

Satisfaction with the Standard of Living in Reform-Era China*

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Abstract

Popular satisfaction with current standards of living in reform-era China is explored in this article, using survey data from the 2004 China Inequality and Distributive Justice Project. Three major patterns are found: first, people of rural origin, with low levels of education and living in the west region, who are disadvantaged in the inequality hierarchy, report greater satisfaction with current standards of living than do privileged urbanites, the highly educated and residents in the coastal east. Second, inequality-related negative life experiences and social cognitive processes including temporal and social comparisons, material aspirations, and life goal orientations mediate the effects of socioeconomic characteristics. Third, the social sources of satisfaction with current standards of living vary across urban, rural and migrant residents. It is suggested that these patterns have largely stemmed from the unique political economic institutional arrangement and stratification system in China.

Keywords: satisfaction; standard of living; China; institution; stratification

Market transition has generated tremendous economic and social changes in China over the past three decades. GDP has sustained a growth at an annual rate of close to 10 per cent,¹ and there has been considerable improvement in income, household consumption, life expectancy and human development. However, this impressive growth has been accompanied by a radical increase in inequality. The Gini coefficient, which stood at .29 in 1981,² has been hovering between .45 and .47 since the mid-1990s.³

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¹ National Bureau of Statistics of China 2009.

² World Bank 1997.

³ Whyte 2010b.

Although there are many studies on the impact of market transitions on objective well-being such as income distribution, career mobility and educational attainment,⁴ there have been few systematic examinations of how satisfied Chinese people feel about their current standards of living and what factors contribute to their satisfaction. However, an understanding of the feelings about living standards is important. At the individual level, satisfaction with current livelihoods represents the most essential domain of subjective well-being.⁵ At the macro level, livelihood satisfaction constitutes one of the major sources of regime legitimacy. Chinese people have adopted a pragmatic attitude toward the one-Party state since market reforms and are willing to support the one-Party regime as long as it is able to deliver economic benefits.⁶ Therefore, knowledge about people's satisfaction with their living standards is necessary, although not sufficient, to make inferences about social and political stability in current China.

The lack of research into popular feelings about living standards in China is partly due to the paucity of data. Based on analysis of data from a nationally representative sample survey conducted in China in 2004, this study is the first of its kind to systematically investigate the patterns and sources of satisfaction with current standards of living in reform-era China. Informed by previous research on life satisfaction in other countries and research on social stratification in China, the first agenda of this study is to explore the level of livelihood satisfaction among Chinese and how their satisfaction is associated with their socio-economic characteristics, important life events and social cognitive processes such as temporal and social comparisons, material aspirations and life goals.

The sources of livelihood satisfaction cannot be simply assumed to be uniform among people of urban and rural origins. The long-time institutional, economic and social segmentation of urban and rural China, primarily due to the household registration (*hukou* 户口) system and related policies, has engendered substantial disparities between urban and rural Chinese in income, consumption, access to welfare benefits, lifestyles, values and outlooks on life.⁷ The starkly different objective circumstances, life experiences and mindsets may lead to different mechanisms underlying the formation of feelings about current life in the city and in the countryside. Therefore, the second agenda of this study is to investigate whether and how the social sources of satisfaction with current living standards vary between urban and rural Chinese.

In the following sections, we first review prior literature on explanations for life satisfaction. Building on established theories and making modifications according to the specific context of China, we introduce the questions of how socio-economic, experiential and social cognitive factors are associated with satisfaction

4 Bian 2002; Li and Walder 2001; Nee 1989; Walder 1996; Wang 2008; Whyte 2009; Wu and Xie 2003; Xie and Hannum 1996; Zhou 2000.

5 Cantril 1965.

6 Tang 2005.

7 Sun 2003; Whyte 1995.

with current standards of living in China and how the influences of those correlates differ between urban and rural Chinese. Then we describe the data, measures and models used to answer our research questions. After that, we report findings about the patterns and sources of livelihood satisfaction among all Chinese and among people of rural and urban origins respectively. Finally, we conclude this paper with discussions of how the patterns and sources of satisfaction with current living standards are related to the political economic institutional arrangements and stratification system unique to China.

Sources of Livelihood Satisfaction: Theory and Context

Social scientists attribute life satisfaction to a wide array of socioeconomic, experiential and social cognitive factors. Socioeconomic characteristics are found to be modestly correlated with life satisfaction.⁸ Income and wealth promote life satisfaction, but at a diminishing rate. For example, a sample of the richest Americans reported only slightly more happiness than did ordinary Americans,⁹ and positive association between income and life satisfaction is stronger in poorer countries than in highly developed countries.¹⁰ A tentative explanation for diminishing returns of income is that money matters substantially in life satisfaction only when it is imperative to meet basic human needs¹¹ and that its influence declines once the livelihood has exceeded the subsistence level. Findings about the effect of education are mixed. Some studies find that more education leads to greater happiness, as the educational systems sort people into different life cycle tracks that privilege the highly educated.¹² Other studies reveal a negative correlation between education and satisfaction and attribute this pattern to heightened but unmet desires among the highly educated.¹³

Dynamic experiences, particularly abrupt events in life, affect people's feelings about life when they happen. While the effects of some events may diminish as people adapt to new situations,¹⁴ people do not adapt to certain negative circumstances over time.¹⁵

