

# Inequality in China

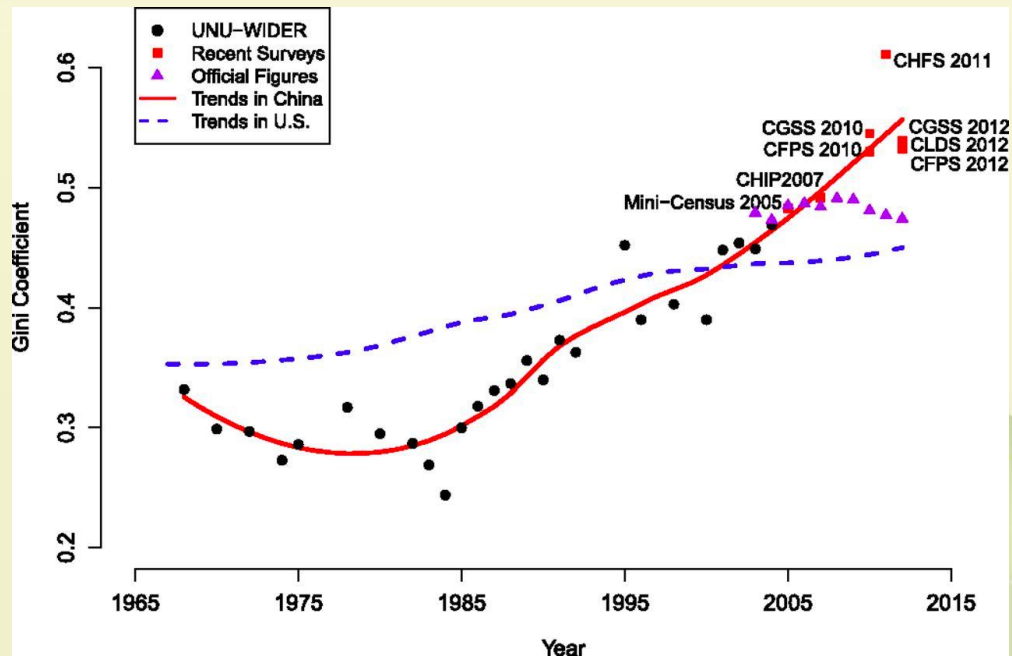


# Key trends

- Rapid increase in inequality
  - Gini coefficient of 0.53
- Rapid growth
- Dramatic reductions in poverty

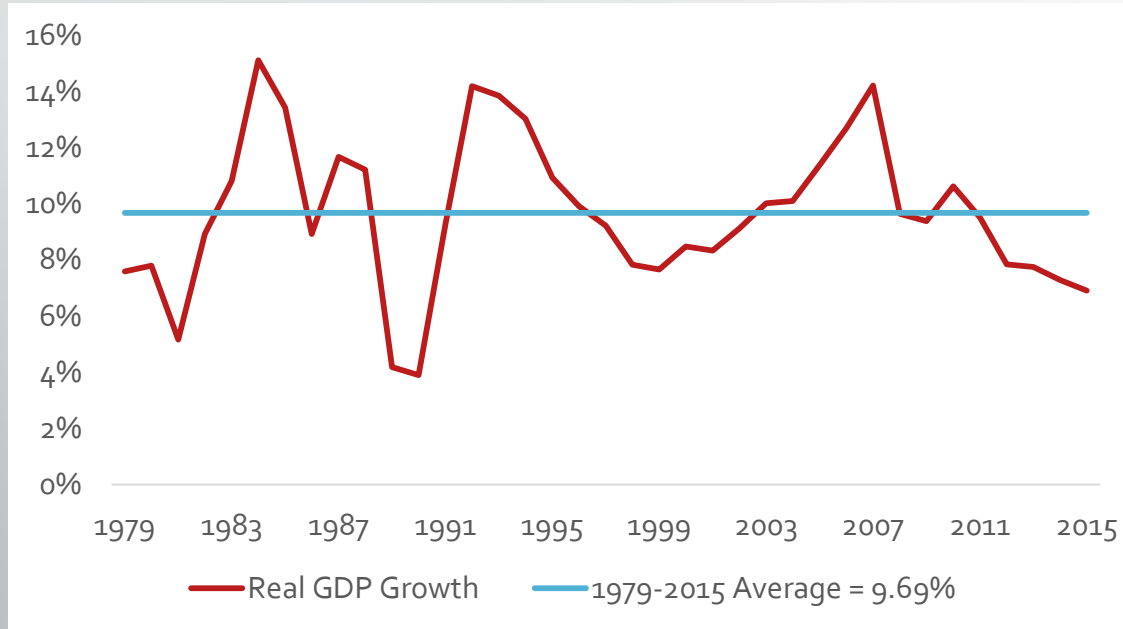


# Inequality Estimates for China and US



Source: Xie, Y., & Zhou, X. (2014). Income inequality in today's China. Proceedings of the National Academy of Sciences, 111(19), 6928-6933.

