

Series on Chinese Economics Research – Vol. 6

# People's Livelihood in Contemporary China

Changes, Challenges and Prospects

Li Peilin

Editor



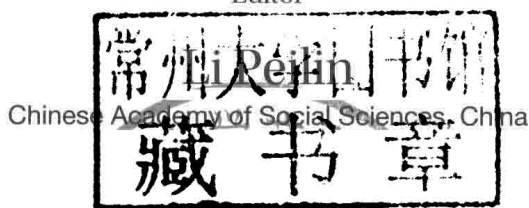
 World Scientific

Series on Chinese Economics Research – Vol. 6

# People's Livelihood in Contemporary China

Changes, Challenges and Prospects

Editor



*Published by*

World Scientific Publishing Co. Pte. Ltd.

5 Toh Tuck Link, Singapore 596224

*USA office:* 27 Warren Street, Suite 401-402, Hackensack, NJ 07601

*UK office:* 57 Shelton Street, Covent Garden, London WC2H 9HE

**Library of Congress Cataloging-in-Publication Data**

People's livelihood in contemporary China : changes, challenges and prospects / editor, Li Peilin, Chinese Academy of Social Sciences, China.

pages cm -- (Series on Chinese economics research, ISSN 2251-1644 ; v. 6)

Includes bibliographical references and index.

ISBN 978-9814522250 (alk. paper)

1. China--Social conditions--2000-- 2. Consumption (Economics)--China. 3. Income distribution--China. 4. Economic development--China. I. Li, Peilin, 1955-- editor of compilation.

HN733.5.P46 2014

306.0951--dc23

2013042871

**British Library Cataloguing-in-Publication Data**

A catalogue record for this book is available from the British Library.

当代中国民生

Originally published in Chinese by Social Sciences Academic Press (China).

Copyright © 2011 Social Sciences Academic Press (China).



China Book International provided funding for the translation of this book.

Copyright © 2014 by World Scientific Publishing Co. Pte. Ltd.

*All rights reserved. This book, or parts thereof, may not be reproduced in any form or by any means, electronic or mechanical, including photocopying, recording or any information storage and retrieval system now known or to be invented, without written permission from the Publisher.*

For photocopying of material in this volume, please pay a copying fee through the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, USA. In this case permission to photocopy is not required from the publisher.

In-house Editor: DONG Lixi

Typeset by Stallion Press

Email: enquiries@stallionpress.com

Printed in Singapore by World Scientific Printers.

# People's Livelihood in Contemporary China

Changes, Challenges and Prospects

# Series on Chinese Economics Research

(ISSN: 2251-1644)

**Series Editors:** Yang Mu (*Lee Kuan Yew School of Public Policies, NUS*)  
Fan Gang (*Peking University, China*)

---

## *Published:*

- Vol. 1: China's State-Owned Enterprises: Nature, Performance and Reform  
*by Sheng Hong and Zhao Nong*
- Vol. 2: Food Security and Farm Land Protection in China  
*by Mao Yushi, Zhao Nong and Yang Xiaojing*
- Vol. 3: The Micro-Analysis of Regional Economy in China:  
A Perspective of Firm Relocation  
*by Wei Houkai, Wang Yeqiang and Bai Mei*
- Vol. 4: The China Dream and the China Path  
*by Zhou Tianyong*
- Vol. 5: Beyond Demographic Dividends  
*by Cai Fang*
- Vol. 6: People's Livelihood in Contemporary China:  
Changes, Challenges and Prospects  
*edited by Li Peilin*

# Series on Chinese Economics Research Editorial Committee

---

## Series Editors

**Yang Mu** National University of Singapore, Singapore  
**Fan Gang** Peking University, China

## Editorial Committee Members

**Lin Shuanglin** University of Nebraska, USA and  
Peking University, China  
**Wen Guanzhong** Trinity College, USA  
**Lu Ding** University of the Fraser Valley, Canada  
**Yao Shujie** University of Nottingham, UK  
**Xing Yuqing** National Graduate Institute for Policy studies, Japan  
**Wu Yanrui** University of Western Australia, Australia

