**Assignment 1: Data description**

The topic I will be researching in the thesis is to quantify the impact of parental economic resources, especially wealth, on the living standard of offspring. Due to varying institutional arrangements in different societies, the paper is going to be focusing on Chinese society in particular as an example of a post-socialist society where there are increasing degree of wealth inequality and a relative scarcity of exploration into such topic.

In the field of intergenerational wealth research, data availability has been playing a crucial role because if you want to research the relation between wealth for two generations, you have to at least have the data measuring that. Usually, social surveys only collect income as a measure of economic resources. Despite the fact that scholars have been arguing for the importance of measuring household wealth (Spilerman 2000), availability of wealth data at household level is still limited, especially in Chinese society where the practice of social survey hasn’t been long.

Actually, the constraints of other researches might have largely resulted from the data collection strategy on the parental generation in available data, as explicitly stated by some of them. Household surveys usually only take information of co-residing parents and children, and most longitudinal household surveys in China have not lasted long enough to document a whole cohort of independent offspring (indeed, some researchers had turned to analyze the wealth accumulation process from transition to homeownership on a smaller group, such as Wu 2018 and Ang 2018). In those cases, limited survey answers from children respondents became the only source of information about their parents, which usually do not involve parental wealth.

Acknowledging the challenge in data availability while still trying to overcome the constraints on parental information, this research utilizes an alternative approach and shifts data collection focus from children’s cohort to parents’ generation. It utilizes samples from a nationally representative social survey covering the assessments of the social, economic circumstances of adults over 45 years old with the baseline survey in 2011, namely The China Health and Retirement Longitudinal Study[[1]](#footnote-1) (CHARLS) (Zhao et al. 2014). The survey utilizes Probability Proportionate to Size Sampling. With the average birth year of 1955, most in the population of the survey undergo their prime career during the economic transitions in the 1990s. In other words, this sample would seem ideal to capture the first cohort of parents who had realized wealth accumulation in China.

In the survey, respondents would answer questions about all their children regardless of co-residence status, which provides a representative profile with an average age of 36 of the offspring cohort at their prime of career and midway of wealth accumulation. CHARLS provides decent availability of children information including homeownership and home value, essential information on demographics and other status attainments such as income, education, occupation, hukou, and party membership.

A distinctive advantage of the data is straightforward: several variables focusing on intergenerational transfer between parents and children, which quantifies the material support from parents to each of the children. More precisely, it enables to assess one of the important mechanisms proposed by both domestic and international literature: direct financial support upon children’s marriage, in its most generous form: 6% of children in the sample were gifted while property ownership by parents (through purchase from the market) at their marriage. The average market value of the gift upon transfer is ¥230k, which is significant considering the median household income for the children is between ¥30k and ¥50k, let alone the appreciation potential afterward. Besides, it also records monetary economic support from parents to children (potentially for a housing loan or regular rent), for 4% in the population the magnitude is more than ¥10k in the past year. This information fits well into the inquiry of researching inter vivo transfers as a mechanism of wealth persistence.

The sample size of different panels varies, but are mostly around 20,000 individual respondents. Missing data certainly exists in the data, mostly due to non-response. Also, questions regarding life history get more missing values probably because respondents cannot recall the historical information or events. However, the general level of missing data is acceptable, and I haven’t planned for any specific imputation.

1. The survey data is publicly available to registered student and scholars through its website (<http://charls.pku.edu.cn/>). [↑](#footnote-ref-1)