

# China's "Ant Tribe" Present Social Survival Situation and Personal Financial Advice

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## Abstract

The new term "ant tribe", is referring to a social group of low-income college graduates that are in search of work and livelihood in the big cities (Lian Si, 2009). It is estimated this social group has already surpassed more than 3 million people, with a rapidly increasing rate of 0.2-0.3 million people a year. The investigation carried out on the issues of "ant tribe", involved 327 people including 192 in the "ant tribe" group. The survey put forwards that this social group has three typical characteristics and four basic social features. The psychological state has been analyzed from three aspects and the author from the financial professional viewpoint proposes some advices for their personal finance.

**Keyword:** ant tribe, investigation, typical characteristics, social features, survival situation, personal finance

## 1. Preface

For further understanding of current China's "ant tribe" survival situation, an in-depth investigation on "ant tribe" issues was carried out by my group for a month time from January to February 2012, focusing on the "ant tribe" groups in Beijing and Zhengzhou city. The survey involved 327 participants, including 192 of the "ant tribe" community. As we and the "ant tribe" are peers, some of them were my high school classmates and friends who recently graduated from the university and started their "ant tribe" life. So, despite a very heavy workload in this project, and complicated situation, we managed to complete it successfully and smoothly. Through in-depth interviews, questionnaires and living together with the "ant tribe" for more than 10 days, we obtained a lot of information on the "ant tribe" group's living conditions, occupations, income levels and their mental state. After the fact-finding, I organized the retail field operators of my investigation team to discuss two times and we determined that every team member - from different point of view and personal interest - writes his or her own investigation reports. According to the survey records, through data analysis and with related literature references, I'm delighted to report the following:

## 2. What Is the "Ant Tribe"?

The new term of "ant tribe" originated from Dr. Lian, a Chinese young scholar in 2009. It refers to those who are low-income college graduates and inhabited by the group in search of work and livelihood in the big cities. The young graduates who live in "humble abode", the squalid conditions and low-cost housing located in the urban villages or in the rural-urban fringe zones of the big cities. This huge social group has appeared quietly in the big cities of China since 2005 and few people paid attention to them before 2009. In September, 2009 Dr. Lian published a book "The University Graduates Inhabited Villages--'Ant Tribe' Survey Report", which has caused the Chinese government and all sectors of society to pay wide attention. According to "The Chinese Talent Blue Book (2010)" (Pan C., 2010) disclosed the data, at this time, only in the Beijing area a conservative estimation of the "ant tribe" had more than 100,000 people. In addition, in recent two years this phenomenon of "ant tribe" not only exists in the first-tier Chinese cities like Beijing and Shanghai, but has also spilled into the second-tier Chinese cities such as Wuhan, Guangzhou, Xian, Chongqing, Taiyuan, Zhengzhou and the economically developed third-tier cities. It is estimated this social group has already surpassed 3 million, with a rapidly increasing rate of 0.2-0.3 million people a year. Dr. Lian had originally given a description of this group: "They are 'weak strong' just like ants and they are known to a large community by having three typical characteristics: university graduates, low income, inhabited by group". While, the author finds that the "ant tribe" also shall have four other basic social features:

1) All with degrees of higher education. They are the products of universities enrollment expansion in recent years and they are between 22 to 29 years old, and most of them are the generation born in the 80s or the 90s. This generation accounts for 95.3% in the ant tribe group, and it's been only 6-7 years since they graduated. They are mainly singles, some claiming to be the “migrant worker”, some claiming to be the “ant tribe” members, but all most call themselves the “diaosi<sup>1</sup>” and they call their home “woju<sup>2</sup>”. “The Chinese Talent Blue Book (2011)” (Pan C., 2011) showed that the “ant tribe” bunch who graduated from the 211 project universities accounts for 28.9%, the ratio of relative data compared to 2009 has increased nearly twofold, and the proportion of postgraduates with a master degree has increased from 1.6% in 2009 to 7.2% in 2010, soaring 3.3times. The China Internet “Forum of Postgraduates” commented: “Even the postgraduate degree holders will descended to the ‘ant tribe’ group, and the proportion is rising, this explains the high degree is no longer a high income, high treatment marks”.

2) Low income, unstable job. The “ant tribe” members are mainly working in private enterprises and individual enterprises. The nature of work is chiefly in retail of technology related products, such as computer and mobile phone stores, IT services industry, product marketing, some have occupation in restaurants and supermarkets, etc. Most of them have no insurance and the labor contract is short with low and unstable income, they job-hop frequently, many of them being unemployed or underemployed. Some need to support their family by sending funds back home; while others depend on their family's financial support; and some “ants” appear malnourished, hardly looking forward to work, chronic fatigue syndrome disorder occurring from time to time. The results of this survey show that: the “ant tribe” in Beijing has the average monthly income of 2200 Yuan RMB. Zhengzhou’s “ant tribe” has an average monthly income of 1000-1500 Yuan accounting for 33%, 1500-1800 Yuan accounting 31%, 1800-2000 Yuan accounting for 24%, and there are 12% of the “ant tribe” respondents below 1000 Yuan.

