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**WELL-BEING IN RAPIDLY DEVELOPING CHINA**

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**Abstract:** While China enjoyed unmatched economic growth during last three decades, the question remains whether there is a similar increase in quality of life or well-being. Extant well-being research was mostly done in the developed countries, and few investigations in China are cross-sectional. This paper uses World Values Survey (WVS) to show trend in well-being in China from 1990 to 2007. Paper concludes with a comparison of well-being by socioeconomic groups.

**Keywords:** well-being, life satisfaction, China.

## 1. Introduction

Traditionally, economists think of quality of life or well-being as utility. Utility is unmeasured, but higher utility is preferred over lower; it is depicted by indifference curves. Income often is used as a proxy at the individual level because it allows for more consumption, which is the same as a shift to a higher indifference curve. At the macro(country) level the analogous proxy is Per Capita Gross Domestic Product (PCGDP). Income increases utility because it buys goods and services. This is true for both, countries and people. Rich people can buy more goods and services than poor people, and in general, wealthy countries can buy more goods and services than poor countries. Hence, an increase in personal or national income should lead to an increase in well-being. Unfortunately, this is not that simple. Before reviewing the literature about the relationship between income and well-being let us define measurement.

While income is easily measured, utility used to be only a theoretical concept until recently, when a new branch of economics developed, economics of happiness.<sup>1</sup> Economics of happiness investigates a range of well-being predictors, e.g. religion,<sup>2</sup>

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<sup>1</sup> I will use terms subjective well-being, quality of life, life satisfaction and happiness interchangeably.

<sup>2</sup> A. Okulicz-Kozaryn, Religiosity and life satisfaction across nations, *Mental Health, Religion & Culture* 2010, Vol. 13, pp. 155-169.

working hours<sup>3</sup> and urban-rural preferences.<sup>4</sup> Much of the existing research uses World Values Surveys (WVS) data to study happiness. This study follows this tradition. World and European Values Surveys series were designed to enable a cross-national, cross-cultural comparison of values and norms on a wide variety of topics and to monitor changes in values and attitudes across the globe.<sup>5</sup> They were carried out in 1981-1984, 1990-1993, 1995-1997, and 1999-2004, but now have been integrated into one dataset to facilitate time series analysis.

The surveys provide data from representative national samples of the publics of approximately 81 societies (covering 60 countries) that contain 85% of the world's population and cover a full range of variation, from societies with *per capita* incomes below 300 dollars per year, to societies with *per capita* incomes of more than 35,000 dollars per year, from long-established democracies to authoritarian states, and from societies with market economies to societies that are in the process of emerging from state-run economies. The surveys cover societies that were historically shaped by a wide variety of religious and cultural traditions, from Christian to Islamic to Confucian to Hindu. The societies covered range from those whose culture emphasizes social conformity and group obligations to societies in which the main emphasis is on human emancipation and self-expression. Broad topics covered in the integrated file include perception of life, family, work, traditional values, personal finances, religion and morale, the economy, politics and society, the environment, allocation of resources, contemporary social issues, national identity, and technology and its impact on society.

Specifically, respondents were asked whether the following acts were ever justifiable: suicide, cheating on taxes, lying, euthanasia, divorce, and abortion. Respondents were also asked about the groups and associations they belonged to, which ones they worked for voluntarily, the ethnic group(s) they would not want as neighbours, their general state of health, and whether they felt they had free choice and control over their lives. A wide range of items was included on the meaning and purpose of life, such as respondents' views on the value of scientific advances, the demarcation of good and evil, and religious behaviour and beliefs. Respondents were also queried about their attitudes toward morality, politics, sexual freedom, marriage, single parenting, child-rearing, and the importance of work, family, politics, and religion in their lives. Questions relating to work included what financial and social benefits were most important to them in a job, how much pride they took in their work, if they were happy with their current position, and their views on owner/state/employee management of business. Questions pertaining to the stability of the world economy and whether respondents were happy with their financial situation were

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<sup>3</sup> A. Okulicz-Kozaryn, *Europeans work to live and Americans live to work (Who is happy to work more: Americans or Europeans?)*, *Journal of Happiness Studies* 2010 [forthcoming].

<sup>4</sup> B.J.L. Berry, A. Okulicz-Kozaryn, *Dissatisfaction with city life: A new look at some old questions*, *Cities* 2009, Vol. 26, pp. 117-124.

