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# Conditional Loyalty and Exit

## *Explaining the Emigration of Wealthy Chinese after the 2012 Leadership Change*

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### Abstract

This article aims to explain the emigration of wealthy Chinese citizens after the 2012 political leadership change, with reference to Hirschman's model. It builds on the concepts of loyalty and exit in the context of an authoritarian regime with rapid economic growth, to offer insights into the self-declared reasons behind the emigration of these people from China. Based on evidence from 25 semi-structured interviews conducted in 2021 with Chinese emigrants, the analysis outlines the intricate interplay between economic opportunities and the level of control within an authoritarian regime as a cause for emigration.

### Keywords

China – emigration – loyalty – politics – wealth

## 1 Introduction

The emigration of Chinese private entrepreneurs and businesspeople increased after Xi Jinping came to power in 2012 (Frank, 2014; Tian, 2017). Earlier studies have unveiled the political reasons behind this process, emphasising Xi's anti-corruption campaign, the resurgence of the 'original sin' problem and political instability amid leadership change (Osburg, 2013; Hess, 2016; Liu-Farrer, 2016). These reasons refer to Xi's first years in office and most evidence comes from data collected before 2014 (Hess, 2016; Liu-Farrer, 2016; Xiang, 2016; Colic-Peisker and Deng, 2019), but we know very little about whether Xi's rule since then has provided reasons for wealthy Chinese to emigrate. More specifically, the extent to which the 2012 leadership change and its subsequent line of policies affected the emigration decisions of wealthy Chinese has been under-researched.

To address this gap in the literature, our article seeks to explain why wealthy Chinese chose exit over voice, even after benefitting directly from domestic economic policies. The analysis uses Hirschman's model of 'exit, voice and loyalty' and draws on original data from 25 semi-structured interviews with Chinese private entrepreneurs and businesspersons in 2021. It contrasts and compares the political motivations to leave China before and after 2012, the year when Xi came to power. This article aims to emphasise the complex interplay between the level of control imposed by an authoritarian regime and the economic opportunities it has offered that lead citizens to choose the exit option. We focus on the wealthy Chinese, who are non-conventional migrants, outside the boundaries of the economic and forced migration streams (Ullah, Hossain and Huque, 2021), as the least likely case in which we would expect Hirschman's model to work.

Our central argument is that the rich have gradually exited Chinese society since the 2012 leadership change as a result of lower incentives—primarily political—to continue living in that society. Their loyalty, conceptualised in this article along Hirschman's lines as their willingness to belong to one group (Chinese society) although they may have had some criticism towards it, was fuelled by a four-decades-long rapid economic growth that was primarily attributed to China's development under Jiang Zemin and Hu Jintao (Dickson, 2007, 2008; Nathan, 2016). As such, rich people's loyalty had economic rather than ideological roots, and they supported the status quo (Pei, 2006; Dickson, 2007; Nathan, 2016). Their loyalty was conditioned by economic exchanges in which they engaged with the Chinese Communist Party. The latter provided economic opportunities to wealthy Chinese in return for their quiescence. This loyalty, characterised in our case by physical presence in the country of ori-

gin, diminished when the party-state stopped offering economic opportunities, even though half our respondents still maintain transnational business with China.

The developments during Xi's terms in office created fear among entrepreneurs and business elites about their wealth and personal safety. Hirschman's initial model pays more attention to voice and exit as two options that people have when they are dissatisfied with the groups to which they belong. This article contributes to the theoretical debate by showing the relation between loyalty and exit in China and outlines that it could help in understanding the emigration of rich people to economically developed countries that are established democracies.

The next section briefly reviews Hirschman's model and its application to migration outflows. Next, we present the research design, with a focus on the case selection, data collection and methods of data analysis. The fourth section discusses evidence of subjective political reasons behind recent emigration from China, making a comparison between Chinese who left before and after the 2012 leadership change. The conclusion summarises the main findings and presents the implications of this study for the broader field of migration.

## 2 Hirschman's Theory and the Flows of Migrants

The concepts of 'voice' and 'exit' are presented as alternative choices when facing an unsatisfying situation. They were initially defined as 'two contrasting responses of consumers or members of organisations to the perceived decline in the quality of goods they buy or the services and benefits they receive' (Hirschman, 1993). 'Voice' stands for complaint or protest in an attempt to restore quality that has declined (Hirschman, 1970, 1993). 'Exit' stands for leaving because 'a better good or service is believed to be provided by another company or organisation' (Hirschman, 1970, 1993). However, exit is regarded as an avoidance mechanism in preference to dealing with disputes or venting dissatisfaction (Hirschman, 1970, 1978, 1993). Politically speaking, voice can be seen as political participation, protest or other forms of political engagement, whereas exit can be seen equivalently as emigration from a political regime (Hirschman, 1978).

