ECONOMIC INSECURITY IN CHINA: ANALYSES OF FAMILY ECONOMIC RESOURCES AND INCOME INSTABILITY


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Economic insecurity is a crucial part of economic wellbeing and has negative social consequences. While social scientists have documented the heterogeneity in economic insecurity across social groups, the attention is limited to developed and democratic contexts. In authoritarian or low-income societies, the inefficient protection laws of private property and an overall low level of income and wealth may amplify the level of economic insecurity and brings more severe consequences to individuals and families. However, family or individual economic insecurity in such contexts is overlooked in previous literature.

This project tries to fill the literature gap by providing the first empirical analysis of family economic insecurity in China, a major middle-income country in the world. Different from previous literature relying on income volatility or changes to measure economic insecurity, this project argues a dual-dimension framework to operationalize this concept: a static dimension indicates family economic resources, including family income and wealth. In contrast, the dynamic dimension indicates the volatility of family income over a period. This measure is built upon the argument that family may face an insecure economic situation when it has higher volatility of income and a low amount of income and wealth.

Drawing upon a longitudinal household survey recently conducted in China, this project proposes to measure economic insecurity and investigate three empirical questions: a) How volatile is family income in China? Furthermore, to what extent does family income instability* correlate with family income and wealth? b) How is the household registration system, a fundamental social institution in China, related to family economic wellbeing? c) does family economic insecurity relate to the social trust of family members?

The first empirical chapter (Chapter 3) deals with a fundamental question on economic insecurity. That is, what is the relationship between family economic resources and income instability? The findings show that families with more wealth and income have a lower level of income instability and those with the very lowest income and the highest wealth experience the most volatile income. These findings suggest different roles of income and wealth in shaping the instability of family income. It extends previous literature merely focusing on the relationship between income levels and income instability by taking family wealth into account.

After answering this fundamental question, this project shifts attention to the institutional origins of family economic insecurity in the context of China. The second empirical article (Chapter 4) investigates the role of a specific social institution, the household registration (hukou) system. Building upon a typology of hukou status at the family level, it examines the difference of income, wealth, and income instability across families. The results show that urban families and rural-urban conversion families have a more secure economic situation. Namely, they have higher income and wealth and a lower level of income instability as well, compared with rural families and rural-urban migrant families. After controlling socioeconomic and demographic characteristics, the economic advantages of urban and rural-urban conversion families become
small or insignificant. The results suggest that the household registration system may shape family economic insecurity through differentiation of educational levels and other population processes, such as smaller family size and assortative mating.

The last empirical chapter (Chapter 5) pays attention to whether economic insecurity in the real world, rather than an individual's perception of economic insecurity, plays a role in the formation of trust values. Contrary to previous findings based on the subjective measure of economic insecurity in democratic contexts, the results here suggest a fragile relationship between objective economic insecurity and any type of trust value, including generalized trust, trust in strangers, and trust in political cadres.

Taking these analyses together, this project has at least two contributions. First, it extends the economic insecurity literature by providing the first systematic analysis of economic insecurity in a middle-income and non-democratic context. Second, it also provides a potential direction in understanding the economic wellbeing of families or individuals based on economic insecurity rather than merely the amount of income. The findings in this project underline the importance of understanding the causes and consequences of economic insecurity in non-Western countries.

* Throughout the dissertation, instability and volatility are exchangeable terms when referring to the trend of family income over a period.

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