

IDEAS

CONFERENCE ON WORK AND WELL-BEING IN THE 21ST CENTURY

**Does social class matter to health in early 21th Century China?
——A qualitative analysis**

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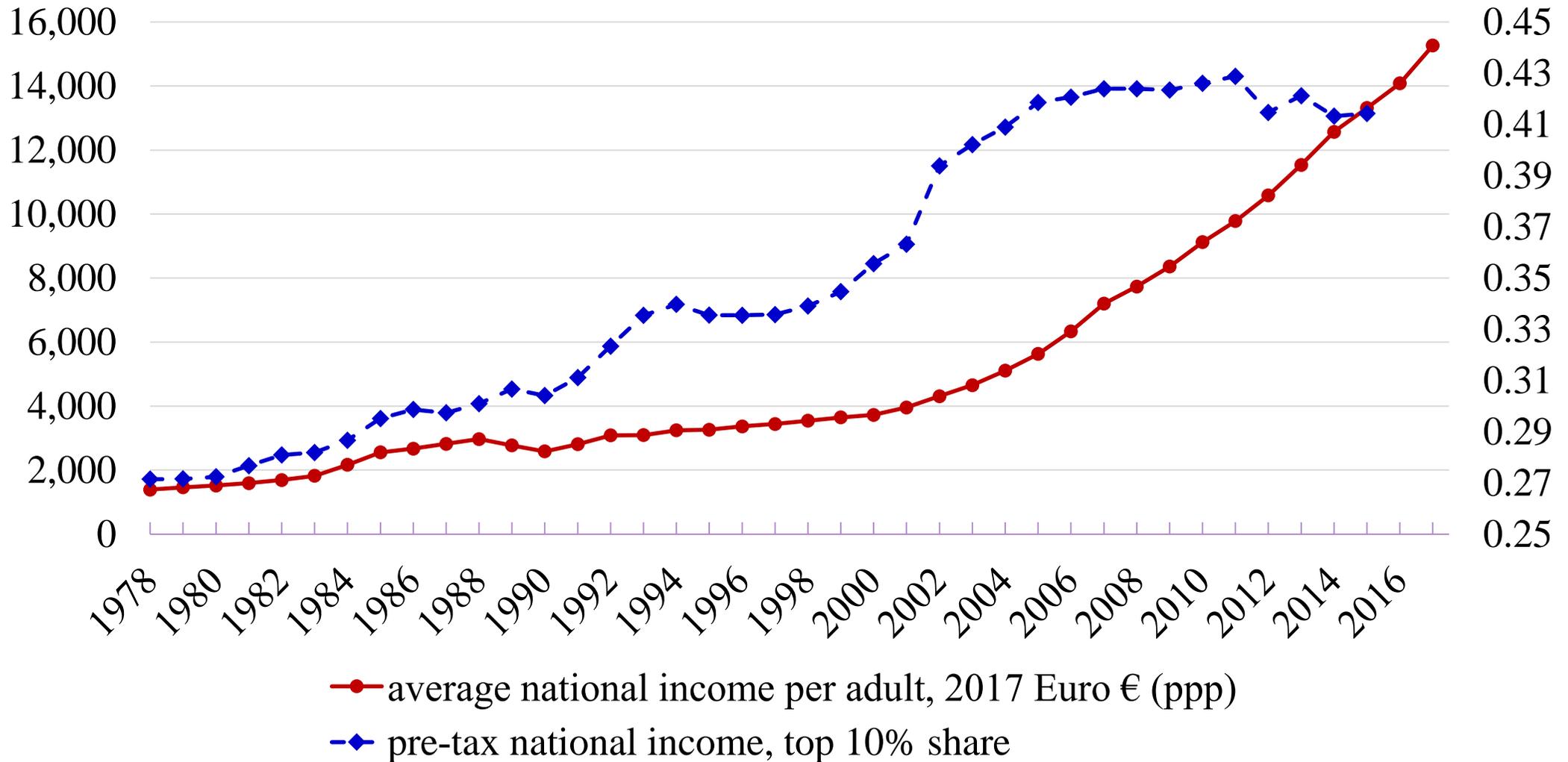
April 6, 2019

Introduction

- Studies on China's economic growth and inequalities:
 - Kanbur, R., Wang, Y., and Zhang, X. (2017)
 - Knight, J. (2017).
 - Zucman, G., Piketty, T., & Yang, L. (2019)

Introduction

The rise of per adult national income and inequalities



Data source: World Inequality Database.