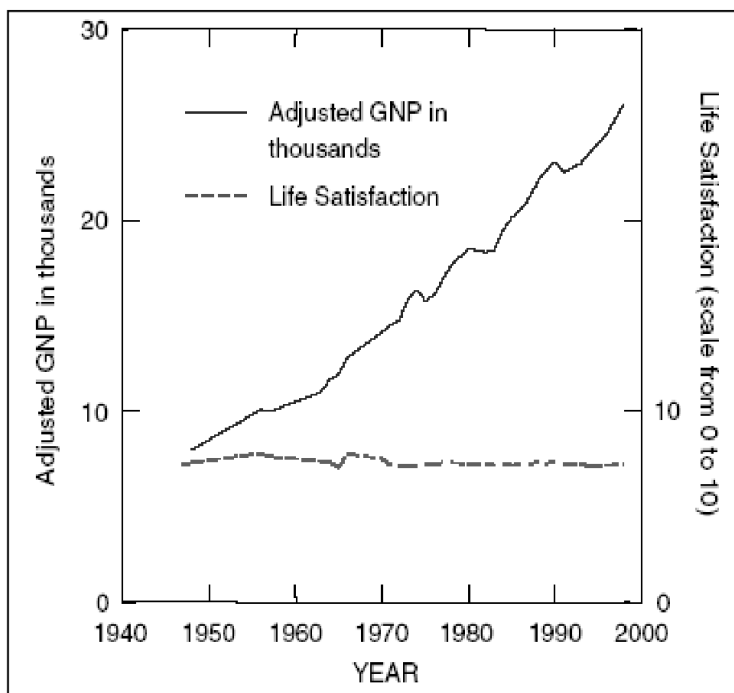
<sup>5</sup> <http://www.icpsr.umich.edu/cocoon/ICPSR/STUDY/04531.xml>.

also asked. Respondents' opinions on various forms of political action, the most important aims for their countries, confidence in various civil and governmental institutions, and whether they would fight in a war for their country were also elicited. Demographic information includes family income, number of people residing in the home, size of locality, region of residence, occupation of the head of household, and

**Table 1.** The frequency table of the WVS waves in China

Year	Count	Percent
1990	701	14
1995	1,500	30
2001	1,000	20
2007	1,869	37
Total	5,070	100

Source: World Values Survey.



**Figure 1.** Income versus happiness in the US, 1947-1998

Source: E. Diener, M.E.P. Seligman, Beyond money: Toward an economy of well-being, *Psychological Science* 2004, Vol. 5, pp. 1-31.

the respondent's age, sex, occupation, education, religion, religiosity, political party and union membership, and left-right political self-placement.<sup>6</sup>

This study uses four waves of WVS conducted in China. Table 1 shows sample sizes of the WVS waves in China. Of particular interest to happiness researchers is one simple World Values Survey question: "All things considered, how satisfied are you with your life as a whole these days?" Respondents were asked to answer this question on a scale from 1 to 10, where 10 is the most satisfied. Their responses have been used as a dependent variable in individual investigations of happiness and mean responses have typically become the dependent variable in cross-national analyses.

Let us return to our initial question: Do countries that become rich also become happier? Unfortunately, countries that became rich did not become happier. Figure 1 shows income and happiness in the US over 1947-1998. A similar pattern emerges in Japan (Knight et al., 2007).<sup>7</sup>

## 2. Happiness in China

There are at least two good reasons to study China: it has a fifth of the world population and enjoys unprecedented economic growth. While there is an abundance of research on the impact of national income on life satisfaction,<sup>8</sup> this research is mostly done in developed countries. There are only few papers about China.<sup>9</sup>

Chinese economy experienced the most spectacular growth over past 30 years at an average rate of 8%.<sup>10</sup> Did rapid economic growth make Chinese happy? On the one hand *Businessweek* reports great increase in luxury consumption and speculates that "within a decade, China will likely leapfrog Japan and the U.S. to become the top luxury market".<sup>11</sup> Chinese seem to enjoy their wealth. On the other hand, *New*

<sup>6</sup> *Ibid.*

<sup>7</sup> J. Knight, L. Song, R. Gunatilaka, Subjective well-being and its determinants in rural China, *China Economic Review* 2007, Vol. 20, pp. 635-649.