'Loyalty' is a third option, which is characterised by attachment to a community and 'can serve the socially useful purpose of preventing deterioration from being cumulative, as it so often does when there is no barrier to exit' (Hirschman, 1970). It can translate into a sense of patriotism and national attachment to national states, which can raise the perceived cost of exit and

increase the appeal of voice (Hirschman, 1970; Hess, 2016). Whether citizens choose voice or exit options partly depends on their loyalty to a political regime. Citizens' loyalty to a political regime may initiate active political participation but it may also endure silently, waiting for the situation to improve (Hirschman, 1970, 1993).

Hirschman's model postulates an essential 'see-saw' pattern between the two opinions: the more easily available the exit, the less likely is voice (Hirschman, 1970). In some respects, voice is much more costly and a harder mechanism to activate than exit. First, voice demands collective action, whereas exit can be individual, private and silent (Hirschman, 1970). Second, an individual's ability to influence an organisation determines whether or not he or she chooses to resort to voice (Hirschman, 1970). At the same time, the cost of exit is very impactful in influencing whether to resort to voice. The high cost of exit may create incentives for individuals to consider voice and become involved in protest, which in turn deters them from emigrating (Colomer, 2000). It has also been suggested that 'loyalty holds exit at bay and activates voice' (Hirschman, 1970). This does not necessarily mean that loyalists would not choose exit, but they will choose exit largely based on reasoned calculation of their bargaining power vis-à-vis the organisation and the closeness of the available substitute (Hirschman, 1970). When facing a superior alternative, their choice to stay as a member instead of exiting is largely based on their perception of prospective private benefits against private costs (Hirschman, 1970).

In other words, 'the voice option is likely to make an effective appearance, either as a complement to exit or as a substitute for it' (Hirschman, 1970: 30). Two prerequisites determine whether voice can function as an effective mechanism in preventing a deterioration in governance. On the one hand, structural constraints are something individuals have to bear in mind when choosing the voice mechanism. The citizens' choice of voice is guided by the extent to which institutions may provide platforms to communicate complaints cheaply and effectively (Hirschman, 1970). On the other hand, individuals with much at stake are expected to be able to marshal some influence or bargaining power that would enable them to engage in collective action and wield considerable influence over organisations (Hirschman, 1970). Voice would be an effective recuperation mechanism only in conditions of no availability of an easier exit (Hirschman, 1970).

Individuals choose groups—or organisations—that best serve their needs and exit when their needs are not met (Hirschman, 1970). For example, the mass migration outflow during communism from East Germany was illustrative of citizens' deep dissatisfaction with the country's poor governance. Emigration could be seen as an alternative to actual resistance against poor

governance in the country (Hirschman, 1993). In East Germany, voice was non-existent largely due to the relatively easy availability of exit, in comparison with neighbouring countries such as Poland, Czechoslovakia or Hungary (Hirschman, 1993).

However, things are much more nuanced when looking at other groups of migrants. For example, when Hirschman's model was used to analyse emigration from Cuba, it showed the effective use of voice after exit among migrants, who mobilised international actors to pressure the national government (Hoffmann, 2010). Dissidents who were deemed to have the potential to generate massive internal protest and weaken the stability of the regime were subject to exile to the United States (Colomer, 2000).

Citizens' exit from their home country might reduce the domestic dissenting voice but the mobilisation of voice after exit might still raise challenges for the regime's stability (Hoffmann, 2010). In the case of student migrants from Bulgaria, the findings suggest that voice and exit were not mutually exclusive alternatives. Instead, voice was the ideal citizen's behaviour, whereas exit implied an individual action of withdrawal from a political regime and denoted a sense of apathy (Adnanes, 2004). More precisely, 'exit may be considered not as apathy and withdrawal, but rather as an active strategy to cope with a difficult situation' and 'the association between exit plans and lack of hope for the future may be understood in terms of the status quo situation in the country, and emigration may be a way of coping with this' (Adnanes, 2004: 810).

We use the analytical framework proposed by Hirschman to understand whether the exit (emigration) of rich Chinese was related to changes in the initial conditions that ensured their loyalty (stay in China) until then. In this sense, we focus mainly on the political motives for emigration rather than identifying and discussing other reasons for emigration. Nevertheless, the interview guide used to elicit answers from respondents (Appendix 1) includes a general question about the reasons. Their answers indicate that political reasons were predominant for rich Chinese emigrants.

