

Analysis of the Current Social Inequality in China and Exploration of Solutions

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Abstract: Equity is a core value pursued by modern society and a principle of distribution based on justice and equality. The degree of fairness in a community reflects its level of development and livelihood welfare. Therefore, social equity issues, such as employment and schooling, income distribution, and the social security system, have become a significant concern in current sociological research. Given the large size of Chinese society, analyzing its social inequality requires a more scientific and comprehensive perspective. This paper aims to study the current inequality in Chinese society from the empirical perspective to explore the root causes and solutions of social inequality.

1. How do we understand equity?

Social equity embodies an equal social relationship between citizens. Jean-Jacques Rousseau's book *A Discourse on Inequality* mentions that human history has experienced natural and social states. In the colonial state, concepts such as equality were developed based on advancing human thinking and language skills and the comparisons and preferences arising from living in groups.

Throughout Chinese history, many interpretations of social equity have been put forward and "revolutionized" with the times, reflecting the developmental characteristics of various dynasties and the rulers' thinking of political domination. Nowadays, we widely discuss social equity in the context of modernization. It is poles apart from the traditional equality between different classes of population, including aristocrats and civilians, the well-off and people with low incomes, the well-educated and the illiterate. Social equity is by no means equal to modern concepts such as "democracy," "justice," and "equality," but still shares many similarities with them. Professor Zhao (2005[17]) gave a more detailed description of social equity in the China Human Development Report 2005: Firstly, equality of basic human rights and equal opportunities. The fundamental rights of human beings, including political rights, freedom of speech, and other rights, shall be respected and guaranteed by the state, internally reflect the degree of fairness of a society. Secondly, the sustainable enhancement of citizens' development capacity. Every citizen should enjoy the same opportunities to promote sustainable development; social equity, though, should recognize differences: Individual differences inevitably lead to uneven labour distribution and property accumulation in a broad social context. But equity does not mean egalitarianism and equal distribution.

The International Labour Organization (ILO) has stressed that workers of equal footing should be

given equal pay. Driven by ever-accelerating modernization reforms, the social equity issue in China has become increasingly prominent. Some whose interests are damaged have a strong sense of injustice and deprivation, while others gaining stable benefits also begin to feel varying degrees of unfairness. The public's sensitivity to social equity has continued to rise, suggesting that China's society has entered a new era of concern for fairness (Zheng, 2009[16]). Equity represents a unifying objective for humanity, and our remarkable strides are propelling us closer to achieving it in both professional and academic realms. Paradoxically, there is no absolute fairness or equality, so even if we consistently reflect on the past or look into the future, human beings will never give up the pursuit of fairness and equality. Sociologically, timeless human history is a witness to a fair society to an unfair society and then to a fair society, and this circulation aims at obtaining long-term societal progress featuring sustainability (Pak, 2022[12]).

2. The main manifestations of current social inequality in China

In recent decades, China has substantially improved the lives of hundreds of millions at both the economic and social levels. According to a series of reports from the National Bureau of Statistics in China, China's human development index score was 0.719 in 2013, making it a "high human development" country (National Bureau of Statistics, 2013[9]). At the beginning of 2015, the Chinese government lowered its GDP growth target to 7% per annum, a state of affairs termed the "new normal" (National Bureau of Statistics, 2015[10]). In 2017, the most significant feature of China's economy is that it has been walking increasingly solidly on the road of reform and development and has taken a big step forward in high-quality development (National Bureau of Statistics, 2017[11]). In its fundamental economic sense, high quality can be articulated as an economic development approach, structure, and driving force that better meets the ever-growing genuine needs of the people (Jin, 2018[2]). The outbreak of the COVID-19 pandemic in recent three years has had a profound and extensive impact on global society. It has not only changed people's way of life but also deeply affected economic and social development, accelerating social transformation and the shift in values. Thank to the immense development resilience and potential of Chinese economy, by 2023, China's solid achievements show that the epidemic's impact didn't stop the pace of the country's economic upgrading in quantity and quality (Liu, Wang, & Li. 2023[7]). However, it dealt a heavy blow to the vulnerable groups. At the same time, the aging population, the double decline in marriage and fertility rates, and the incoming labor shortage to as the demands recovers. The epidemic have brought new social and economic pressures (Tong, 2021[13]). We can catch a glimpse of the current situation of the aging population from the Figure 1.