<sup>8</sup> See e.g. R.A. Easterlin, Will raising the incomes of all increase the happiness of all?, *Journal of Economic Behavior and Organization* 1995, Vol. 27, pp. 35-47; R.A. Easterlin, Income and happiness: Towards a unified theory, *The Economic Journal* 2001, Vol. 111, pp. 465-484; E. Diener, E. Sandvik, L. Seidlitz, M. Diener, The relationship between income and subjective well-being: Relative or absolute?, *Social Indicators Research* 1993, Vol. 28, pp. 195-223; R.H. Frank, Does absolute income matter, [in:] L. Bruni, P.L. Porta (Eds.), *Economics and Happiness*, Oxford University Press, Oxford 2005.

<sup>9</sup> H. Brockmann, J. Delhey, C. Welzel, H. Yuan, The China puzzle: Falling happiness in a rising economy, *Journal of Happiness Studies* 2008, Vol. 10, pp. 387-405; J. Knight et al., *op. cit.*; L. Song, S. Appleton, Life satisfaction in urban China: Components and determinants, *World Development* 2008, Vol. 36, pp. 2325-2340; W. Yip, S.V. Subramanian, A.D. Mitchell, D.T.S. Lee, J. Wang, I. Kawachi, Does social capital enhance health and well-being? Evidence from rural China, *Social Science & Medicine* 2007, Vol. 64, pp. 35-49.

<sup>10</sup> H. Brockmann et al., *op. cit.*

<sup>11</sup> In China, to get rich is glorious, *Businessweek* 2006, [http://www.businessweek.com/magazine/content/06\\_06/b3970072.htm](http://www.businessweek.com/magazine/content/06_06/b3970072.htm).

*York Times* reports increase in suicide, especially in rural China and among women.<sup>12</sup> Increased suicide rate indicates extreme unhappiness. Why there can be unhappiness in rapidly developing China?

H. Brockmann et al. explain that Chinese suffer from “frustrated achievers” syndrome: Most of the Chinese are becoming better off in absolute terms, but worse off in relative terms, because the income distribution became increasingly skewed towards the top.<sup>13</sup> There is yet another explanation for dissatisfaction in China: PCGDP is a proxy for available consumption choices, and hence these increased enormously in China.<sup>14</sup> But increased choice may actually decrease satisfaction, even produce misery, because increased choice also increases opportunity costs and increases expectations or aspirations. Life satisfaction is congruence between concrete life conditions, ideal circumstances and realistic expectations. The problem with fast economic growth is that it elevates expectations. Roughly speaking,

Happiness = Achievements (Income, Consumption) – Expectations (Aspirations).

Let us see whether well-being increased in China along with its rapid economic development. All measures used in this study come from WVS described in the first section unless indicated otherwise. Figure 2 shows economic growth<sup>15</sup> and life satisfaction over time. The figure shows similar pattern to that in transition economies, where life satisfaction drops and then increases.<sup>16</sup>

Economic growth did increase material (objective) well-being in China. Mean annual household income more than doubled from 1994 to 2004 for rural households from 4,900 RMB to 8,200 RMB and for urban households from 9,380 RMB to 24,400 RMB (Burkholder, 1999).<sup>17</sup> Kahneman and Krueger report that from 1994 to 2005 ownership of colour TV increased from 40 to 82% and phone from 10 to 63%.<sup>18</sup> While these developments do increase objective material well-being, they can also increase aspirations. Durkheim puts it this way: “The more one has the more one wants, since satisfactions received only stimulate instead of filling needs”.<sup>19</sup> People

<sup>12</sup> E. Rosenthal, Women’s suicides reveal rural China’s bitter roots, *New York Times* 1999, <http://www.nytimes.com/1999/01/24/world/women-s-suicides-reveal-rural-china-s-bitter-roots.html>.

<sup>13</sup> H. Brockmann et al., *op. cit.*

<sup>14</sup> B. Schwartz, *The Paradox of Choice: Why More Is Less*, Ecco, New York 2004.

