This book, a sequel to *Inequality and Public Policy in China* (2008), examines the evolution of inequality in China from 2002 to 2007, a period when the new “harmonious society” development strategy was adopted under Hu Jintao and Wen Jiabao. It fills a gap in knowledge about the outcomes of this development strategy for equity and inequality. Drawing on original information collected from the most recent two waves of nationwide household surveys conducted by the China Household Income Project, this book provides a detailed overview of recent trends in income inequality and cutting-edge analysis of key factors underlying such trends. Topics covered include inequality in education, changes in homeownership and the distribution of housing wealth, the evolution of the migrant labor market, disparities between public and nonpublic sectors, patterns of work and nonwork, gender and ethnic gaps, and the impacts of public policies such as reforms in taxation and social welfare programs.

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Rising Inequality in China

Challenges to a Harmonious Society

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Contents

List of Tables page vii
List of Figures xv
Contributors xix
Preface xxii
Abbreviations xxiii
Glossary xxv

1 Rising Inequality in China: Key Issues and Findings 1
   Li Shi, Hiroshi Sato, and Terry Sicular

2 Overview: Income Inequality and Poverty in China, 2002–2007 44
   Li Shi, Luo Chuliang, and Terry Sicular

3 Housing Ownership, Incomes, and Inequality in China,
   2002–2007 85
   Hiroshi Sato, Terry Sicular, and Yue Ximing

4 Educational Inequality in China: The Intergenerational
   Dimension 142
   John Knight, Terry Sicular, and Yue Ximing

5 Inequality and Poverty in Rural China 197
   Luo Chuliang and Terry Sicular

6 The Evolution of the Migrant Labor Market in China,
   2002–2007 230
   John Knight, Deng Quheng, and Li Shi

7 A New Episode of Increased Urban Income Inequality in China 255
   Deng Quheng and Björn Gustafsson
Contents

8 Unemployment and the Rising Number of Nonworkers in Urban China: Causes and Distributional Consequences 289
  Björn Gustafsson and Ding Sai

9 Do Employees in the Public Sector Still Enjoy Earnings Advantages? 332
  Yang Juan, Sylvie Démurger, and Li Shi

10 Redistributive Impacts of the Personal Income Tax in Urban China 362
  Xu Jing and Yue Ximing

  Li Shi and Song Jin

12 Intertemporal Changes in Ethnic Urban Earnings Disparities in China 414
  Ding Sai, Li Shi, and Samuel L. Myers, Jr.

Appendix I. The 2007 Household Surveys: Sampling Methods and Data Description 445
  Luo Chuliang, Li Shi, Terry Sicular, Deng Quheng, and Yue Ximing

Appendix II. The 2002 and 2007 CHIP Surveys: Sampling, Weights, and Combining the Urban, Rural, and Migrant Samples 465
  Song Jin, Terry Sicular, and Yue Ximing

Index 487
List of Tables

1.1. Key indicators of redistributive public policies .......................... page 10
1.2. Coverage of the CHIP 2002 and 2007 surveys ......................... 22
1.3. Comparison of CHIP and NBS household per capita incomes, 2002 and 2007 ........................................... 28
1.4. Key indicators of inequality and poverty in China ................... 31
2.1. National mean income and inequality, 2002 and 2007 .............. 54
2.2. Decomposition of inequality by income sources, 2002 and 2007 ................................................................. 58
2.3. Inequality estimates with and without PPP adjustments, 2002 and 2007 ................................................................. 60
2.4. Level, composition, and growth of migrant household per capita income ........................................................................ 61
2.5. Migrant inequality, 2002 and 2007 ........................................ 63
2.6. Decomposition of migrant income inequality by income source, 2002 and 2007 ......................................................... 63
2.7. Urban inequality with and without migrants, 2002 and 2007 .......... 64
2.8. The urban-rural income gap, 2002 and 2007 ............................ 65
2.9. Contribution of urban-rural (between-group) inequality to national inequality (%) ................................................. 66
2.10. Contributions of urban-rural (between-group) inequality to national inequality, with PPP adjustments (%) ............... 67
2.11. Regional income gaps, 2002 and 2007 .................................. 68
2.12. Contributions of between-region inequality to overall inequality (%) ................................................................. 70
2.15. Poverty lines (yuan) ......................................................... 74
2.16. Poverty incidence and composition, 2002 and 2007 (%) .......... 74
List of Tables

