

# International study puts middle class in spotlight

March 14 2014, by Paul Mayne

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Having lived in India and Singapore as a child, Western Economics professor Terry Sicular was always fascinated by Asia. Five decades later, that passion prevails.

Sicular's current study, "The Middle Class and China's Economic Development," was one of two Canadian projects to receive funding from the Institute for New Economic Thinking (New York) and the Centre for International Governance Innovation (Waterloo). Aiming at finding solutions for the world's most pressing [economic problems](#), the organizations jointly awarded \$2.1 million in research grants to 23 different projects.

"Every day you read the paper, there seems to be a story about the [middle class](#)," Sicular said. "There's a view, here, that the middle class matters, and that it's important to have a middle class, for economic reasons. People feel it's good to have a vibrant middle class because they are consumers and drive demand in the economy.

"I am interested in role of the middle class in developing countries, which, I think, is different from the role of the middle class here."

While economists rarely consider 'classes' – a concept that tends to be more sociology driven – there has been discussion in China about the importance of developing a middle-class population.

"It actually isn't really clear," said Sicular, who has taught at Western for

20 years. "For people in business, who are trying to sell things in China, there is a lot of talk on the business side about the middle class and what they demand and will buy. But there hasn't been very much substantive discussion.

"There are a lot of questions that remain."

For instance, what is 'the middle class'? Statistically, middle class has defined those people in the middle of the income bracket. But that isn't a substantial definition, Sicular said.

"Is it they've made it far enough above subsistence to have discretionary income in spending? Is it they have more economic security? Do they have access to credit, so they can expand what they do economically?" Sicular said.

On those topics, she will broaden her perspective with this three-year study, thinking in new ways about China's economic issues.

"Part of this is, I'm not sure what I'm looking for," said Sicular, who works in partnership with professor Shi Li of Beijing Normal University's School of Economy and Management. "I want to think about, in a systematic way, how we define the middle class and how does it matter in a developing country like China."

Collecting a large data set (up to 20,000 households) with information on incomes, family composition and consumption, among other things, Sicular hopes to shed a light on if there is, empirically, some systematic pattern to behavioural changes, where the cutoff is and why is it changing.

"I am very open-minded about it. I want to go in with some ideas, but not force the ideas upon myself," she said.

Once complete, Sicular's research will be available publically. The findings will inform government policy in China. The Chinese government looks at the work of Chinese researchers and many foreign researchers, she added.

"It is great being an academic and a researcher. I enjoy teaching, but I also enjoy learning, asking questions and trying to find answers," Sicular said. "I do care, on a personal level, about China's [economic development](#). So, it satisfies that interest as well."

Provided by University of Western Ontario

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