**July 2021: Parental Wealth and Household Living Standards in Urban China**

**Summary**

This analysis evaluates the role of parental wealth as a determinant of the material living standards of adults in urban China, where there has been increasing housing and wealth inequality. Focusing primarily on housing-related outcomes, the study found that across cities of different scales, parental wealth does not directly contribute to entry into homeownership but plays a substantial role in building more home wealth for homeowners. Such influence is the most prominent in megacities such as Shanghai, where parental wealth primarily facilitates the acquisition of additional homes rather than owner-occupied housing. In other large and medium cities, gifted homes to sons at marriage play a similar role in facilitating asset building. Apart from housing, other indicators of living standards among Shanghai households such as car ownership, consumption, and subjective socioeconomic wellbeing are also shaped by parental wealth.

**Method and Data**

Housing-related outcomes take up a crucial part in living standards and wealth accumulation, thus are the primary focus of this analysis. Housing markets among cities of different scales contain great heterogeneity, which includes but is not limited to price/affordability. With the price/income ratio in mega-cities such as Shanghai doubling or even tripling that in smaller cities, it would be reasonable to assume that the extent to which parents lend help for housing asset acquisition would vary in these cities. Therefore, when evaluating the role of parental wealth on housing-related outcomes, this study attempts to compare results from three subsamples representing distinct populations: Shanghai (representing megacities), other large and medium-sized cities[[1]](#footnote-1), and smaller cities (details in Appendix 2). The Shanghai subsample comes from FYRST 2013, and the other two subsamples come from CHARLS 2018. Figure 1 briefly compares wealth in the three subsamples.

*Figure 1. Wealth in Cities of Different Scales Among Homeowners.*

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**Parental Wealth**

As the key predictor in the analysis, parental wealth is measured differently in the subsamples due to data availability. In the subsample for large/medium cities and small cities, parental wealth is measured by the net worth of a parental household, where Figure 2 provides a breakdown by wealth quantiles. Home assets take up the majority of household net worth, which is reasonable given an underdeveloped financial market and recent housing market boom.

*Figure 2. Parental Wealth and Components in Urban Countrywide.*

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*Note: Home asset includes owner-occupied housing and any other housing properties. The financial asset includes cash, deposit, investments, debt, etc. Other asset includes land and fixed asset such as equipment and consumption durables.*

For Shanghai data, the available measure for parental wealth is the number of homes that parents own, where 45% of respondents reported a non-zero value, and 8% of respondents reported that their parents own more than one home. While other parental assets are unknown for the Shanghai data, given the observation from Figure 2, it would be safe to assume that this variable may capture the majority of parental net worth.

**Marriage Homogamy**

Household assets are usually a product of collective familial effort, which requires measurements on both husband and wife, and their respective parents. However, in a society with a high level of marriage homogamy such as China, measures on SES between the husband wide and wife side can be highly correlated. The high extent of marriage homogamy in the Shanghai data can be observed in Table 1.

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| --- | --- | --- | --- | --- |
| Table 1. Marriage Homogamy in Shanghai. Husbands on Row and Wives on Column. | | | |  |
| *Education* | |  |  |  |
|  | Up to Senior High | Tertiary & Above | Total |  |
| Up to Senior High School | 446 (35%) | 109 (8.6%) | 555 (44%) |  |
| Tertiary & Above | 109 (8.6%) | 601 (48%) | 710 (56%) |  |
| Total | 555 (44%) | 710 (56%) | 1,265 (100%) |  |
| 0.67 Spearman correlation for husband/wife’s years of schooling. | | | |  |
| *Father’s Education* | | |  |  |
|  | Up to Junior High | Senior High & Above | Total |  |
| Up to Junior High School | 818 (65%) | 61 (4.8%) | 879 (69%) |  |
| Senior High School & Above | 75 (5.9%) | 311 (25%) | 386 (31%) |  |
| Total | 893 (71%) | 372 (29%) | 1,265 (100%) |  |
| 0.78 Spearman correlation for husband/wife’s father years of schooling. | | | |  |
| *Parental Wealth* | | |  |  |
|  | Not Homeowner | Own 1 Home | Own 2 or More Home | Total |
| Not Homeowner | 660 (52%) | 33 (2.6%) | 7 (0.6%) | 700 (55%) |
| Own 1 Home | 27 (2.1%) | 411 (32%) | 20 (1.6%) | 458 (36%) |
| Own 2 or More Home | 8 (0.6%) | 17 (1.3%) | 82 (6.5%) | 107 (8.5%) |
| Total | 695 (55%) | 461 (36%) | 109 (8.6%) | 1,265 (100%) |
| 0.87 Spearman correlation for the number of homes owned. | | | |  |

Among married couples in Shanghai, the odds of one holding a tertiary degree marrying another without is as low as 17%. The homogamy extends to the parental level, where the correlation of years of schooling noted in the table is higher for the parents than the children. The match between couples in their parental wealth resources would seem more surprising: there are less than 10% of individuals marrying another with a different parental wealth level, despite a crude measurement by the number of homes owned by parents.

For the other two subsamples as a whole in Table 2, although homogamy at the parental level is unobserved, the similarity in education level between couples seems to be the same as the case in Shanghai, if not higher.