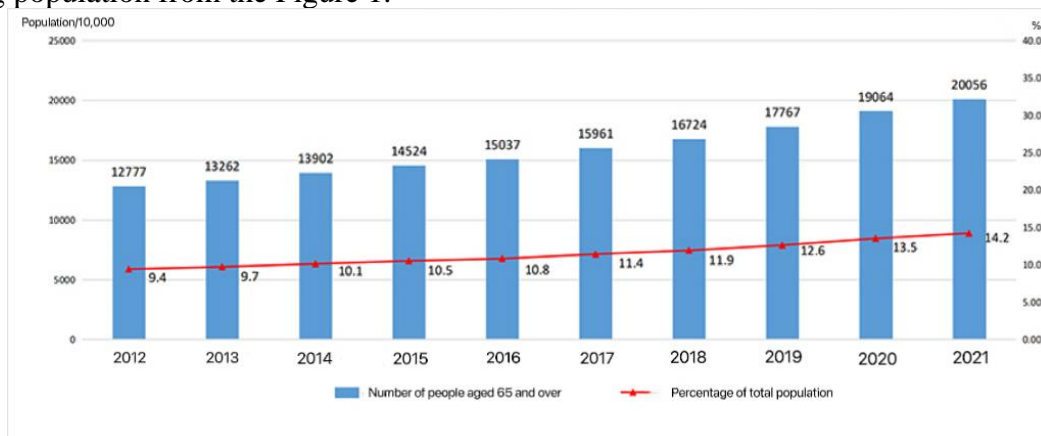


Figure 1: Number of elderly people aged 65 and above and their share of the total national population, 2012-2021

The World Social Report (previously Report on the World Social Situation) prepared by the Division for Inclusive Social Development of the United Nations Department of Economic and Social Affairs (UNDESA) emphasized that the systemic disadvantages caused by an increasingly aging population can persist and remain throughout people's lifetimes, leading to significant disparities across different groups. Consequently, inequality remains and, to some extent, is exacerbating. The epidemic-tested Chinese economy has become more inclusive and balanced in its global development, calling for further supplementary support of social equity. The current social inequality in China focuses on several aspects, including income distribution and accumulation of property, labor treatment, educational opportunities and access to resources, social security and welfare benefits. This paper will analyze these aspects and put forward some of the author's solutions in this way.

2.1. A noticeable income gap between urban and rural areas

China's Gini Coefficient peaked around 2009. Since 2012, China's Gini Coefficient has crossed the internationally recognized warning line of 0.4 and has continued to climb. All the statistic information is reflected in Figure 2. According to the World Bank, China's Gini Coefficient will be 0.47 in 2022, and the gap between the rich and the poor has been increasing, with the development trend of "the poor falling and the rich rising." Therefore, after China's absolute poverty management has made significant achievements, more attention should be paid to the poor groups' relative poverty and cultural poverty (Li Qiang, 2006[5]). Among them, the urban-rural and regional (in terms of provinces) wealth gap is the most prominent manifestation and the main factor in the income disparity of China's residents.



Figure 2: Gini Coefficient of National Income, China, 2003-2021

According to China's National Bureau of Statistics, in 2012, the per capita disposable income of urban residents in China was RMB 24,551, while the per capita disposable income of rural residents was RMB 8,484, and the income gap between urban and rural residents was RMB 16,067. By 2020, urban residents' per capita disposable income will be 44,237 yuan, while rural residents' per capita disposable income will be 17,051 yuan, and the income gap between urban and rural residents will be 27,186 yuan. In addition, the ratio of disposable income per capita for urban and rural residents in 2021 will be 2.50 (rural residents' income = 1), a decrease of 0.38 compared with 2012. Although the relative gap between the incomes of urban and rural residents has continued to narrow due to the acceleration of urbanization, the advantages of urban residents in terms of employment opportunities, wage levels, and social welfare have relatively widened. In contrast, the rural residents, under the constraints of agricultural incomes and the development of traditional industries, have income growth has been relatively slow. In addition, the eastern region is more developed than the central and western regions and the north-eastern region, and the gap still exists. The economic strength of Chinese provinces and cities varies greatly, and the phenomenon of one city's GDP exceeding that of a province or even a metropolitan city single-handedly carrying the banner of the province's total economic output still exists.