Social cognitive processes have been shown to have more bearing on life satisfaction than objective circumstances. Positive self-evaluations in temporal comparison with one's own past¹⁶ and in social comparison with relevant reference groups can elevate the level of satisfaction.¹⁷ Material aspirations mediate the effects of objective conditions: the desire for wealth intensifies in proportion to

8 Diener et al. 1999.

9 Diener et al. 1985.

10 Diener and Diener 1995.

11 Diener and Biswas-Diener 2002.

12 Easterlin 2001 and Frey and Stutzer 2000.

13 Capelli and Sherer 1988; Clark and Oswald 1994.

14 Easterlin 2001; Brickman and Campbell 1971; Brickman et al. 1978.

15 Vitaliano et al. 1991.

16 Albert 1977.

17 Crosby 1982; Diener and Lucas 2000; Stouffer et al. 1949.

income, therefore an improvement in material circumstances does not make people more satisfied automatically.¹⁸ Life goal orientations also affect feelings about life. The more priority is given to extrinsic monetary goals relative to intrinsic goals such as family life, social relationships and contribution to the community and social well-being, the lower the level of satisfaction.¹⁹

This study is informed by the above theories in its examination of Chinese people's satisfaction with current standards of living. Modifications and extensions in three aspects are made due to the distinctive institutional arrangements and stratification system in China. First, in addition to the influences of income and education – two socioeconomic characteristics that have been emphasized in previous inquiries – this study further explores whether and how other deeply-rooted social cleavages unique to China are manifested in popular feelings about current livelihoods. During the socialist period, the state segmented society by agricultural (rural) and non-agricultural (urban) *hukou* assignment, geographic region, sector, and enterprise ownership.²⁰ Differential resource allocation policies were implemented in favour of the city, the coastal east, heavy industries and state-owned enterprises (SOEs) so as to concentrate limited resources to industrialization. Although the overemphasis on heavy industries and SOEs has diminished with the deepening of market reforms, the legacies of the *hukou* system and region-based delineation have largely persisted in state-directed reforms. While rural *hukou* holders have been allowed to work in the city since the 1980s, it is still very difficult for them to acquire an urban *hukou*, and rural *hukou* status has continued to subject people of rural origin to institutional and social discrimination in employment, income, work conditions and welfare benefits. Many scholars have regarded the urban–rural disparity as the most important source of inequality in contemporary China.²¹ Similarly, although the state launched efforts to alleviate regional inequality at the beginning of this century (e.g. implementation of measures to “Open up the West”), the gap between eastern, central and western areas is still one of the major contributors to inequality in China.

Political capital is another institution-engendered status attribute. During the socialist period, political credentials in the form of Chinese Communist Party (CCP) membership and cadre status served as an important basis for conferral of monetary, material and nonmaterial benefits in an exchange for political loyalty.²² Privileges accrued to political capital have lingered on during the transition to market, although returns to the factors valued in market such as education and effort have improved substantially.²³

18 Easterlin 2001; Kahneman 1999; Samuelson 1995.

19 Ryan et al. 1999; Sheldon and Kasser 1998.

20 Wang 2005; Wang 2008; Whyte 2009.

21 Khan and Riskin 1998; Khan and Riskin 2005; Knight and Song 1999; Li and Luo 2010; and Sicular et al. 2010.

22 Walder 1986; Whyte and Parish 1984.

23 Hauser and Xie 2005; Li and Walder 2001; Walder et al. 2000; Zhou 2000.

To capture the unique stratification system in contemporary China, this study, in its exploration of Chinese people's satisfaction with current living standards, analyses not only the impacts of income and education, two universal socioeconomic characteristics, but also the influences of urban versus rural *hukou* status, the region of residence and political capital.

Second, this study extends the definition of temporal and social comparisons in its examination of the effects of social cognitive processes. Previous research has rarely disentangled the effects of comparisons with the recent and distant pasts on people's satisfaction. While memories of more recent changes tend to be fresher, the launch of market reforms may be a crucial temporal reference point in China, as massive economic and social transformations have dramatically changed many people's life. In the city, the emergence of *nouveau riches* has been coupled with the laying off and unemployment of SOE employees. In the countryside, while some entrepreneurial villagers have become wealthy, there are also famers falling into dire poverty due to severe illnesses, excessive burdens from heavy taxes and levies (particularly in the 1990s), or confiscation of land by the state and commercial developers without fair compensation. Radical changes brought about by reforms can be indelible, even though they took place in the distant past. Hence, the influences of both comparison with one's recent past and evaluation of one's gains versus losses throughout reforms are worth exploring.

The social comparison perspective tends to stress the relevance of comparison with people with similar characteristics (e.g. education) or in immediate social networks such as relatives, friends and co-workers.²⁴ However, people are exposed to a wider social context beyond close social relationships through casual interpersonal interactions and observations. Furthermore, current inequalities at the societal level have been among the primary concerns of the Chinese public. Therefore, social comparisons may not be limited to people's immediate social milieu but extended to a broader range of social groups. Given this complexity, how satisfaction with current livelihoods is affected by comparison with people in the immediate social milieu and with a broader reference frame warrants equal attention.