Introduction

- Study questions: In early 21th Century China,
 - to what extent health is associated with an individual's social class, and
 - how that association has evolved over time?

Data and methodology

- *Chinese Household Income Project* (CHIP) in 2002, 2007 and 2013
- 16-60 years old

Data and methodology

□ Defining social class:

- I. primary occupation (Neo-Marxist)
 - i. owners and manager
 - ii. professionals and skilled workers
 - iii. urban unskilled workers
 - iv. peasants
- II. quartile of per capita household income

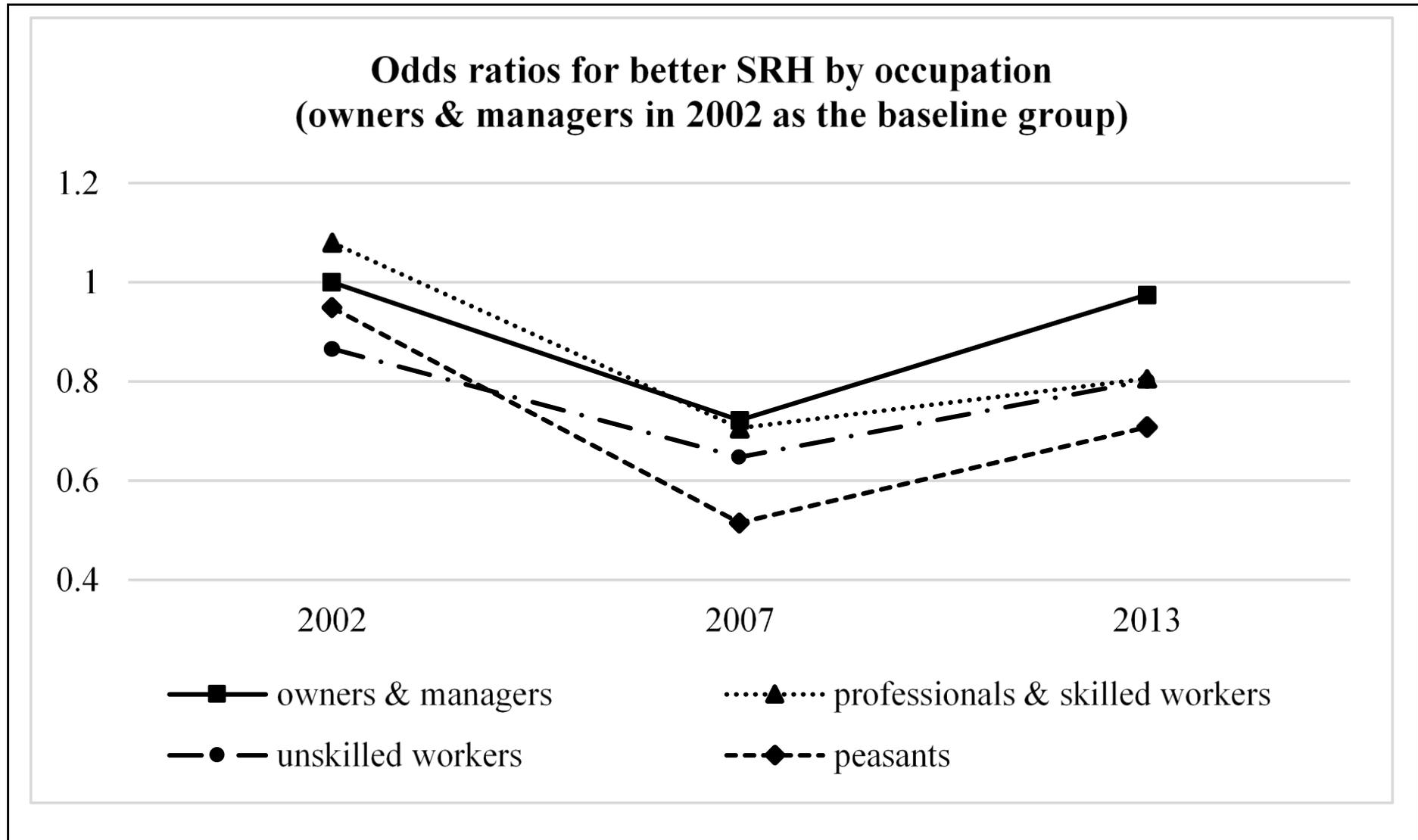
Data and methodology

- measurement of health:

- self-rated health (SRH): 1=“excellent”; 5=“very poor”

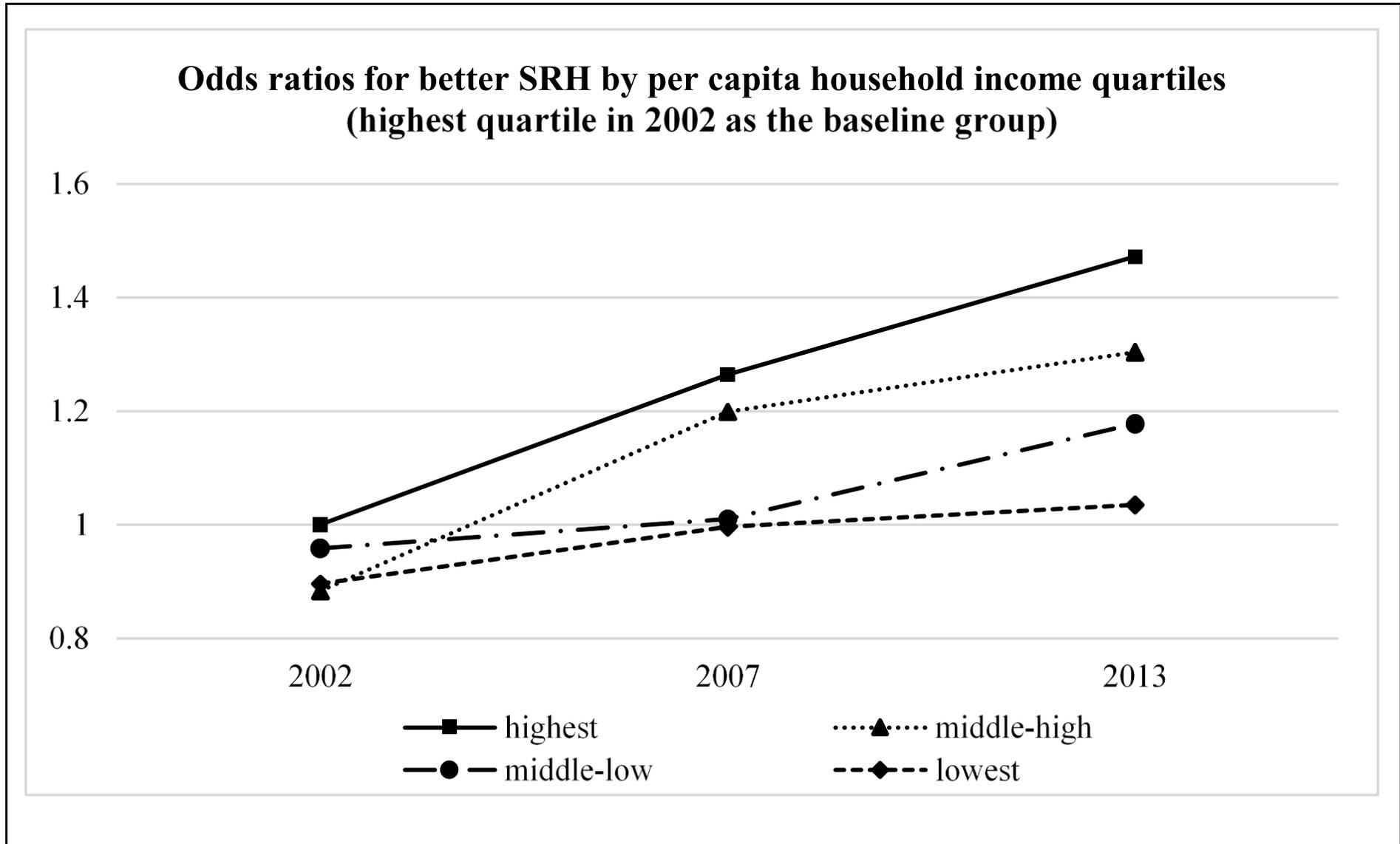
- ordered logit model

Results



Note: Demographic and geographic confounders as well as the year effect are controlled for.

