

## Polarization between the Rich and the Poor in Social Strata

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**Abstract:** At present, the living conditions of the Chinese people have greatly improved compared with the past, while many social problems have emerged, and the polarization between the rich and the poor is becoming more and more serious. It is an inevitable product of the social and historical development in a certain stage. China's national conditions in the primary stage of socialism determine that the gap between the rich and the poor will still exist for a long time, and it will become more and more serious in the period of social transformation.

### 1. The current situation of polarization between the rich and the poor in China

When we measure the gap of income distribution of social residents, we usually take the income Gini coefficient as a quantitative index. If the coefficient does not exceed 0.2, it indicates that the distribution is too fair, which may lead to the decline of social motivation, if the coefficient is 0.4, it means that there will be unfair distribution, once it exceeds the coefficient, social contradictions will be caused. And if the coefficient is between these two figures, it means that the distribution has reached the best state. It can be seen from the table below that Gini coefficient has been at an uneven warning line for more than ten years in our country

Table 1 Chinese Gini coefficient from 2008 to 2018

Chinese Gini coefficient from 2008 to 2018											
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gini coefficient	0.491	0.49	0.481	0.477	0.474	0.473	0.469	0.462	0.465	0.467	0.474

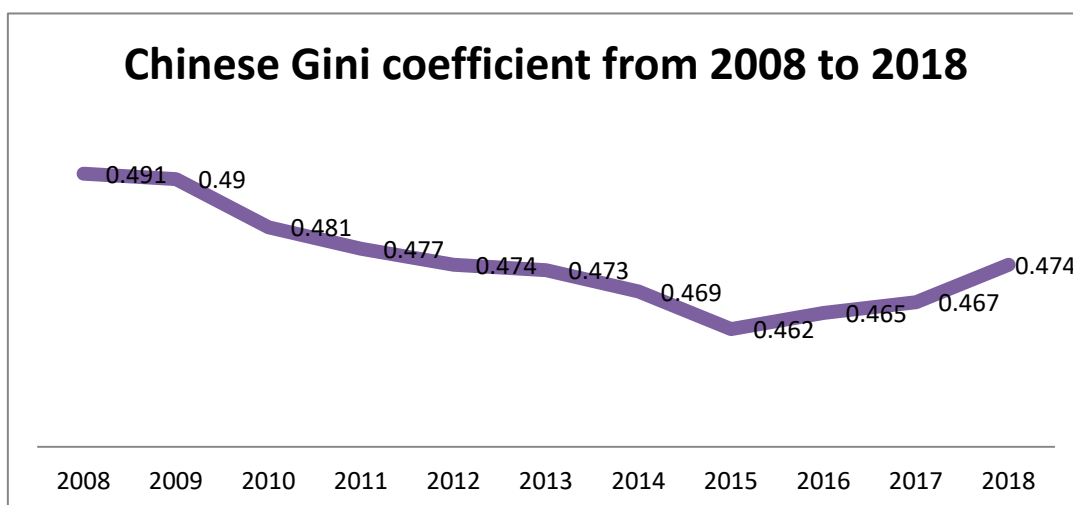


Fig.1 Run Chart of Chinese Gini coefficient from 2008 to 2018

Compared with income Gini coefficient is wealth Gini coefficient, which measures the gap of wealth held by residents. At present, the degree of property inequality in China is rising rapidly. The Gini coefficient of China's property was 0.45 in 1995, and reached 0.55 in 2002, while the Gini coefficient of China's family net property was 0.73 in 2012. The property owned by 1% of

households at the top of society accounted for more than one third of the country's total property, while the households at the bottom of the 25% accounted for 1%. In China, in addition to the regional gap between the rich and the poor, urban and rural areas will be the same. According to relevant data, in 2014, the per capita disposable income of national residents was 20167 yuan, which in urban and rural areas reached 28844 yuan and 10489 yuan, respectively, up 9.0% and 11.2% compared with the previous year. From this group of data, it can be found that the per capita disposable income of rural residents increases more than that of urban areas, but the base still lags behind that of urban areas.

In the process of social development, there is bound to be a gap between the rich and the poor, but this gap must be within a reasonable range. If it goes beyond the scope, it will cause many negative effects. The most direct manifestation is the negative mentality. And urban and rural residents are aware of the existence of the gap between the rich and the poor. On this issue, there has been a pan-social understanding. Social members are divided into "rich" and "poor", which has a negative impact on social integration.

## **2. The causes of polarization between the rich and the poor**

The gap between the rich and the poor in China is not formed overnight, and the causes are complex. This requires us to find a way to solve the problem of widening the gap between the rich and the poor.