Third, this study notes variations in the social correlates of livelihood satisfaction between urban and rural Chinese. While urban–rural inequality is not uncommon during the process of industrialization,²⁵ many scholars argue that the extent of this inequality in China has been larger than in most other developing countries and former socialist societies,²⁶ primarily as a consequence of the enforcement of the *hukou* system and related policies. Instituted in the 1950s, the *hukou* system and associated policies that restricted mobility of rural citizens

24 Diener and Lucas 2000; Michalos 1985.

25 Lipton 1977.

26 Knight and Song 1999; Whyte 1995. Some scholars argue that urban–rural income gaps are not as large as are conventionally believed. For example, Benjamin et al. (2008) find that the urban–rural income ratio will decrease if fast growing rural areas are not reclassified as urban (as China's National Bureau of Statistics has been doing) and if urban–rural differences in the cost of living are taken into account.

into the city have effectively bound the majority of the Chinese population to land.²⁷ Furthermore, *hukou* status has served as a basis for the state to allocate resources biased against the countryside. Despite some permeability, the *hukou* system remains fundamentally intact in the reform era. As a result, the institutional barrier of the *hukou* system has created large urban–rural gaps in income, consumption and access to major social benefits including health care, education and pensions. Those gaps have further intensified since reforms, with the exception of some reduction in the early 1980s.

The urban–rural segmentation is also manifested in other economic and social spheres. Despite the sporadic and uneven development of rural industries during reforms, the majority of villagers are still engaged in labour-intensive farming activities, whereas urban residents work in industrial and service sectors. The lifestyles, outlook on life, culture and values among rural and urban people are still largely marked by the agricultural–modern distinction in spite of gradual convergence.²⁸ Huge, across-the-board urban–rural disparities raise the question of whether the sources of satisfaction with current standards of living differ across rural and urban China, marked as they are by distinct economic, social and cultural landscapes.

To summarize, this paper examines the following questions: how is satisfaction with current standards of living associated with socioeconomic, experiential and social cognitive factors in reform-era China? Do the objective privileges and disadvantages of various social groups directly translate into satisfaction and dissatisfaction? Do life events and social cognitive processes mediate the influences of objective status attributes? How do the sources of livelihood satisfaction vary between Chinese of urban and rural origins?

Data, Measurement, and Method

Data

Data used for this study come from the China Inequality and Distributive Justice Project conducted in 2004.²⁹ This nationally representative sample survey was the first of its kind specifically designed to identify popular perceptions of inequality and distributive justice in reform-era China. It included a number of questions about respondents' background information and subjective views that are useful for addressing the research questions in this study. Stratified and spatial probability sampling methods were combined to choose a nationally representative sample. To ensure that primary sampling units covered regions at different stages of development, the whole country was first classified into seven strata according to geographical location and administrative jurisdiction.³⁰ Specific sampling

27 For example, rations and jobs were only available to non-agricultural (urban) *hukou* holders.

28 Sun 2003; Whyte 1995.

29 Whyte 2010a.

30 The seven strata are the northeast, north, east, central, south, northwest and southwest of China.

points were then selected with the spatial probability sampling method that involves the use of maps, population data, sampling statistics and GPS machines. All households that fall within the designated distance of selected sampling points were included in the sample. Finally, random methods were used to sample specific respondents within selected households.³¹

A total of 3,267 face-to-face interviews with adults aged from 18 to 70 from 23 of China's 31 provincial units were completed.³² As the survey included an over-sampling of urban residents so as to have a sufficient number of urbanites in the final sample for analysis of urban China separately, sampling weights are used where appropriate to compute figures representative of all Chinese adults. Among the 3,267 unweighted respondents, 1,295 are urban *hukou* holders (urban residents), 1,776 are rural *hukou* holders staying in the countryside (rural residents), and 196 are rural *hukou* holders living in urban areas for 30 days or more (migrants).

Variables

The dependent variable is estimated by asking respondents how satisfied they were with current standards of living. This single-question measurement has shown to be valid and reliable in numerous large-sample surveys.³³ While it is important to recognize the influence of the immediate context such as current mood on global reports of life satisfaction, empirical research has shown that the effect of current mood is small in normal testing settings and that test-retest reliability is substantial.³⁴ In addition, global reports of satisfaction are consistent with external reports on respondents.³⁵ Therefore, the single-question measure reflects a relatively stable, long-term evaluation of subjective economic well-being. Respondents were asked to report their satisfaction with current standards of living on a seven-point scale (1 = very satisfied, 7 = very dissatisfied). Responses are reversed so that higher values mean greater satisfaction.

Explanatory variables include a set of socioeconomic characteristics, incidences of negative life events, and measures of social cognitive processes. Among socioeconomic characteristics, the urban, rural and migrant status is

31 A special strength of this survey is that spatial probability sampling methods were used to choose a nationally representative sample. Most previous surveys on China are characterized by reliance on *hukou* records for sampling. However, increasingly serious problems have arisen from this conventional sampling method because more and more Chinese are on the move since market reforms. Many people are residing in places other than the location of their official household registration. In particular, about 30% of the *de facto* population in large cities in China consists of migrants from elsewhere, and such migrants are not included if *hukou* records are used as the basis for sampling. Even temporary registration documents that migrants are supposed to obtain are not a good basis for sampling, since enforcement of temporary registration is patchy and varies from place to place. Some analysts estimate that fewer than 50% of migrants obtain such temporary registrations. The GPS-assisted spatial probability sampling method has helped to overcome this limitation. See Whyte 2010a.