The development of the times for each region brings more development opportunities, but the gap

will continue to catch up with the speed of social development. Although the National Bureau of Statistics said that for China's urban and rural residents, the relative income gap has continued to narrow, this paper predicts that the regional differences will be ten years after the continuous decline, ushered in a new peak, just as the application of the Matthew Effect in Chinese society: the rich richer, poorer and poorer. Finally, income inequality will affect consumption, and the daily consumption or demand for pairs will further reflect social inequality, providing a new perspective for studying social inequality in China.

2.2. Discrimination in employment opportunities and labor treatment

Employment discrimination refers to employers explicitly violating the provisions of national labor laws and regulations, restricting workers' access to jobs and work treatment. Standard "thresholds" in the employment market include geographic location, education, gender, marriage, and childbirth. The problem of discrimination in this area in Chinese society can be broadly summarised as follows.

The first is gender discrimination. Women face more challenges in the Chinese job market. According to the data, women generally have lower employment rates and usually receive lower salaries than men for the same positions. Equal employment is a meaningful way and guarantee for women to obtain and retain property rights and is also a prerequisite for achieving gender equality and improving women's status. Women's employment is often a hot topic in discussions about employment inequality (Jin, 2013[3]). Second is the difference in the treatment of migrant workers. Due to the restrictions of the household registration system, migrant workers often face lower salaries and treatment when entering the urban job market, making employment conditions more difficult for migrant workers compared to urban residents.

Furthermore, there is discrimination in educational background. In China, The main reasons causing discrimination against children from disadvantaged groups can be attributed to low teacher quality, biased educational management philosophies, a lack of awareness of parental rights, and certain misconceptions resulting from imperfect policies (Ming, 2003[8]). Modern companies are more inclined to recruit graduates with prestigious school backgrounds and high academic qualifications, undermining the employment opportunities of those with more limited educational resources. Then, there is discrimination in terms of occupational categories. Certain occupations are more sensitive to ethnic minorities, people with disabilities, and gender, and there may be inequality in employment opportunities and pay. Finally, there are excessive differences in income by industry. In China, the relative wage gap between several monopoly industries and competitive industries and manufacturing industries is widening, and they also receive unique preferential treatment in the job market, such as policy support and employee recognition rates.

Employment discrimination affects social citizens' economic income, spending power, and career development, wasting human resources for society. Although the Chinese government has been trying to improve employment opportunities and labor remuneration discrimination, currently, the issue of employment discrimination in our country is becoming increasingly prominent and has garnered widespread social attention. The existing laws in China regarding employment discrimination are insufficient and lack practicality, thus it is necessary to enact specialized legislation to further improve and address the issue of anti-employment discrimination (Lin, 2006[6]).

2.3. Inequality in educational opportunities and distribution of educational resources

Equity in education is governed by equity in the right to education and equity in the opportunity to receive education. Most countries worldwide have passed legislation to guarantee equal rights to education for their citizens. At the same time, attention to the meaning of educational equity has

focused on equal opportunities in education, ignoring the issue of resource distribution. The phenomenon of inequality in education in Chinese society is reflected in the following aspects.

