

THE EFFECT OF CONSUMPTION PATTERN ON WELL-BEING – BASED ON CGSS2013

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ABSTRACT

Based on China General Social Survey data in 2013(referred to as CGSS2013), using Ologit and path analysis method, this paper tries to study the effect of consumption method on well-being. We find that for all samples material consumption doesn't have a significant promotion effect on well-being, specifically, it has a insignificant and negative effect on urban residents, but for rural residents, it has significantly positive effect.

Among all kinds of cultural consumption patterns, reading has a positive effect on well-being, to put it specific, it has a promotion effect on urban residents, but it can't significantly promote well-being among rural residents. Watching TV, seeing movie and participating cultural activities can't significantly affect well-being.

Moreover, the indirect effect of cultural consumption is stronger than its direct effect, which shows that cultural consumption may increase income through the method of increasing the human capital investment, and finally increase well-being.

To raise well-being lever, the government should have raised the material costs on rural areas or other less developing areas as well as raised the supply of cultural products ,then constructed the new era of Everybody Reading.

Key words: *Effect, Consumption Pattern, well-being, Path Analysis, Direct Effect*

1. INTRODUCTION

Consumption is a important part of social reproduction process, its development guides the adjustment and upgrading of production process.

Consumption can be divided into material consumption and cultural consumption, the former aims to satisfy material need, while the latter can satisfy people's spiritual need through the pursuit of intangible human work. According to Maslow's

hierarchy Theory, material consumption belongs to the first lever need—physiological needs, which is the lowest level. In the Symposium on literature and art in October 2014, China's Chairman Xi Jinping said, "When tall building spread all our country, the spirit of Chinese nation should have stand." He proposed people to pursue the spiritual life in this highly developed material society. Cultural consumption is the important way to enrich spiritual lives.

Subjective well-being is the overall feeling of life satisfaction, it can better reflect their current life, it's the ultimate goal of all actions. In the Declaration of Independence in the United States, Life, Liberty and the Pursuit of Happiness is the three inalienable rights of people. ¹According to the 2016 World Happiness Report, China ranked 10th, after Philippines, the United States ranked 13th, and all Nordic countries ranked in the top ten. So we see China's well-being is still in lower level, and it's necessary to promote through consumption, especially in cultural consumption.

Just as Gorky put, books are the Ladder of progress, a lifelong partner, and the most sincere friend. Good books can broaden people's horizon, release their pressure as well as calm them down. ²According to the 10th the reading survey data in China, the average reading amount of Chinese in 2013 is 4.58 books, meanwhile, Occident is 16 books, while the Nordic countries reaches to 24

books. China's average reading amount is less than a third of Occident's and a eighth of Nordic countries.

Compared to shopping, a key representative of material consumption method, how well the books, as the carrier of cultural consumption, can promote people's well-being? Besides, how do other patterns of cultural consumption, such as watching TV, seeing movies, participating in cultural activities, affect the well-being. This paper will study the effect of consumption patterns on well-being, and based on the differences of urban and rural we will put some policy suggestions to China government.

2. LITERATURE REVIEW

2.1 Factors to Cultural Consumption

① Richard's (1996) research shows that the expansion of tourism consumption have a significantly positive effect on residents' cultural level, income growth and cultural industry development. ② Dewenter, Wester-mann(2005) uses German statistical data from 1950 to 2002, introduces variables including the number of theater seating, ticket prices, consumer's income, box office, shows a high price and income elasticity of demand in German film consumption ③ Jilin Zhao and Heqin Gui's study(2014) shows that in China, wealth, education level, family size, support rate, income, age has a significant impact on family cultural consumption. Wealth and income are two most important factors. The empirical results of sub-sample of urban and rural areas, east and Midwest areas, education, income, and age