### 3 Research Design

We focused on wealthy Chinese because they are the least likely case in which we would expect Hirschman's theory to work in explaining their decisions to emigrate. There are three main reasons for this. First, the model was created to explain emigration from undemocratic countries with poorly developed economies and limited economic opportunities (Hirschman, 1993; Hoff-

mann, 2005, 2010). The Chinese case is different: China's economic prosperity is not matched by any other country in the global South and the emigrants had accrued considerable wealth and enjoyed a privileged economic status prior to their emigration. Second, as the world's second-largest economy, China has provided good economic opportunities to its well-off citizens, which they give up by choosing to migrate. Third, earlier studies speak about the middle- and upper-class orientation towards democracy (Lipset, 1981). Accordingly, the Chinese economic elite was expected to push for political reform in China rather than emigrate to Western countries.

A rise in the number of rich Chinese and their accumulated wealth in tandem with China's shift from a planned economy to a market regime in the early 1990s has provided the necessary financial foundation for the emergence of an unprecedented scale of emigration from China (Li, 2005; Guo, 2010). Hence, we scrutinise the issue of rich Chinese emigration during the 1999–2020 period.

In this article, 'rich' stands for a person with individual or family investable assets worth at least USD 1.5 million before emigration. This sum has been widely accepted by Chinese banks as the threshold for being defined as 'rich' (Bain Company, 2017). Our analysis uses 25 semi-structured interviews conducted from January to April 2021 with rich Chinese residing in Australia, Canada, the UK and the US. The participants were recruited through a snowball method. We stopped the interviews as soon as the saturation point was reached.

The four Western democratic countries have been the most popular destinations for rich Chinese migrants because of their language, educational opportunities, sustainable economic development, relatively highly civilised societies and relatively unspoiled natural environments (Liu-Farrer, 2016; Miao and Wang, 2017; Colic-Peisker and Deng, 2019). Most of the people interviewed in this study (16 out of 25) left China after the leadership change; those who left in 2012 were explicitly asked if their migration happened after Xi came to power. Most respondents came from coastal provinces in Eastern and Southern China. Most respondents were between 40 and 55 years old and were highly educated, holding at least a bachelor's degree (Table 1).

The interviews were conducted in Mandarin Chinese via WeChat, Skype or Zoom and lasted approximately 45 minutes. Written consent was obtained from the participants for the interviews to be recorded and then transcribed. Because of the sensitive nature of the topics discussed, in relation to China's economic and political contexts, the online interviews had a personal focus and private settings, which allowed the researchers to obtain rich and detailed information about the stories of migration. The interview guide is available in Appendix 1.

TABLE 1 Interviewees' profiles

Inter-viewee	Gender	Age	Year of emigration	Type of visa	Host country	Hometown	Education	Household wealth Chinese in \$ million
CP 01	M	44	2009	Entrepreneur	UK	Zhejiang	Bachelor	12
CP 02	M	34	2015	Entrepreneur	UK	Beijing	Master	1.5
CP 03	M	40	2015	Investor	UK	Hebei	Bachelor	18
CP 04	F	45	2019	Entrepreneur	UK	Jiangsu	Bachelor	2
CP 05	F	28	2017	Entrepreneur	UK	Tianjin	Master	1.5
CP 06	M	24	2014	Entrepreneur	UK	Shandong	Bachelor	1.5
CP 07	M	47	2019	Investor	UK	Shenzhen	Master	20
CP 08	F	53	2013	Investor	UK	Jiangsu	Diploma	10
CP 09	F	52	1999	Dependent	UK	Jiangsu	Master	10
CP 10	M	48	1999	Skilled	Canada	Shenzhen	Bachelor	12
CP 11	F	52	2018	Investor	Canada	Jiangsu	Bachelor	10
CP 12	F	46	2019	Investor	Canada	Jiangsu	Master	15
CP 13	F	51	1999	Skilled	Canada	Tianjin	Master	3
CP 14	M	44	2014	Investor	Canada	Jiangsu	Bachelor	10
CP 15	M	60	2012	Investor	Canada	Anhui	Bachelor	3
CP 16	M	55	2012	Investor	Canada	Beijing	Bachelor	6
CP 17	F	49	2005	Investor	US	Guangdong	Bachelor	4.5
CP 18	M	49	2002	Dependent	US	Jiangsu	Bachelor	12
CP 19	F	44	2017	Investor	US	Shanghai	Bachelor	6
CP 20	M	42	2012	Skilled	Australia	Beijing	Bachelor	5
CP 21	F	54	2000	Skilled	Australia	Shanghai	Master	1.5
CP 22	M	48	2015	Business	Australia	Beijing	Bachelor	5
CP 23	M	55	2000	Skilled	Australia	Guangxi	Master	1.5
CP 24	F	55	2000	Skilled	Australia	Shandong	Master	6
CP 25	M	45	2018	Investor	Australia	Shenzhen	Master	16