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| Table 2. Marriage Homogamy in Large/Medium/Small Cities Combined. Husbands on Row and Wives on Column. | | | |
| *Education* | | |  |
|  | Up to Senior High | Tertiary & Above | Total |
| Up to Senior High School | 1,622 (63%) | 158 (6.2%) | 1,780 (70%) |
| Tertiary & Above | 185 (7.2%) | 595 (23%) | 780 (30%) |
| Total | 1,807 (71%) | 753 (29%) | 2,560 (100%) |
| 0.72 Spearman correlation for years of schooling. | | | |

Given the high correlation in the human capital and parental resources of husband/wife, the subsequent analysis uses only variables on the husband side (including parental measures) to avoid highly correlated predictors. In addition, because parental transfer patterns may interact with gender, the analysis filters out wives and only use husbands among married couples.

**Home Ownership**

Within the three subsamples, Table 3 shows percentages of homeowners among husbands with various levels of parental wealth. At a glance, parental wealth may have some impact on homeownership in Shanghai, while it doesn’t seem to have any impact in cities of other scales.

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| --- | --- | --- | --- |
| Table 3. Parental Wealth and Home Ownership. | | |  |
| *Shanghai* |  |  |  |
|  | Not Homeowner | Homeowner | Total |
| Parents Own No Home | 193 (28%) | 507 (72%) | 700 (100%) |
| Parents Own One Home | 109 (24%) | 349 (76%) | 458 (100%) |
| Parents Own Two/More Homes | 13 (12%) | 94 (88%) | 107 (100%) |
| Total | 315 (25%) | 950 (75%) | 1,265 (100%) |
| P-value = 0.002 (Pearson's Chi-squared test) | |  |  |
| *Medium and Large Cities (Excluding Beijing, Shanghai, Guangzhou, and Shenzhen)* | | |  |
|  | Not Homeowner | Homeowner | Total |
| Parental Net Worth 0-25% | 71 (32%) | 152 (68%) | 223 (100%) |
| Parental Net Worth 25-50% | 70 (31%) | 153 (69%) | 223 (100%) |
| Parental Net Worth 50-75% | 74 (29%) | 177 (71%) | 251 (100%) |
| Parental Net Worth 75-99% | 114 (33%) | 234 (67%) | 348 (100%) |
| Total | 329 (31%) | 716 (69%) | 1,045 (100%) |
| P-value = 0.9 (Pearson's Chi-squared test) | |  |  |
| *Small Cities* |  |  |  |
|  | Not Homeowner | Homeowner | Total |
| Parental Net Worth 0-25% | 144 (32%) | 303 (68%) | 447 (100%) |
| Parental Net Worth 25-50% | 154 (37%) | 263 (63%) | 417 (100%) |
| Parental Net Worth 50-75% | 141 (38%) | 226 (62%) | 367 (100%) |
| Parental Net Worth 75-99% | 96 (38%) | 158 (62%) | 254 (100%) |
| Total | 535 (36%) | 950 (64%) | 1,485 (100%) |
| P-value = 0.2 (Pearson's Chi-squared test) | |  |  |

Model 1 through 3 from Table 4 takes a closer look at homeownership by modeling it with logistic regressions. The only correction to what Table 3 suggested was that in Shanghai, after controlling other characteristics of the husband, the number of parental homes owned turns out to be not significant despite the previously identified correlation. The opportunity to become a homeowner primarily favors those with institutional advantages such as urban hukou holders and public sector workers which may correlate strongly with the wealth indicator of the parents, while even household income plays little role. Overall, the multivariate analysis suggests that parental wealth may not have any direct impact on children’s chances to become homeowners across cities of varying scales.

*(Table 4 attached at the end)*

**Home Wealth**

However, when it comes to total home wealth among homeowners, parental wealth seems to shows an impact across cities of all sizes, as Figure 3 suggests more median home wealth for those with higher parental wealth measures, controlling for household income. A closer look at the figures would implicate that the gap of home wealth between households with varying level of parental wealth seem to be larger in big cities.

*Figure 3. Parental Wealth and Home Wealth Among Homeowners (y-axis in CNY 10k).*

*Shanghai*

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*Medium/Large Cities*

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*Small Cities*

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The multivariate analysis in Model 4 through 6 in Table 4 provides similar observations where parental wealth seems to significantly lift total home wealth. Compared with the impact from household income (although coefficients are unstandardized), the impact of parental wealth seems to be the largest in Shanghai, significant for medium and large cities, and barely exists in small cities after controlling other variables. Because no impact of parental wealth is observed in small cities on either ownership or wealth, the subsequent analysis will focus on investigating the operating mechanism for parental wealth to impact home wealth in Shanghai and other large/medium cities.

**Second Home Ownership in Shanghai**

The previous analysis on Shanghai has shown that parental wealth has no impact on the entry into homeownership for married couples in Shanghai. However, as many as 42% of households (or 51% of homeowners) in Shanghai reported a second home. Moreover, observing the relation between parental wealth and second homeownership yields a different picture than that for the first home. A simple cross-tabulation in Table 5 shows that parental wealth has a clear association with second home ownership, which can be assumed as a crucial pathway where parental resources assist asset building.