2.17. The structure of poverty by region (%) 75
2A.1. Income and inequality with alternative weights, 2002 and 2007 79
2A.2. Income and inequality with alternative estimates of imputed rental income on owner-occupied housing, 2002 and 2007 81
2A.3. Mean income per capita by region, 2002 and 2007 (yuan) 81
3.1. Chronology of housing reform 88
3.2. Housing tenure for rural, urban, and migrant households, 2002 and 2007 (% of households) 92
3.3. Mortgage debt among homeowner households, 2002 101
3.4. Comparisons of housing market value and equity per capita, 2002 101
3.5. Alternative estimates of imputed rents and income per capita based on market value versus equity value of owner-occupied housing, 2002 102
3.6. Mean housing wealth per capita, 2002 and 2007 (in yuan and as a percentage of income per capita) 105
3.7. Average annual increases in per capita housing wealth, 2002 to 2007 (percentage, constant prices) 106
3.8. Ratios of per capita housing wealth between urban, rural, and migrant households, 2002 and 2007 106
3.9. Inequality of housing wealth, 2002 and 2007 (Gini coefficients) 107
3.10. Distribution of housing wealth across income quintiles, 2002 and 2007 108
3.11. Estimates of per capita imputed rental income from owner-occupied housing, 2002 and 2007 (in yuan and as a percentage of income per capita) 109
3.12. Imputed rents and income inequality, 2002 and 2007 110
3.13. Characteristics of urban households used in the analysis of urban housing tenure choice, 2002 and 2007 113
3.15. Characteristics of urban households in the analysis of urban housing wealth, 2002 and 2007 119
3.16. Determinants of housing wealth in the urban areas, 2002 and 2007 122
List of Tables

3.18. Determinants of housing wealth in the rural areas, 2002 and 2007 128
3A.1. Relevant housing variables in the 2002 and 2007 CHIP data sets 132
3A.2. Comparison of urban housing market values from the CHIP and the NBS, 2002 134
3A.3. Comparison of urban market rental values of housing from the CHIP and the NBS, 2002 134
3A.4. Comparison of the urban rent-price ratio from the CHIP versus that from the NBS, 2002 135
3A.5. Formulae for alternative estimates of imputed rental income on owner-occupied housing incorporating costs of ownership, 2002 and 2007 137
4.1. Descriptive statistics for matched individuals and parents in the 2007 CHIP used in the analysis 159
4.2a. Cross-tabulation of one’s own educational level by the educational level of the father (number of observations) 161
4.2b. Cross-tabulation of one’s own educational level by the educational level of the mother (number of observations) 161
4.3a. Average years of education of son by levels of father’s and mother’s education 166
4.3b. Average years of education of daughter by levels of father’s and mother’s education 166
4.4. Regressions of one’s own education as a function of the parents’ average education, all birth cohorts combined 169
4.5. Regressions of men’s and women’s own education as a function of their parents’ average education, all birth cohorts combined 170
4.6. Regression equations: One’s own education as a function of location, gender, and birth cohort for education-poor and education-rich households 175
4.7. Differences in one’s own education between individuals whose parents have no education and individuals whose parents have a junior middle-school or higher education, by cohort 177
4.8. Educational inequality and the contribution of parental education 182
List of Tables

4A.1. Educational levels used in the analysis 191
4A.2. Conversion of educational levels in the rural questionnaires to codes and years of education used in the analysis 191
4A.3. Conversion of educational levels in the urban questionnaire to codes and years of education used in the analysis 192
5.1. Rural household per capita income, 2002 and 2007 200
5.2. Rural household per capita income, by source 201
5.3. Estimates of the rural Gini coefficient, 2002 and 2007 203
5.4. Alternate measures of inequality in rural China, 2002 and 2007 204
5.5. Gini coefficient decomposition, by income source 206
5.6. Poverty lines 208
5.7. Poverty estimates 209
5.8. Decomposition of changes in poverty, 2002–2007 211
5.9. Per capita income and its composition for nonpoor and poor households 212
5.10. Composition of the income difference between nonpoor and poor households 213
5.11. Percentage of households in each province of the CHIP rural survey reporting wage earnings from migrant employment 216
5.12. The relationship between migration and poverty 217
5.13. Taxes and fees paid by rural households (per capita), by deciles 219
5.14. Taxes and fees paid by poor and nonpoor households (per capita) 220
5.15. Taxes and fees paid by the poor relative to the poverty gap 220
5.16. Basic statistics on individuals in dibao versus non-dibao households, from the CHIP rural household survey, 2007 222
5.17. The relationship between dibao participation and poverty, 2007 225
6.2. The determinants of migrant log wage income and log self-employment income, 2007 238
6.3. The determinants of the proportionate change in the migrant wage and self-employment income, 2002–2007 241
6.4. Decomposition of the increase in the average real migrant wage, 2002–2007: Selective summary. Contribution of change in the mean characteristics to the gross mean wage increase: Percentage 243
List of Tables