32 The 23 provinces in the final sample included all but Jilin, Inner Mongolia, Tianjin, Sichuan, Chongqing, Tibet, Qinghai and Gansu.

33 Oishi 2010.

34 Eid and Diener 2004; Schimmack and Oishi 2005.

35 Sandvik et al. 1993.

operationalized according to *hukou* status and the *de facto* residence. Respondents are classified into three categories: urban *hukou* holders (urban residents), rural *hukou* holders staying in the countryside (rural residents), and rural-to-urban migrants (abbreviated as migrants). Migrants are dealt with as a separate category due to their dual conditions. On the one hand, their migration into the city represents a sort of upward mobility, since they usually earn more money and have a broader vision of the world than those staying in their rural home do. On the other hand, their rural *hukou* status subjects them to low wages, poor working and living conditions, limited access to welfare benefits and frequent discrimination and abuse.³⁶ Patterns of livelihood satisfaction may be unique among migrants due to their special circumstances.

Income is estimated by the logarithm of the midpoint of 26 annual household income categories. Education is measured by the highest level of education (less than primary, primary, junior secondary, senior secondary, two-year college, four-year bachelor's, and master's and higher). CCP membership is coded as 1 and 0 otherwise. Measurement of the region of residence follows the conventional definition of eastern, central, and western provinces by China's National Bureau of Statistics. In addition, gender and age are included as control variables, with female coded as 1 and male as 0 and age measured in years. Age-squared divided by 100 is also included to capture quadratic associations with age.

Life events with negative impacts on the livelihood are measured by the sum of the following seven experiences that respondents or any other members of their families had suffered in the previous three years: being seriously ill, suffering physical injuries or economic losses due to natural or artificial disasters, getting laid off or unemployed, having difficulty in paying for medical care, dropping out of school because of being unable to pay the tuition, having to borrow money to cover basic expenses, and being treated unfairly by local officials (for each item, 1 = yes, 0 = no).

Among social cognitive variables, temporal comparison is estimated by two measures. Comparison with the recent past is measured by five-interval responses to a question asking respondents to compare their current family economic circumstances with five years ago (reverse-coded, 1 = much worse, 5 = much better). Comparison with the distant past is estimated by 11-interval evaluations of one's gains versus losses during market transition (0 = complete loss without gain, 10 = complete gain without loss).

Social comparisons consist of two dimensions. Comparison with people in the immediate social milieu is estimated by the mean of five-point-scale responses to four questions that asked respondents to compare their current standard of living with that of their relatives, former classmates with the same level of education, co-workers and neighbours (reverse-coded, 1 = much worse, 5 = much better). Comparison with a broader reference frame is measured by the same five-point-scale responses to a question asking

36 Solinger 1999.

respondents to compare their current standard of living with the average level of people in the same city or county.

Material aspirations are measured by the mean of the frequencies of doing the following four things: paying attention to attractive new products in advertisements, paying attention to the lifestyles of rich and famous Chinese and foreigners in movies and on TV, wishing that he/she were rich and so were able to afford the things rich people have, and dreaming about the things rich people have (five-point scale, 1 = never, 5 = very often).

Life goal orientation is estimated at two stages. First, the perceived importance of non-financial goals is measured by the mean of the responses to two goals: family happiness and making contributions to the happiness of others and the entire society. Then the perceived *relative* importance of financial goals is constructed by subtracting the value for the perceived importance of non-financial goals from the value for the perceived importance of personal wealth (for each item, 0 = very unimportant, 10 = very important).

Models

Since the dependent variable is ordinal in nature, ordinal logistic regressions are run to predict satisfaction with current standards of living. Analysis is done for the whole sample first and then for urban, rural and migrant categories respectively. In each set of analyses, a regression is first run only on socioeconomic characteristics in a simple model. Then measures of negative life events and social cognitive processes are added in the full model.

Analysis and Findings

Descriptive statistics

Table 1 shows the weighted distribution of satisfaction with current standards of living. Satisfaction at the national level tilts slightly toward the positive end, with 32.3 per cent of the respondents feeling satisfied, 38.2 per cent reporting a neutral

Table 1: **Descriptive Statistics of Satisfaction with Current Standards of Living (Weighted)**

	Satisfaction with Current Standards of Living (%)							Mean	S.D.
	1	2	3	4	5	6	7		
National	7.5	8.0	13.9	38.2	16.0	10.2	6.1	4.02	1.50
Urban	11.6	6.9	15.9	42.2	12.5	6.8	4.2	3.74	1.48
Rural	5.7	8.5	12.8	35.6	18.1	12.3	7.0	4.17	1.50
Migrant	5.6	9.4	16.1	47.0	10.8	4.2	6.9	3.88	1.39

Source:

2004 China Inequality and Distributive Justice Project.

Table 2: Descriptive Statistics of Explanatory Variables (Weighted)