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| Table 5. Parental Wealth and Second Home Ownership in Shanghai. | | | |
|  | Not Owning Second Home | Owning Second Home | Total |
| Parents Own No Home | 283 (56%) | 224 (44%) | 507 (100%) |
| Parents Own One Home | 136 (39%) | 213 (61%) | 349 (100%) |
| Parents Own Two/More Homes | 15 (16%) | 79 (84%) | 94 (100%) |
| Total | 434 (46%) | 516 (54%) | 950 (100%) |
| P-value < 0.001 (Pearson's Chi-squared test) | |  |  |

A few multivariate models in Table 6 test this assumption next. Model 7 shows that among homeowners, for the owner-occupied home, the parental asset has no impact on its value, similar to what model 1 suggested about its ownership. Years of schooling, hukou status, and income plays a major role, showing that the family mostly rely on themselves to build up the value of their first home.

Model 8 and 9 confirm the clear relationship between parental wealth and the ownership/value of a second home. As a clear contrast from the case of the owner-occupied home, Parental wealth shows a prominent role in determining the chance for additional homeownership as well as the value of the additional home(s). This suggests that acquisition of such can largely rely on the assistance of parents.

Once we control for the value of additional homes and predict the total home asset again, as in Model 10, it turns out that the effect from parental wealth diminishes. This suggests that Shanghai parents facilitate the asset accumulation primarily through help children acquire a second home, which would act as a stock of monetary values as well as a source for property income.

*(Table 6 attached at the end)*

**Gifted Home Upon marriage**

Data on medium and large cities approach the question of how parents assist home asset building from another point of view—direct transfer from parents. Most parents in the sample reported giving the son material gifts at his marriage (65%), sometimes in the form of a home purchased from the market (21%). Such transfer may guarantee homeownership for the children, and could potentially contribute to second home ownership in cases where the couple would afford a home themselves, similar to the case in Shanghai.

Notably, transfer in the form of a gifted home goes almost exclusively to male children, as shown in Table 7. About 19% of husbands received such transfers, while only 2% of wives did. Apart from gender being the primary factor, Model 12 through 13 from Table 8 didn’t reveal other significant determinants of a child’s chance of receiving such transfer, apart from the education level of the father. In Model 14 and 15, the amount of the gifted home and other material gifts do not seem to associate with the wealth level of parents either.

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| --- | --- | --- | --- |
| Table 7. Gender and Direct Transfer at Marriage in Large and Medium Cities. | | |  |
| *Gifted Home Upon Marriage* |  |  |  |
|  | No Gift Home | Received Gift Home | Total |
| Wife | 2,486 (98%) | 50 (2.0%) | 2,536 (100%) |
| Husband | 2,077 (81%) | 483 (19%) | 2,560 (100%) |
| Total | 4,563 (90%) | 533 (10%) | 5,096 (100%) |
| P-value < 0.001 (Pearson's Chi-squared test) | | | |
| *Other Material Gift At Marriage* |  |  |  |
|  | No Gift | Received Gift | Total |
| Wife | 1,268 (50%) | 1,268 (50%) | 2,536 (100%) |
| Husband | 1,008 (39%) | 1,552 (61%) | 2,560 (100%) |
| Total | 2,276 (45%) | 2,820 (55%) | 5,096 (100%) |
| P-value < 0.001 (Pearson's Chi-squared test) | | | |

*(Table 8 attached at the end)*

Figure 4 visualizes the potential impact of such direct transfer. The impact of the gifted home on total home value seems significant and quite self-explanatory, given that the gifted home worths CNY 453,200 on average, which is a very significant amount. On the right, the impact from other material gifts seems to be pretty limited, which can be reasonable considering their average worth is only around CNY 28,300, only 3% of the average home value.

*Figure 4. Direct Transfer at Marriage and Home Wealth Among Homeowners. Medium/Large Cities.*

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Model 16 and 17 added these measures into models predicting the total home worth of the children with two formulations indicating whether the husband received such gift at marriage and how much amount if so. It turns out that gifted home from parents significantly lifts home wealth in both formulations. However, the coefficient for parental wealth barely changed, suggesting that they influence the asset outcome through channels other than the gifted marriage home.

**Discussion on Second Home/Gifted Home**

Although the sample of Shanghai and other cities both reveal interesting mechanisms, a few things are yet to be investigated to reveal the whole picture. Most interestingly, a gifted home at marriage and second home ownership are two distinct but closely related measurements, and it calls for an explanation of how much they associate and interact with each other. For example, what other channels other than a gifted home contribute to second home ownership (e.g., down payments)? Would second home ownership also be the primary channel through which parental wealth plays a role in cities other than Shanghai? These can’t be investigated given the present data and method but would lend interesting theoretical extensions going forward.

**Impact From Different Wealth Components**

Model 11 from Table 7 suggests that financial asset seems to play a prominent role compared with other types of parental asset in improving the total home value of the children. However, this result is not very stable. There may be correlation issues among the variables to be tackled.

*(Table 8 attached at the end)*

**Parental Wealth Impact on Other Dimensions of Living Standard**

Model 18 through 20 in Table 9 summarizes some multivariate analysis of parental wealth on a few other indicators of living standard for Shanghai residents, where the subjective evaluation of socio-economic status seems to be affected by parental wealth, whereas there isn’t any relationship too strong between parental wealth and consumption/automobile ownership.

*(Table 9 attached at the end)*

In an alternative formulation, Model 21 in Table 10 treats household living standards as an unobserved variable related to a few indicators: homeownership, car ownership, and subjective economic wellbeing. A MIMIC (multiple causes, multiple indicators) model analyzes this with the same set of predictors with Figure 5 showing a diagram. In this formulation, parental wealth seems to play a significant role as well.