6.5. Dispersion of migrant average city wage across cities, 2002 and 2007 244
6.6. Probit equations predicting the probability of migrant status, 2002 and 2007 245
6.7. Reasons given by nonmigrant workers for not migrating: Distribution of the replies and the relationship of the replies to the probability of migrant status 247
6.8. Frequency distribution of the number of migrants and nonmigrants by predicted probability of migrating, and “expected value” of migration by nonmigrants, 2002 and 2007 (million) 248
7.4. Components and growth of household income per capita, 2002 and 2007 268
7.5. Household income per capita and its decomposition, 2002 and 2007 269
7.7. Population shares, mean income, income inequality, relative poverty, and proportion of affluence among individuals living in households primarily connected to the state sector, the private sector, and those with no workers, 2002 and 2007 273
7.9. Population shares, mean income, income inequality, relative poverty, and proportion of affluence among individuals living in households with the heads of households having different levels of education, 2002 and 2007 277
7.10. Income function: Dependent variable, log of household per capita income 278
7.11. Predicted probabilities of relative poverty and affluence, 2002 and 2007 (percentages) 280
7A.1. Descriptive statistics 283
7A.2. Poverty function (poverty line set at 70 percent of the median income) 284
List of Tables

7A.3. Affluence function, with 200 percent of the median income as the threshold 285
8.3. Determinants of various states of nonwork among persons ages eighteen to twenty-nine, in 1995, 2002, and 2007 311
8.4. Determinants of various states of nonwork among persons ages thirty to fifty-five or sixty, 1995, 2002, and 2007 314
8.5. Economic dependency of married women in urban China, 1988, 1995, 2002, and 2007 (ages eighteen to sixty for males and ages eighteen to fifty-five for females) 318
8.6. Personal income and household disposable per capita income among the employed and various categories of nonworkers, 1995, 2002, and 2007 (means and Gini coefficients) 322
9.1. Definition of ownership categories 339
9.2. Descriptive statistics on individual characteristics by ownership 340
9.3. Descriptive statistics on individual earnings by ownership 342
9.4. Hourly wage functions by ownership, 2002 346
9.5. Hourly wage functions by ownership, 2007 347
9.6. Oaxaca-Blinder decomposition of log hourly wages by ownership 350
10.1. Share of major taxes in total tax revenue in selected years after the 1994 tax reform 364
10.2. Comparison of household data average tax rates and alternative data average tax rates 370
10.3. Mean income and proportion of individuals (non)reporting the personal income tax 371
10.4. Mean business operating income and the proportion of individuals (non)reporting the personal income tax 372
10.5. Average personal income tax rate by decile 377
10.6. The MT index and the P index 378
List of Tables

10.7. Decomposition of the MT index into the effects of horizontal equity and vertical equity 379

10A.1. Main elements of the personal income tax in China:
Categories of income subject to the personal income tax by category, the time basis for the tax levied, deductions, and the tax schedule 382

11.1. Labor-force participation and unemployment 388


11.3. Regression analysis on the gender-wage gap in urban China 397


11.5. Decomposition results from the quantile regression analysis 401

11.6. Decomposition results for changes in the gender-wage gap 403


12.1. Minority and Han salary or wage income in the same twelve provinces 428

12.2. Ratio of minority-to-Han income and ratio of the income of those eighteen to thirty years old to the income of those thirty-one to sixty years old 429