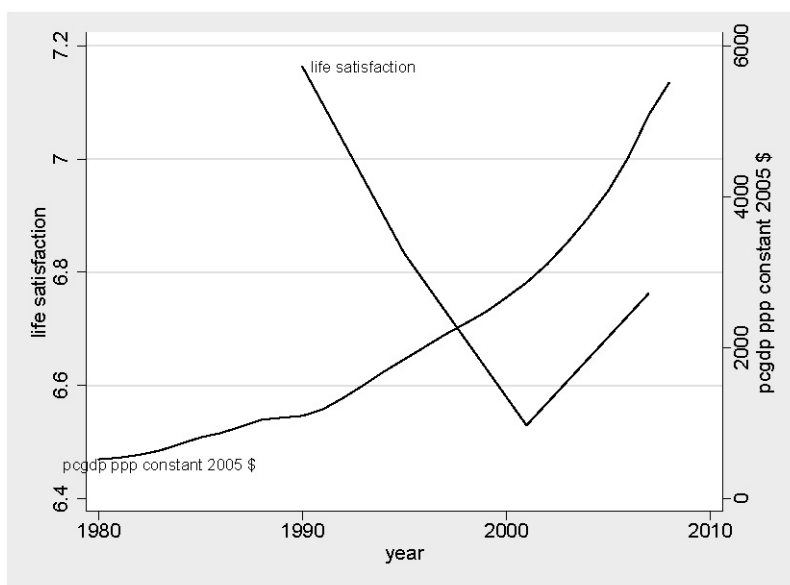
<sup>15</sup> Economic growth is measured as per capita gross domestic product, purchasing power parity adjusted. Data come from the World Development Indicators.

<sup>16</sup> The transition economies in Eastern Europe experienced decline in happiness arguably due to elevated expectations of East Europeans. East Europeans expected their life to be better than it became, R. Easterlin, Lost in transition: Life satisfaction on the road to capitalism, *Journal of Economic Behavior & Organization* 2009, Vol. 71, pp. 130-145.

<sup>17</sup> R. Burkholder, *Chinese Far Wealthier Than a Decade Ago – But Are They Happier?*, 1999, <http://www.gallup.com/poll/14548/chinese-far-wealthier-than-decade-ago-they-happier.aspx>.

<sup>18</sup> D. Kahneman, A.B. Krueger, Developments in the measurement of subjective well-being, *Journal of Economic Perspectives* 2006, Vol. 20, pp. 3-24.

<sup>19</sup> E. Durkheim, *The Rules of Sociological Method*, The Free Press, New York 1950, p. 110.



**Figure 2.** Per capita gross domestic product, purchasing power parity adjusted and life satisfaction in China

Source: World Values Survey.

usually do not get seriously depressed because their lives are miserable. People get seriously depressed and even commit suicide when their lives are more miserable than lives of others. If people watch more TV and travel, and read newspapers (all of these are increasing in China) then they realize that their lives are miserable relatively, even though they may improve absolutely. Conspicuous consumption (luxury consumption) by some wealthy Chinese increases relative deprivation (feeling of relative misery) of the great portion of Chinese population.<sup>20</sup>

In China, we observe rural-urban migration, and in general rural-urban migration can be beneficial.<sup>21</sup> According to Knight et al. in 2002 the mean urban income was 3.2 higher than the rural mean, and the gap was widening: from 1990 to 2002 the rural income rose at 5.4%, while urban income rose at 7.5% annually.<sup>22</sup> Then we would expect people in urban China to be much more satisfied than in rural China.

Are Chinese more satisfied in urban or rural areas? WVS classified respondents by place of residence, but data are available only in 1990 and in 1995. Chinese are most satisfied with their lives in big cities. The mean life satisfaction by place of

<sup>20</sup> E. Rosenthal, *op. cit.*

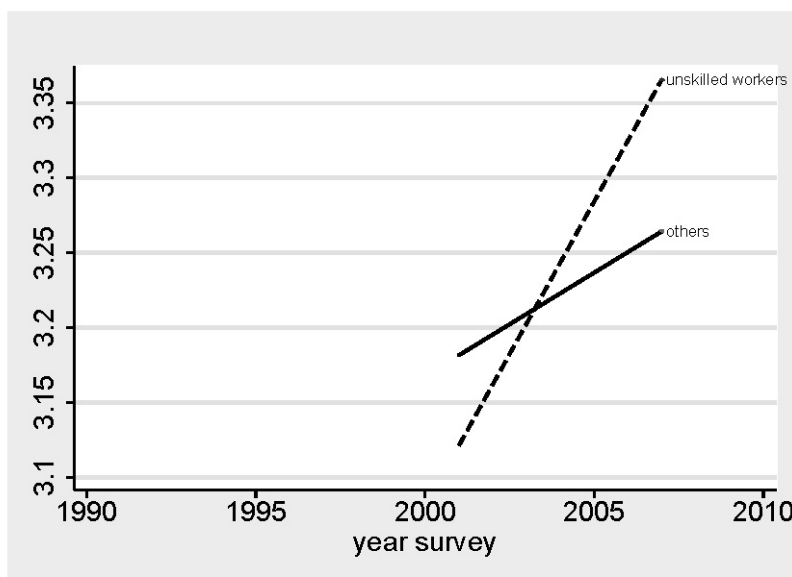
<sup>21</sup> S.V. Lall, H. Selod, Z. Shalizi, Rural-urban migration in developing countries. A survey of theoretical predictions and empirical findings, *World Bank Policy Research Working Paper* 2006, No. 3915, pp. 1-63.

