

# **Discussion of China's Life Satisfaction 1990-2010**

by

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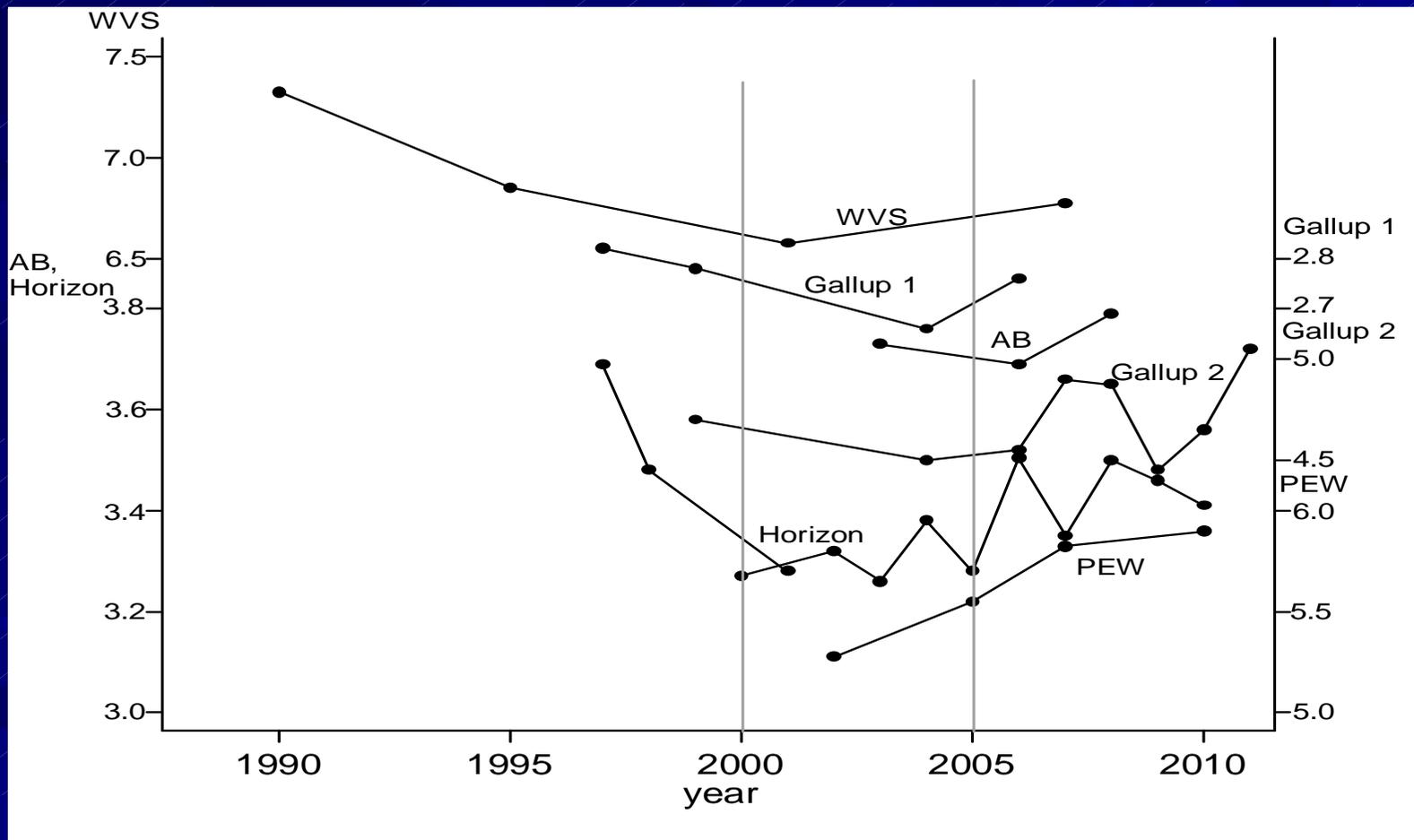
# Preamble

- This paper asks an A+ question:
  - Evolution of happiness in emerging/transitions Economies
  - Perfect natural experiment to look at the determinants of happiness: transition economies, and even better China
  - Steady economic development (rise in income per capita) but rise in factors unfavorable to happiness: unemployment, inequality, breakdown of safety nests and social cohesion

# Key Points

1. Motivating evidence and Results are exciting:  
U-shaped evolution of happiness (like transition economies)
1. But need for an additional test to identify the determinants of this U-Shaped relations

# 1. Motivating Evidence



## □ Questions:

- U-shaped relationship is that obvious (even for the WVS)? Can you fit the best polynomial approximation or any statistical test?
- Very high heterogeneity in levels and time variation depending on the survey: is it reassuring?
- How much should we trust the WVS for China  
Ex of Trust measure and its critics by Greif/Tabellini (2011)

## 2. Determinants

- Unemployment
- Social safety nets
- Inequality

Identification strategy: descriptive statistics of happiness distribution and subjective questions on health, financial situation..

## □ General remarks

- Provide micro regressions and see the relative weight of the coefficients associated to income, unemployment, trust...in China
- Look at time variation in the coefficients
- Control for alternative characteristics

□ Unclear how we measure inequality,  
social cohesion...

- Ex. inequality measured by the question  
on satisfaction about financial situation ?
- Social safety nets measured by questions  
related to health ?

## □ Suggestions:

- Use more direct questions about inequality and social cohesion: thousands in WVS
- Use objective measures of the evolution of inequality, gini, labor market institutions
- Look at interactions terms between those measures and individual characteristics
- Exploit regional variation: urban /rural...

## □ Suggestion for the econometric specification

**Transition economies and changes in distrust WVS 1990 and 2000**

Dependent variable	Distrust in others	Distrust in civil servants	Distrust in Justice	Distrust in companies
Wave 2000	.038 (.027)	-.035** (.014)	.021 (.025)	.028 (.022)
Transition economies x Wave 2000	.063* (.033)	.122*** (.035)	.112*** (.038)	.098*** (.015)
Wald test : Wave 2000 - Transition x Wave 2000	Prob> $\chi^2(1)$ = 0.65	Prob> $\chi^2(1)$ = 0.000	Prob> $\chi^2(1)$ = 0.091	Prob> $\chi^2(1)$ = 0.002
R <sup>2</sup>	.081	.031	.046	.049
Observations	55015	49526	45341	45524

## Demand for re-regulation: WVS 1990 and 2000

	Competition is harmful (1-10)	Government should run business (1-10)
Wave 2000	.128 <sup>***</sup> (.038)	.087 (.069)
Transition x wave 2000	.975 <sup>***</sup> (.141)	1.009 <sup>***</sup> (.219)
Education x transition x wave 2000	-.032 <sup>***</sup> (.004)	-.027 <sup>***</sup> (.008)
Gini Index	1.552 <sup>*</sup> (1.379)	2.835 <sup>*</sup> (1.563)
GDP Growth	-.011 (.014)	-.036 <sup>**</sup> (.017)
Unemployment	-.000 (.000)	-.020 <sup>*</sup> (.011)
R <sup>2</sup>	.022	.0250
Observations	44689	44098

# Conclusion: Alternatives

- ❑ China (or Transition economies) is a complicated natural experiment to identify the conflicting effects of income per capita and unem, inequality, trust..
- ❑ A lot of other things (legal enforcement, politics, corruption, chaos) took place at the same time
- ❑ How can they differentiate among these alternatives? (differentiate by cohorts)
- ❑ Transition can lead to a longing for the good old days (state control)