12.3. Ordinary least squares estimates of the effects of minority status on ln-earnings 431

12.4. Returns to education and employment in state-owned enterprises 433


12.6. Residual difference analysis of ethnic minority versus Han wage and salary income 435

12.7. Determinants of changes in the disparities in ethnic earnings 437

12.8. Intratemporal and intertemporal decomposition of the disparity measure 438

AI.1. CHIP sample size for each subgroup, 2007 447

AI.2. Samples covered by the CHIP and NBS data (number of households) 449

AI.3. Distribution of households in the 2007 urban sample, by province 451
List of Tables

AI.4. Gender composition of individuals in the 2007 urban sample, by province 451
AI.5. Distribution of households in the 2007 urban sample, by household size and province 452
AI.6. Distribution of individuals in the 2007 urban sample, by age group and province (%) 453
AI.7. Educational attainment of individuals over the age of fifteen in the 2007 urban sample, by province (%) 454
AI.8. Distribution of households in the 2007 rural sample, by province 455
AI.9. Gender composition of individuals in the 2007 rural sample, by province 456
AI.10. Distribution of households in the 2007 rural sample, by household size and province (%) 456
AI.11. Distribution of individuals in the 2007 rural sample, by age group and province (%) 457
AI.12. Educational attainment of individuals over the age of fifteen in the 2007 rural sample, by province (%) 459
AI.13. Distribution of households and individuals in the 2007 rural-urban migrant sample, by city 461
AI.14. Gender composition of individuals in the 2007 rural-urban migrant sample, by city 461
AI.15. Distribution of individuals in the 2007 rural-urban migrant sample, by age group and city (%) 462
AI.16. Educational attainment of individuals over the age of fifteen in the 2007 rural-urban migrant sample, by city (%) 462
AII.1. Provinces and their regional classifications in the CHIP samples, 1988 through 2007 467
AII.2. Summary of the 2000 census and 2005 mini-census samples before and after reclassification 477
AII.3. Composition of the CHIP migrant samples, 2002 and 2007 479
AII.4. Population frequency by stratum, 2000 (individuals in the 0.095 percent subsample of the 2000 census) 481
AII.5. Population frequency by stratum, 2005 (individuals in the 20 percent subsample of the 2005 mini census) 482
AII.6. Population frequency by stratum, 2000 (households in the 0.095 percent subsample of the 2000 census) 483
AII.7. Population frequency by stratum, 2005 (households in the 20 percent subsample of the 2005 mini census) 484
List of Figures

2.2. Income Levels and Growth by Deciles, 2002–2007.  57
2.3. Lorenz Curves of Migrant Per Capita Income, 2002 and 2007.  62
3.1. Floor Area of Urban Housing, 1990–2007.  91
3.2. Changes in Urban Housing Prices, 1998–2007.  93
4.1. Primary Net Enrollment and Middle-School Progression Rates, 1952–2008.  147
4.2. One’s Own Years of Education and Average Years of Education of Parents, Total Sample.  162
4.3. One’s Own Years of Education and Average Years of Education of Parents, Rural Sample.  163
4.4. One’s Own Years of Education and Average Years of Education of Parents, Urban Sample.  164
4.5. Regression Coefficients and Correlation Coefficients by Cohort, Total Sample.  171
4.6. Regression Coefficients and Correlation Coefficients by Cohort, Rural Sample.  172
4.7. Regression Coefficients and Correlation Coefficients by Cohort, Urban Sample.  172
4.8. Gini Coefficients of Years of Education by Cohort.  178
4.9. Squared Coefficients of Variation of Years of Education by Cohort.  179
4.10. Standard Deviation of Education Years by Cohort.  180
4.11. Contribution of Parental Education to Inequality in Years of Education by Cohort.  184
4.12. Contribution of Parental Education to Inequality in Years of Education by Urban versus Rural and by Cohort (%).  184
List of Figures

5.1. Average Annual Income Growth from 2002 to 2007 for Decile Groups in the Distribution of Income. 205
5.2. Growth in Migrant Employment of Rural Labor. 214
5.3. Percentage of Households Reporting Wage Earnings from Migrant Employment, by Decile. 215
5.4. Wage Earnings from Migration as a Percentage of Household Per Capita Income, by Decile. 216
5.5. Percentage of Individuals in Rural Dibao Households, 2007, by Province. 224
6.1. The Distribution of the Number of Migrants and Nonmigrants by the Probability of Migrating (Million). 249
7.3. Growth Curves for Individuals Living in Households Primarily Connected to the State Sector, the Private Sector, and Those with No Workers, 2002 and 2007. 274
7.5. Growth Curves for Individuals Where the Heads of the Household Have Various Levels of Education, 2002 to 2007. 275
List of Figures