	National		Urban		Rural		Migrant	
	Mean	S.d.	Mean	S.d.	Mean	S.d.	Mean	S.d.
Socioeconomic attributes:								
Household income (<i>yuan</i>)	15449.97	27591.00	26681.45	35138.57	9839.98	18122.29	24514.57	52752.98
Education	1.75	1.35	2.83	1.27	1.22	1.05	1.76	1.13
Urban	.32	.47	—	—	—	—	—	—
Rural	.64	.48	—	—	—	—	—	—
Migrant	.04	.20	—	—	—	—	—	—
CCP member	.06	.24	.13	.34	.03	.18	.01	.08
Eastern Region	.50	.50	.66	.48	.41	.50	.83	.37
Central Region	.35	.48	.26	.44	.41	.49	.10	.31
Western Region	.15	.36	.08	.27	.19	.39	.06	.25
Female	.49	.50	.51	.50	.47	.50	.52	.50
Age	38.46	13.31	37.74	13.56	39.06	13.30	34.70	10.50
Negative life events	1.74	1.67	1.40	1.49	1.95	1.74	1.20	1.36
Social cognitive processes:								
Perceived 5yr life trend	3.59	.94	3.41	1.07	3.65	.87	3.84	.81
Perceived gains vs. losses in reforms	4.84	2.03	4.52	.13	5.01	.06	4.57	.26
Comp./close ref. groups	2.80	.65	2.89	.65	2.73	.64	2.98	.49
Comp./broader ref. frame	2.27	.88	2.61	.83	2.09	.85	2.29	.87
Material aspirations	2.43	.80	2.52	.77	2.40	.81	2.31	.82
Perceived importance of financial goal	−.38	2.21	−.73	2.30	−.22	2.14	−.40	2.16

Note:

The differences in all the means between urban, rural, and migrant respondents are significant at the level of .000.

Source:

2004 China Inequality and Distributive Justice Project.

feeling, and 29.4 per cent feeling dissatisfied. The breakdown across the three resident categories reveals that rural residents hold the highest level of satisfaction, urban citizens feel the least happy, with the proportion expressing dissatisfaction surpassing that expressing satisfaction, and migrants fall in the middle.

Table 2 reports weighted means and standard deviations for all explanatory variables. As expected, urbanites enjoy more household income, higher levels of education and a higher percentage of CCP members than rural residents do. Migrants fall between urban and rural categories in terms of these characteristics. More urbanites and migrants live in the east than rural residents. Not surprisingly, villagers report the largest number of negative life events, followed by urban residents and migrants. As to temporal comparison, Chinese people's evaluation of family economic circumstances in comparison with five years ago is positive, whereas their overall assessment of gains versus losses during market transition is a little negative. Specifically, migrants perceive the greatest improvement in family economic well-being over the past five years, followed by rural residents and urbanites. Rural residents perceive more gains (versus losses) during reforms than do urbanites and migrants. Social comparisons of current livelihood with that of others tilt toward the negative end, and the distributions of the two dimensions of social comparisons vary. Either at the national level or within each of the three groups, respondents have a more positive self-evaluation when making comparisons with their relatives, former classmates, co-workers and neighbours than when making a comparison with people living in the same city or county. Migrants have slightly more positive self-evaluation than do urban and rural residents in comparison with those in the immediate social milieu, but the difference between the three groups is modest. Urban residents hold the most positive self-evaluation, villagers feel most negatively, and migrants fall in the middle when comparing their current livelihoods with those of people in the same city or county; the magnitude of the difference between the three groups is much larger than that for comparison with people in the immediate social milieu. The desire for conspicuous consumption at the national level is modest. Urban residents embrace the greatest material aspirations, followed by villagers and migrants. On average, Chinese people assign slightly less weight to personal wealth than to family happiness and contributions to the happiness of others and the entire society. In comparison, urbanites place slightly less emphasis on financial goals than migrants and villagers.

Explanations for satisfaction with current standards of living for the whole sample

Table 3 presents the results from ordinal logistic regression analysis of satisfaction with current standards of living for the whole sample. Model 1 reports the association of satisfaction with socioeconomic characteristics. Household income significantly contributes to positive feelings about current livelihoods. Echoing the descriptive pattern revealed in Table 1, rural residents report significantly higher levels of satisfaction than their urban counterparts, even when other

Table 3: Results from Ordinal Logistic Regressions of Satisfaction with Current Standards of Living: the Whole Sample

	Model 1	Model 2
Socioeconomic attributes:		
Log (Household income)	.650***	.182 ⁺
Education	-.014	-.113**
Rural	.692***	.430***
Migrant	.265 ⁺	.033
CCP member	.160	.105
Central Region	.117	.019
Western Region	.359**	.233*
Female	-.012	-.050
Age	-.036*	-.003
Age ² /100	.055**	.014
Negative life events		-.088***
Social cognitive processes:		
5yr life trend		.451***
Perceived gains vs. losses in reforms		.094***
Comp./closer ref. groups		.385***
Comp./broader ref. frame		.183***
Material aspirations		-.063
Perceived importance of financial goal		-.007
Thresholds:		
1	-1.633**	.621
2	-.809 ⁺	1.545**
3	.062	2.507***
4	1.695***	4.293***
5	2.539***	5.183***
6	3.674***	6.326***
Model fit statistics:		
Cox and Snell R ²	.042	.173
-2 Log Likelihood	9736.117	8417.059
Chi-square	125.420	482.320
Df	10	17