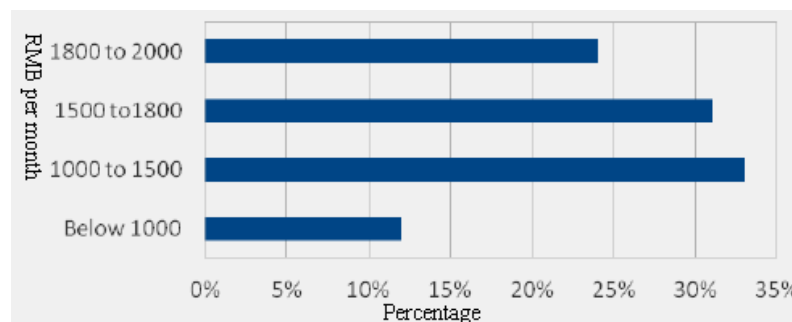


Figure 1. Zhengzhou ants – average monthly income

The survey data also shows that there are 67.7% of the “ant tribe” respondents have not the habit of eating breakfast and 88.1% of them control their meal cost to 10 Yuan max, and the majority of people would consider a meal of over 5 Yuan as too expensive. All this stems from the fact of “unsteady income, low earnings.” Xiao Zhao and Liu Xiang, working at a Zhengzhou tourism company as tour guides, told us, “When we bring tourists in the tourism seasons to the south areas of China and to Tibet, we can earn 7000-8000 Yuan a month, but during the off-seasons we have no income for months, so our average annual income is not high, most of the time we are living a hard life”. While, looking at overall conditions, the “ant tribe” living and employment situation in Zhengzhou was slightly better than that in Beijing.

3) Inhabited high-density, a large number. In major cities, many recent college graduates live as “ant tribe” packed tightly in small dormitory rooms with four or more roommates each. The “ant tribe colonies” or “ant tribe villages” are formed in areas inhabited by a large number of people ranging from small-scale ones accommodating 2000-3000 people to large-scale ones of more than 50,000 dwellers. The “ant tribe” inhabited density, in the survey, there are 70% of respondents just have a living area of 10 square meters, 20 square meters or more for one person only accounting for 5.5% and 20% of the “ant tribe” rooms below 5-6 square meters.

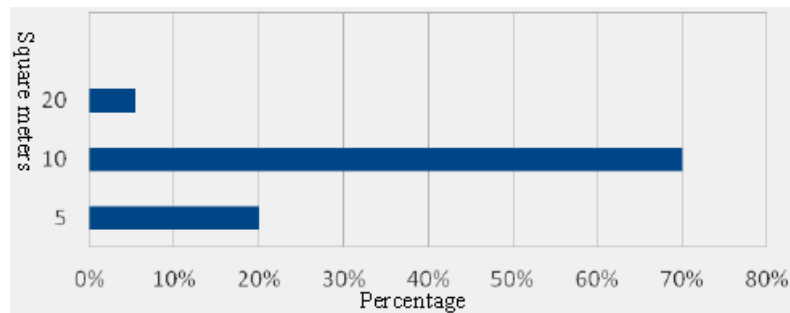


Figure 2. Living area of ant tribe members

Apart from the three typical characteristics, this survey finds that the “ant tribe” also has the following four other distinct social characteristics:

4) Come from rural areas or urban low income families. Most of the “ants” come from the rural and economically underdeveloped areas. Those from rural areas account for 60.6% and those from county-level towns account for 27.3% respectively, and the small and medium-sized city kin accounting for 12.1%. They are can be called the “poor second-generation”.

5) The first-generation university graduates in the vast majority of families. Many of their parents are farmers or farmer migrant workers, town enterprise worker or small vendors.

6) They don’t have registered permanent address in the city of their residence. According to Chinese current population administration system, they don’t have city accounts, only have a “temporary residence permit” in the city they are working in or seeking work in, and their permanent residence is registered in their home towns.

7) Relatively economic independence. They are a group of self-run occupation and their income is low but they live a self-determined life. With the exception of a few who need parental financial support, or a few who need support their large families (aging parents, siblings, grandparents), most of the “ant tribe” members live a life of relative financial independence as their families back home are self-sufficient.

In addition, the overwhelming majority is under the age of 30, single or cohabitating. When they get married they will gradually move out of the “ant tribe” villages. Some of the married couples or families with children are still huddled in the “ant tribe village”. Those may be the rural migrant workers. Although this social group leads a same life as the “ant tribe”, they are not defined into the “ant tribe” class which just refers to the college graduates by Lian et al (2009). I think this social group should be the “ant tribe symbiosis” and studies on the topic of this group shall be carried out in the future.

### 3. “Ant Tribe” Current Living Status

“Above survival, life is following”, highly summarized by Dr. Lian (2009)

#### 3.1 Where Are the “Ant Tribe Villages”?

The phenomenon of “ant tribe” in China appeared in Beijing, Shanghai, Guangzhou and other big cities first and then began to emerge gradually in the capital cities of provinces. Now that has spread to the medium-sized cities and some economically developed zones. County-level towns and underdeveloped cities have not yet experienced this phenomenon. The “Ant tribe” group lives mainly in urban-rural on the fringes of big cities or urban villages, where the streets are narrow, there is limited living space, and it’s generally noisy and the lanes are filled with garbage. The dinghy accommodation is without a central heating system and without hot water. However room rents are cheap, with a low cost of living, food at the street stalls and transport located nearby. There is none of upper class well-to-do folks, civil servants, white-collar workers here, so these places have transformed into the “ant tribe colonies”. Like Tang Jialing, an “ant tribe” large-scale ghetto in the north outer of Beijing Wuhuan Road. There was an “ant tribe” of as many as over 50,000 before 2011. In Zhengzhou city, there are many “ant tribe villages” with a populace of over 10,000 such as Zhao Village, Chen Village, Wuli Bao, Liulin Town, etc. The small scale “ant tribe colonies” accommodate about 2000-3000 and a large number of localities scattered in the city.