¹ data comes from the

<http://www.ithome.com/html/it/212228.htm>

² data comes from

http://paper.people.com.cn/rmrbhwb/html/2014-04/11/content_1413880.htm

show that the factors to family cultural consumption are significantly different. ④ Xiao-dong Zou, Yongjun Su(2000) choose annual income, consumption expenditure and cultural consumption expenditure from 199 to 1998 in Shanghai--a Chinese municipality , shows that cultural investment makes the largest contribution to cultural consumption, citizen's disposable income has a smaller correlation coefficient with cultural consumption , the revenue growth will bring more cultural consumption. ⑤Junming Ning and Zhang li(2007) choose 1993-2004 Chinese rural citizen's stata from 31 provinces/municipalities/autonomous region,it show that compared to the current income, previous cultural consumption has more impact on cultural consumption, for rural people with relative lower income their cultural consumption is larger influenced by previous cultural consumption ,while people with higher income has relatively higher marginal propensity to cultural consumption.

2.2 The impact of cultural consumption on economic growth

⑥ Haiyan Han(2012) uses the urban residents data from 1993 to 2010, the results show cultural consumption for urban residents is positively correlated with economic growth level, but the lack of supply and demand of cultural consumption affect its contribution to economic growth. ⑦ Xiaotong Jin and Tianxin Wong(2013) use data of urban and rural residents cultural consumption, intangible cultural consumption and GDP from 1994-2011 ,it shows cultural consumption can play a more significant impact on economic growth. ⑧

Fenglian Zhan(2015) considers that cultural consumption can promote the quantity of economic growth as well as the it's quality.

2.3 The impact of cultural consumption on well-being

⑨ Shijie Yin(2002) argues that compared to simply material needs, cultural consumption mainly meet people's spiritual needs. ⑩ Jingfei Ran's(2012) analysis of the cradle of China -Henan province shows that the cultural consumption of Henan province greatly promote people' subjective well-being, rural residents pay attention to traditional opera culture, while urban residents concentrate more on compulsory education. ⑪ Xiaomei Jia, Qixiang Wen(2007)believe that by selecting the cultural products and services, people select the value of cultural products, cultural consumption can increase full development of people through the investment of human capital, thus satisfy people's spiritual pleasure and happiness, finally realizes the harmony of society.

3.SOURCE OF DATA

China's general social survey(CGSS) is China's earliest national , comprehensive and continuous academic project. CGSS2013 select China's 100 counties(districts), combined with five big cities Peking, Guangzhou, Shanghai, Shenzhen, Tianjin, as the primary sampling unit, at each county/district randomly select four neighborhood/village committees. After excluding the missing value we get 3818 samples, among them, 1839 rural samples and 1974 urban samples,the amount are relatively

equal.

4. RESEARCH DESIGN

4.1 The analysis method

The paper focuses on the influence of residents' consumption method on residents' subjective well-being. In order to explore the effect of consumption pattern on subjective well-being, firstly we will do Ologit regress with all samples, analyzing their coefficient and significance, and then judge the impact. Secondly, do the further regress of two groups-urban group and rural group, compare their significance and size of coefficients, test several assumptions. Finally we will do path analysis, by using logarithmic income as intermediary variable, we dissociate the effect of consumption method on well-being into the direct effect and indirect effect, then find the differences between two kinds of effects.

4.2 Assumption

Assumption 1: Cultural consumption has significantly positive effect on subjective well-being in China;

Assumption 2: Material consumption doesn't have significant positive effect on Chinese well-being;

Assumption 3: By controlling income, the effect will be enhanced;

Assumption 4: Material consumption is not significantly promoting well-being for people who is in developed area, it may even have negative effect, while it can significantly promote happiness in underdeveloped area;

Assumption 5: Reading has significantly positive effect on well-being in developed area, and insignificant positive effect in rural area;

Assumption 6: Among all patterns of cultural consumption, reading makes the biggest effect on well-being;

Assumption 7: Indirect effect of cultural consumption is larger than direct effect;

4.3 Variables

4.3.1 Core independent variable consumption method (TV, movie, reading, shopping and culactivity five variables). In CGSS2013, values of TV, movie, reading, shopping and culactivity are based on the valuation of answers of the following question by respondents. To be specific:

TV/Movie/Reading/Culactivity/Shopping:

According to the questions "Last year, do you often watch TV or watch a DVD/see movie/read/participate in cultural activities ,such as going to the concert, seeing a show or participate in the exhibition/go shopping in your leisure time", variable assignment is an integer from 1 to 5, respectively corresponding to the choice "Everyday", "Several times a week", "Several Times a month", "Several times a year or less", "Never";

4.3.2 Control variable Numerous studies have shown that sex, residence, education level, income, age, marital status, health and other factors will affect the individual subjective well-being. Based on this, we put gender, hukou(registered permanent residence), Education, Income, age, marriage, health as our control variables. The valuation of

people without accepting normal education/ graduated from primary school/graduated from junior high school /graduated from high school(polytechnic school or professional high school)/getting Bachelor degree/getting Master’s degree or above are 0/6/9/12/15/18. When analyze

subjective well-being. According to five answers ”Very unhappy”, ”Less happy”, ”Neither happy nor unhappy”, ”happy”, ”very happy” to the question ”In general, how do you feel about your life?”, we value well-being an integer from 1 to 5.

Variable	Std. Dev.	Skewness	Kurtosis
Income	47879.13	7.094	91.72
LNincome	0.820	-0.225	4.43

the factors to income, we use variables of age, gender, Fatheredu(father education years), Education, hukou, region.

4.3.3 Dependent variable well-being is our dependent variable. It is the index of residents'

Table 1. kurtosis and skewness of Income, logarithmic income

4.3.4 Intermediary variable Income is the intermediary variable, it comes from the question “What’s your total income in 2012”. For Kurtosis Distribution, we use its logarithmic form. For details, see table 1.

4.3.5 Conditional variables Region is the conditional variable. In well-being and consumption model, according to where the respondents are , region is divided into 4 parts-Eastern, Central Western and Northeastn .

4.4 Preliminary description

4.4.1 Descriptive statistics

Table 2. Descriptive statistics of variables

Variable	Sample capacity	maximum	minimum	Percentage/mean	Std.Dev.
Region	3813	4	1	1.961	1.075
Eastern(=1)	1832				
Central(=2)	744				
Western(=3)	790				
Northeastn(=4)	447				
Health	3813	5	1	1.883	0.851
Very well(=1)	1394				

Healthier (=2)	1683				
So so(=3)	554				
Less healthy(=4)	154				
Very unhealth(=5)	28				
Marriage	3813	1	0	0.862	0.345
3Married(=1)	3285				
Unmarried(=0)	528				
Gender	3813	1	0	0.621	0.485
Female(=0)	1445				
Male(=1)	2368				
well-being	3813	5	1	3.816	0.753
Very unhappy(=1)	30				
Less happy(=2)	90				
Neither happy nor unhappy(=3)	747				
Happy(=4)	2330				
very happy(=5)	516				
TV	3813	5	1	1.570	0.877
Everyday(=1)	2351				
Several times a week(=2)	979				
Several Times a month(=3)	316				
Several times a year or less(=4)	107				
Never(=5)	60				
Movie	3813	5	1	4.378	0.786
Everyday(=1)	14				
Several times a week(=2)	78				
Several Times a month(=3)	412				
Several times a year or less(=4)	1257				
Never(=5)	2052				

³ Including two cases: first marriage and remarriage

Reading	3813	5	1	3.176	1.312
Everyday(=1)	488				
Several times a week(=2)	762				
Several Times a month(=3)	931				
Several times a year or less(=4)	855				
Never(=5)	777				
Culactivity	3813	5	1	4.430	0.820
Everyday(=1)	27				
Several times a week(=2)	109				
Several Times a month(=3)	326				
Several times a year or less(=4)	1085				
Never(=5)	2266				
Shopping	3813	5	1	3.270	0.921
Everyday(=1)	106				
Several times a week(=2)	621				
Several Times a month(=3)	1529				
Several times a year or less(=4)	1253				
Never(=5)	304				
4Hukou	3813	5	1	0.518	0.500
Rural(=0)	1839				
Urban(=1)	1974				
Income	3813	1000000	400	40137.44	47879.13
LNincome	3813	13.815	5.991	10.252	0.829
Age	3813	80	16	39.130	11.084
Age square	3813	6400	256	1653.945	920.737

⁴ Urban includes non-agricultural household and Resident Account which was non-agricultural account before; Rural includes agricultural household and Resident Account which was agricultural account before.