Results



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Results

Odds ratios for better SRH, 2002-2013 (class defined by occupation)							
<i>Variables</i>	Basic model				Mechanism: job stability		
	(1)	(2)	(3)		(1)	(2)	(3)
	2002	2007	2013		2002	2007	2013
Owners & managers	1.000	1.000	1.000		1.000	1.000	1.000
Professionals & skilled workers	1.072 (0.073)	0.981 (0.064)	0.836 (0.053)***		1.077 (0.074)	0.969 (0.064)	0.834 (0.053)***
Unskilled workers	0.828 (0.062)**	0.897 (0.059)*	0.852 (0.054)**		0.855 (0.064)**	0.920 (0.060)	0.875 (0.055)**
Peasants	0.915 (0.070)	0.689 (0.051)***	0.774 (0.054)***		0.979 (0.077)	0.729 (0.054)***	0.802 (0.056)***
Job stability					1.132 (0.033)***	1.323 (0.051)***	1.182 (0.036)***
N	24,836	21,634	27,648		24,836	21,634	27,648

Results

Odds ratios for better SRH, 2002-2013 (class defined by income quartiles)							
<i>Variables</i>	Basic model				Mechanism: job stability		
	(1)	(2)	(3)		(1)	(2)	(3)
	2002	2007	2013		2002	2007	2013
Highest	1.000	1.000	1.000		1.000	1.000	1.000
Middle-high	0.879 (5.39)***	0.947 (1.89)*	0.892 (4.62)***		0.890 (4.82)***	0.966 (1.19)	0.897 (4.40)***
Middle-low	0.958 (1.73)*	0.794 (7.76)***	0.810 (8.49)***		0.976 (0.98)	0.818 (6.71)***	0.820 (8.01)***
Lowest	0.892 (4.46)***	0.781 (8.04)***	0.718 (12.78)***		0.922 (3.11)***	0.816 (6.54)***	0.731 (12.03)***
Job stability					1.128 (6.08)***	1.301 (9.46)***	1.154 (5.80)***
N	54,227	37,335	50,059		54,227	37,335	50,059

Results

□ Summary of findings:

- During the second time interval (i.e. between 2007 and 2013), SRH has been improved for all social classes at different degrees;
- Between 2002 and 2013, inequality in SRH has increased by class.
- Over time, “owners and managers” and the top income quartile have gained the most, while peasants and the lowest quartile have gained the least.

