

**THE WHATS AND WHYS OF
“AN UNHAPPY CHINA” IN THE
PAST TWO DECADES**

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EAI Background Brief No. 854

Date of Publication: 26 September 2013

Executive Summary

1. Happiness, or subjective well-being, has been receiving increasing attention worldwide in public policy making. Gross domestic product as an indicator does not include items relevant to people's well being, such as health, education, leisure, and better governance.
2. The Chinese government, in its latest Five-Year Programme for 2011-2015, has made "a happy China" one of its major policy goals. Happiness is also one of the major components of President Xi Jinping's "Chinese Dream."
3. Yet World Values Survey data reveal that Chinese citizens' happiness, measured as life satisfaction, had declined substantially in the past 20 years. The skyrocketing economic growth failed to make the Chinese people more satisfied with their life.
4. Rising income inequality may have contributed to the decline of happiness. People tend to be frustrated by their economic situation vis-à-vis others even though their absolute income is growing.
5. Another factor is the dissolution of the social safety net established during the Maoist era, which provided lifetime employment and universal health care in the urban area. Data on unemployment and health conditions confirm their detrimental effects on life satisfaction.
6. Generally social trust has a positive impact on life satisfaction. In recent decades the "moral crisis" in Chinese society undermined the confidence in social credibility and depressed happiness of members in society.
7. Age, marital status, and religious background also contribute to people's level of life satisfaction.

8. Overall, the burden of worsening life satisfaction has fallen primarily on the lower socioeconomic population, including the lowest income, less educated, underemployed, and poor health groups.

9. Beijing may want to depart from the “GDP first” approach, and give more emphasis to reducing income inequality, improving social welfare, and encouraging civil society development. Substantial measures to improve living standards, education accessibility, employment, healthcare and so forth of lower socioeconomic groups would be needed.