8.11. Percentage of Various Categories of Nonworkers by Decile of Disposable Household Per Capita Income, 1988. 319
8.12. Percentage of Various Categories of Nonworkers by Decile of Disposable Household Per Capita Income, 1995. 320
8.13. Percentage of Various Categories of Nonworkers by Decile of Disposable Household Per Capita Income, 2002. 320
9.3. Juhn–Murphy–Pierce Decomposition of Log Hourly Wages by Ownership. 356
11.2. Ln-Wage Levels for Male and Female Workers by Ownership Sector, 1995, 2002, and 2007. 399
12.1. Real Rate of GDP Growth: China. 415
12.3. Ratio of Minority-to-Han Wage and Salary Incomes. 419
AI.1. Age-Gender Profiles, Urban. 453
AI.2. Age-Gender Profiles, Rural. 458
AI.3. Age-Gender Profiles, Migrant. 463
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xix
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Preface

This book is the product of a long-term research effort supported through the years by many individuals and organizations. In the late 1980s, Keith Griffin and Zhao Renwei brought together a team of Chinese and international researchers to organize the first in a series of nationwide household surveys that are now known as the China Household Income Project (CHIP) surveys. Their goal was to collect household survey data that would make possible meaningful empirical analysis of trends in incomes, inequality, and poverty in post-Mao China. In the mid-1990s, Zhao Renwei and Carl Riskin took the lead in organizing a second round of the survey, and in the early 2000s Björn Gustafsson, Li Shi, and Terry Sicular organized a third round.

In the mid-2000s, the editors of this book, together with Meng Xin, organized a fourth round of the survey. The fourth CHIP survey took place in 2008 and gathered data for the year 2007. This round was carried out in conjunction with the Rural-Urban Migration in China and Indonesia (RUMiCI) project. As in earlier rounds, data collection was closely integrated with research analysis. This book contains analyses of incomes, inequality, and poverty based on the 2007 CHIP survey data; most chapters in this volume also use data from one or more of the earlier rounds.

We begin our acknowledgments by expressing gratitude to all those individuals who have contributed to and sustained this long-term body of work. Many of the contributors to this book have been trained and inspired by earlier generations of CHIP researchers, and many of the chapters in this book build upon the work of those researchers. We also thank the organizations that have provided ongoing support for the CHIP over the years. Here the Ford Foundation and the National Bureau of Statistics (NBS) in China deserve special mention.

The 2007 CHIP survey would not have been possible without substantial financial support from the Ford Foundation, the National Foundation
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Data collection and survey work were carried out by the NBS Urban and Rural Household Survey Teams. The NBS also provided helpful advice regarding sampling and survey design. We are grateful to all those at the NBS who contributed to the CHIP, and we extend particular thanks to Chen Xiaolong, Sheng Laiyun, Wang Qi, Wei Guixiang, and Yang Junxiong for their efforts.

From the initial design of the 2007 CHIP survey through to the completion of this book, we received helpful advice, ideas, and feedback from many individuals, including Cai Fang, Kathleen Hartford, Lai Desheng, Liu Zeyun, Meng Xin, Scott Parris, Scott Rozelle, Sun Zhijun, Wang Dewen, Wang Meiyan, Wang Sangui, Andrew Watson, Wei Zhong, Xing Chunbing, Yin Heng, Zhao Renwei, Zhao Yaohui, and Zhao Zhong. Meng Xin and her team at the Australian National University made great efforts in conducting the migrant household survey as a part of the Rural-Urban Migration in China (RUMiC) survey project. Deng Quheng, Ding Ning, Ding Sai, Huang Mian, Liu Hongbo, Luo Chuliang, Mao Lei, Mu Cuixia, Song Jin, Xiong Liang, Yang Sui, and Zhou Jin spent an enormous amount of time cleaning the data. We thank these individuals, as well as the anonymous referee, for their contributions.