Note:

*** = $p < .001$; ** = $.001 < p < .01$; * = $.01 < p < .05$; + = $.05 < p < .10$ (two-tailed tests).

Source:

2004 China Inequality and Distributive Justice Project.

major socioeconomic status attributes are controlled for. This finding indicates that it is rural and urban status rather than other economic and social status differentiating the two groups that affects their satisfaction. Migrants feel slightly more satisfied than urban residents, but the difference is only weakly significant. People living in the least developed western region feel happier than those living in the most prosperous coastal east. Although not being a central concern, age shows a curvilinear relationship, with the middle aged being the most discontented. Education, CCP membership, residence in the central region and gender do not exhibit significant influences.

Experiential and social cognitive variables are added in Model 2 to identify firstly whether they mediate the effects of socioeconomic characteristics on

satisfaction with current standards of living, and second, whether they provide additional explanations. The coefficients for the rural status and residence in western region become smaller but remain significant, and the correlation with household income turns weakly significant, reflecting partial mediation of the effects of these status attributes by negative life events and social cognitive processes. The impacts of the migrant status and age are also mediated by newly added variables and become insignificant. Education, whose effect is insignificant in Model 1, exhibits a significantly negative association here.

As far as the associations with experiential and social cognitive factors are concerned, the more negative life events taking place in the previous three years, the more dissatisfied respondents feel. Perceived improvement in family economic circumstances over the past five years and more perceived gains versus losses throughout market reforms are both likely to lead to greater satisfaction with current living standards, although the influence of comparison with the recent past is greater than that of comparison with the distant past. Both comparisons of current livelihoods with reference groups in the immediate social milieu and comparison with residents in the same city or county are positively correlated with the feeling of satisfaction. However, the size of the effect is larger for comparison with people in close social relationships than for comparison with a broader reference frame, exhibiting greater relevance of relative living standards in the immediate social network. Neither material aspirations nor the perceived relative importance of financial goals in life affects satisfaction.

The Cox and Snell R-square indicates that socioeconomic characteristics explain 4.2 per cent of the variance in satisfaction with current living standards (Model 1) and that the explained variance grows to 17.3 per cent when negative life events and social cognitive factors are added (Model 2). This increase confirms the general pattern found in previous studies that dynamic experiences and social cognitive processes matter more than objective status for satisfaction with life.

Variations in the sources of satisfaction with current standards of living across urban, rural and migrant samples

Table 4 reports the associations of satisfaction with current living standards with socioeconomic characteristics, negative life events and social cognitive processes for urban, rural, and migrant samples respectively. It needs to be noted the small sample size of migrants may cause large standard errors and make coefficients for this group insignificant. Therefore, results from analysis of the migrant sample should be interpreted with caution.

Models 1, 3 and 5 examine only the associations with socioeconomic characteristics for the three samples respectively. Higher household income is related to greater satisfaction among all three groups. The effect is the largest among urbanites, followed by migrants and then villagers. Education is only significantly related to livelihood satisfaction in the urban model, with highly educated

Table 4: Results from Ordinal Logistic Regressions of Satisfaction with Current Standards of Living: Urban, Rural, and Migrant Samples

	Urban		Rural		Migrant	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Socioeconomic attributes:						
Log (Household income)	.918***	.127	.567***	.193	.802*	.825 ⁺
Education	-.103*	-.194***	.013	-.076	.103	.002
CCP member	.261	.250	.151	.053	.230	-2.880
Central Region	.120	-.074	.101	.051	.068	.071
Western Region	.812***	.266	.188	.209	.394	.446
Female	.050	-.050	-.031	-.014	-.322	-.458
Age	-.030	.006	-.041 ⁺	-.009	-.105	-.045
Age ² /100	.032	-.009	.068**	.028	.163 ⁺	.089
Negative life events		-.120**		-.075*		-.074
Social cognitive processes:						
5yr life trend		.476***		.433***		.135
Perceived gains vs. losses in reforms		.158***		.053**		.009
Comp./closer ref. groups		.323**		.414**		.173
Comp./broader ref. frame		.298**		.104		.200
Material aspirations		-.197*		-.016		-.035

Perceived importance of financial goal		.024		-.015		-.260**
Thresholds:						
1	-.276	.586	-1.629*	.327	-1.371	4.018
2	.315	1.319	-.573	1.488*	-.348	4.977
3	1.195	2.352*	.304	2.432**	.496	5.872 ⁺
4	2.903***	4.282***	1.858**	4.114**	2.628	8.114*
5	3.679***	5.136***	2.758***	5.037***	3.322	8.945**
6	4.815***	6.309***	3.934***	6.205***	4.038	9.660**
Model fit statistics:						
Cox and Snell R ²	.045	.239	.032	.126	.068	.178
-2 Log Likelihood	3623.054	3189.339	5511.569	4701.532	542.218	458.813
Chi-square	50.458	272.757	52.314	188.326	12.056	29.028
Df	8	15	8	15	8	15

Note: *** = $p < .001$; ** = $.001 < p < .01$; * = $.01 < p < .05$; ⁺ = $.05 < p < .10$ (two-tailed tests).