#### 4 Explaining the Emigration of Wealthy Chinese

There have been three main waves of Chinese emigration. The first was oriented towards family reunion and took place in the 1980s (Liu-Farrer, 2016). The second wave included skilled professionals and students and occurred between the late 1980s and the early 2000s (Liu-Farrer, 2016). The third wave started in the early 2000s, after China shifted from a planned economy to a state-controlled market economy (Teo, 2007; Tian, 2017). It includes wealthy and highly skilled individuals (Xiang, 2016; Miao and Wang, 2017), as well as students, investors and people seeking a better lifestyle (Liu-Farrer, 2016; Xiang, 2016; Miao and Wang, 2017). Demographically, they are mainly people from urban areas (Huang, 2017).

According to a 2013 China private wealth report, the number of rich migrants reached 840,000 in roughly one decade (Bain Company, 2013). Later, in 2016, the number of rich emigrants was estimated at approximately 1.58 million (Bain Company, 2017). Hence, this migration phenomenon is significant in several ways. First, an unprecedented and large-scale Chinese migration outflow has raised concerns about a wealth drain and brain drain. Second, globally, the vast number of Chinese emigrants is one of the largest and important segments of contemporary cross-border movement. Because the emigration of wealthy Chinese in the past two decades is closely associated with domestic political and economic developments, the 2012 leadership change and the subsequent policies introduced were likely to have a substantial effect on the dynamics of the migration outflow from China. This is what we tried to understand through the questions addressed to the respondents who agreed to take part in our study.

Most respondents who left China after Xi's access to power primarily settled in the UK and Canada, whereas those who departed before 2012 are distributed more evenly among the four selected countries. Some participants who left China under Xi's rule expressed their interest in moving to the US but opted for other countries because of concerns about the complexity and time-consuming nature of the visa application process in the US. Many of our respondents who left China during Xi's leadership primarily sought investor or entrepreneur visas. Those who emigrated before Xi's tenure often applied for skilled work visas. Most participants who departed after 2012 were business owners or private entrepreneurs, serving as the primary applicants for their visas.

The answers provided in the interviews are in stark contrast to the political motivations of wealthy Chinese who left China before and after 2012, the year when Xi took office. Those who left China before 2012 had general concerns about rights and the legal system in China. For example, CP 01 was involved in a family business in China. He relocated to the UK with his wife and daughter but kept his family business running in China. He spoke from his personal experience about limited freedom of speech and falsification of history texts:

When we grew up, nobody talked about the Cultural Revolution. I graduated without a degree because I refused to take a test in history. I felt it was not right not to record the Cultural Revolution in the textbook. How could I waste my time learning a history that does not reflect what really happened in China?

CP 01



CP 24 moved to Australia while her husband managed an export business in China. He later joined her in Australia. When referring to human rights, she argued that ‘Western countries have human rights and respect for individual life, but Chinese government has no respect for individual life’.

CP 09 moved to the UK with her husband who managed a business in China and then aimed to broaden his expertise by pursuing an MBA in the UK to expand his business further. She shared her thoughts from a legal perspective:

We like the British political and social system, which is very legalistic. As ordinary people in the UK, we don’t worry about our safety and property, and everyone is equal before the law. As long as I don’t break the law, I can live comfortably, and the psychological and financial pressure is less than in China.

CP 09

These observations confirm the findings of earlier research on migration patterns from authoritarian to democratic nations, according to which people migrate as a result of dissatisfaction with poor governance (Colomer, 2000; Fleck and Hanssen, 2013; Möllers et al., 2017). Western democracies may offer a safety net against political and economic crises, in contrast to the challenges in authoritarian countries that foster chronic insecurity among citizens, economically and politically (Harpaz, 2015). Poor governance in authoritarian countries coincides with state control and diminishes people’s aspirations for a better quality of life in their homeland; it encourages emigration to countries that uphold their rights and liberties (Schuck, 2000; Chung, 2017).

Those who left China after 2012 feared for their safety and wealth security in the context of the leadership change and the subsequent policies, such as the anti-corruption campaign, the introduction of the Social Credit System, the resurgence of the ‘original sin’ problem, restrictions on free speech, tighter media censorship, weak protection of private property and perceived political backwardness. They considered that they could not continue their business activities in an increasingly deteriorating and restrictive political environment. They lacked a fallback bargaining position in areas of wealth security, personal safety and continuous wealth accumulation under the new leadership.