#### 3.2 Two Common Types of “Ant Tribe” Members in Zhengzhou: Meet Little Bai and Little Meng

The “ant tribe village” was empty and deserted during daytime; wage earners were away at work. We had contacted Little Bai and Little Meng and met them that evening after work in their “woju”. Little Meng’s working place was not so far, it takes 20 minutes by bike; Little Bai’s working place was far away, commuting to

work 1 hour and 20 minutes by bus. We met Little Meng about seven o'clock at the "ant tribe village" called Chen Village in the Zhengzhou city. At this time, most of the "ant tribe" folks had not returned from work. Little Meng led us to their room in an old village building, that belonged to a villager named Chen. There were a lot of similar buildings in the surroundings which belonged to Chen, a man originating from this village. Chen and other villagers had rented the ramshackle buildings out to the "ant tribe", so that the area had transformed into "ant tribe village". The corridor was dim, stairwells piled with sundries and garbage everywhere, exuded an unpleasant smell that couldn't help but made people think that in hot seasons, flies and mosquitoes would swarm around here. Entering a room, we saw the cramped room, narrow bed, dark space, which could be warrant the name: "ant habitat". Between their beds a long table was placed, which was shared by everyone for multiple tasks. There were: a computer, some books, and instant noodles waste boxes, bread bags and disposable chopsticks on the table. It was late at night. The "ant tribe village" was just like 'waking up', the buzzing noise increasing gradually, and that was the "ants" swarming back to their "home". A few of them had had "a rush meal" with their friends or workmates on the way home and most of them prepared a bowl of instant noodles for supper. They enjoyed their leisure while they were sitting in the public living room watching TV or surfing on internet. Most of them were schoolmates at college or friends or workmates, lived here together, led a meager life of economizing on food and clothes. "Here we have 70% people who do not have the habit of eating breakfast, and some occasionally eat one meal a day." Those just walked out of the ivory tower who had been the God's favored children, and now many of them are hungry with barely enough money for immediate needs. They construct their love and future dreams on screen and on network. Little Bai got home after eight and he said on his way home, he waited long time for the bus, "It's often like this, there is no way meeting peak time hours."

Little Bai and Little Meng were schoolmates at the college and they came from rural areas in Henan province. Little Bai is 24 years old this year. He is the eldest brother and one of the main bread-winners in his family, having to supplement the family's annual income of RMB 5000 per head. The family has two middle school age daughters to support too. Little Bai has a monthly wage of 1600 Yuan, he's got an IT degree from a university in Zhengzhou and is now working in a mobile phone marketing company. He has two years of working experience from three jobs. Even a promise of RMB100 wage increase would make him change jobs. He has to give 500 Yuan monthly in support to his younger sisters thereby reducing the financial burden of his parents. "I don't have other ways, only wish to earn more money, and live frugally until my two sisters get to graduate and start to earn a living. I then can make a personal plan for myself," he said. Little Meng, 25 years old, after graduation, he went to Beijing and lived in a small-scale "ant tribe village" where was near the Tang Jialing and wished to find a job in Zhongguancun IT market. As soon as he came into Beijing he realized that finding a job in Beijing was far too difficult. Even a customer sales position in front of Zhongguancun electronic buildings, was hard to get as there could also be a dozen or more candidates competing for just one post. After having lived in Beijing for four months, he spent all the money his parents provided, and did not find a suitable job. Eventually he had to return to the Henan provincial capital city of Zhengzhou and then started living together with Little Bai. In order to make end meet in Zhengzhou, Little Meng rode a bicycle along the street selling milk, to help friends selling computers in Zhengzhou electronic market and a half year later he got his present job of a technician in a network company in Zhengzhou electronic market. He said, "Now, my job is suited to my special training, getting a fixed monthly basic salary of 1000 Yuan, at the end of the year I will have 8000 to 10000 Yuan sales commissions according to performance". "I have got the same living standard as other graduates, I'm very satisfied", he added. He does not approve of the frequent "job-hopping". "When you have not found a suitable new job, if you quit the present one, you might not be able to find a new job for two months, and you might go hungry. Summing it all up, it's better to do original work where annual income is higher". "This is my valued experience I got from Beijing to Zhengzhou along the way", he said. He is the only child in his family. His parents planted vegetables at home and the annual income was more than 20,000 Yuan. He said, "Now, I hope to meet a girlfriend who love me, to earn enough money, to sell my parent's hometown house in the countryside and then I can buy an affordable flat in Zhengzhou city. After I get married I will ask my parents to move to Zhengzhou and whole family will live together. In this way we all will become city dwellers". "My God, when could I earn a room in Zhengzhou, I still have to depend on my parents at home to have vegetables a good harvest, and sell the harvest a good price!" he yelled.

### *3.3 Meet the Smart Guy, Li Yan in Zhongguancun, in Beijing*

We met Li Yan in front of the electronic building in Beijing Zhongguancun Science and Technology Market. The guy was more than 1.8 meters tall, black hair with hair gel, in western attire and shiny leather shoes, white shirt with straight tie, like a movie star. He is 28 years old and comes from Tianjin. Since he graduated from Nan Kai