# List of Tables

---

Table 1.	Sampling Design and Distribution of Multistage Sampling Units.	29
Table 2.	Distribution of Sampling Units of Various Stratifications and Sample Size.	30
Table 3.	Registration Form for Household Residents and KISH Grid.	34
Table 4.	Distribution of Urban and Rural Populations in the 2008 Survey and in the Sampling Survey of 1% Population in 2005 and Weighting Result.	40
Table 5.	Distribution of Different Age Groups and Sexes in CGSS 2008 and in the Sampling Survey of 1% Population in 2005.	44
Table 6.	Characteristics of Populations in the 2008 Survey and in the Sampling Survey of 1% Population in 2005 After Weighting.	46
Table 1.1.	Urban and Rural Residents' Appraisal to Living Condition (in 2006, in 2008).	49
Table 1.2.	Housing Condition Under Urban and Rural Areas and Different Household Incomes.	52
Table 1.3.	Distribution and Differential of Families' Per Capita Annual Income.	53

Table 1.4.	Possession Rate of Consumer Durable Goods in Different Income Groups.	53
Table 1.5.	Urban and Rural Families' Pressure in Life (in 2006, in 2008).	55
Table 1.6.	Unemployment Rate Surveyed in Economically Active Populations.	56
Table 1.7.	Urban and Rural Residents' Participation Rate in Social Security.	56
Table 1.8.	Participation Rate of Social Security in Different Types of Enterprises.	57
Table 1.9.	Signing Status of Labor Contract in Different Types of Enterprises.	58
Table 1.10.	Comprehensive Ordering of Social Problem.	60
Table 1.11.	Distribution of the Cognition on Conflict of Interest among Social Groups (in 2006, in 2008).	62
Table 1.12.	Urban and Rural Residents' Judgments to the Probability on the Difference and Conflict Among Social Groups.	63
Table 1.13.	Urban and Rural Residents' Sense of Security.	64
Table 1.14.	Public's Sense of Justice to Different Social Domains (in 2006, in 2008).	66
Table 1.15.	Public's Degree of Satisfaction in Local Government's Work.	67
Table 2.1.	Urban and Rural Household Consumption Level and Consumption Pattern.	78
Table 3.1.	Signing of Labor Contract in all Types of Enterprises.	87
Table 3.2.	Composition of Non-regular Employed Population.	90
Table 3.3.	Urban Employed and Unemployed People's Social Security.	95
Table 3.4.	Life Pressures of Urban Employed and Unemployed Population's Families.	96



Table 3.5.	Composition of Employment Markets.	99
Table 4.1.	Urban and Rural Residents' Degree of Satisfaction with Government Work in Social Security and Medical Service.	106
Table 4.2.	Insured Proportion of Urban Residents in Different Age Groups in the Urban Social Security.	115
Table 6.1.	Gini Coefficient Grouping Distribution of Various Countries (Regions) in Recent Years.	143
Table 6.2.	Interviewee's Basic Distribution Structure in All Previous Surveys.	149
Table 6.3.	Chinese Families' Per Capita Income Distribution Differentials from 1988 to 2007.	157
Table 6.4.	Chinese Families' Structural Feature of Per Capita Income Differential Change from 1988 to 2007.	159
Table 6.5.	Urban and Rural Residents' Polarization Indexes of Income Distribution from 1988 to 2007.	163
Table 6.6.	Changes of Rural and Urban Internal Differentials.	165
Table 6.7.	Within-Sector Income Differential Changes.	167
Table 6.8.	Disassembly Analysis of Gini Coefficient Change Based on Subitem Income.	170
Table 7.1.	Various Age Groups' Life Style.	183
Table 7.2.	Proportion of Various Age Groups Using Media.	184
Table 7.3.	Difference Between Sense of Justice Among "Post-1970s and -1980s" Youth and "Ante-1970s" Group.	187
Table 7.4.	Difference Between Democratic Consciousness of "Post-1970s and -1980s" Youth and "Ante-1970s" Group.	189
Table 7.5.	"Post-1970s" and "Post-1980s" Youth's Sense of Justice and Democratic Consciousness.	194
Table 7.6.	Result of Cluster Analysis on Youth's Sense of Justice and Democratic Consciousness.	197