Many respondents were increasingly dissatisfied with tight media control and the general denial of their freedom of speech. For example, CP 04 moved to the UK with her son to secure a better high school education for him. Meanwhile, her husband remained in China to support the family financially. She spoke from her personal experience: ‘The reason I want to leave China is that

there is no freedom of speech at all in China, everything I say is monitored'. She was invited to 'have a tea' with the local police officers—which is a metaphor for being questioned by the police—because she had accessed information that was banned by the Chinese government.

CP 10, a highly successful entrepreneur, explained that 'There is all the stuff on the Internet that comes out of the regular party media, it's all positive, it's all harmonious, and nothing bad is allowed to be reported. The government and the Party have strict control over the media'. For many of the respondents there was a direct relation between the deprivation of political participation, a sense of belonging and the cause of emigration. For example, CP 25, a factory owner who relocated with his entire family to Australia, argued that without rights to participate in domestic politics, 'It is difficult for us to have a sense of belonging to the country unless we are willing to be slaves, to make money quietly and not to say anything, as the government would like us to do'.

Moreover, the introduction of several policies, such as the anti-corruption campaign, Social Credit System and 'original sin' problem left entrepreneurs and private business owners without a sense of security because they felt that these initiatives brought additional risk to their personal safety (such as potential complicity allegations), business activities, wealth security and family members. They also considered that these policies marked a looming return of the 'Mao Era', and they were frustrated because they found that the political-economic development model from the past had changed significantly under the country's new leadership.

They felt that under the new leadership they could no longer pursue their goal of rapid wealth accumulation, as they had once done. For example, CP 12's husband and his group of business friends were engaged in high-tech enterprise and they often gathered to talk about political issues that might affect their business. She shared their worries:

As businessmen, we all know how businesses survive and grow. The political wind has changed in 2013. According to the current domestic political climate, it is assumed that the enterprise is the original sin. How could we run businesses within such a restrictive environment?

CP 12

Her husband urged her and their daughter to move to Canada as soon as possible, sensing a shift in the political climate in China.

Similarly, CP 25 terminated his business, sold his properties and left China because of his fear about potential risks:

Making money in China is all about making money, but it does not guarantee that every penny is very clean. If the government was to take stock of the process of the original accumulation of capital, businesspeople would be wary of such a business environment and of such a government.

CP 25

CP 07 ran a thriving export enterprise before emigration. He moved to the UK because he was in a panic about the potential implications of the recently introduced Social Credit System:

The government has implemented the social-credit blacklisting system, which makes the entrepreneur bear unlimited liabilities. Let's say I have invested in 10 companies and have a small stake in each one. If something goes wrong with one of our companies, such as tax evasion or other problems, it will involve us, the shareholders who have invested in it, and this makes us feel very insecure.

CP 07

It has been widely acknowledged that a large number of business elites made their fortunes illegally by abusing the political system and taking advantage of loose government policies, which allowed them to profit from bribery and corruption (Yang and Dai, 2013; Frank, 2014; Liu-Farrer, 2016; Pei, 2016; Knowles, 2017). Thus, the anti-corruption campaign launched by Xi to crack down on corrupt and bribe-taking officials affected the wealthy Chinese. Business success in China has depended primarily on close relations with corrupt government officials (Hess, 2016); thus those business persons who were linked to such government officials faced the threat of imprisonment.

Turning to the legal system in China, the Chinese government has adopted an approach of selective enforcement, which allows the state to expropriate private property in its own interests, such as the mass confiscation of land from millions of farmers when China was newly founded (Cai, Murtazashvili and Murtazashvili, 2020). As a result, the policies introduced more recently have fuelled outright anxiety among wealthy Chinese people. For example, CP 03 was a successful businessman within the tourism sector, and he referred to the safety of his wealth by explaining that 'If you have a large sum of money, you have to emigrate. You are not safe in China because there is no protection of private property in China' (CP 03).

An increasing likelihood of political regression and perceived political instability caused panic among wealthy Chinese. Emigration was seen to be a solution to escape from the perceived political turmoil, protect their wealth, secure

personal freedom and ensure their future. For example, CP 07 shared his deep concern about political regression, saying ‘I was a bit frightened by the political regression; even a step backward was something I felt very panicky about now’. CP 14 operated as a sole trader before emigrating, was afraid of another Cultural Revolution and did not want to live in a repressive and possibly unstable regime. He moved to Canada, where he felt safe: ‘The Communist Party is very powerful in controlling people. Anyone who disagrees with the Party can be monitored by the police. The Chinese government oppresses people to a certain extent and can lead to political unrest.’