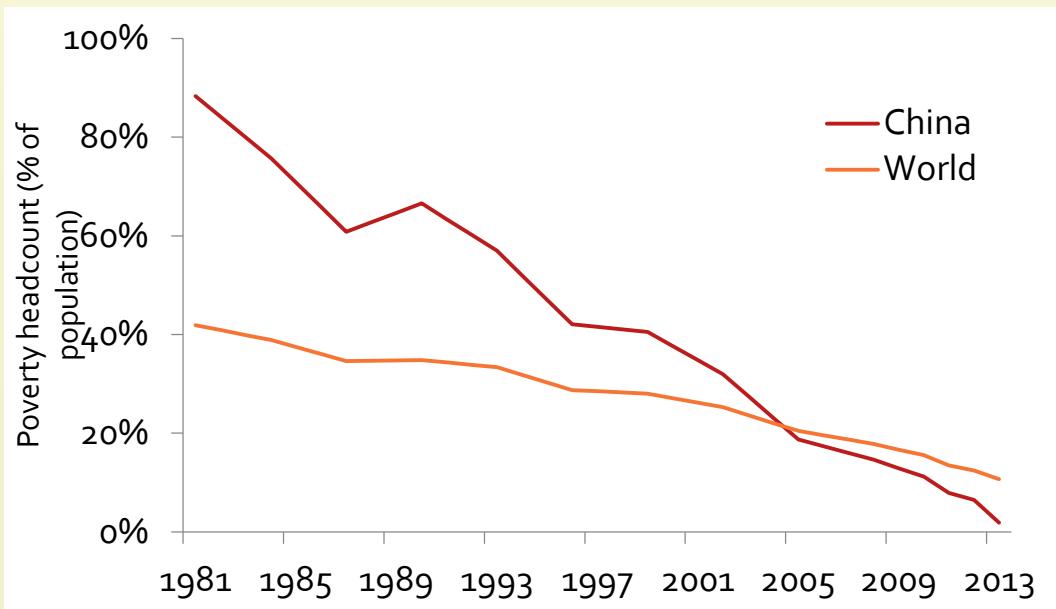
# China Real Growth Rates



Source: CEIC (2016). Indicator ID: 2116601. Retrieved from <https://insights.ceicdata.com>; own calculations  
Comments: the real growth rates shown use 1978 constant prices to adjust for inflation.

# Poverty Headcount Ratio


\$1.90 a day (2011 Purchasing Power Parity)




Source: World Bank (2017). *World Databank*. [Custom cross-tabulation of data]. Retrieved from <http://databank.worldbank.org/data> (SI.POV.DDAY)

Note: linear interpolation has been used where data was missing

# What has driven inequality growth in China?

- Regional inequality increased then decreased
    - "Lets some get rich first"
    - Labor market integration and migration
  - Increasing returns to education (despite educational expansion)
  - Rising, large urban-rural gap related to discrimination against rural residents
  - High inequality in education and health services, social insurance
    - Related to fiscal decentralization, family wealth
    - Despite greater spending in poor areas, expanded social insurance coverage
  - Political economy: corruption, state-led economy
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# Conclusions

- Complexity
    - Both market and institutional factors contribute positively and negatively to inequality
    - Some factors reflect tradeoffs between efficiency (e.g. decentralization) and equity while others do not (inclusive markets)
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- The background features a series of overlapping, semi-transparent green polygons in various shades, creating a layered, abstract effect. Overlaid on this are several thin, light green lines with small diamond-shaped markers at their vertices, forming a network-like pattern that suggests connectivity or data flow.

# Other Asian countries

- Many countries achieved rapid growth
- Mixed record inequality change in Asia during 1990s and 2000s (ADB Report)

(A) Developing Asia