University in Tianjin with a Master degree in Computer Science in 2008, he has come to Zhongguancun Science and Technology Market to work as a computer sales man. His job was to stand in front of the door of electronic edifice devoted to attracting customers. Li Yan had once lived in Beijing's famous "ant tribe village" Tang Jialing and he now has been displaced in the north Tang Jialing of the urban-rural zone newly formed "ant tribe village" by Tang Jialing demolition at the end of 2010. He used to take a crowded bus to and from his workplace every day. He said humorously, "The 'ant tribe' living and working in Beijing are just like looking to find a room in the crowded bus, getting a room will allow you to survive, but the word is: "Squeeze!" Li Yan's monthly basic salary was 1000 Yuan, plus sales commission; the monthly income could reach 1800-2000 Yuan. With two friends shared one bedroom and each person shared a monthly rent of 700 Yuan. After ordinary livelihood expenses for meals and daily expenses there was not much money left. He said, "Not too bad, the company offers a 5-yuan-meal free for lunch. I do not have breakfast and my dinner cost is below 10 Yuan, saving money on food, belly full is ok. The rest of my income goes to buying my clothes". We knew what he means: the clothes were his suits. "In high-tech market sales, you can't dress like a beggar to attract customers. While, in fact, we are not richer than the beggars", "if you guys could buy a laptop in our store today, I would accompany with you to do a survey, whether to go to Zhongguancun the 'ant tribe' working place or 'ant tribe village' the 'ant tribe' dormitory, no problem. I don't care about today's sales revenue, but you can't affect my performance in this month! Otherwise, I would not get on the bus." Li Yan's hometown is in the suburbs of Tianjin city, his parents used to be farmers but they have now sold their land due to city's expansion and kept a sum of money. His family has become the citizens of Tianjin City and their income is higher than common worker's family. His family was no longer as poor as before and it would not have been difficult for him to find a job in Tianjin, his hometown that could certainly be better paid than the job in Beijing.

#### **4. The "Ant Tribe" Psychological Status**

##### *4.1 With Dreams, the Macroscopic Reasons and Microcosmic Reasons in Arguments*

"The reasons of we get into trouble not due to ourselves. We stick to difficult position, because we have a dream", that is the "ant tribe" general state of mind. A net citizen called Yuan Xiner said in her blog, "Here, what I want to say is: don't take us the word 'struggling' all the time. Why? Because of I find that most people are accustomed to use an 'individualized thinking' to think about problems. What is the 'individualized thinking'? When the 'ant tribe' problem in front of us, a lot of people subconsciously offer solution to the problem is that, always ask for the 'ant tribe' through their own efforts and struggling. It seems that, the appearance of 'ant tribe' social phenomenon is the result of the university graduates not working-hard enough, lack of the fighting spirit and they always think that as long as we work hard, this kind of social phenomena will disappear". Most of the "ant tribe" considered that their regardless plight not to be a result of personal causes, but are due to the macroscopic reasons of city's high-price housing, university education system and university graduate employment policy.

These young people insist on struggling in the cities because there are more and relatively equal opportunities for development. Most of the "ant tribe" deemed that they are the generation not only with more knowledge, technology and culture, but also with ideals and dreams. "The aim of going to university is leaving the countryside and become city people; therefore the university graduates should work in the city. We would be the masters of the future city and the development of cities relies on us". In chapter fourth of "2010 China 'Ant Tribe' Living Conditions Survey Report—the Ant Tribe Sense of Social Injustice Research" (Lian Si, 2011) showed that 79.5% of the respondents considered themselves in the "low" and "bottom" segment of the society. There is a great contrast for those university graduates once known as God's favored children. While, for the future, most of them not only have high expectations and ambitions, but are also very self-confident. Nevertheless, whether or not they will become upwardly mobile and get into the upper class of society and become the elites or quasi-elites they have a great deal of doubts. Dr. Lian analyzed, "In such difficult conditions, they can adhere to the big cities to struggle, because they have a dream in their hearts." The Zhongguancun smart guy, Li Yan said, "Working and living in Beijing, my living room is not as good as student's dormitory in my university. I eat junk food every day and plugging away a lifetime would not afford me a house, let alone getting married and raising children. Beijing is not my home. My main reason of sticking here is to get more sales and management experience in Zhongguancun, and in the process accumulate a number of commercial contacts. I will accumulate two years' experience in Beijing and then return to my hometown. I can use my parents' money to open a computer and network company and will be my own boss. Anyway, I should have a room or a flat and get married, you guys know my age." In the discovery of this survey, less than 10% of people thought that the present living predicament is shaped by themselves. The majority of respondents said, "Someone considered that the 'ant tribe' gathered in the cities due to our own problems, which we do not agree. Most of us from rural and

small towns, and those farmers and unemployed workers in our hometown have also migrated to the big cities or the southern and eastern well-to-do provinces becoming migrant workers, so we could go back to do what, ah? Although we mind that 'do not get a decent position, no face to see our parents', after all the big cities have more opportunities and also the promise of greater dreams". The survey also finds that, in the past few years the "ant tribe" phenomenon has spread from first-tier cities to the second and third tier cities, perhaps a few years later will penetrate through to the small cities, while the first-tier cities of the "ant tribe" problem will not have been alleviated effectively. Therefore, the "ant tribe" issues still need more research in the social macro policies and a concerted effort by the government and the community to solve the issue. Emphasizing on the "ant tribe" to strengthen personal striving is necessary, but success is just a phenomenon of a few of individuals or small groups that cannot solve the "ant tribe's" overall survival problems. Through hard work and efforts they can survive in the big cities and have made an indelible contribution to the prosperity and development of the cities, that has proved their ability and value in the community. In any case, as they were from small towns and villages with a dream to go to the universities in a big city and thus staying in the big cities is only the continuation of their dreams. In fact, each of them has been struggling hard to realize their dreams!