Fatheredu	3813	18	0	6.832	4.270
Education	3813	18	0	11.270	3.653

4.4.2 Correlation coefficient matrix

Table 3. Correlation Coefficient Matrix of Variables (Whole sample)

Variable	TV	Movie	Reading	Culactivity	Shopping	well-being
TV	1					
Movie	-0.0987*	1				
Reading	0.0919*	0.2351*	1			
Culactivity	-0.0627*	0.4679*	0.2765*	1		
Shopping	0.0570*	0.2275*	0.1702*	0.1991*	1	
well-being	-0.0599*	-0.0004	-0.0554*	0.0045	-0.0351*	1

Table 4. Correlation Coefficient Matrix of Variables (urban group)

Variable	TV	Movie	Reading	Culactivity	Shopping	well-being
TV	1					
Movie	-0.1365*	1				
Reading	0.1104*	0.1608*	1			
Culactivity	-0.1039*	0.4584*	0.2159*	1		
Shopping	0.0536*	0.2157*	0.1310*	0.1650*	1	
well-being	-0.0533*	-0.0346	-0.1041*	-0.0339	-0.0346	1

Table 5. Correlation Coefficient Matrix of Variables (rural group)

Variable	TV	Movie	Reading	Culactivity	Shopping	well-being
TV	1					
Movie	-0.0617*	1				
Reading	0.0794*	0.2264*	1			
Culactivity	-0.0175	0.4359*	0.2641*	1		
Shopping	0.0603*	0.2181*	0.1769*	0.2167*	1	
well-being	-0.0666*	0.0343	-0.0163	0.0469*	-0.0374	1

The significance signs of both sides test: * p<.05;

From above we can see, to all sample regression, that shopping can improve people's well-being, in the correlation coefficient between shopping and well-being is -0.0351, it is significant, which shows that shopping can improve well-being, while seeing a movie, in addition, TV and reading can also significantly improve well-being.

participating in cultural activities can't improve well-being significantly. TV and reading, which are representatives of cultural consumption has more effect on well-being than shopping.

Due to the differences between urban and rural areas, we divide the data into two groups: Rural group and Urban group. Compared to all samples, the significant effect of shopping for urban group on well-being disappear, it means material consumption can't significantly promote well-being level. The coefficient of reading is larger than other types of cultural consumption, its effect nearly doubled, reading greatly enhance well-being. In rural group, the correlation efficient between reading and well-being is -0.0163, and it's insignificant, which is different from above.

4.5 Model

This paper adopts Ordered Logit Model and path analysis method.

4.5.1 Ordered⁵ Logit(Ologit) model

We assume real well-being depends on a series of variables, and they satisfy the following linear correlation:

$$HAPPY^* = \alpha + \sum_{k=1}^K \beta_k x_k + \varepsilon \tag{4.5.1.1}$$

*HAPPY** represents the real well-being level, it can't be directly observed, we can observe it by people's answers "HAPPY" in the survey. They

have the following relationship:

$$Happy = 1 \text{ ("Very unhappy"), if } HAPPY \leq c_1;$$

$$Happy = 2 \text{ ("Less happy"), if } c_1 \leq HAPPY \leq c_2;$$

$$Happy = 3 \text{ ("Neither happy nor unhappy"),}$$

$$\text{if } c_2 \leq HAPPY \leq c_3;$$

$$Happy = 4 \text{ ("Happy"), if } c_3 \leq HAPPY \leq c_4;$$

$$Happy = 5 \text{ ("very happy"), if } HAPPY > c_4$$

(4.5.1.2)

Due to people's answers and the variables's value to the real well-being can be observed, we can use regression analysis to estimate the coefficient of each independent variable.