Policies as explanations

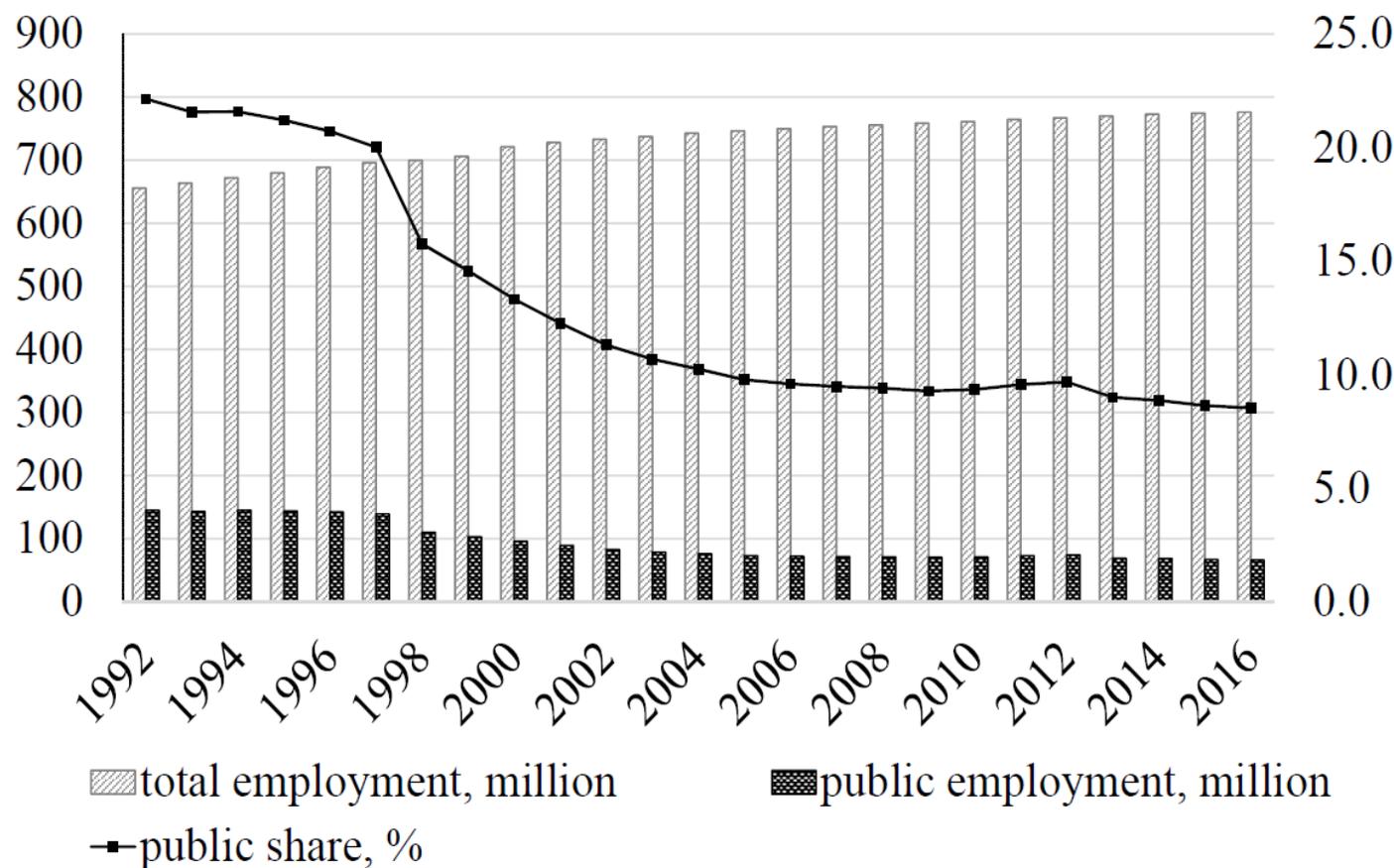
Policies as explanations

□ Policies that deepened social stratification in the early 2000s

▪ For urban workers:

○ state-owned enterprise (SOE) restructuring

Public employment in China, 1992-2016



Policies as explanations

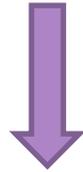
- Policies that deepened social stratification in the early 2000s
 - For peasants:
 - rural de-collectivization
 - liberalization of grain prices and gradual reduction in government subsidies on grain procurement price
 - heavy tax burden and falling welfare benefits since the early 1990s

Policies as explanations

- Policies that deepened social stratification in the early 2000s
 - For the entrepreneurial class:
 - Private entrepreneurs have begun to play an increasingly important role in China's economic, social and even political life
 - welcomed to join the CCP in 2001

Policies as explanations

- Discontents from urban workers and peasants in the early 2000s
 - soaring protests from peasants and urban workers



"harmonious society"