One chapter of this book was published previously in a somewhat different form. Chapter 9, “Do Employees in the Public Sector Still Enjoy Earnings Advantages?” by Yang Juan, Sylvie Démurger, and Li Shi, is a revised version of “Earnings Differentials between the Public and Private Sectors in China: Exploring Changes for Urban Local Residents in the 2000s,” China Economic Review, 23 (1), 138–153, Copyright © 2012 by Elsevier. This chapter is reprinted with permission to be reproduced in a modified form.

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Hiroshi Sato  
Terry Sicular  

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Abbreviations

CCP Chinese Communist Party
CHIP China Household Income Project
CI concentration index
CPI consumer price index
CPPCC Chinese People's Political Consultative Conference
FDI foreign direct investment
FGT Foster, Greer, and Thorbecke (poverty index)
FIE foreign-invested enterprise
GAI government agency or institution
MLD mean log deviation
MOF Ministry of Finance
NBS National Bureau of Statistics
OECD Organisation for Economic Co-operation and Development
PE private enterprise
PIE private or individual enterprise
PIT personal income tax
PITL Personal Income Tax Law
PPP purchasing power parity
RUMiC Rural-Urban Migration in China project
RUMiCI Rural-Urban Migration in China and Indonesia project
SAT State Administration of Taxation
SOE state-owned enterprise
SSB State Statistical Bureau
TVE township and village enterprise
UCE urban collective enterprise
VAT value-added tax
WTO World Trade Organization
Glossary

anju gongcheng (安居工程) welfare-oriented housing projects
bingzhen bingcun (并镇并村) merger and reorientation of townships and villages
chengfen (成分) class background
chengzhen jumin jiben yiliao baoxian zhidu (城镇居民基本医疗保险制度) basic medical insurance program for urban residents
chengzhen zhigong jiben yiliao baoxian zhidu (城镇职工基本医疗保险制度) basic medical insurance program for urban employees
chun shouru (纯收入) net income
chuzhong (初中) junior middle school
cun tiliu (村提留) administrative village levy
daiye (待业) waiting for employment
daxue benke (大学本科) four-year college
daxue zhuanke (大学专科) junior/specialized college
dazhuan (大专) junior/specialized college
dianda/hanshou/yuancheng jiaoyu (电大/函授/远程教育) TV/correspondence/long distance university
dibao (低保) minimum living standard guarantee
dishouru (低收入) low income
duoyu shaoqu fanghuo (多取, 少给, 放活) giving more, taking less, and allowing more flexibility
fanggai fang (房改房) housing-reform housing
fangwu chanquan dengji (房屋产权登记) registration system for housing property
feigaishui (费改税) local levies replaced by formal taxation
fuli fenfang (福利分房) Mao-era system of subsidized rental housing
fupin daohu (扶贫到户) poverty alleviation given directly to poor villages and households
Glossary

*fupin kaifa* (扶贫开发) rural poverty reduction and development of poor areas

*gaozhong zhongji* (xiào zhōngzhuan) (小中专) senior middle technical school (junior middle technical school)

*gongfei yiliao* (公费医疗) government employee health insurance program

*gongwuyuan* (公务员) civil servant

*gouzhi nongji butie* (购机补贴) subsidy for the purchase of farm machinery

*hexie shehui* (和谐社会) harmonious society

*Hu-Wen xin zheng* (胡温新政策) Hu-Wen new policies

*hukou* (户口) household registration

*jingji kaifaqu* (经济开发区) local economic development zones

*jingji shiyong fang* (经济适用房) economically affordable housing

*jiti gongyijin* (集体公益金) collective welfare fund

*jiuji kuan* (救济款) relief funds

*jumin hukou* (居民户口) unified local resident household registration

*jumin shenfen zheng* (居民身份证) resident identification card

*ke zhipei shouru* (可支配收入) disposable income

*kexue fazhanguan* (科学发展观) scientific outlook on development

*lanyin hukou* (蓝印户口) blue stamp household registration

*laobao yiliao* (劳动医疗) labor health insurance program

*laonianren butie* (老人补贴) subsidy for the elderly

*liangmian yibu* (两免一补) exemption from tuition/school fees and subsidy for dormitory fees

*liangshi butie* (粮食补贴) food grain production subsidy

*liangzhuang butie* (良种补贴) subsidy for improved seeds

*lianzu fang* (廉租房) subsidized rental housing

*likai hukou di shijian* (离开口登记地时间) how much time since he/she left the place of his/her household registration