Ordered Logit regression equation is:

$$\ln\left(\frac{P(HAPPY \leq j | x)}{1 - P(HAPPY \leq j | x)}\right) = c_j - \left(\alpha + \sum_{k=1}^K \beta_k x_k\right)$$

(4.5.1.3)

P represents $P(HAPPY \leq j | x)$ (j=1,2,...,5), then equation (4.5.3) is the combination of the following equations:

①

$$\ln\left(\frac{P_1}{1 - P_1}\right) = \ln\left(\frac{P}{P_2 + P_3 + P_4 + P_5}\right) = c_1 - \left(\alpha + \sum_{k=1}^K \beta_k x_k\right) = \beta_{01} - \sum_{k=1}^K \beta_k x_k$$

②

⁵ The interpretation of Ologit regression is different with the OLS regression

$$\ln\left(\frac{P_1+P_2}{1-P_1-P_2}\right) = \ln\left(\frac{P_1+P_2}{P_3+P_4+P_5}\right) = c_2 - \left(\alpha + \sum_{k=1}^K \beta_k x_k\right) = \beta_{02} - \sum_{k=1}^K \beta_k x_k$$

③

$$\ln\left(\frac{P_1+P_2+P_3}{1-P_1-P_2-P_3}\right) = \ln\left(\frac{P_1+P_2+P_3}{P_4+P_5}\right) = c_3 - \left(\alpha + \sum_{k=1}^K \beta_k x_k\right) = \beta_{03} - \sum_{k=1}^K \beta_k x_k$$

④

$$\ln\left(\frac{P_1+P_2+P_3+P_4}{1-P_1-P_2-P_3-P_4}\right) = \ln\left(\frac{P_1+P_2+P_3+P_4}{P_5}\right) = c_4 - \left(\alpha + \sum_{k=1}^K \beta_k x_k\right) = \beta_{04} - \sum_{k=1}^K \beta_k x_k$$

(4.5.1.3')

Slope coefficient of equations above are the same, and only intercepts are different. It's necessary to test each slope, but we will usually omit this step

The left of (4.5.1.3') represents a logarithmic odds:

① Represents the logarithm of the ratio, which is the probability of answering “Very unhappy” to the sum of probabilities of answering “Less happy”, “Neither happy nor unhappy”, “Happy” and “very happy”;

② Represents the logarithm of the ratio, which is the sum of probabilities of answering “Very unhappy” and “Less happy” to the sum of probabilities of answering “Neither happy nor unhappy”, “Happy” and “very happy”;

③ Represents the logarithm of the ratio, which is the sum of probabilities of answering “Very unhappy” , “Less happy” and “Neither happy nor unhappy” to the sum of probabilities of answering “Happy” and “very happy”;

④ Represents the logarithm of the ratio, which

is the sum of probabilities of answering “Very unhappy” , “Less happy”, “Neither happy nor unhappy” and “Happy” to the probability of answering “very happy”;

Each equation can be taken as the ratio, which is the probability of tending to answering the lower lever well-being to the probability of tending to answering the higher lever well-being. According to the positive or negative sign of β , we can judge the effect of the variable change, to see whether it makes people tend to answer the higher level well-being or the lower level well-being.

4.5.2 Path Analysis Model

② Path analysis is a causality analysis, it is proposed and developed by Wright, a American biologist. It doesn't require the independence of the variables, it's suitable for multivariate dependence analysis with indirect impact. This paper uses the maximum likelihood method. As shown in the graph, well-being and LNincome are endogenous variables, they have been affected by the exogenous variables, such as marriage, age, agesquare, gender, Fatheredu, region, Education, hukou, TV, movie,reading, culactivity and shopping etc. Categorical variables must do virtualization process. This model includes twocausal chains: one is the effect on the income by the consumption method, another is the effect on the well-being by not only the consumption method but also income.

