

## **Abstract for “Welfare, Time Use, and Life Satisfaction: The Case of China”**

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Two important aspects of well-being, time use and life satisfaction, have been traditionally ignored in the literature but are recently gaining increasing attention by researchers and policymakers. In the international context, comparative evidence on time use and life satisfaction arguably could reveal more similarities and differences than simply comparing poverty, income, and wealth. In this paper, we use recent household survey data from China to investigate the relationship pathways among welfare participation, time use, and life satisfaction among low-income families. We use a propensity score matching method to address selection bias and tease out possible causal links between welfare participation and time use as well as life satisfaction. We use a mediation modeling approach to understand the possible mediating effects of time use on the relationship between welfare participation and life satisfaction.

Alongside China’s rapid economic growth have been its rising income inequality and the emergence of the urban poor which was barely existent in the pre-reform era of full employment in urban China. To provide a basic safety net for the urban poor, Shanghai initiated a public assistance program, the Minimum Living Standard Assurance (MLSA, or Dibao), in 1993. The city government set up a local minimum living standard (also called the MLSA line) to reflect the basic income level that could meet a person’s consumption needs. The MLSA line is measured at per capita monthly amount in yuan. If a family’s per capita household income is lower than this standard, then the family is eligible for MLSA assistance, calculated as the difference between the family’s per capita income and the MLSA line. The MLSA line is adjusted annually to take into account changes in living standards and consumer prices. This program was adopted nationwide in urban China in 1999 and has since served as the basic safety net for the poor. It was later expanded to rural China in 2007. In 2013, there are about 21 million urban participants and 53 million rural participants of MLSA.

Existing literature on the evaluation of MLSA has focused on its targeting performance and anti-poverty effectiveness. Little is known about the possible effects of MLSA participation on time use and life satisfaction. This study uses household survey data collected among 500 low-income families in a Shanghai community during November 2009 to January 2010 to provide new evidence on this topic. Focusing on low-income families in the survey allows us to have a sample of MLSA’s target population and thus facilitates in-depth understanding of the MLSA recipients. The survey contains detailed questions about family demographics, receipt of MLSA, time use, and life satisfaction and therefore suits the purpose of this study. The dataset includes 442 MLSA recipient families and 55 low-income families who did not receive MLSA at the time of the interview. Three families did not report their MLSA receipt status.

The sampling frame of this study was the full list of families receiving MLSA as well as those who resided in public low-rent housing in October 2009 obtained from the Department of Civil Affairs of the community. Sample families were drawn using a stratified systematic sampling method so that all neighborhoods in the community are represented. In each family, one randomly selected adult member

was interviewed. If the randomly selected member was unavailable, then another available adult member was interviewed.

Selection bias has been a constant challenge for detecting the effects of program participation in observational studies. Specifically, program participants may be systematically different from non-participants in terms of their probabilities of participation and subsequent outcomes. Thus a direct comparison between participants and non-participants may result in biased estimates for the “true effects” of the program. To address the issue of selection bias, we adopt a propensity score matching (PSM) method to identify comparable non-participants who have similar observed characteristics to those of MLSA participants. The effects of MLSA on time use and life satisfaction are then estimated by comparing the outcomes of the participants with those of their “matched” non-participant peers.

The survey that provides data for our study asked the respondents to provide a detailed account of their daily time use, including time spent on paid and unpaid work, job searching and training activities, education and enrichment activities, care giving, household chores, social time, leisure activities. Using the PSM method, we will be able to compare the time use pattern of the MLSA participants and their non-participating peers with similar socioeconomic background.

Furthermore, this study investigates the possible relationship pathways from MLSA participation and time use toward life satisfaction using a mediating modeling approach. The data that we use contain several measures of life satisfaction. The survey asked respondents about their views on perceived economic well-being and happiness, including their households’ projected income changes in the next five years (i.e., rapidly increase, small increase, no change, and decrease), whether the income distribution in their cities as well as nationwide was fair (i.e., very fair, fair, not very fair, and very unfair), whether income inequality in their cities increased compared to five years ago (i.e., reduced, unchanged, increased slightly, and increased notably), and whether they felt happy in general (i.e., very happy, happy, so-so, not very happy, and not happy at all).

Mediation analyses can provide insights for understanding the pathways or mechanism underlying changes in the outcome that are partly or completely attributable to the changes in mediators caused by an intervention or policy. In our study, MLSA receipt may have direct effects on respondents’ life satisfaction. Meanwhile, the effects of MLSA on life satisfaction may be mediated by MLSA’s effects on respondents’ time use. This analysis will enable us to detect whether time use functions as a mediating mechanism for the relationship between MLSA participation and life satisfaction. Findings from this study will not only provide unprecedented evidence on this topic in the Chinese context but also offer implications for future research and policymaking for both China and other developing countries and economies in transition.