Two examples substantiate this approach. CP 10 was looking for a well-paid job and had applied for a talent visa to Canada in 1999. However, enormous state investment in infrastructure developments fuelled China’s economic growth and the first signs of an economic boom became apparent in the early 2000s. He changed his mind about migrating to Canada and stayed in China to earn money. CP 18 moved to the United States in the early 2000s and aimed to find business opportunities there, but returned to China to run a toy factory in his hometown, exporting his products mainly to the American market. The businesses of the two respondents were successful and they accumulated wealth. However, they both left China and moved to Canada and the United States in 2015 because they felt that they could not live and do business in a restrictive environment: ‘There has been a lot of development under Xi that I didn’t like. This is the main reason, a lot of political things, a lot of governmental regulations with which I am a little less used to, and I am a little resistant to policy directions’ (CP 10).

In short, rich people left China after 2012 because of perceived deteriorating social and political environments associated with tight social and political controls under Xi’s leadership. These developments were likely to put their economic safety and security at risk. The deteriorating political situation made them give up good economic opportunities in China and migrate to Western countries. All these observations confirm previous research explaining that Chinese emigration increased after Xi’s access to power (Frank, 2014, 2018; Tian, 2017).

The findings of this study indicate a significant shift in the political considerations of Chinese migrants before and after 2012. The participants who left China before 2012 had some worries about politics, rights and the legal system, but these concerns were not specific and did not involve their own interests. Those who left China after 2012 were more concerned about the impact of a set of new policies and initiatives on their own interests, which included personal safety, business development and wealth security. In summary, the post-2012 Chinese migrants were more inclined to be protecting their own interests

because they believed that Xi's current policies directly and negatively affected them, leading them to choose to emigrate.

## 5 Discussion: Conditional Loyalty and (Conditional) Exit

Four decades of rapid economic growth have given rise to a rich Chinese population, which mainly includes government officials, corporate managers, private business owners and technical professionals (Liu-Farrer, 2016; Nathan, 2016). These are the first-generation members of the class that began to grow fast during the economic boom in the 1990s (Nathan, 2016). Private entrepreneurs and business elites enjoyed political patronage at different levels of government and a relatively high degree of autonomy in their business activities, together with a minor voice to influence the adoption and implementation of economic policies at subnational government levels (Dickson, 2007; Hess, 2020). Both Jiang Zemin and Hu Jintao prioritised economic modernisation, because they saw fast economic growth as a foundation of the Party's legitimacy. The Party tactically integrated itself with the private sector by co-opting private entrepreneurs, aiming to make the economy grow (Dickson, 2007, 2008). In return, private entrepreneurs were offered informal protection of their business and property rights by the Party and enjoyed a good relationship with it (Nathan, 2003; Dickson, 2008).

To begin with the 'voice' option, previous studies show—and our interviewees confirmed—that this has been nearly non-existent since the Chinese government cracked down on students' protests in 1989. Given their economic interests and already accumulated wealth amid China's rapid economic growth, the wealthy have much at stake in the party-state. Hirschman (1970) addresses the importance of institution design in determining whether individuals are able to use the voice option. In China, structural constraints have diminished the likelihood of the wealthy using the voice mechanism to prevent the deterioration of governance. For example, Chinese citizenship prioritises collective regulations over individual rights and does not offer political rights, and freedom of political expression does not exist under Chinese authoritarian rule (Chung, 2017; Ong, 2022). Voice is deemed not an option anymore because of the repressive and restrictive political environment under Xi's rule (Pei, 2020, 2021). The Chinese government has gradually developed a reasonable level of competence in controlling domestic voices alongside mastering economic growth for the past four decades (Chen and Dickson, 2008; Nathan, 2016; Ong, 2022). Given the tight control imposed by the Chinese Communist Party, activating the voice mechanism has become costly.

The Chinese wealthy social class 'heavily relies on the current political economic arrangement for their relatively higher socioeconomic status and thus would not challenge the authoritarian regime' (Tang, Woods and Zhao, 2009: 82). Despite their privileged economic background, they exert limited social and political influence (Chunling, 2013). It is difficult for them to initiate collective action against the authoritarianism of the Chinese Communist Party. Very few were involved actively in domestic politics primarily because of their dependent nature and their economic interests (Dickson, 2007; Nathan, 2016; Pei, 2016). As such, the costs of voice were difficult to bear.

The evidence in this study shows that rich Chinese emigrated—since voice has been largely absent in China—because their loyalty to China's party-state was conditional on economic exchanges and vulnerable to change. Their loyalty may be conceptualised as economic orientation rather than political commitment and patriotic attachment to China's party-state. The accumulation and the maintenance of wealth were the main conditions for support: the Chinese wealthy people were loyal largely due to economic interests (Dickson, 2013).