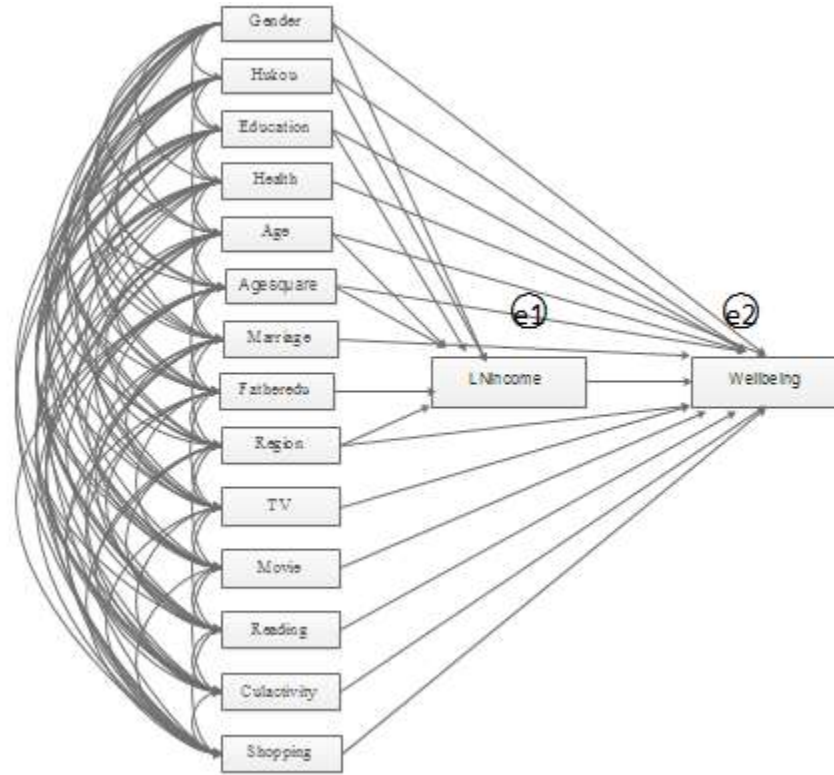


Figure 1. Path analysis Model

5. THE EMPIRICAL RESULTS

relationship with well-being.

5.1 Ologit regression analysis

The empirical results shows that, age has significant negative correlation with well-being when controlling other variables, although agesquare has positive effects on the well-being. From the point of fhealth, the healthier, the happier. Gender has a significant negative effect on subjective well-being, men's subjective well-being level is lower than women's. In addition, the marital status has significant positive effect on well-being level, namely married people is happier than unmarried people. But hukou status has no

In whole sample model, material consumption has no significant effect on well-being, as a way of cultural consumption, reading has significant positive effect to well-being. In the full sample-income model, the coefficient of reading is 0.090, it shows that when reading raise a unit, the ratio of the probability people tending to answer lower well-being to people tending to answer higher well-being is 0.090, namely the more people read, the happier. Other coefficients of these two models are not significant, it can't fully prove that assumption 1. When control the income, the coefficient of reading to material assumption

pattern is smaller, so assumption 3 can't not be full proved. In whole sample model, reading has significant positive effect on well-being, the coefficient is -0.064, it shows the more people read, the happier.

In urban group, the coefficient of reading is -0.123, its positive effect on the well-being is amplified. For rural group, reading has no significant effect on well-being. It proves the assumption 5. In whole sample model, shopping has insignificant effect on well-being, assumption 2 is

proved. But for rural group, the effect is significant, it shows that shopping can make people happier, at the same time, the effect on urban group is negative, although it is insignificant, assumption 4 is proved.

In whole sample-income model and urban group model, reading has more effect on well-being than other types of consumption, but in whole sample model, the effect on reading is less than watching TV, so assumption 6 can't be fully proved.