*Figure 5. Tree Diagram of Living Standard Modeled with MIMIC. Shanghai.*

Diagram

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*(Table 10 attached at the end)*

**Thoughts on Next Steps**

*Improving the methods*

Up to now the analysis mostly uses generic OLS/Logit models (although Tobit results are always validated when modeling wealth). There are some ideas on better statistical methods:

* Spilerman (2004)’s paper on Israel uses MIMIC model to model living standards in general. Would it be appropriate to do the same on Shanghai data with automobile ownership, homeownership, and subjective economic wellbeing as what was done in this round of analysis?
* Could there be better ways to measure impact from different asset components (housing, financial, and fixed assets) than putting them together in an OLS? Hallsten and Peffer (2017) put all components as rank together, but I’m not sure if collinearity can be an issue here and how to tackle that.
* Across cities of different scales, is it possible to compare how much does parental wealth plays a role in home wealth, especially against the role of income? There should be better ways than comparing the unstandardized regression coefficients.
* Could there be a better modeling framework to drive home the fact that in Shanghai, parental wealth facilitates asset-building, not through the first home but the second home? (e.g. path analysis)

*Small improvements (will do after deciding model formulations)*

* Regression coefficients can be added to simple bivariate plots.
* Coefficients on wealth need to be replaced with Tobit results (although they are nearly identical).

**Other (explored but failed) Action Items From Last Time**

* Variables on regular financial support in CHARLS didn’t yield any significance.
* Time of home acquisition was only observed on market-bought homes, not the self-built ones. The effective sample size is 200 which is too small.
* Modeling subsets of key/non-key students didn’t yield different results.
* Using Tobit models with 0 as threshold seems to be fine, considering Spilerman’s (2012) paper and “Tobit Models in Social Science Research” by Smith and Brame.
* Some additional data sources on Japan, Taiwan, and Korea were researched as below. By reading the questionnaire, none provide as good measures of parental + child wealth as the existing two (CHARLS, FYRST).
  + (Japan) Social Stratification and Social Mobility Survey, 2005
  + Japan Household Panel Survey(JHPS/KHPS)
  + Japanese Study on Aging and Retirement (JSTAR, equivalence of HRS in Japan)
  + (Taiwan) Panel Study of Family Dynamics (PSFD)
  + Taiwan Social Change Survey
  + Korean Longitudinal Study of Aging (KLoSA, equivalence of HRS in Korea)

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| Table 4. Parental Wealth Impact on Housing Wealth in Cities of Varying Scales. | | | | | | |
|  | Home Ownership | | | Total Home Asset (Logged) | | |
|  | Shanghai | Med/Large Cities | Small Cities | Shanghai | Med/Large Cities | Small Cities |
|  | Model 1 | Model 2 | Model 3 | Model 4 | Model 5 | Model 6 |
| *Parental Wealth Indicator* |  |  |  |  |  |  |
| Number of Parental Homes Owned | 0.19 (0.11) |  |  | 0.30 \*\*\* (0.05) |  |  |
| Parental Household Net Worth (logged) |  | 0.04 (0.03) | -0.03 (0.02) |  | 0.07 \*\*\* (0.02) | 0.03 \* (0.01) |
| *Controls (Husband)* |  |  |  |  |  |  |
| Age | 0.02 (0.01) | 0.11 \*\*\* (0.01) | 0.08 \*\*\* (0.01) | 0.02 \* (0.01) | -0.03 \*\*\* (0.01) | -0.03 \*\*\* (0.01) |
| Years of Schooling | 0.61 \*\*\* (0.16) | -0.19 (0.17) | 0.15 (0.14) | 0.29 \*\*\* (0.09) | 0.25 \*\* (0.09) | 0.27 \*\* (0.08) |
| Urban Hukou (ref: Rural Hukou) | 0.10 \*\*\* (0.03) | 0.08 \*\*\* (0.02) | 0.05 \*\* (0.02) | 0.08 \*\*\* (0.02) | 0.07 \*\*\* (0.01) | 0.07 \*\*\* (0.01) |
| Public Sector Occupation (ref: private sector) | 0.66 \*\*\* (0.18) | 0.07 (0.30) | 0.30 (0.26) | 0.15 (0.09) | 0.26 (0.14) | -0.01 (0.12) |
| Party Member | -0.03 (0.25) | 0.11 (0.21) | 0.38 \* (0.18) | -0.07 (0.12) | 0.08 (0.11) | 0.04 (0.09) |
| Household Income (logged) | 0.05 (0.05) | 0.25 \*\*\* (0.06) | 0.24 \*\*\* (0.04) | 0.17 \*\*\* (0.03) | 0.13 \*\*\* (0.04) | 0.14 \*\*\* (0.03) |
| *Controls (Husband Father)* |  |  |  |  |  |  |
| Years of Schooling | -0.02 (0.02) | 0.01 (0.02) | -0.04 \*\* (0.02) | 0.02 (0.01) | -0.00 (0.01) | 0.02 (0.01) |
| *(Intercept)* | -1.57 \* (0.73) | -7.57 \*\*\* (0.94) | -4.80 \*\*\* (0.63) | 0.56 (0.43) | 1.84 \*\*\* (0.54) | 1.53 \*\*\* (0.39) |
| N | 1255 | 1045 | 1485 | 942 | 716 | 950 |
| R2 |  |  |  | 0.19 | 0.24 | 0.23 |
| Pseudo R2 | 0.10 | 0.16 | 0.15 |  |  |  |
| AIC | 1337.48 | 1190.23 | 1786.24 | 2971.24 | 2100.03 | 2749.55 |
| BIC | 1383.69 | 1234.79 | 1833.97 | 3019.72 | 2145.77 | 2798.11 |
| \*\*\* p < 0.001; \*\* p < 0.01; \* p < 0.05. | | | | | | |