There were strong ties between the economic and political elites before 2012. For example, many rich people benefitted from informal protection of private property, had a say over matters relating to economic policies at local level, and relatively loose control under former leadership allowed them to quickly accrue wealth. In that period, there was a mild exit option (emigration), which they used only as an insurance. In general, the rich Chinese sought flexible residence in the West via participation in investor emigration schemes, but they were likely to maintain their lucrative business operations within China to generate wealth (Hess, 2016; Liu-Farrer, 2016). The Chinese government has gradually developed a restrictive attitude towards emigration—because of potential brain and wealth drains—and in 2007 imposed a USD 50,000 limit on overseas transfers per year per person, to prevent Chinese citizens from transferring their wealth abroad (People's Bank of China, 2008).

The Chinese respondents from our study who emigrated before the leadership change in 2012 showed general political concerns over rights, freedoms and the legal system in China. However, to many of them emigration was a mild exit that could co-exist with conditional loyalty. After 2012, the circumstances changed and exit became a coping strategy when facing increasing authoritarianism. The exit option may have meant a permanent withdrawal from the political community to which they had belonged until then. The tight political control promoted by Xi had high costs for the economic elites, mainly reflected in vulnerability, limited predictability and disconnectedness from the political decision-making process. The reconfiguration of loyalty and the use of exit

were built on the exclusion of rich Chinese people from politics ‘that wields political and economic power through control of the central party-state and the central state-owned enterprise sector’ (Hendrichske, 2013). The existence of an imbalance between the economic capital and social political influence of the wealthy Chinese was likely to result in a political deadlock (Nathan, 2016). This imbalance increased after the social and economic policies introduced under Xi’s leadership, which led to higher fears for their personal safety and wealth security. Under these circumstances, there was greater motivation for an exit option than to maintain loyalty (Hirschman, 1970).

As reflected in the interviews, the exit strategy meant that wealthy Chinese prioritised the goal of long-term settlement in the West over the pre-2012 approach of flexible residence. This observation is in line with previous works that explain how many wealthy Chinese opted to exit China by emigration and capital flight because they became aware of the increasingly deteriorating political environment and stricter rule (Hess, 2016). Similarly, the post-2020 emigration from Hong Kong illustrates how previously loyal members of the polity were more likely to exit because they were more sensitive to a decline in governance (Wong et al, 2023). The economic stakes for rich Chinese became essential factors in abandoning loyalty and choosing to exit.

The evidence indicates that the exit option was triggered by shifts in leadership and the implementation of new policies during Xi’s tenure. For example, CP 25 explicitly argued that he was ‘simply not content with the new leadership and the policies introduced under his leadership’. CP 21 provided extensive details about his discontent with the new regime and the changes it brought:

As a private entrepreneur, I am quite grateful to Deng Xiaoping because his policy of reform and opening provided me with the opportunity to start a company and do business. However, my perspective changed after the new leadership modified the constitution. The policies introduced afterwards indicating that China was driving backwards, socially and politically. Xi altered two major policies initiated by Deng: one was the reform and opening-up policy, and the other prevented the lifelong tenure of the leader. This implies a shift in China from one-party rule to one-person rule. I felt alienated and chose to emigrate.

These findings nuance and complement the results of previous works. Over time, exit through emigration has become a coping strategy for Chinese people to choose when they face deteriorating or repressive social and political environments. Exit is not as clear-cut as in the initial understanding, according to which individuals choose to leave a political regime decisively and firmly

(Hirschman, 1970, 1993). The exit of rich Chinese individuals was gradual and emigration did not necessarily mean a long-term exit and permanent residence outside the country. It was ‘a form of mobility that may not entail settling abroad, ... a path created by wealthy Chinese striving to be among the global elite’ (Liu-Farrer, 2016: 499). Exit was a flexible coping strategy for a deteriorating domestic political environment rather than a complete withdrawal from the political regime. Such an exit strategy allowed wealthy Chinese to enjoy economic prosperity in their home country and high levels of political freedom in their host countries.

By choosing exit, wealthy Chinese have freed themselves from domestic political limitations to their wealth security and personal safety, but they keep an open door to return to China when they perceive the domestic political climate as improved. For example, such a return intention has been witnessed among Hong Kong migrants who relocated to Canada due to concern about the 1997 Hong Kong Handover (Skeldon, 1994; Ley and Kobayashi, 2005). Hence, emigration has a dual function of hedging against domestic political crises and providing an opportunity for possible return.