Firstly, there are regional differences in the distribution of educational resources. Developed regions and big cities have more educational resources, including high-quality teachers, educational facilities, and national policy support, while educational resources are generally scarce in rural areas. In terms of regional disparities, a survey of illiteracy rates in 31 provinces and cities in China in 2021 shows that the national average illiteracy rate is 4.9%, with developed regions such as Guangdong, Shanghai, and Beijing having illiteracy rates of only 2.7%, 2.4%, and 1.7%, while lagging regions such as Gansu and Qinghai have illiteracy rates as high as 10.2%, 10.4%, and 35.2%, respectively. Comparing urban and rural areas, rural primary schools in China have less than a quarter of the per pupil fixed assets of urban primary schools and only one-fifth of the computers of urban primary schools, followed by differences in schools. China's high-quality education resources are primarily concentrated in a few prestigious and critical schools, and enrolment is strict, further reducing the radius of high-quality education resources. In addition, children from affluent families usually have access to better educational resources, including home education, learning environments, and tutoring resources. Finally, ethnic disparities, particularly pronounced in a multi-ethnic society such as China's - cultural differences, language barriers, and regional imbalances in development, sometimes leave ethnic minority students with fewer educational options and a shortage of educational resources. We can catch a glimpse of the general condition of the illiterate population in China from the Figure 3.

Region	Population aged 15 and over (persons)			Illiterate population (persons)			Illiterate population as a percentage of the population aged 15 and over (%)		
		Male	Female		Male	Female		Male	Female
National	1156394786	586822815	569571971	37750200	9518082	28232118	3.26	1.62	4.96
Beijing	19301588	9847962	9453626	172244	38270	133974	0.89	0.39	1.42
Tianjin	11997953	6162151	5835802	169973	41646	128327	1.42	0.68	2.2
Hebei	59521267	29691311	29829956	1128423	260881	867542	1.9	0.88	2.91
Shanxi	29205721	14857263	14348458	422524	123823	298701	1.45	0.83	2.08
Neimenggu	20671482	10519559	10151923	793074	216560	576514	3.84	2.06	5.68
Liaoning	37853468	18801024	19052444	382208	105686	276522	1.01	0.56	1.45
Jilin	21254730	10556023	10698707	321318	96020	225298	1.51	0.91	2.11
Heilongjiang	28563622	14253881	14309741	437943	132119	305824	1.53	0.93	2.14
Shanghai	22434599	11600663	10833936	401585	81132	320453	1.79	0.7	2.96
Jiangsu	71856068	36156582	35699486	2211291	460758	1750533	3.08	1.27	4.9
Zhejiang	55885807	29069882	26815925	1754402	437933	1316469	3.14	1.51	4.91
Anhui	49284489	24775087	24509402	2739952	668212	2071740	5.56	2.7	8.45
Fujian	33514861	17115416	16399445	970202	174482	795720	2.89	1.02	4.85
Jiangxi	35266271	17908471	17357800	876897	179241	697656	2.49	1	4.02
Shandong	82464815	41142117	41322698	3308280	735197	2573083	4.01	1.79	6.23
Henan	76376565	37582340	38794225	2228594	544348	1684246	2.92	1.45	4.34

Figure 3: China's illiterate population aged 15 years and over by sex, by region, 2020

Over the past decade, the penetration rate of Mandarin has risen from 70 percent to 80.72 percent, the proportion of the literate population using standardized Chinese characters has exceeded 95 percent, and the illiteracy rate has fallen to 2.67 percent. However, we still have a long way to go to fully resolve unequal educational opportunities and resources.

2.4. Lack of Equity in Social Security

The social security system is an effective equalizer in regulating and distributing social wealth, and the issue of its fairness has always attracted much attention.

The gap between urban and rural social security development levels must narrow in China's social context. Urban residents enjoy much higher social security entitlements than rural residents and pay more attention to multiple social goals related to environmental sustainability, health, well-being, and equity (L C, Samuel T, Kangkang T, et al., 2022[18]). For example, as of the end of 2022, the total number of people participating in the basic pension insurance for urban employees and the basic pension insurance for rural residents across the country reached 1,053.01 million, of which the number of people participating in the basic pension insurance for rural residents was 549.52 million (Zhai & Xu, 2023[20]), as is reflected in Figure 4.