<sup>22</sup> J. Knight et al., *op. cit.*

residence population size is following: towns smaller than 5,000: 6.53; towns between 5,000 and 500,000: 6.97; cities bigger than 500,000: 7.14. We could expect Chinese to be even more dissatisfied with their lives in rural areas, but there is some evidence that Chinese in rural areas are comparing their lives to other people in the same village.<sup>23</sup>

Who are the unhappy ones in China? Chinese economy is close to market but the political system is authoritarian (communist). Are there people who think that democratic system is better and therefore may be relatively unhappy under the current system?

Figure 3 shows the opinion about democratic political system on y-axis on scale from 1 (very bad) to 4 (very good) for unskilled workers vs. others. Unskilled workers think that democratic system would be better (in 2007). This pattern has changed only in recent years; in 2001 unskilled workers were less happy than others.

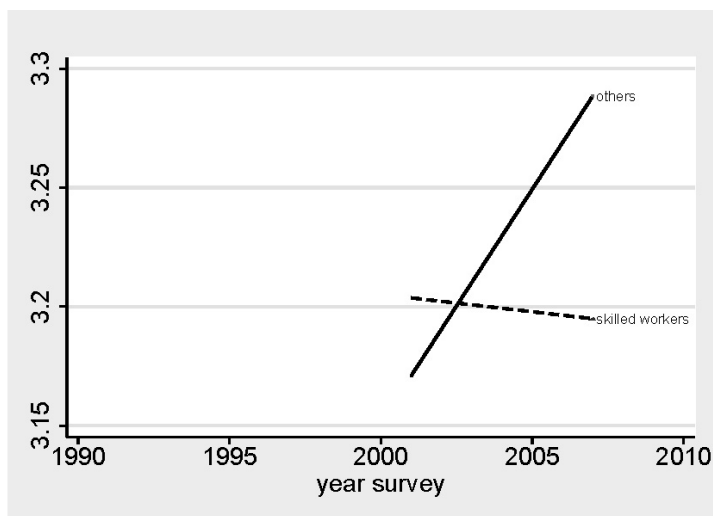


**Figure 3.** Opinion about democratic political system

Source: World Values Survey.

The same dependent variable, support for democratic political, system is shown in Figure 4 for skilled workers and others. Skilled workers seem to be less supportive of the democratic economic system than others, arguably because their lives are relatively good under the current system.

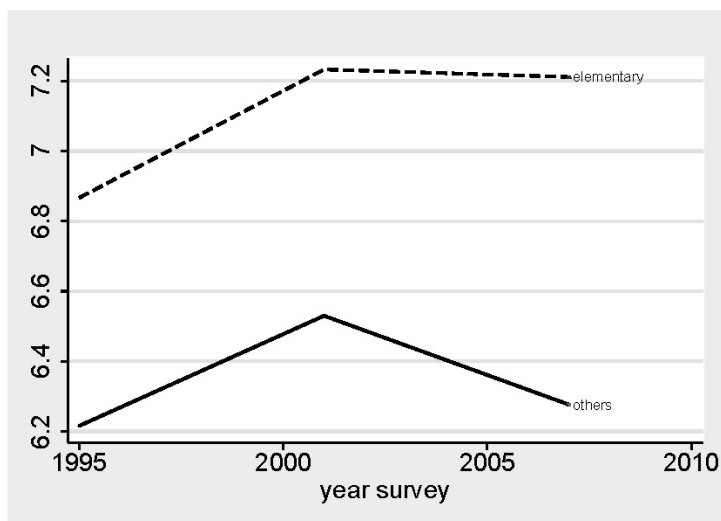
<sup>23</sup> *Ibid.*



**Figure 4.** Opinion about democratic political system

Source: World Values Survey.