#### *4.2 Have a Sense of Social Responsibility, Sensitive to the Social Injustice Events*

Although survey finds that the "ant tribe" has an acute awareness of social unfairness, less than 20% of the "ant tribe" group feels that current society is fair. This survey team by using of correlation analysis methods also shows that there is a high correlation between the sense of social fairness and family economic status and personal monthly income. The higher of family economic status and personal income, the higher the sense of social fairness, and more optimism in judgment of social justice trends. The majority of the "ant tribe" for example, comes from economically less developed regions and among them there was a proportion of 54.7% from rural areas and 20.7% from county-level towns respectively. They are truly the "poor second-generation". They studied hard to go to university and are now saddled with high expectations by their family. Even in university, they were still much more diligent than children from the rich families. They witnessed the classmates - the "rich second-generation" or the "power second-generation" - has open and easy access to good jobs, have the means to purchase big houses and new cars after graduation. All this while, for himself, he lives in an awkward situation, causing his discontent of the gap between the rich and the poor and social injustice. No wonder some people concluded that, "Struggling a decade is not as good as having a good father." (Qiu Qingjian, 2010) During the investigation, when it came to their temporary predicament, many of the "ant tribe" showed a strong sense of dissatisfaction on the "official second-generation" and "rich second-generation".

The "ant tribe" attributes to the phenomenon of social inequality rather than personal factors. There ranks in the top three factors are "power", "family background" and "social class". They are extremely dissatisfied with the abuse of power, corruption and all kinds of rent-seeking behavior. They have a strong sense of injustice due to nepotism in the public sector. "Now, in the society it can be inherited not only the wealth, but even including power." They generally believe that, if the "rich second-generation" to inherit their father's wealth is reasonable and legitimate. So, now the common existent phenomenon of the "official's second-generation" to inherit their parent's power, that cannot be accepted by the "ant tribe" group (Shi F., Feng L. and Liu Q., 2010). The "official second-generation" and the "rich second-generation" rely on their parental relationship to find a good job and even specially arranged official positions, that makes the "ant tribe" mentally feel lopsided and generate the strong feelings of hostility towards them. Dr. Lian said, "The 'ant tribe' is a young educated-generation, if their discontent accumulates widely, the social instability will be largely gathered. It is very terrible."(2011)

The "ant tribe" is a new generation of knowledge, culture, technical workers and they are also the net citizens. They pay close attention to the issues of society and keep in sync with the trend of social development. They are highly attuned to social responsibility and advocate fairness and justice, but their reflection is too sensitive to public events and they are vocal and severe in expressing it. Especially the phenomenon of judicial injustice, the events of the "official second-generation" and the "rich second-generation", their emotional reactions are very strong. Among the disadvantaged groups, it is this particular characteristic that makes it possible for "ant tribe" to really question the unfairness in the society and to monitor government behavior (Sun Y. and Tang Y., 2010). With the help of modern online media they fiercely attack social injustice and sometimes do not even figure out the truth or authenticity of the events they have shown their clear-cut position on. While these views and positions are also very easy to stir up the resonance of the entire group of "ant tribe". Xiao Liu, in the Zaozhuang "ant tribe village" of Zhengzhou city said, "When we gather online support or criticize a public event, the focus point is the event itself, rather than the truth or falsehood of the event. We often express our point of view in the first instance and sometimes we may find out that we were wrong after the clarification of the event. However we don't think we are wrong, while the original information pertaining to the event posted online is inaccurate."

He is right, they can just express their claims and demands of social equity and justice, without verifying the facts of the event, or say that they are not obliged to investigate the truth of the events. In any case, in recent years, whether the events of miscarriage of justice exposed by the network or the public opinion toppled the corruption cases of public officials, or called for the return of public morality in the event of “Little Yueyue” in Guangzhou (<http://baike.baidu.com/view/4682882.htm>), the “ant tribe” was the network public opinion force.

The “ant tribe” is a generation with the spirit of great love and mutual help. They can help and care about each other like ants do, like little Bai and Little Meng, with the help of Little Bai, Little Meng could settle down in Zhengzhou and get a job. Now when Little Bai encounters economic difficulties, Little Meng will lend a helping hand. The “ants” have proved their love and resolute spirit by their own actions. The interviewee encountered a lot of people who said that they took part in volunteer teams at 2008 Olympic Games in Beijing. Many of the elder members of the “ant tribe” said they had voluntarily donated to Wenchuan earthquake stricken area in Sichuan Province in 2008. They had donated at least 10 Yuan or more, and some of them have donated more than once to the reconstruction of disaster areas in China. They have showed their love and compassion in many events, which reflects the noble spirit of compassion and understanding and the moral side of this social group.

#### *4.3 The Older, the Bigger Psychological Pressure and the More Depressed*

Just out of university, the vast majority of the “ant tribe”, although they have met the contradiction between ideals and reality, driven by their aspirations, believe that their own efforts can change their life predicament and look forward to achieve a middle-income lifestyle within the next five to ten years. About 70% of the “ant tribe” pursues ambitions for their future, and are certain of success. There are more than 50% who believe that they will become the elites of society in 5-10 years. However, as the cruel reality unfolds itself before them via fierce labor competition and rising living costs, they realize that only a select few can become the elites, and those reaching white collar class prosperity with housing and a car would not exceed 20%. When they find through several years’ struggling, that their own economic disconcerted status has not changed much and as they get on in years, the problems of housing needed to be eligible for marriage and family are becoming more urgent and the pressure as well as anxiety increase. Without holding a decent position, the frustrations of love failure, impulses of sexual deprivation and loneliness are intertwined together, resulting in depressions, sometimes manic, anxiety, irritability, hostility and even despair. Optimism and pessimism coexists, anxiety and expectation mix together. So, here the “ant tribe” members over 30 years old are rarely staying and they are leaving the “colony” for many kinds of reasons and for different options. Some of them may toast to the success, while others may leave with tears of failure. Whether the elder “ant tribe” psychological state is in critical condition, as well as after leaving the post-“ant tribe” living, their mental status and the potential effects, all of this would require a separate research in the future (Deng Haijian, 2010).

