

Perceived Inequality and Life Satisfaction: Changing Attitudes in the Post-reform China

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Since the open-up and economic reform in 1978, China has experienced an enduring growth process with increasing national wealth, remarkable improvements in standard of living, as well as enlarging inequality levels. However, there are continuing debates on the measurement of inequality in China due to worries about data validity and accuracy. This study argues that the subjective measures of inequality in China should be also focused, since this kind of measure can directly reflect the changes in social attitudes and allow for a trend analysis.

Taking advantages of the Word Value Survey 1981-2014 Longitudinal Aggregate Data, this study selects three indicators as proxies for perceived inequality: 1) perceived income inequality (“income should be more equal”); 2) attitude toward competition (“competition is harmful”); 3) attitude toward hard work (“hard work doesn’t generally bring success”). After cleaning the missing values, it is found that from 1990 to 2012, perceived income inequality has risen sharply. There is a relatively moderate increase in the proportion of people who believe competition is harmful. Compared with the survey data in 1990, relatively more people held optimistic attitudes toward the payback of hard work in 1995. However, from 2007 to 2012, an increased proportion of the Chinese respondents believe that hard work doesn’t generally bring success.

The subjective indicators selected above show that generally there is an increased level of perceived inequality in the post-reform China. A larger proportion of Chinese people tend to experience a feeling of rising inequality/relative deprivation during the process of income generation. Besides, this study finds empirical evidences that individuals who report higher perceived inequality also rate lower scores of life satisfaction. The negative association between perceived inequality and individual subjective well-being is generally found significant in different model specifications. From 1990, although the nation is on a highway of economic development, more citizens tend to feel disappointed about the outcomes of income distribution. Demographic analysis on those individuals is also included.