Table 6. Ologit regression results

Variable	Full Sample-Income	Full Sample	Urban	Rural
Age	-0.092*** (0.022)	-0.107*** (.022)	-0.161*** (0.031)	-0.066* (0.030)
Agesquare	0.001*** (0.0003)	0.001*** (0.0002)	0.002*** (0.0003)	0.0009* (0.0004)
Health (based on "very well")				
Healthier	-0.638*** (0.076)	-0.637*** (0.076)	-0.806*** (0.109)	-0.497*** (0.108)
So so	-0.910*** (0.108)	-0.897*** (0.109)	-0.936*** (0.158)	-0.8997*** (0.151)
Less healthy	-1.269*** (0.174)	-1.201*** (0.174)	-1.391*** (0.250)	-1.067*** (0.237)
Very unhealthy	-1.596** (0.489)	-1.467** (0.467)	-1.465* (0.673)	-1.439* (0.628)
Gender (Male=1)	-0.094 (0.071)	-0.207** (0.074)	-0.387*** (0.103)	-0.021 (0.109)
Marriage (Married=1)	0.789*** (0.126)	0.745*** (0.126)	0.962*** (0.167)	0.494* (0.196)
Hukou (Urban=1)	-0.043 (0.069)	-0.105 (0.070)		
TV	-0.073 (0.043)	-0.088* (0.043)	-0.093 (0.064)	-0.102 (0.057)
Movie	0.007 (0.054)	0.060 (0.054)	0.068 (0.078)	0.093 (0.077)
Reading	-0.090** (0.028)	-0.064* (0.028)	-0.123** (0.040)	-0.006 (0.040)
Culactivity	0.040 (0.047)	0.058 (0.047)	0.023 (0.062)	0.117 (0.073)
Shopping	-0.037 (0.041)	-0.032 (0.041)	0.068 (0.059)	-0.145* (0.057)
LNincome		0.276*** (0.047)	0.449*** (0.072)	0.143* (0.063)
Pseudo R^2	0.0261	0.0307	0.0475	0.0246
Prob > chi2	0.0000	0.0000	0.0000	0.0000

Wald chi2(15)	194.32	227.23	182.88	90.08
N	3813	3813	1974	1839

1. The significance signs of both sides test: * $p < .05$; ** $p < .01$; *** $p < .001$

2. Standard error are shown in brackets.

5.2 Path analysis

Using path analysis method, we decompose the effect of consumption pattern into direct and indirect effect. For whole sample, when control other variables, consumption pattern has a significant effect on well-being. The direct effect of watching TV on well-being is -0.035 , and the indirect effect through income is 0.0051 ($0.045 * 0.106$), therefore, overall effect of watching TV on well-being is -0.0299 , it shows that watching TV can improve people's well-being.

From the results of reading, the direct impact on well-being is -0.0205 , it is insignificant, but its indirect impact is significant, it is -0.0033 ($-0.031 * 0.106$). The overall effect of reading on well-being is -0.0238 ($-0.0205 + -0.0033$). It suggests that reading can improve well-being.

Similarly, the overall effect on watching movies, participating in cultural activities is -0.00157 ($0.012 - 0.128 * 0.106$), 0.0211 ($0.025 - 0.037 * 0.106$) respectively, they show the movie will improve well-being, but participating in cultural activities will reduce well-being. This conclusion is different from

previous conclusion, it may be due to the insignificant effect. The direct effect of shopping -0.011 , the indirect effect is -0.00212 ($-0.020 * 0.106$), the overall effect is -0.01312 ($-0.011 - 0.020 * 0.106$), shopping can raise people's well-being, although it is insignificant