*mairuan gongling* (买断工龄) work units buy out middle-aged and older employees with a lump sum related to their cumulative future earnings up to regular retirement

*minsheng* (民生) people’s welfare

*minzu* (民族) ethnic group, nationality

*nongcun shuifei gaige* (农村税费改革) rural tax and fee reform

*nongye chanyehua* (农业产业化) industrialization of agriculture

*nongye, nongcun, nongmin wenti* (农业,农村, 农民问题) agricultural, rural, and peasant problems [see also *sannong*]
**Glossary**

*nongye ziliao butie* (农业资料补贴) agricultural input subsidies

*nongzi zonghe butie* (农资综合补贴) comprehensive subsidy for agricultural inputs

*pinkuncun* (贫困村) poor village

*qiyezhong jiben yanglao baoxian zhidu* (企业职工基本养老保险制度) basic pension insurance program for enterprise employees

*san dai tongtang* (三代同堂) three-generation family

*sannong* (三农) agricultural, rural, and peasant problems

*saomang ban* (扫盲班) literacy class

*shenhuihua* (社会化) socialization

*shequ* (社区) neighborhood community

*siying qieye* (私营企业) privately owned firms that employed eight or more workers

*tekun* (特困) extreme poverty

*tekun jiuzhu* (特困救助) subsidies for destitute households

*tuigeng huanlin* (坡改平) sloping land conversion

*waichu renkou* (外出人口) individuals who are members of households in a location and have a household registration in that location but were away

*wubao* (五保) five-guarantee program

*xiagang* (下岗) workers who are laid off but keep their ties with the work unit

*xiangzhen tongchou* (乡镇统筹) township levy

*xiaochengzhen* (小城镇) small cities and towns

*xibu dakaifa zhali* (西部大开发战略) western development strategy
xxviii  Glossary

xinxing nongcun hezuo yiliao baixian (新型农村合作医疗保险)  new rural cooperative medical insurance program
xinxing nongcun shehui yanglao baixian (新型农村社会养老保险)  new rural pension system
yi xian weizhu (以县为主) county based
yihao wenjian (一号文件) Document Number One
yishi yiyi chouzi (一事一议筹资) one-issue-one-discussion fee collection
yulu jihua (雨露计划) Rain and Dew Program
za tiefanwan (砸铁碗) smashing the iron rice bowl
zai 2002 nian nin zonggong zai chengzhen juzhu shijian duoshao yue (在 2002 年您总共在城镇居住时间多少月?) how many months did you stay in an urban area in 2002?
zai jiuye peixun (再就业培训) retraining
zai xiao xuesheng (在校学生) enrolled students
zanzhu renkou (暂住人口) temporary resident
zaotui (早退) early retirement
zhaijidi (宅基地) rural land for housing use
zhaijidi zhihuan (宅基地置换) the exchange of rural-housing land-use rights for urban commodity housing
zhengcun banqian yimin (or shengtai yimin) (整村搬迁移民) or (生态移民) whole-village migration
zhengcun tuijin guihua (整村推进规划) comprehensive village-level development program
zhenxing dongbei (振兴东北) revival of the Northeast strategy
zhongbu jueqi (中部崛起) rise of the central region
zhongzhuan, zhiye gaozhong (中专), (职业高中) specialized (vocational) senior middle school
zhuanke gongjian (专业合作组织) specialized production cooperative
zhufang gongjijin (住房公积金) housing provident fund
zhufang gongjijin dixi daikuan (住房公积金 低息贷款) low-interest bank loans for housing
zhufang shangpinhua (住房商品化) commercialization of housing
ziji kouliang hukou (自理户口) household registration with own responsibility for food grain
zui di gongzi (最低工资) minimum wage
zui di shenghuo baozhang (dibao)最低生活保障 (低保) minimum living standard guarantee
Glossary

_zuì dī shēng huó bāozhăng xiàn_ (最低生活保障线) minimum living standard guarantee line
_zuì jīn gāi gè_ (租金改革) rent reform
_zuì jīn 12 gè yuè nei, zài wàichū wùgōng jǐngshāng di yī gōng shēnghuó jīge yuè?_ 最近十二个月内，在外出务工经商地一共生活了几个月？How many months have you stayed outside your hometown for work or business?