Source: 2004 China Inequality and Distributive Justice Project.

urbanites more likely to feel dissatisfied than those with less education. Urbanites in the west are significantly more satisfied than those living in the east, but no significant differences by the region of residence are found in rural and migrant samples. Age, which is a control variable, shows some effects: middle-aged people express the strongest discontent in rural and migrant samples but not in the urban sample, although the effect among migrants is only weakly significant. CCP membership, residence in the central region and gender do not show significant impacts among any of the three groups.

Models 2, 4 and 6 present findings from full models that include negative life events and social cognitive processes. The explained variance (as indicated by the Cox and Snell R-square) of livelihood satisfaction in full models with added variables in all three samples improves substantially over that in simple Models 1, 3, and 5. About 23.9 per cent of variance is explained in the urban model, compared to 12.6 per cent and 17.8 per cent for villagers and migrants respectively, suggesting that socioeconomic, experiential and social cognitive factors make the feelings about current living standards more heterogeneous among urbanites than among villagers and migrants.

The effect of household income that is salient in simple models becomes insignificant in urban and rural models and weakly significant among migrants, showing the mediation of its effect by dynamic experiences and social cognitive processes. The negative impact of education becomes larger and significant among urbanites and remains insignificant for villagers and migrants. The coefficient of living in the west that is significant in the simple model for the urban category becomes smaller and insignificant.

Life events with negative implications for livelihood in the previous three years enhance dissatisfaction in both urban and rural models, but the effect is larger in the former than in the latter. Those experiences do not demonstrate significant effects among migrants.

In terms of the influences of social cognitive processes, people who perceive more improvement in family economic circumstances over five years ago as well as those who perceive more gains versus losses during reforms are more likely to feel happy about their current living standards in urban and rural models, although the impact of comparison with the recent past is larger than that of comparison with the distant past. The influences of social comparisons differ between urbanites and villagers. Comparison with relatives, former classmates, co-workers and neighbours and comparison with people in the same city or county are both positively associated with livelihood satisfaction among urban citizens. However, the effect of the former comparison exceeds that of the latter. In rural areas, only comparison with people in the immediate social milieu is positively correlated with the feeling of satisfaction, while the effect of comparison with a broader reference frame is insignificant. Neither temporal nor social comparisons display significant effects among migrants.

Material aspirations show significant negative associations with satisfaction with current living standards among urbanites but no significant impacts in

rural and migrant models. The relative importance assigned to financial rather than nonfinancial goals is the only significant factor among migrants: the more the financial goal is stressed, the less contented the migrant. Life goal orientation does not affect satisfaction among urban and rural residents.

To summarize, the sources of satisfaction with current standards of living differ among urbanites, villagers and migrants. More factors explain satisfaction in the urban model than in rural and migrant models, and the strength of the correlates is also greater among urban residents than among villagers and migrants. The feelings about current living standards appear relatively uniform among migrants, except for the variations related to the perceived relative importance of financial goals and, to a lesser degree, household income.

Discussion and Conclusions

This study examines satisfaction with current standards of living in reform-era China. Overall, Chinese people are slightly more satisfied than dissatisfied, perhaps a reflection of mixed feelings about concurrent remarkable economic progress and widening inequality during market transition. Comparatively speaking, Chinese people report much greater satisfaction than citizens of Russia, Hungary and Bulgaria do, and their level of satisfaction is close to that of people in East Germany and the Czech Republic.³⁷ The relatively positive feelings about current standards of living in China may be one of the sources of the legitimacy of the current regime.

The impacts of socioeconomic characteristics are relatively modest, as have been found in earlier research on other countries. Higher income is likely to lead to greater satisfaction with current standards of living. Nonetheless, this positive association is largely mediated by negative life events, comparison with one's recent and distant past, comparisons with people in the immediate social milieu and with a broader reference frame, material aspirations and perceived importance of alternative life goals. The negative effect of education suggests that enhanced desires elicited by more education prevail over objective privileges accrued to education in the formation of livelihood satisfaction.

Distinctive patterns bearing the legacies of China's unique political economic institutional arrangement and stratification system stand out. Greater satisfaction with current standards of living is found among some objectively disadvantaged groups such as rural residents and those living in interior west. Whereas prior research has found positive levels of life satisfaction among the poor,³⁸ the pattern that disadvantaged groups feel *more* satisfied than privileged ones do is unique in China.

37 The mean level of satisfaction with current standards of living in China found in this study is 4.02 on a seven-point scale (Table 1). According to data from the International Social Justice Project conducted in 1995 and 1996, mean levels of satisfaction are 2.88 in Russia (1996), 3.17 in Hungary (1996), 2.10 in Bulgaria (1996), 4.39 in East Germany (1996), and 4.21 in the Czech Republic (1995). See Kluegel et al. 1999.