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| Table 6. Parental Wealth Impact on Additional Homes in Shanghai. | | | | |
|  | Value of Owner-Occupied Home (Logged) | Second Home Ownership | Value of Additional Home(s) (Logged) | Total Home Asset (Logged) |
|  | Shanghai | | | |
|  | Model 7 | Model 8 | Model 9 | Model 10 |
| *Parental Wealth Indicator* |  |  |  |  |
| Number of Parental Homes Owned | 0.10 (0.05) | 0.79 \*\*\* (0.11) | 0.21 \*\* (0.07) | 0.06 (0.05) |
| *Additional Variables of Interest* |  |  |  |  |
| Value of Additional Home(s) (logged) |  |  |  | 0.27 \*\*\* (0.01) |
| *Controls (Husband)* |  |  |  |  |
| Age | 0.02 \*\* (0.01) | -0.01 (0.02) | 0.02 (0.01) | 0.02 \*\* (0.01) |
| Years of Schooling | 0.35 \*\*\* (0.08) | -0.22 (0.16) | 0.32 \* (0.13) | 0.29 \*\*\* (0.07) |
| Urban Hukou (ref: Rural Hukou) | 0.09 \*\*\* (0.02) | -0.06 \* (0.03) | 0.09 \*\*\* (0.02) | 0.08 \*\*\* (0.01) |
| Public Sector Occupation (ref: private sector) | 0.13 (0.08) | 0.03 (0.16) | 0.16 (0.13) | 0.12 (0.07) |
| Party Member | -0.08 (0.12) | 0.22 (0.22) | -0.17 (0.18) | -0.10 (0.10) |
| Household Income (logged) | 0.13 \*\*\* (0.03) | 0.16 \*\* (0.05) | 0.21 \*\*\* (0.04) | 0.11 \*\*\* (0.02) |
| *Controls (Husband Father)* |  |  |  |  |
| Years of Schooling | 0.02 (0.01) | 0.03 (0.02) | -0.02 (0.02) | 0.01 (0.01) |
| *(Intercept)* | 0.41 (0.43) | -0.90 (0.82) | 0.11 (0.71) | 0.71 (0.37) |
| N | 942 | 942 | 533 | 942 |
| R2 | 0.16 |  | 0.15 | 0.29 |
| Pseudo R2 |  | 0.11 |  |  |
| AIC | 2938.06 | 1235.46 | 1790.20 | 2856.72 |
| BIC | 2986.54 | 1279.09 | 1832.98 | 2910.05 |
| \*\*\* p < 0.001; \*\* p < 0.01; \* p < 0.05. | | | | |

