also a condition from which one can expect higher earnings by becoming a high-ranking cadre in a given organization. Because the urban sector offers a course in which individuals can gain entrance to the party, find work in the state-owned sector, and attain a high rank in a government institution or the like, incentive to join the CCP has been maintained over time. Individuals that follow this course can gain better occupational attainment and higher earnings. Due to this, it may be the case that the communist party has been able to pull excellent individuals from all strata of the society, increase its administrative capabilities, and adapt to a rapidly changing environment. When viewed from this perspective, the idea of CCP membership as a signal of ability cannot be denied.

In both rural and urban areas, the rate of return to education and the earnings premium for CCP membership are converging on the same level. This is evidence worthy of attention that labor markets throughout the country are becoming integrated.

To conclude, we shall speak on the limits of this study. As previously stated, limitations in the data mean that the form factor of the CCP, and the various functions of party membership after the very beginning of the 2000s cannot be known from our analysis. In studies from each Liu and Wang (2010) based on CGSS 2008 data, Yan and Wei (2014) based on Tianjin Citizen Surveys at two points (1997 and 2008), Yan (2010) based on Shanghai Citizen and Floating Population Surveys at two points (2003 and 2009), and Yan (2010) based on the Pearl River Delta Floating Population Survey (2008), the results show that the earnings premium had declined greatly or had disappeared by 2008. In that sense, observing the changes in the function of party membership over a longer time span and performing an empirical analysis is a task left unaddressed. Furthermore, among the questionnaires utilized in three CHIP Surveys, there are some items and categories that are not exactly comparable due to differing expressions. We paid the utmost effort in putting the results from all three surveys into a comparable form, but we cannot deny that some parts that were not perfectly compatible remain. We believe that these are not significant enough to sway the results of the study, however.

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