Finally let us look at the support for market economy. Respondents were asked about business ownership on scale from 1 to 10, where 1 is preference for private ownership, and 10 is preference for government ownership. While most Chinese think that government ownership of business should be increased, those with only

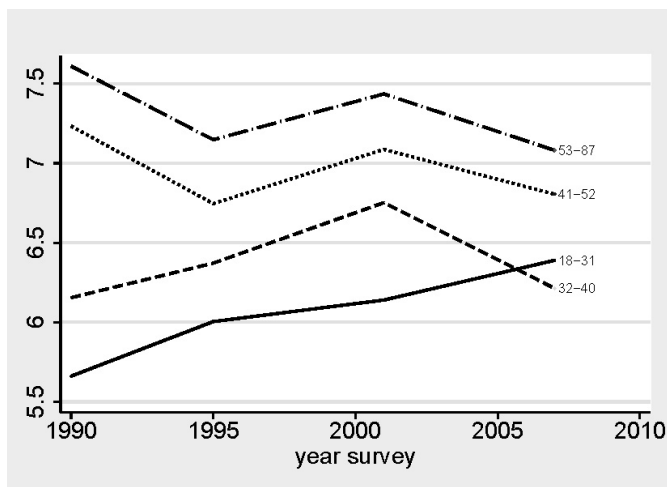


**Figure 5.** Opinion about business ownership

Source: World Values Survey.

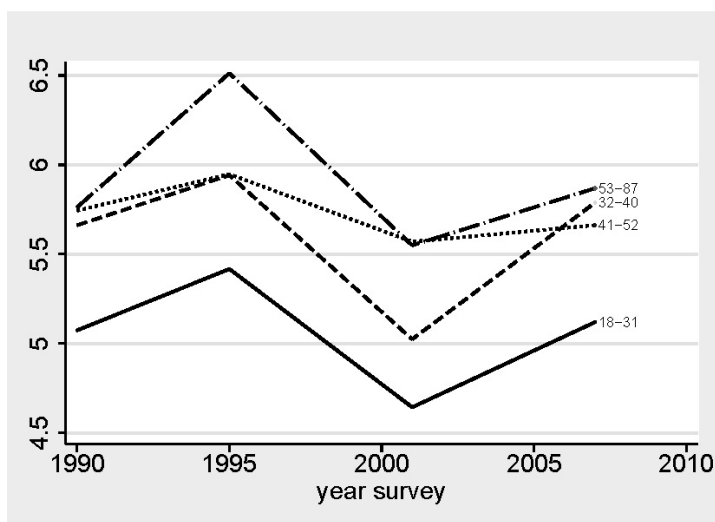


elementary (compulsory) education tend to favour government ownership more than others. Results are set in Figure 5. Figure 6 shows opinion about business ownership by age groups. As expected, older people tend to favour state ownership, and younger, especially between 18 and 40 support private ownership.



**Figure 6.** Opinion about business ownership

Source: World Values Survey.



**Figure 7.** Opinion about government responsibility

Source: World Values Survey.

Finally, respondents were asked whether people should take more responsibility (coded as 1) or whether the government should take more responsibility (coded as 10). Results are set in Figure 7. Again, the youngest Chinese, especially between 18 and 31, support democratic values and think that people should take more responsibility.

This pattern, where the younger generation supports democratic system and private ownership may pose a threat to the authoritarian communist regime. People may demand freedom and liberty as the Chinese economy develops. Political unfreedom may be also one of the reasons for the unhappiness in China.

A big question remains whether Chinese enjoy economic development or resent political unfreedom. One Chinese said that instead of protesting loudly and risking arrest he “may as well just spend the time watching a pirated DVD”.<sup>24</sup> Chinese may enjoy growth in their consumption basket and do not care much for politics at this time. But the emerging middle class, and especially the younger generation may demand political freedoms in the near future.

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<sup>24</sup> N.D. Kristof, Bullets over Beijing, *New York Times* 2009, <http://www.nytimes.com/2009/06/04/opinion/04kristof.html>, pp. 1-3.

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## ZADOWOLENIE Z ŻYCIA W SZYBKO ROZWIJAJĄCYCH SIĘ CHINACH

**Streszczenie:** Podczas kiedy Chiny rozwijały się szybko w ciągu ostatnich trzech dekad, pozostaje pytanie, czy wraz z rozwojem gospodarczym zwiększyło się zadowolenie z życia. Istniejąca literatura analizuje przede wszystkim zadowolenie z życia w krajach rozwiniętych i jest tylko kilka badań zrobionych w Chinach, nie przeprowadzających analizy w czasie. W tym artykule użyto World Values Survey w celu pokazania trendu w zadowoleniu z życia w latach 1990-2007, oraz pokazano różnice w zadowoleniu z życia dla kilku grup społecznych.