Policies as explanations

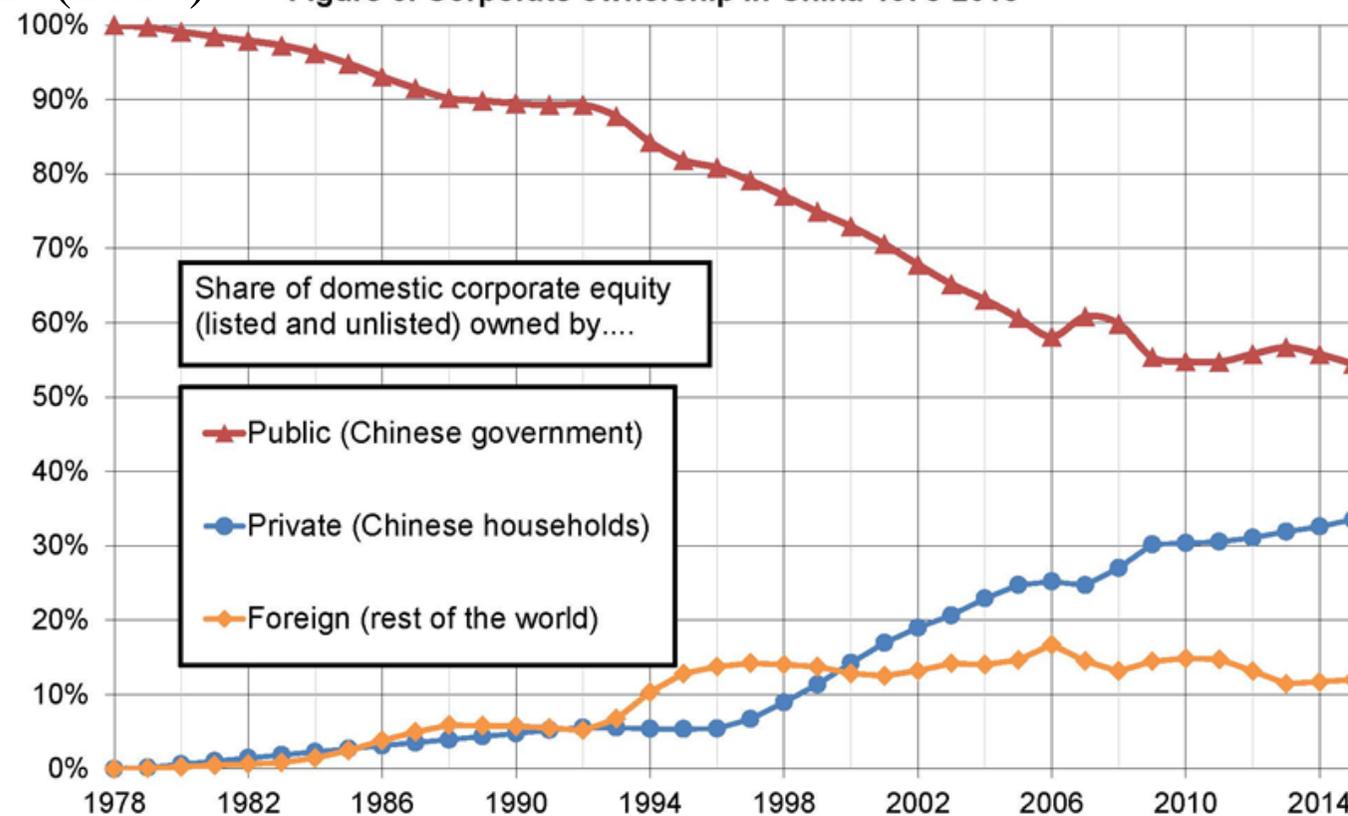
- Redistributive policies to appease discontents
 - universal health insurance for peasants and urban workers (2003, 2007)
 - agriculture taxes abolished and direct income subsidies and grain subsidies introduced (2005)
 - Minimum Wage Regulations (2004)
 - Labour Contract Law (2008)

Concluding Comments and Perspectives

□ “In particular, one hypothesis raised by our research is that **our two key findings—declining but still high public ownership of capital; rising income inequality, but less than in the United States—may be related. China's mixed economy structure (with a high public share in national wealth) may have mitigated the rise of inequality**, compared to the rise that would have happened if the government had only relied on the tax-and-transfer system.”

—Zucman, G., Piketty, T., & Yang, L. (2019)

Figure 6. Corporate ownership in China 1978-2015



Concluding Comments and Perspectives

- “to allow foreign banks, securities firms, insurers and asset management companies to buy larger stakes in their Chinese competitors.” (March 24, 2019)
- “mixed-ownership reform” (a euphemism for partial privatisation)

The New York Times

China Pledges Openness in Hopes of Reaching a Trade Deal