# List of Figures

---

Figure 1.	Urban and Rural Families' Per Capita Income and Engel's Coefficient from 1978 to 2008.	8
Figure 2.	GDP Structural Changes.	10
Figure 3.	Urbanization Process From 1949 to 2008.	11
Figure 4.	Changes in Population Structure from 1949 to 2008.	12
Figure 5.	Antipoverty Situations of Rural Residents.	13
Figure 6.	Distribution of Sampling Frame of 130 Cities, Counties, and Districts in General Survey of Chinese Society in 2006–2008.	32
Figure 7.	Distribution of Age Groups in the 2008 Survey and in the Sampling Survey of 1% Population in 2005.	45
Figure 1.1.	Urban and Rural Residents' Appraisal to the Change of Living Condition for 5 Years (in 2006, in 2008).	50
Figure 1.2.	Distribution of Urban and Rural Residents' Judgments Regarding Beneficiary Group (%).	64
Figure 2.1.	Urban and Rural Families' Consumption Pattern.	73
Figure 2.2.	Urban and Rural Consumption Level Under Different Incomes.	75

Figure 2.3.	Ratio Between Urban and Rural Family Expenditure and Income Under Different Incomes.	81
Figure 3.1.	Urban Registered Unemployed Population at the End of the Year, Registered Unemployment Rate, and Investigated Unemployment Rate Since 1978.	93
Figure 4.1.	Proportion of Urban and Rural Residents' Medical Expenses Paid by Themselves.	107
Figure 4.2.	Urban and Rural Household Income and Number of Old Population.	110
Figure 4.3.	Medical Insurance of Staffs in Different Types of Enterprises.	114
Figure 5.1.	Proportion of Support Provided by Different Organizations.	123
Figure 5.2.	Proportion of the Community Support and the Unit Support Accepted by the People Employed in Different Work Units.	125
Figure 5.3.	Supports Obtained by Different Per Capita Income Groups of Family.	126
Figure 5.4.	Three Types of Supports Obtained by Different Per Capita Income Groups of Family.	127
Figure 5.5.	Urban and Rural Organized Supports.	129
Figure 5.6.	Residents' Pressure on Life by Five Income Groups.	132
Figure 6.1.	Ten Groups' "Relative Income" Distribution Change in Base Period of 1988.	161
Figure 6.2.	Changes of Theil $T$ index and Gini Coefficient of Urban and Rural Interviewee Households' Income Distribution from 1998 to 2007.	166
Figure 6.3	(a) Agricultural Sector's Differential Changes. (b) Non-agricultural Sector's Differential Changes.	168
Figure 6.4.	The Changes of the Structural and Concentration Effects of Gini Coefficient	171

Figure 7.1.	Average Income and Years of Education by Age Group.	181
Figure 7.2.	Proportion of Employment in the Public Ownership Unit by Age Group.	182
Figure 7.3.	Mean Value of Answering “Do Not Know” by Age Group.	185
Figure 7.4.	Factor Analysis Results on “Post-1970s and -1980s” Youth’s Sense of Justice and Democratic Consciousness.	191
Figure 7.5.	Result of Cluster Analysis on Youth’s Sense of Justice and Democratic Consciousness	196

# Contents

---

<i>Editorial Committee Page</i>	ix
<i>List of Tables</i>	xi
<i>List of Figures</i>	xv
<b>Introduction: The Changing Chinese Society</b>	1
<i>Li Peilin</i>	
I. Social Construction: Theory and Practices	2
II. Great Changes in People's Livelihood	7
III. Challenges and Issues in Social Construction	16
IV. China Enters the New Growth Stage of Development	17
V. Primary Mission of the New Stage of Growth	21
VI. Survey Methods and Data Explanation	28
<b>Chapter 1 The People's Livelihood in China</b>	47
<i>Li Peilin and Li Wei</i>	
I. Urban and Rural Residents' Living Conditions	49
II. Public Opinions on Social Problem and Social Contradiction	59
III. Urban and Rural Residents' Sense of Security, Sense of Justice, and Degree of Satisfaction	63
IV. Countermeasures and Suggestions on Improving People's Livelihoods	68

<b>Chapter 2</b>	<b>China in the Mass Consumption Stage</b>	71
	<i>Tian Feng</i>	
	I. Urban and Rural Residents' Consumption Patterns and Characteristics	72
	II. Differences and Problems in Urban and Rural Household Consumption	77
	III. Opinions and Suggestions on Promoting Consumption and Expanding Domestic Demand	82
<b>Chapter 3</b>	<b>Characteristic and Change of Current Employment</b>	85
	<i>Fan Lei</i>	
	I. Basic Features of Urban and Rural Employment Status	85
	II. Issues on Urban and Rural Employment	92
	III. Suggestions on Expanding and Promoting Employment	100
<b>Chapter 4</b>	<b>Urban and Rural Residents' Social Security</b>	105
	<i>Zhang Liping</i>	
	I. Remarkable Achievements in the Construction of the Social Security System	105
	II. Social Security System Needs More Rapid Consummation	109
	III. Suggestions on Consummating the Social Security System	115
<b>Chapter 5</b>	<b>Urban and Rural Residents' Social Support</b>	119
	<i>Diao Pengfei</i>	
	I. Status and Characteristics of Social Support	122
	II. Issues in the Social Support System	130
	III. Suggestions on Constructing the Social Support Network	134