## 6 Conclusion

This article uses Hirschman's model to understand the motivations behind the emigration of rich Chinese after the 2012 leadership change. We conducted 25 interviews with wealthy Chinese in which we compared the reasons provided by several respondents who emigrated before Xi's political reforms with those motivations behind the emigration during Xi's rule. The findings indicate that political control decoupled the economic and political elite and removed the incentives of rich Chinese to stay in the country. The leadership that started in 2012 has adversely affected their economic interests and increased political risk, ending the loyalty conditioned by the existence of economic advantages. We show that the end of conditional loyalty resulted also in the absence of a possibility to articulate voice due to the authoritarian nature of the regime. The wealthy Chinese shifted from using the exit option as a mild complement of loyalty before 2012—in the form of flexible residence—to a fully fledged exit (long settlement) after the 2012 leadership change.

Hirschman's model has been valuable in understanding migration outflows from several undemocratic countries. However, it does not apply in its original form to the case of wealthy Chinese. There are two main nuances. First, the emigration of wealthy Chinese can hardly be explained as a mere function of the suppression of voice since they did not have strong democratic aspirations in



the first place (Nathan, 2016). Instead, the link between state and the rich strata of society included only loyalty—based on economic incentives—and no possibility for voice. Second, the exit option does not oppose loyalty. Instead, it is a coping strategy to which some of the economic elites resorted once the economic incentives that ensured loyalty were gone. There is a possibility for exit to be temporary since the emigrants might return if the domestic environment improves, according to their views. Some of our respondents did not rule out the possibility of returning one day to China if similar economic opportunities to the pre-2012 era were put in place. The end of conditional loyalty resulted in an exit that also appears to be conditional on the restoration of their previous benefits.

We contribute to the existing body of research on migration by providing insights into the political factors that have driven the flight of wealthy Chinese under political constraints. The findings have important implications for a better understanding of the potential future waves of emigration considering Xi's tight control. At a theoretical level, we propose a nuance to Hirschman's model of exit, voice and loyalty that has broader applicability. The refined model reflects the changing social-economic contexts in countries in the global South that shape emigration decisions. By reconfiguring the notions of loyalty and exit, this study emphasises the significance of changing conditions in influencing people's choice of exit over loyalty. Unlike the initial emphasis of the model on voice and exit as two alternatives when facing unsatisfactory social and political environments, this article unveils the existence of a mechanism between citizens' conditional loyalty and their choice of exit, both defined as temporary and economics-oriented. This framework could be applied to other settings especially in that it does not have country-specific characteristics.

One limitation of this study is the regional bias of our respondents. The interviewees included mainly individuals from the Eastern and Southern provinces and metropolitan cities of China, whereas other areas of the country were scarcely covered. Another limitation is the almost exclusive focus on the individual-level political reasons for emigration, which were in line with the analysis of Xi's leadership style. There are other reasons for migration and the quest for better education has been documented by previous research as a reason for which Chinese leave their country of origin (Liu-Farrer, 2016; Miao and Wang, 2017). The main criticism is oriented against the heavy reliance on exams, which could limit creative thinking and problem-solving abilities. Some of our respondents highlighted as secondary reasons their intent to relocate abroad in the quest for superior education for their children. Another reason could be the pursuit of a healthier environment and a more autonomous lifestyle (Colic-Peisker and Deng, 2019).

The results of this study confirm for mainland Chinese what earlier findings showed about migration from Hong Kong (Wong et al, 2023): Xi's leadership led to higher emigration. Nevertheless, it is plausible to expect differences between the migration of the two populations from Greater China as a result of variation in the political setting and models of economic development. Subsequent research could compare their reasons for departure under Xi's leadership. Furthermore, considering the large wave of Hong Kong BNO (British National Overseas) individuals relocated in the UK, a future study could be done with a strong focus on voice in exile by employing Hirschman's theoretical framework as a point of reference. Another direction for research could be a comparison of the lives of the rich Chinese migrants in their host countries with those of the rich individuals who stayed in China or returned to their home country after a period abroad. This would provide explanations about the distinct trajectories of migration and indicate the reasons for which some chose loyalty and others a temporary or permanent exit.

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### A.1 Appendix 1: The Questions and Themes in the Interview Guide

1. Could you tell me a little bit about your life in Australia/ Canada/ the United Kingdom/ the United States?
2. How long have you been living here?
  - a. Was Australia / Canada / the UK / the US your first choice?
3. Why did you choose Australia/ Canada/ the UK/ the US?
  - a. Did you migrate to another country before living in Australia / Canada / the UK / the US?
4. Is your family with you?
  - a. Why are they still in China?
5. How did the migration process happen?
  - a. Could you please describe the process in more detail?
6. Why did you leave China?
  - a. Could you please elaborate a bit more on the reasons?
  - b. Which of the reasons that you have just mentioned played the most important part in your decision to migrate?
  - c. Are there any other reasons?
7. Could you tell me a little bit about yourself? (age / hometown / visa applied for / occupation)

Note: All questions marked with letters are follow-up questions.