### **5. Improving the “Ant Tribe” Living Conditions by Increasing the Level of Personal Financial Management**

The “ant tribe” is a group of new generation in modern society and it can be said this is a new class of the contemporary Chinese society. They are striving to integrate into the contemporary Chinese society. To some extent, they are the social group that has not yet firmed their foothold in the community and they are the proletariat. How can they change their living conditions and get rid of their plight in life? This is clearly a complex socio-economic challenge and a political issue. As individuals, how to efficiently use own existing meager financial resources, to avoid unnecessary expenditure and waste and to individually accumulate some entrepreneurial capital, in order to leave the embarrassing “ant tribe” life behind. That is a very practical matter. Here, the author from the perspective of financial management gives advice, expecting - through financial knowledge - to help the “ant tribe” improving their financial management capability with the aim of improving the living situation to a certain extent.

First, “ant tribe” shall early grasp the skills of “opening sources, throttling and accounting”, the three basic aspects of magic weapon in financial management, and then through basic financial tools, such as savings, bonds, funds and insurance increase income, to improve the economic situation and be better off.

#### *5.1 Preparation of Financial Management*

##### *5.1.1 What is Financial Management?*

Financial or property management, refers to the individuals for personal property or the family property management, that is the individuals according to own current actual economic condition, setting to achieve economic goals, in a limited time frame using one or more categories of financial investment tools, through one or more path to reach his economic objectives, planning scheme or solutions.

### 5.1.2 Why Finance?

Financial management can help the “ant tribe” to achieve the following purposes:

- 1) Accelerated path to independence. The “ants” are fresh college graduates and stepping alone into the society, still wet behind the ears. This group includes those living beyond their means sponging off their parents to make ends meet. If you join the team of financial management enthusiasts you could sever the reliance on funds from your family and achieve economic independence quickly.
- 2) Capital protections. If the "ant tribe" can properly plan managing their own property, it will implement their own limited assets not devalued in any circumstances, even on the basis of capital protection realizes value added.
- 3) To prepare for the unexpected. “It is the unforeseen that always happens”. When misfortune occurs unexpectedly, the financial measures taken in advance can hedge "ant tribe" himself to cut losses to the minimum.

### 5.1.3 How to Do Accounting?

The objective of accounting is for providing a basis of scientific analysis of one’s financial conditions. The "ant tribe" shall develop a good habit of daily bookkeeping and each of individual income and expense shall be recorded in detail to make a monthly summary. Incomes can be divided into three items such as wage income, financial income and other income. Expenditures can be divided into clothing, food, housing, traveling and entertainment - five aspects. If you make a monthly summary, after three months you can approximate your average monthly expenses. Apart from the monthly expenses you shall also need to have funds prepared for emergency that in general should equal six times monthly expenditures.

### 5.2 Learn about Several Financial Tools

The “ant tribe” may focus on the understanding of financial tools of savings deposit, funds, bonds and insurance. Savings deposit is a financial tool with the aim of setting aside cash – the most liquid asset - and receiving interest. Savings deposit can basically be divided into current deposit and fixed term deposit. Deposit interest calculation formula:

$$\text{Interest} = \text{the principal} \times \text{interest rate} \times \text{deposit term}$$

Savings deposit is one risk-free financial tool, but is one that can gain the minimum return. Savings deposit has liquidity characteristics and the emergency reserves can take as a time deposit to the bank for a possible period of want or need. Investors diversify their funds through the purchase of fund shares or income certificates, bringing together investor’s dispersed funds by professional managers to invest in stocks, bonds or other financial assets. The investment income in form of dividends allocated to the investment shared holder is a kind of benefit-sharing and risk-sharing financial product. Funds, in accordance with the investment objectives, can be divided into equity funds, bond funds, mixed funds and money market funds, etc. Equity funds carry high-risk and high-yield characteristics, investing mainly in shares and stocks, the proportion of the investment should not be less than 60%. Bond funds carry low-risk-low-return characteristics. There are various types of bonds that could be main investment target and the proportion of bond investment should be more than 80%. Mixed fund invests mainly in stocks and bonds in the meantime, it is through the configuration of the different asset classes that one can achieve risk and return balance. Money market funds with the characteristics of low-risk, low return and high liquidity, that is an instrument of investment in money market.

Funds scheduled investment is referred shortly to a regular fixed investment in a fixed time (such as on the 8th of each month) and a fixed amount (such as 500 Yuan per month) to invest in a specified open funds, such investment can average cost and decentralize risks.

Time deposit and funds which yield is better? We assume that the investment period is 10 years and the principal amount is 10,000 Yuan, the deposit has an average interest of 5.5% per annual and the funds has average annual earnings of 10%.

$$\text{The interest of 10-year time deposit} = 1 \times 10 \times 5.5\% = 0.55$$

$$\text{The income of the Funds} = (1 + 10\%)^{10} - 1 = 1.59$$

The income of funds is 2.9 times to the time deposit. However, remember that the higher the return, the greater the risk. We commonly use “100 minus ages” to determine the proportion of personal asset investment risk products. The “ant tribe” mainly is under their 30 years of age, so most of the “ant tribe” can invest their 70 percent of funds in higher risk funds products (Li Xiangfeng, 2011). Although the "ant tribe" has a lower



monthly income, the starting point of the scheduled investment funds is very low, just a minimum of 100 Yuan. The scheduled investment funds should be chosen from good funds company in operation. Stock funds and index funds are also fit for fixed investment; those investments after five years shall have an annual return of over 10%.

