

Unequal Economic Opportunities Amidst Rapid Economic Growth in China

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Since economic reform began in 1979, China has been achieving unprecedented successes. China's experience with systemic transformation can rightfully claim to have added a new chapter in the history and theory of systemic transformation and economic development. Nevertheless, anomalies have also been emerging alongside glaring successes. Extensive underemployment and disguised unemployment, widespread abuse of power by lower level bureaucrats in select rural regions, incidents of social unrest, pervasive corruption, housing and stock market bubbles are just some of the challenges that the administration is faced with. This paper is a discussion on the topic of growing income inequality in China. The issue requires appropriate and prompt macro policies before it metastasizes into an unwieldy social and political dilemma.

This paper first provides a brief background note on the political and economic scenarios in China since the founding of the People's Republic of China. It will then be followed by a cursory discussion of reform policies and processes. A brief review of the literature follows thereafter. Select available quantitative indicators illustrating rising income inequality between the haves and the have-nots will then be presented. That in turn will be followed by a brief discussion of the major factors contributing to the anomaly of rapid increases in income disparities. Finally, the paper concludes with select recommendations for leveling the playing field so that all may reap equitable benefits from China's reform successes.