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| Table 8. Direct Transfer and Housing Wealth in Large and Medium Cities. | | |  |  |  |  |  |
|  | Total Home Asset | Gifted Home at Marriage | Gifted Home Value at Marriage (logged) | Gift at Marriage | Gift Value at Marriage (logged) | Total Home Asset (Logged) | Total Home Asset (Logged) |
|  | Medium/Large Cities | | | | | | |
|  | Model 11 | Model 12 | Model 13 | Model 14 | Model 15 | Model 16 | Model 17 |
| *Parental Wealth Indicator* |  |  |  |  |  |  |  |
| Parental Household Net Worth (logged) |  | 0.05 (0.04) | 0.01 (0.03) | 0.05 (0.03) | 0.04 \*\*\* (0.01) | 0.07 \*\*\* (0.02) | 0.07 \*\*\* (0.02) |
| *Additional Variables of Interest* |  |  |  |  |  |  |  |
| Net Parental Financial Asset (logged) | 0.05 \*\* (0.02) |  |  |  |  |  |  |
| Negative Parental Financial Asset (ref: non-negative) | 0.51 \* (0.26) |  |  |  |  |  |  |
| Parental Home Asset (logged) | 0.03 \* (0.01) |  |  |  |  |  |  |
| Other Parental Asset (logged) | -0.01 (0.02) |  |  |  |  |  |  |
| Gift Upon Marriage (ref. no gift) |  |  |  |  |  | 0.02 (0.08) |  |
| Value of Gift Upon Marriage (logged) |  |  |  |  |  |  | 0.11 (0.06) |
| Gifted Home Upon Marriage (ref: no gifted home) |  |  |  |  |  | 0.35 \*\*\* (0.09) |  |
| Value of Gifted Home Upon Marriage (logged) |  |  |  |  |  |  | 0.19 \*\*\* (0.03) |
| *Controls (Husband)* |  |  |  |  |  |  |  |
| Age | -0.03 \*\*\* (0.01) | -0.04 \*\* (0.01) | -0.11 \*\*\* (0.01) | -0.03 \*\* (0.01) | -0.05 \*\*\* (0.00) | -0.02 \*\*\* (0.01) | -0.01 (0.01) |
| Years of Schooling | 0.24 \* (0.09) | 0.35 (0.18) | 0.42 \* (0.16) | -0.36 \* (0.16) | 0.06 (0.06) | 0.23 \* (0.09) | 0.19 \* (0.09) |
| Urban Hukou (ref: Rural Hukou) | 0.07 \*\*\* (0.01) | 0.04 (0.03) | 0.06 \* (0.02) | -0.04 (0.02) | 0.01 (0.01) | 0.07 \*\*\* (0.01) | 0.06 \*\*\* (0.01) |
| Public Sector Occupation (ref: private sector) | 0.27 (0.14) | 0.33 (0.27) | -0.14 (0.21) | -0.04 (0.25) | 0.06 (0.09) | 0.25 (0.14) | 0.24 (0.13) |
| Party Member | 0.10 (0.11) | -0.27 (0.22) | 0.07 (0.18) | -0.03 (0.19) | 0.08 (0.07) | 0.09 (0.10) | 0.09 (0.10) |
| Household Income (logged) | 0.14 \*\*\* (0.04) | 0.07 (0.08) | 0.10 (0.08) | 0.06 (0.06) | 0.01 (0.02) | 0.13 \*\*\* (0.04) | 0.13 \*\*\* (0.04) |
| *Controls (Husband Father)* |  |  |  |  |  |  |  |
| Years of Schooling | -0.01 (0.01) | 0.08 \*\*\* (0.02) | 0.04 \* (0.02) | 0.09 \*\*\* (0.02) | 0.01 (0.01) | -0.01 (0.01) | -0.02 (0.01) |
| *(Intercept)* | 1.86 \*\* (0.56) | -2.57 \* (1.05) | 4.11 \*\*\* (0.97) | 0.40 (0.84) | 2.15 \*\*\* (0.31) | 1.62 \*\* (0.54) | 1.19 \* (0.53) |
| N | 716 | 1045 | 223 | 1045 | 678 | 716 | 716 |
| R2 | 0.24 |  | 0.49 |  | 0.33 | 0.25 | 0.29 |
| Pseudo R2 |  | 0.10 |  | 0.07 |  |  |  |
| AIC | 2106.61 | 1030.68 | 625.36 | 1321.82 | 1257.98 | 2089.26 | 2055.15 |
| BIC | 2166.07 | 1075.25 | 659.43 | 1366.39 | 1303.18 | 2144.15 | 2110.04 |
| \*\*\* p < 0.001; \*\* p < 0.01; \* p < 0.05. |  |  |  |  |  |  |  |

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| --- | --- | --- | --- |
| Table 9. Parental Wealth Impact on Other Living Standard Indicators in Shanghai. | | |  |
|  | Subjective Socio-Economic Wellbeing | Total Consumption (Logged) | Automobile Ownership |
|  | Shanghai | | |
|  | Model 18 | Model 19 | Model 20 |
| *Parental Wealth Indicator* |  |  |  |
| Number of Parental Homes Owned | 0.08 \*\* (0.03) | 0.09 \* (0.04) | 0.22 \* (0.09) |
| *Controls (Husband)* |  |  |  |
| Age | 0.01 \* (0.00) | 0.03 \*\*\* (0.01) | 0.02 (0.01) |
| Years of Schooling | -0.11 \* (0.05) | -0.02 (0.07) | -0.37 \*\* (0.14) |
| Urban Hukou (ref: Rural Hukou) | 0.02 \* (0.01) | 0.04 \*\*\* (0.01) | 0.10 \*\*\* (0.02) |
| Public Sector Occupation (ref: private sector) | -0.00 (0.05) | 0.07 (0.07) | 0.21 (0.14) |
| Party Member | 0.08 (0.07) | 0.22 \* (0.10) | 0.13 (0.20) |
| Household Income (logged) | 0.11 \*\*\* (0.01) | 0.20 \*\*\* (0.02) | 0.28 \*\*\* (0.06) |
| *Controls (Husband Father)* |  |  |  |
| Years of Schooling | 0.01 (0.01) | -0.00 (0.01) | 0.02 (0.02) |
| *(Intercept)* | 0.78 \*\*\* (0.23) | 7.52 \*\*\* (0.34) | -5.71 \*\*\* (0.79) |
| N | 1255 | 1255 | 1255 |
| R2 | 0.08 | 0.12 |  |
| Pseudo R2 |  |  | 0.10 |
| AIC | 2731.55 | 3703.95 | 1635.94 |
| BIC | 2782.90 | 3755.30 | 1682.15 |
| \*\*\* p < 0.001; \*\* p < 0.01; \* p < 0.05. |  |  |  |