Bond refers to an interest-bearing debt certificate, the issuer is committed to a future date (usually after several years of the issuance of bonds) to repay the principal and interest payable, so the bonds are called “fixed income investment”, that usually issued in accordance with certain procedures by the State (including central and local governments), financial institutions, international organizations and commercial enterprises and other institutions. These institutions through issuing bonds raise funds within the community. The advantages of bonds are: **a. High-yield.** Bond yields are higher than bank interest for the same period in the same sum. **b. Low-risk.** The yield of Treasury bonds is very stable and the risk of financial bonds slightly higher than the Treasury bonds, but the interest rate is generally higher than the Treasury bonds. Corporate bond yield is generally higher, but the risk is relatively high. **c. High-negotiability.** Bond is more liquid, you can get timely cash by ways of exchange and pledge in advance.

The main risks of bonds are: **a. Interest rate risk.** When the banks raise interest rates, the price of bond will be reduced. **b. Management risk.** The issuing unit of debentures manages missteps and makes mistakes in the course of business, that will result in asset value decrease and leaves bond holders with losses. **c. Bond default risk.** The company issuing the bonds can repay timely interest or principal and the general risks are associated with the company operating in poor conditions or bad reputation. **d. Reinvestment risk.** Purchasing short-term bonds, but not to purchasing long-term bonds, that is likely to face investment risk. The “ant tribe” should learn how to select the appropriate bond varieties according to their own situation, and implement decentralized investments and diversified investments so as to effectively reduce investment risks.

Insurance is a form of contract establishing bilateral economic relations and the insurance fund is established by payment of premiums. Insurance contract within the scope of the provisions of the losses caused by disasters and accidents, for which the sum insured, is paid. Insurance can be divided into three categories: home insurance (also known as property insurance) and personal insurance. The “ant tribe” needs to focus on the personal insurance at present stage, the property insurance you can temporarily not take into account. According to the contract, the personal insurance shall undertake the following four kinds of insurance responsibility: death, disability, illness or reaching age duration of the contract. According to insurance coverage, personal insurance can be divided into life insurance, health insurance, personal accident insurance, etc. Life insurance is on human life as the subject of insurance mark, which is based on a person’s life and death (or terminal disability) as a condition for payment of the insurance benefits/claim, it is referred to as life insurance, normally includes live insurance and death insurance and endowment insurance. Accident insurance refers to the policyholder and the insurer through agreement when subjected to accidental injury and disability or death, the insurance company pursuant to an agreement of payment of the insurance benefits to injured persons or beneficiaries of insurance contracts. Health insurance refers to because of disease or childbirth leading to disability or death of the insured person; the insurance company pays the insurance money or compensation for medical expenses of the contract. The disease is the direct cause of the insurance accident, therefore, health insurance, also known as illness insurance.

Here I mainly introduce the investment-type insurance and the investment-type insurance is a branch of the life insurance, which is a kind of innovative life insurance that was originally designed by western countries in order to prevent fluctuations in the economy or inflation, on the long-term life insurance losses. Since then it has transformed into a new financial investment tool of risk-sharing and profit-sharing between customers and insurance companies. The current investment-type insurances can be divided into three categories: participating insurance, investment linked insurance and universal insurance. The participating insurance is a kind of insurance that after the insured pays the premium, they can enjoy part of the operating results of the insurance companies. But it is low risk low return which is suited for modest-profit seeking policyholders who give priority to safeguarding their funds. The universal life insurance with some characteristics of the participating insurance, it set a minimum income security and share operating results together by insurance companies and customers. Its premium payment is more flexible thus making it suitable for the low risk tolerance policyholders who are looking to have more options. Investment-linked insurance is a type of insurance which is the insurance linked investment. Insurance in contrast to investment has an emphasis on capital protection. That is suitable for those investors who have rational investment philosophy and pursuit assets that gain high-yield, but it also requires the investors to have a high risk tolerance. In purchase of investment-oriented insurance, you should consider the premium paid level, but you cannot fully experience in the insurance company statistics to evaluate

the benefits of insurance, which also need to refer to bank deposits, the return rate of bond market and funds market to take a synthesized consideration.

### 5.3 Doing Part Time Jobs and Setting up an Online Shop to Broaden Income Sources

The income of the “ant tribe” is low. With limited income, broadening sources of income and reducing expenditure is especially important. By means of a detailed accounting record, you can figure out your higher costs and unnecessary expenses, so as to change your living habits and significantly reduce unnecessary spending in order to achieve the aim of sound financial management. To open sources also need the “ant tribe” to look for suitable source of income beyond their regular jobs and part-time job may be a practical choice. To select a proper part-time job, you should first analyze the characteristics of your own work, such as work time, nature of work and so on. Through the investigation of 192 “ant tribe” member we obtained the conclusion: 80% had working hours from 8 am to 6 pm, evenings and weekends were free time. While, night time is the peak time for activities of young people (Zhang He, 2011). Along with the increasing popularity of Chinese network technology, online shopping, transactions, payment, a new model of e-commerce development is rapid. Run an online shop can achieve low cost and low risk passive income that is suitable part-time occupation for “ant tribe” members. Through the survey, there was more than 60% of the “ant tribe” who run an online-shop on the Taobao, the largest Chinese online shopping website, which can earn a stable monthly income of 3000 Yuan stably after operating for about six months. This revenue to promote the “ant tribe” for early economic independence is of great significance.

