

Explaining China's Changing Income Inequality: Market vs. Social Benefits

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Table 1: Urban Gini Ratios

	1988	1995	2002
Market Income	0.269	0.383	0.374
Total Income	0.227	0.336	0.345

Note: Urban “market income” includes wages, income from private enterprises, property income and rental value of owner-occupied housing. “Total income” also includes social benefits (cash and in-kind), private transfers, and taxes and fees (a negative item).

Table 2a. Changing Composition of Income, 1988, 1995 and 2002 (percent of total income)

	1988	1995	2002
Total market income	54	73	78
Wages	49	60	58
Rental value of housing	4	11	17
Total social benefits	44	27	25
Cash transfers	9	11	15
In-kind transfers	34	16	10

Table 4. Contribution of Income Sources to Overall Inequality (%)

	1988	1995	2002
Total market income	48.05	65.79	67.68
Wages	39.26	43.53	49.98
Rental value of own housing	6.14	20.53	16.83
Total social benefits	47.82	32.19	30.67
Total cash transfers	13.54	10.34	12.86
Total in-kind transfers	34.28	21.86	17.81
Private Transfers	4.13	2.02	1.65
Total Pre-Tax Income	100	100	100

Table 7. Contribution of Social Benefits to Overall Urban Inequality (pre-tax) (%)

	1988	1995	2002
Total Social Benefits	47.83	32.20	30.67
Housing	24.94	14.38	2.02
Social Insurance	11.43	9.99	12.17
Food	5.68	0.53	0.51
Health	3.41	6.66	15.15
Supplementary income	2.12	0.30	0.85
Public assistance	0.00	0.05	-0.16
Other in-kind	0.25	0.29	0.13