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| --- | --- |
| Table 10. Parental Wealth Impact on Living Standards. MIMIC Model. | |
|  | Living Standard |
|  | Shanghai |
|  | Model 21 |
| *Factor Loadings* |  |
| Automobile Ownership | 1.00 (0.00) |
| Home Ownership | 0.60 \*\*\* (0.08) |
| Subjective Socio-Economic Wellbeing | 1.21 \*\*\* (0.15) |
| *Parental Wealth Indicator* |  |
| Number of Parental Homes Owned | 0.06 \*\*\* (0.02) |
| *Controls (Husband)* |  |
| Age | 0.01 \*\* (0.00) |
| Years of Schooling | -0.03 (0.02) |
| Urban Hukou (ref: Rural Hukou) | 0.02 \*\*\* (0.00) |
| Public Sector Occupation (ref: private sector) | 0.06 \* (0.03) |
| Party Member | 0.03 (0.04) |
| Household Income (logged) | 0.06 \*\*\* (0.01) |
| *Controls (Husband Father)* |  |
| Years of Schooling | 0.00 (0.00) |
| *(Intercept)* | 0.78 \*\*\* (0.23) |
| N | 1255 |
| AIC | 5792.57 |
| BIC | 5864.46 |
| cfi | 0.83 |
| chisq | 74.82 |
| rmsea | 0.05 |
| rmsea.conf.high | 0.07 |
| srmr | 0.03 |
| tli | 0.72 |
| \*\*\* p < 0.001; \*\* p < 0.01; \* p < 0.05. | |

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| --- | --- | --- | --- |
| Appendix 1. Summary Statistics. Married Husbands. | |  |  |
|  | Shanghai | Medium/Large Cities | Small Cities |
| N | 1,265 | 1,045 | 1,485 |
| ***Individual Level*** |  |  |  |
| Age |  |  |  |
| Mean (SD) | 29.46 (3.39) | 38 (7) | 38 (7) |
| Minimum,Median,Maximum | 0.00,30.00,39.00 | 23,38,50 | 23,37,50 |
| Years of Schooling |  |  |  |
| Mean (SD) | 14.37 (3.08) | 11.4 (3.9) | 10.5 (4.0) |
| Minimum,Median,Maximum | 0.00,15.00,22.00 | 0.0,12.0,22.0 | 0.0,9.0,22.0 |
| Urban Hukou Holder | 760 (60%) | 430 (41%) | 533 (36%) |
| Party Membership | 113 (8.9%) | 188 (18%) | 267 (18%) |
| Public Sector Occupation | 279 (23%) | 90 (8.6%) | 111 (7.5%) |
| Household Income (￥) |  |  |  |
| Mean (SD) | 124,256 (150,802) | 85,056 (87,475) | 60,182 (60,688) |
| Minimum,Median,Maximum | 0,100,000,3,000,000 | 0,75,000,500,000 | 0,40,000,500,000 |
| Household Income (Logged) |  |  |  |
| Mean (SD) | 11.23 (1.42) | 10.93 (1.17) | 10.51 (1.42) |
| Minimum,Median,Maximum | 3.91,11.51,14.91 | 3.91,11.23,13.12 | 3.91,10.60,13.12 |
| Home Ownership | 950 (75%) | 716 (69%) | 950 (64%) |
| Total Home Wealth (10k CNY) |  |  |  |
| Mean (SD) | 177 (647) | 60 (93) | 33 (62) |
| Minimum,Median,Maximum | 0,100,22,070 | 0,30,980 | 0,15,960 |
| Total Home Wealth (Logged) |  |  |  |
| Mean (SD) | 3.97 (2.05) | 2.78 (2.01) | 2.23 (1.85) |
| Minimum,Median,Maximum | 0.00,4.62,10.00 | 0.00,3.43,6.89 | 0.00,2.77,6.87 |
| Primary Residence Value (10k CNY) |  |  |  |
| Mean (SD) | 91 (106) |  |  |
| Minimum,Median,Maximum | 0,80,1,000 |  |  |
| Primary Residence Value (Logged) |  |  |  |
| Mean (SD) | 3.25 (2.16) |  |  |
| Minimum,Median,Maximum | 0.00,4.39,6.91 |  |  |
| Own Second Home | 536 (42%) |  |  |
| Subjective Socio-economic Wellbeing |  |  |  |
| Mean (SD) | 2.64 (0.74) |  |  |
| Minimum,Median,Maximum | 1.00,3.00,5.00 |  |  |
| Household Consumption (CNY) |  |  |  |
| Mean (SD) | 119,358 (178,592) |  |  |
| Minimum,Median,Maximum | 0,84,300,3,632,920 |  |  |
| Household Consumption (Logged) |  |  |  |
| Mean (SD) | 11.26 (1.12) |  |  |
| Minimum,Median,Maximum | 3.91,11.34,15.11 |  |  |
| ***Parental Level*** |  |  |  |
| Father Urban Hukou Holder | 495 (39%) | 360 (34%) | 427 (29%) |
| Father Party Membership | 194 (15%) | 214 (20%) | 287 (19%) |
| Father Years of Schooling |  |  |  |
| Mean (SD) | 9.17 (3.16) | 7.0 (3.9) | 6.4 (4.2) |
| Minimum,Median,Maximum | 0.00,9.00,22.00 | 0.0,6.0,19.0 | 0.0,6.0,16.0 |
| Father Public Sector Occupation |  |  |  |
| 1 Private | 861 / 1,245 (69%) | 750 / 1,045 (72%) | 1,148 / 1,485 (77%) |
| 2 Public | 384 / 1,245 (31%) | 295 / 1,045 (28%) | 337 / 1,485 (23%) |
| Number of Parental Homes Owned |  |  |  |
| Mean (SD) | 0.54 (0.69) |  |  |
| Minimum,Median,Maximum | 0.00,0.00,4.00 |  |  |
| Parental Household Net Worth (CNY) |  |  |  |
| Mean (SD) |  | 736,993 (1,238,199) | 412,171 (1,010,805) |
| Minimum,Median,Maximum |  | -424,200,356,300,25,231,500 | -1,690,950,178,200,21,416,650 |
| Parental Household Net Worth (Logged) |  |  |  |
| Mean (SD) |  | 12.25 (2.52) | 11.55 (2.65) |
| Minimum,Median,Maximum |  | 0.00,12.78,17.04 | 0.00,12.09,16.88 |
| Parental Net Financial Asset (CNY) |  |  |  |
| Mean (SD) |  | 52,293 (174,150) | 24,876 (270,119) |
| Minimum,Median,Maximum |  | -1,238,150,13,000,2,303,000 | -1,991,000,5,000,7,734,200 |
| Parental Net Financial Asset (Logged) |  |  |  |
| Mean (SD) |  | 8.7 (3.6) | 7.8 (3.7) |
| Minimum,Median,Maximum |  | 0.0,9.5,14.6 | 0.0,8.5,15.9 |
| Parental Home Asset (CNY) |  |  |  |
| Mean (SD) |  | 639,898 (994,597) | 338,263 (648,142) |
| Minimum,Median,Maximum |  | 0,300,000,15,000,000 | 0,150,000,13,000,000 |
| Parental Home Asset (Logged) |  |  |  |
| Mean (SD) |  | 11.2 (4.2) | 10.6 (3.9) |
| Minimum,Median,Maximum |  | 0.0,12.6,16.5 | 0.0,11.9,16.4 |
| Parental Other Asset (CNY) |  |  |  |
| Mean (SD) |  | 44,802 (357,074) | 49,032 (555,724) |
| Minimum,Median,Maximum |  | 0,8,410,10,021,500 | 0,9,600,20,153,650 |
| Parental Other Asset (Logged) |  |  |  |
| Mean (SD) |  | 8.76 (2.18) | 8.82 (2.11) |
| Minimum,Median,Maximum |  | 0.00,9.04,16.12 | 0.00,9.17,16.82 |
| Gifted Home Upon Marriage |  | 223 (21%) | 254 (17%) |
| Gifted Home Value (CNY 10k) |  |  |  |
| Mean (SD) |  | 10 (54) | 5 (37) |
| Minimum,Median,Maximum |  | 0,0,850 | 0,0,800 |
| Gifted Home Value (Logged) |  |  |  |
| Mean (SD) |  | 0.61 (1.32) | 0.42 (1.07) |
| Minimum,Median,Maximum |  | 0.00,0.00,6.75 | 0.00,0.00,6.69 |
| Other Material Gift Upon Marriage |  | 678 (65%) | 859 (58%) |
| Other Material Gift Value (CNY 10k) |  |  |  |
| Mean (SD) |  | 1.81 (3.61) | 1.63 (3.38) |
| Minimum,Median,Maximum |  | 0.00,0.50,40.00 | 0.00,0.20,30.00 |
| Other Material Gift Value (Logged) |  |  |  |
| Mean (SD) |  | 0.65 (0.76) | 0.58 (0.76) |
| Minimum,Median,Maximum |  | 0.00,0.41,3.71 | 0.00,0.18,3.43 |