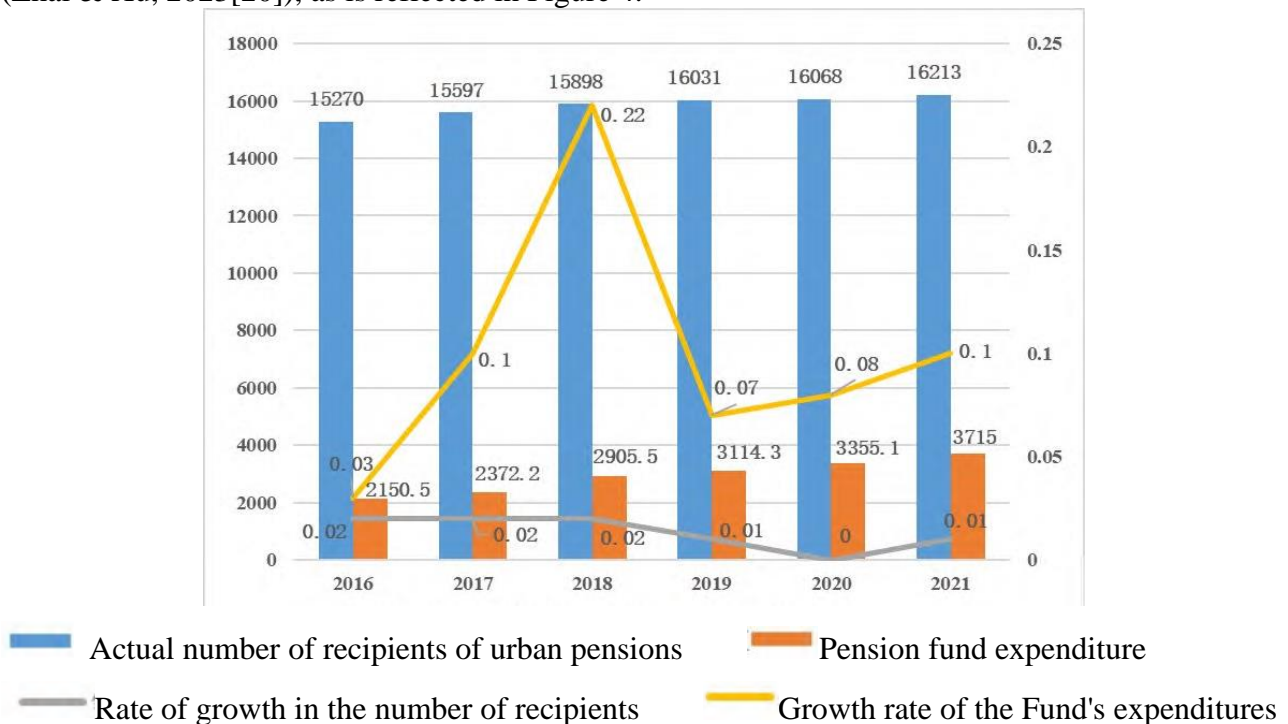


Figure 4: Pension expenditure and the number of recipients and growth of urban and rural residents from 2016 to 2021 (unit: 100 million yuan/10,000 people)(Zhai & Xu, 2023[20])

The second is the uneven development of social security between regions. The level of social security in developed regions is generally higher than that in the less developed regions, and the resulting impeded mobility of talent is not conducive to the overall coordinated development of China's economy. Finally, the social security treatment differences between groups are apparent. There are noticeable differences in social security treatment between different groups in China. Among them, the dual-track system for pensions and medical care for enterprise employees and public officials in institutions is particularly prominent, and the differences in social security treatment between these groups have become an essential aspect of social security fairness that needs attention.

In recent years, under the concept of coordinating urban and rural areas and regions for joint, equitable development, the nation has begun to carry out bold reforms in social security. However, because the top-level design of the country is still not perfect, coupled with the complexity of China's regional administrative units, the system is not the same, and the specific implementation of the situation to be supervised, so China's social security has not entirely played its due role.