### 5.4 Clear Focus and on Target, the “Ant Tribe” Financial Case

Everyone hopes for a better life that is not only to meet the basic needs for survival. As a result of the "ant tribe" with a limited wage income and difficulty in wealth accumulation, therefore the individual wealth accumulation - to a certain extent - should shift its focus the preservation and appreciation of the assets. Effectively applied wealth to produce investment income makes a successful transition to achieve financial freedom. Now, you have been learning a variety of financial instruments, then how should you plan and design your personal finance? We firstly have to study the following case:

Miss Lee, 24 years old of this year, just graduated from the University for two years, now she is working in a joint venture in Beijing. In general, Miss Lee does not have much concept of financial management and her monthly salary is not high. After the expenses of rent and food paid and a portion of money sent to her parents, she is basically with no money left.

Table 1. Monthly balances (unit: Yuan)

Incomes	Expenditures
Salary income 2,000.00	Rent 400.00
Other income 0.00	Food 800.0
Total 2000.00	Total 1200.00
<b>Monthly balance 800.00</b>	

Table 2. Annual balances (unit: Yuan)

Incomes	Expenditures
Annual bonus 12,000.00	Go home to visit relatives 3000.00
Wage income 24,000.00	Shopping 2000.00
	Housing and food 14,400.00
Total 36,000.00	Total 19,400.00
<b>Annual balance of 16,600.00</b>	

Table 3. Family balance sheet (unit: ten thousand Yuan)

Family assets	Liabilities
Savings and cash 1.00	Housing loans 0.00
Time deposit 6.00	Other consumer loans 0.00
Funds 2.00	
Total 9.00	Total 0.00
<b>The net assets of family 9.00</b>	

Miss Lee was alone in struggling and there was not much balance, so she only had a few assets. In the meanwhile, Miss Lee was a novice to financial management and did not know how to improve her financial

position. Her monthly salary was fully consumed, so she was muddleheaded over her spending each day. Miss Lee did not know how to buy insurance and she did not know how to select suitable financial products and did not have any plans for her future life either, etc. After working two years, Miss Lee felt deeply the need to strengthen her revenue and expenditure management. Therefore, she urgently needed to make a financial plan for herself, to step-by-step set her own financial situations on the right track.

Firstly, you shall learn and master operating financial management. Miss Lee's discretionary income was sent to her parents and such course of action was not desirable. She should be completely on her own to manage the discretionary income. On one hand, you want to improve the financial management capability; you must continuously learn and practice. On the other hand, the money was sent to her parents for custody and safekeeping, but the benefit was not too high. For young people, they have a strong ability to bear risks and are suitable for active financial management. It can be appropriate for them to participate in some high-risk investments in order to win higher returns. We often use the "100 minus ages" to identify the proportion of individual stocks, such as the rights and interests of current investment tools. Miss Lee, 24 years old, her assets can be used to invest in the stock market and the stock type funds, in which the investment ratio can reach 76%. Miss Lee can choose some stock type funds to create the fund portfolio plan in order to increase revenue. If one only rely on the savings to accumulate wealth, which not only would be relatively slow, but also could not follow the increment speed of the CPI and inflation.

Secondly, the throttling plan is very important. Miss Lee's daily spending without planning, it is also necessary to change that. She should immediately develop a bookkeeping habit and make a list or a summary of her daily expenses to produce detailed statistics within two to three months. Then carry out the adjustment and improvement so that the surplus can be converted to capital available for investment. Then, implementing changes one by one, the end result could give you a big surprise.

Thirdly, Miss Lee should make an insurance plan. As her income is not high and as an "ant tribe" there is no family burden, but good health is capital, so you should pay attention to your own health and accident insurance. For example, one of the accident insurance requires an annual insurance premium of 200 Yuan for the sum assured 100,000 Yuan coverage. It is worth to take into consideration. The amount of accident insurance coverage, that with 10 times as your annual income is advisable. In the health insurance options, now there are increasingly occurring serious illnesses at younger age, so it's advisable to buy serious illness insurance as early as possible. Miss Lee can choose pure protective-type insurance of the major illnesses, which annually requires a 400-yuan premium for 100,000 Yuan insurance coverage amount.

In short, for the "ant tribe", whether you choose an investment tool or make a protection scheme, you should follow the "clear focus, have a definite objective in view" principle, only through the "grabbing and dropping" skills can effectively utilize the limited economic resources. That is "many a little makes a mickle, prevent trouble before it happens", in order to create a safer and more prosperous future for ourselves.

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## Notes

Note 1. The word “diaosi” originated in the Baidu.com’s Post bar (a top Chinese bulletin board system) of soccer player Li Yi. There, fans of Li, who are called Yisi in Chinese, not only talk about soccer but moan about their lives, work and relationships. In just two months, the latest buzzword from the Internet, diaosi, has spread so much that it can be found everywhere—from online forums to micro blogs. Many people even call themselves diaosi. It’s not the first time a term has gone viral on the Internet in China. However, the word diaosi is so popular that it has become a cultural phenomenon.

The word diaosi was coined first by single, young men who feel they have dead-end lives. Generally, men in this category don’t earn enough, are not good looking, and have difficulty winning promotion. Unlike their upper-class contemporaries, they lack influential families, useful social networks for their careers, and most importantly, suitable women to marry.

Many young men call themselves diaosi because they feel they are among the lowest echelons of society. They suffer low self-esteem and have stopped trying to improve their lives.

Note 2. The term “woju” is a latest network buzzword due to a popular TV series show recently reflecting the contemporary “ant tribe” for the housing difficult. The word woju in Chinese is an old term from 1000 years ago in the Three Kingdoms of Wei and Jin dynasties and it originally referred to snail house but gradually changes into “dwelling narrowness” or “humble abode”. The “woju” term in the “dictionary of modern Chinese”, either as a noun, means cramped accommodation and it can also be a verb, means living in a small house.