### **2.1 The irrationality of the generalization of market competition**

The emergence and development of market economy could be the result of promoting the process of modernization. But in the process of development, there are many market disorders and regulation failures. The market malpractice also appears day by day, its spontaneity, lag and blindness have become the main reasons for the widening gap between the rich and the poor in China. Practice has proved that the market plays a decisive role in the allocation of resources. There is no doubt that the market has high sensitivity and flexibility in regulating the supply and demand and in the rational allocation of resources. However, the market economy is a kind of business with the characteristics of profit seeking, which has two opposite characteristics, and its negative impact will also become an obstacle to narrow the gap between the rich and the poor. In addition, the market economy believes in the competition principle of survival of the fittest, and its purpose is to maximize economic benefits. Therefore, we should not only play the micro role of market regulation, but also assist in the direction of macro-control. On the premise of not affecting the decisive position of the market in the allocation of resources, we should increase efforts to eliminate the unfair phenomena in the market economy, and work together to realize socialism fairly.

### **2.2 The imperfection of political construction**

Although China's system construction has made many achievements, there are still many problems that need our attention and continuous improvement. Whether system innovation is reasonable or not is mainly reflected in whether it can promote social justice. Firstly, the problems existing in our system are reflected in the conflict of interests in the system design. And in the process of social development, the existence of conflict is inevitable. Therefore, its design should consider the conflict of interest.

Secondly, there is a lack of the financial system in social service. China's financial system would be the means to realize redistribution, and its basic function is to provide financial support for national administrative expenditure or large-scale public projects. However, this role can not play a great role in promoting social justice. Therefore, we need to transform the focus of financial system to service-oriented finance.

Thirdly, it is about the imperfection of China's judicial system. Judicial perfection is the guarantee of maintaining social stability and promoting social fairness and justice. Over the past few years, although China's judicial reform has made some achievements, it still lags behind the demands of the people and the needs of social development. The realization of judicial justice is the

ultimate guarantee of social fairness and justice. Only by realizing it can the people have protection and dependence, and can they constantly support the work of the government and make joint efforts realize social justice.

### **2.3 The discordance of social stratification**

A stable and reasonable social structure should be olive. This structure shows that in the social class, the high-income group and the low-income group account for a small proportion, while the middle-income group accounts for a large proportion. In this contrast of ideal social structure, China's "pyramid" social class structure shows serious irrationality. This "pyramid type" social stratum structure shows that only a small part of the high-income groups in China would be distributed at the top of the tower, while the vast majority of people are distributed at the bottom of the tower, which reflects the phenomenon of unreasonable income and large income gap in China. Such a structure of social class will hinder economic development, and the purchasing power of low-income people will directly affect the expansion of social demand. At the same time, such a social structure is not conducive to the realization of social justice. Therefore, we should strive to expand the scale of the middle-income class, reduce the population of the low-income class, and promote the transformation of the income structure to the "olive type", which is the inevitable requirement of realizing social harmony and justice.

## **3. Countermeasures to narrow the gap between the rich and the poor**

### **3.1 Establishing and improving the social security system and reforming the tax policy**

With the continuous development of society and civilization, people gradually realize that poverty is not caused by individuals, but by many factors. It is a basic right of citizens that the groups in the poverty-stricken class can get social assistance. In order to achieve the goal of common prosperity, it is not enough to rely on the regulatory function of the market, but also need the support from the government. The state should establish a living system of security and social stability with the nature of economic welfare, adjust and improve multiple security measures such as social welfare, social assistance and social insurance, so as to help social members solve the problems encountered in life and promote social stability and unity. We should not only attach importance to the economic development, but also provide the fairness guarantee for the starting point and process of the development of social members. We can try our best to improve the fairness of the results in a reasonable range according to scientific and reasonable strategies.

### **3.2 Emphasizing social equity and establishing organizations representing the interests of the middle and lower classes as soon as possible**

We should not only pay attention to the improvement of efficiency, but also pay attention to the improvement of social equity. And the areas and units could be encouraged with sufficient conditions to create new organizations different from the old trade unions, so as to fundamentally protect the legitimate rights and interests of workers. The representatives of the organization are elected by the workers, giving them freedom of speech. They can make personal demands or express different opinions and suggestions. Also they are able to use practical actions to seek benefits for workers and improve their living standards.

### **3.3 Encouraging free competition and eliminating unfair monopoly**

After the implementation of the reform and opening-up policy, some economic sectors have obtained monopoly permission, resulting in the income gap between the monopoly sector and the competitive sector. From the past development, we can see that the government can not use privileges to exchange benefits, but should encourage and support enterprises to conduct free competition, solve the problem of market failure, and improve the market structure. In addition, scientific and effective policies and strategies can be tailored for the development of small and medium-sized enterprises. Only if the small and medium-sized enterprises in the whole country have achieved good development, the emergence of monopoly enterprises will be effectively

controlled.

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