38 Biswas-Diener and Diener 2001.

The mediating effects of negative life events and social cognitive processes (Table 3) confirm the conclusion in earlier research that life satisfaction is influenced more powerfully by dynamic life experiences and subjective evaluations than by objective status. In China, rural people were for the most part bound to land by *hukou* restrictions and the commune system during the Mao era. Their status, opportunities and outcomes have nowhere to go but up after market reforms. Therefore, they may feel satisfied with the relaxation of previous restrictions and improved livelihoods after 1978, even though opportunities for upward mobility for them remain far from equal. Similarly, although urbanites enjoyed many more privileges than people of rural origin, since the market reforms they have faced not only increases in new opportunities but also reductions in state-sponsored benefits and the possibility of downward mobility into unemployment and poverty. These new anxieties emerging along with the deepening of reforms may dampen urban people's satisfaction.

The variations in the sources of satisfaction with current standards of living across urban, rural and migrant residents that this study has revealed mirror the institution-reinforced economic, social and cultural disparities between urban and rural China. The city is characterized by higher levels of development, a wider range of opportunities, larger distributional gaps in economic and social outcomes and stronger desire for conspicuous consumption. By contrast, rural China is marked by prevalent underdevelopment with some exceptions, lower standards of living, fewer opportunities and smaller extents of inequalities within neighbouring villages (usually the scope of the immediate environment for rural people). More complex inequality contours in the city than in the countryside may largely explain why more socioeconomic, experiential and social cognitive factors account for satisfaction with current living standards and why the strength of the correlates is larger in urban than in rural China. For example, education negatively affects the level of satisfaction in the urban area probably because urbanites with higher levels of education, who were underpaid during socialist period, feel still unable to take full advantage of burgeoning opportunities during reforms, as the state-directed market economy has not unleashed the full potential of educational capital. Instead, the generally lower levels of education and fewer opportunities available in rural areas may make the linkage between education and livelihood satisfaction weak. The significant influence of material aspirations only in the urban sample may be accounted for by stronger desires for conspicuous consumption in urban areas. In contrast, although the materialist culture has also been gaining ground along with the improvement in income and consumption in rural areas since market reforms,³⁹ villagers' material pursuit is still relatively modest and largely related to daily life, such as a durable and decent house.⁴⁰

Both urban and rural citizens are aware of their relative position in the inequality hierarchy, as indicated by much more positive self-evaluation among urbanites

39 Yan 2003.

40 Murphy 2002.

than among rural people when making a comparison with people in the same city or county. However, comparison with a broader reference frame is only significantly correlated with satisfaction with current living standards among urbanites and not among villagers. This pattern may be attributed to the latter's self-identification. It is possible that the *de facto* institutional, residential and social segregation and consequential rural–urban discrepancies have made urban versus rural *hukou* status an overriding characteristic in self-identification.⁴¹ As a result, rural people are more likely to identify with fellow rural *hukou* holders and do not take urban citizens as a relevant reference point, even though they are aware of the tremendous disadvantages that they suffer compared with their urban counterparts. Relative uniformity of feelings about current levels of living among migrants suggests that members of this unique group not only share many common experiences, but also hold similar feelings about their current life. The particular significance of relative importance of financial life goals and (to a lesser extent) income in satisfaction among this group may reflect the importance of the pursuit of more economic outcomes that motivated their migration.

It has to be cautioned that cross-sectional data used in this study do not allow us to make causal claims of the associations revealed. For example, it is possible that people who are more satisfied with current standards of living tend to recall fewer negative life events and think more positively of personal or family life when making comparisons with their own past and other people. Panel data are needed to identify the causal mechanisms in future. In addition, this survey study focuses on self-reported levels of satisfaction, which allow respondents to determine what a satisfactory standard of living means according to their own criteria. While this measure is advantageous in capturing subjective feelings, it is important to recognize that privileged and disadvantaged groups are likely to assign different meanings to a satisfactory livelihood, which may partly explain the distribution of satisfaction across urbanites, villagers and migrants that is inconsistent with their objective status. Qualitative interviews are required to identify the subtle meanings of a satisfactory standard of living to different groups in future research.

Despite these caveats, this study makes important contributions to the knowledge of inequality in China. It is the first of its kind that systematically explores Chinese people's feelings about the standards of living during the reform era. Its findings suggest that livelihood satisfaction cannot be simply inferred from objective status. Instead, it results from complex interactions of a host of socioeconomic, experiential and social cognitive factors. These patterns are in line with findings about other aspects of perceptions of inequalities in China in several earlier studies.⁴² Nevertheless, this study not only examines the difference in the level of satisfaction with current standards of living between social groups, but further reveals divergent sources of the feeling among systematically segmented urban

41 Hu and Salazar 2010.

42 Han and Whyte 2009; Whyte 2010a.

and rural citizens.⁴³ Variations in the sources of livelihood satisfaction between Chinese of urban and rural origins demonstrate that the institution-induced stratification order in China has not only created many forms of objective inequality, but also generated divergent mechanisms underlying the formation of subjective reactions to life.

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43 Examination of varying sources of the satisfaction with current standards of living among urban and rural Chinese has also made an important contribution to the general literature of life satisfaction. Prior comparative research in this field tended to focus on cross-national comparison, assuming that the same set of sources lead to different levels of satisfaction within a country. This study points to the importance of identifying divergent sources leading to divergent levels of satisfaction among economically and socially segmented groups within a country.

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