

Changing Subjective Well-Being and Social Trust in China: 2010-2020

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Abstract : The authors investigate how subjective well-being (SWB) and social trust changed in China over the period 2010-2020 by relying on data from six rounds of the China Family Panel Studies (CFPS), then re-examine Easterlin's hypothesis for China, with a more focus on the role of social trust and estimate income-compensating differentials for social trust. They find that the evolution of well-being is not sensitive to the measures of well-being one uses. Specifically, self-reported life satisfaction scores and hedonic happiness scores experienced a significant increase across all income groups from 2010 to 2020. Social trust seems to have increased based on CFPS in China for all socioeconomic classes in recent years, and male, urban resident individuals with higher income have a higher social trust at a given point in time and over time. However, when we use an alternative measure of social trust, out-group trust, which is a more valid measure of generalized trust and represents "most people", social trust in China literally declines, and the level is extremely low. In addition, this paper also suggests that in the typical query on social trust, the term "most people" mostly denotes in-groups in China, which contrasts sharply with most Western countries where it predominantly connotes out-groups. Individual fixed effects analysis of well-being that controls for time-invariant variables reveals social trust and relative social status are important correlates of life satisfaction and happiness, whereas absolute income plays a limited role in boosting an individual's well-being. The income-equivalent value for social capital is approximately tripling of income. It has been found that women, urban and coastal residents, and people with higher income, young people, those with high education care more about social trust in China, irrespective of measures on SWB. Policy aiming at preserving and enhancing SWB should focus on social capital besides economic growth.

Keywords : subjective well-being, life satisfaction, happiness, social trust, China

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