3. Effective measures to solve China's social equity problems

3.1. Taking economic development as a locomotive, realizing the organic unity of equity and efficiency

Economic inequality exacerbates cultural, social, and political conflicts (Schimank, U. 2021[19]). Equity must be based on efficiency, and efficiency must be premised on equity. Affluent socio-economic conditions are the material basis for maintaining and realizing social equity. In order to satisfy citizens' demands for social equity and to enhance their sense of well-being and satisfaction, it is necessary to achieve a high level of economic development and superior material conditions. In other words, achieving justice among people and resolving the distribution of social resources fairly and reasonably are the keys to jointly promoting and sharing development. Therefore, in the new stage of the new century, endeavoring to develop the social economy and raise the material standard of living of society to satisfy citizens' demands for social justice to the fullest extent will lay the necessary material foundation and resource advantages for achieving a higher level of social justice.

3.2. Establishing a fair social distribution structure and promoting the formation of an olive-shaped distribution structure

Social distribution refers to the process of allocating social products to the state, social groups, and individual members of society. It is the intermediate link that connects production and consumption within the social production process. It includes the distribution of means of production and the distribution of consumer goods. In the process of social reproduction, production determines the objects, quantity, nature, principles, and forms of distribution (Wei & Yao, 2021[15]). In a society that lacks a fair distribution mechanism, happiness will only become the privilege of a few, which runs counter to the requirements of realizing social justice and making society vibrant. The existing way of distributing resources reflects the realization of the principle of equity. China's current distribution system prioritizes efficiency over fairness in the first distribution, insists on fairness in the redistribution, and supplements the redistribution with a third distribution. China's current distribution system aims to establish an olive-shaped modern social structure with the middle class as the main body to ensure social stability and healthy development. In the author's opinion, there is still room for improvement in all three distribution systems:

The primary distribution system should clarify the differences in different industries' distribution methods and structures. As the primary industry, agriculture should guarantee a stable and reasonable income and not be classified as simple manual labor, which is disadvantaged in the primary distribution.

The secondary and tertiary industries are prone to generating unreasonable incomes, and their share of labor income should be strictly controlled.

The state should appropriately raise the extreme progressive difference in income tax on ultra-high incomes and set up a special funding fund so that the sunshine of fairness shines on the corners that the current social welfare and subsidy system fails to reach.

The last point is to promote the benign and sustainable development of the third distribution. The third distribution upholds the spiritual pursuit at the highest level of society, reflecting a society's moral, cultural, and customary characteristics, and is a valuable supplement to the first two distributions. Therefore, the author suggests that the incentive mechanism of the third distribution should be brought into full play, and an innovative mechanism should be established in the future so that the "gentle hand" can exert great power.

3.3. Establishing a fair social security mechanism to improve people's well-being

Maintaining social equity is the core concept of the social security system, and promoting

efficiency is a natural attribute of modern social security systems (Du & Zhang, 2008[1]). A sound social security system based on equity can help alleviate social conflicts and narrow the gap between the rich and the poor by improving the social security system. Specifically, China should take measures to maintain social justice and security in several ways. For example, the government should increase its investment in primary education and medical care in rural areas, establish an integrated urban and rural minimum living standard guarantee system, and increase policy support for vocational education to enhance the employment advantages of disadvantaged groups. In addition, the government should increase the training and supervision of social security service organizations so that a high-quality social security team can ensure timely and efficient social security services. Of course, reforming the existing Social Security fund-raising mechanism, raising Social Security funds in a diversified and sustainable way, and strengthening the supervision and management of the use of Social Security funds are also areas that the government should focus on.

4. Conclusion

Modern society does not require, nor can it realize, absolute equity. Equality among people does not mean equality or average due to differences but instead access to limited social resources according to contribution in material terms and according to needs, as well as mutual understanding and respect in spirit, and sharing of social rights and fulfillment of obligations.

Social equity is of great significance and value to China. As a country with a more than 1.4 billion population, ensuring that social equity is critical in maintaining social stability and promoting economic development. One of the characteristics of equity is "mobility," which sociology refers to as the "cycle of elites," i.e., everyone enjoys equal opportunities, fair treatment, and shared well-being in a dynamic life. Only by completely breaking down China's thousands of years-long class solidification can we better achieve this huge economy's efficient and sustainable operation.

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