<b>Chapter 6</b>	<b>Evolution Process and the Trend of Income Differential</b>	137
	<i>Chen Guangjin</i>	
	I. Questions Researched and Proposed Hypotheses	137
	II. Data and Research Methods	147
	III. Pattern of Change in Urban and Rural Income Differential for 20 Years	157
	IV. Possible Change of Income Distribution Differential in the Future	164
	V. A Brief Conclusion	171
<b>Chapter 7</b>	<b>Children of the Reform and Opening Up</b>	175
	<i>Tian Feng</i>	
	I. Concepts of “Youth”, “Post-1980s”, and “Generation”	175
	II. Data Sources and Research Methods	178
	III. “Post-1970s” and “Post-1980s” Youth’s Principal Characters	180
	IV. “Post-1970s” and “Post-1980s” Youth’s Sense of Justice and Democratic Consciousness	185
	V. Main Conclusions and Policy Suggestions	198
	<b>Conclusion</b>	201
	Bibliography	215
	<i>Index</i>	225

# Introduction: The Changing Chinese Society

*Li Peilin*

---

The year 2009 marked the 60th anniversary of the establishment of the People's Republic of China. According to the Chinese Lunar Calendar, 60 years marks the beginning of a new cycle, or *Samsara*. Since being established in 1949 — and especially since the reform and opening up 30 years ago — China has experienced the most drastic changes ever in its 5,000-year history. During this time, China has transformed from an agricultural society into an emerging, dynamic, and industrialized nation and has undergone rapid urbanization. Chinese people's standard of living continues to rise and is taking rapid strides forward to a higher level of comprehensive well-being. The population structure has had a historic transformation with a low birth rate, low mortality rate, and low growth rate. The average life expectancy has reached the level of many developed countries, and China has changed from a poor and overpopulated nation to great nation rich in human resources. Hundreds of millions of Chinese people have been freed from poverty, which has made a significant contribution to lowering global poverty levels. The social security system covering urban and rural residents is taking shape, which will greatly improve the situation of Chinese farmers — a still large proportion of the Chinese population.

China's development over the past 60 years has indicated that the livelihood of the people is the key point of economic and social construction;



development must always give priority to the livelihood of the people. Having enough food and clothing is the first step in improving the livelihood of the people. Only after basic needs are met can a higher level of well-being be achieved. This “higher level of well-being” consists of employment as the foundation, education as the main point, income distribution as the source, social security as the support, and public safety as the assurance.

## I. Social Construction: Theory and Practices

At the beginning of the establishment of modern China, people’s livelihood was in shambles after the chaos caused by numerous wars. Under the leadership of the newly empowered Communist Party of China, China recovered rapidly through developing production and manufacturing, stabilizing prices, and improving the standard of living of the people. Along with the stable growth of the economy, social projects were also developed. Before the reform and opening up, the standard of living was improved with steady and incremental steps and full employment was realized. The social security system, compulsory education, and medical care system were established and allowed for greater industrialization. While social construction made great progress, China was also experiencing hard times. The Cultural Revolution led to food and clothing shortages, and poverty was still a fundamental problem in China. After the reform and opening up in 1978, the key emphasis in social projects had been transferred from “the class struggle” to economic development, and along with swift economic growth, social construction experienced unprecedented rapid development.

In China’s academic language of sociology, “social construction” is not a new concept. In the 1930s and 1940s, “social construction” was an important issue. At that time, no other person was as important as the sociologist Sun Benwen (孙本文) in initiating social construction. In 1933, he organized and served as chief editor for the magazine *Social Construction*. He familiarized China with the concept of “social construction” and extended the historical connotation of the word. In the past, while “socialist construction”, “modernization construction”, “national reconstruction”, and “economic development” were common phrases heard in progressive circles,