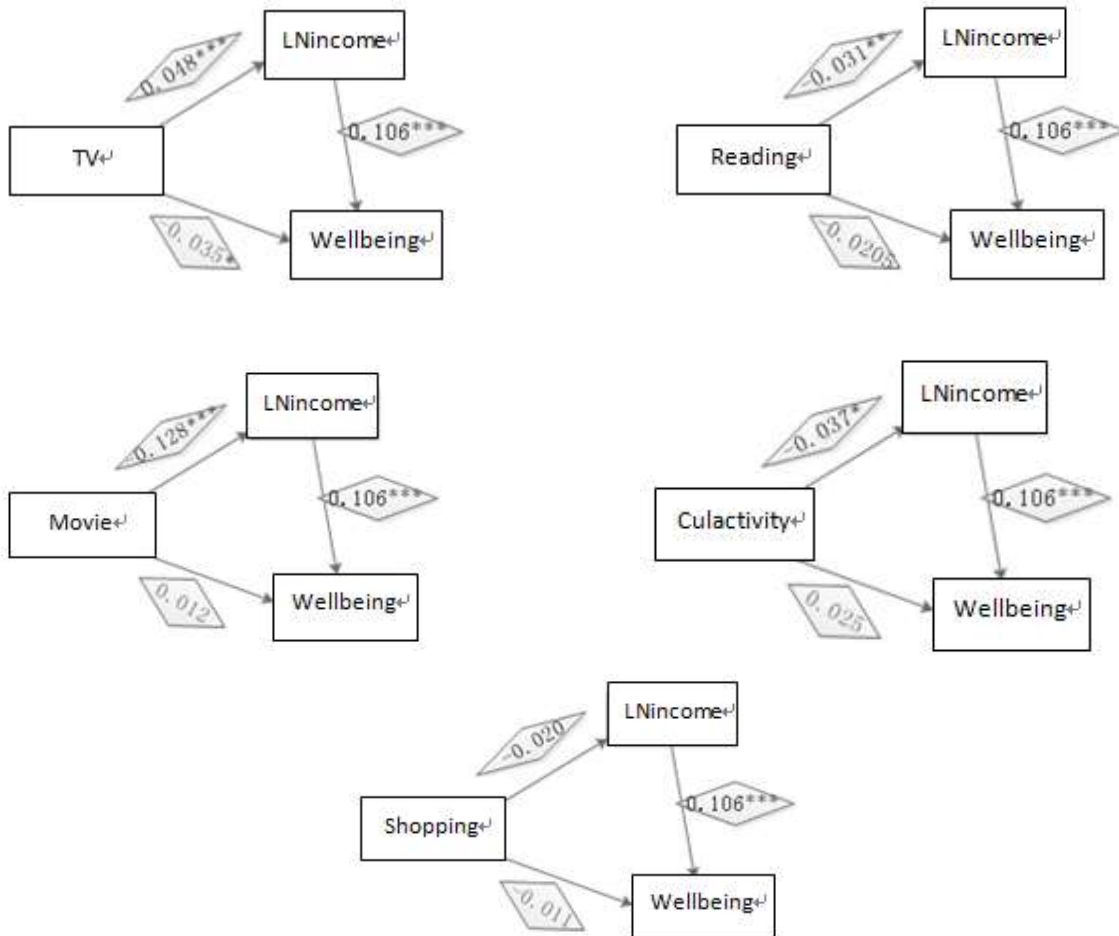


Figure 2. Path analysis results

6.CONCLUSION

The main conclusions summarized as follows: (1) reading has positive effect on well-being, in the whole sample-income model, the frequency of reading raises a unit, the logarithmic ratio of probability of people tending to answer the lower well-being level to the probability of people tending to answer the higher well-being level is -0.09, it means the more people read, the happier, reading can promote well-being; (2) material consumption can't significantly improve people's well-being

nationally in urban group, its effect is even negative, but for the rural people, material consumption has positive effect. Generally speaking, material consumption can't improve well-being in developed areas, it can even have reduction effect, but it can accelerate the well-being level in underdeveloped areas; (3) reading has positive effect on well-being in developed area, but it can't significantly promote well-being in underdeveloped areas. For urban people, the coefficient is -0.123, it means reading has positive effect on well-being, but for rural areas, the coefficient is just -0.006, it is

insignificant at the same time; (4) the effect of watching TV, seeing movies and participating in cultural activities is indirect, they are -0.0033、-0.0136、-0.0039 respectively; (5) the direct and indirect effects of material consumption on well-being is not significant.

Research of this paper reveals several policy implications for China's development. Firstly, based on the positive effect of reading on well-being, investing in education will increase human's capital investment, then it will raise people's sense of happiness. The government should have increase

investment in basic education and advocates reading, build a "Everybody Reading" era. Secondly, because the limited effect of the material consumption in developed areas and the positive significantly effect on underdeveloped areas, from this perspective, the government can transfer some material expenses from the city to remote underdeveloped areas, then improve the whole level of social welfare. Thirdly, the government should increase the supply of cultural products, such as the charitable culture lectures, charitable operas and other cultural activities, enrich people's life.

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