Appendix 2. Cities in the three subsamples.

* Representing mega-cities (Beijing/Shanghai/Guangzhou/Shenzhen): Shanghai
* Large cities: 成都市(Chengdu)、杭州市(Hangzhou)、武汉市(Wuhan)、重庆市(Chongqing)、南京市(Nanjing)、天津市(Tianjing)、苏州市(Suzhou)、西安市(Xi’an)、长沙市(Changsha)、沈阳市(Shenyang)、青岛市(Qingdao)、郑州市(Zhengzhou)、大连市(Dalian)、东莞市(Dongguan)、宁波市(Ningbo)
* Medium cities: 厦门市、福州市、无锡市、合肥市、昆明市、哈尔滨市、济南市、佛山市、长春市、温州市、石家庄市、南宁市、常州市、泉州市、南昌市、贵阳市、太原市、烟台市、嘉兴市、南通市、金华市、珠海市、惠州市、徐州市、海口市、乌鲁木齐市、绍兴市、中山市、台州市、兰州市、潍坊市、保定市、镇江市、扬州市、桂林市、唐山市、三亚市、湖州市、呼和浩特市、廊坊市、洛阳市、威海市、盐城市、临沂市、江门市、汕头市、泰州市、漳州市、邯郸市、济宁市、芜湖市、淄博市、银川市、柳州市、绵阳市、湛江市、鞍山市、赣州市、大庆市、宜昌市、包头市、咸阳市、秦皇岛市、株洲市、莆田市、吉林市、淮安市、肇庆市、宁德市、衡阳市、南平市、连云港市、丹东市、丽江市、揭阳市、延边朝鲜族自治州、舟山市、九江市、龙岩市、沧州市、抚顺市、襄阳市、上饶市、营口市、三明市、蚌埠市、丽水市、岳阳市、清远市、荆州市、泰安市、衢州市、盘锦市、东营市、南阳市、马鞍山市、南充市、西宁市、孝感市、齐齐哈尔市
* Small cities: all other cities in the sample.

1. Beijing, Shanghai, Guangzhou and Shenzhen were excluded as they are of a similar scale to Shanghai. [↑](#footnote-ref-1)