

Ethnicity & Income Inequality in China

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Abstract:

Academic works on inequality in China have documented China's growing regional inequalities, yet paid far less attention to inequality along ethnic lines. The handful of direct studies on ethnic inequality in China have yet to reach agreement over whether ethnic inequality is largely the result of ethnicity, or a consequence of well-documented regional inequalities. This study analyzes whether ethnic inequality in family income is the result of ethnicity per se, or a combination of other factors, particularly the respondent's region of residence using data at the individual level. While at first glance there may be inequality between the Han and non-Han in family income, using panel data from 1989 through 2006 I show that such differences can better be explained through regional inequalities and socio-economic measures.

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Academic works on inequality in China have documented China's growing regional inequalities, yet paid far less attention to inequality along ethnic lines. The few direct studies of ethnic inequality in China have yet to reach agreement over whether ethnic inequality is largely the result of ethnicity, or a consequence of well-documented regional inequalities. Some scholars have argued that ethnic inequality exists and is widening between the Han majority and several ethnic minority groups, based on small-scale surveys limited to specific regions in China (Hannum and Xie 1998; Hannum 2002). Other research contends that ethnic inequality exists between the Han majority and minority groups based upon a larger national sample, but is more the result of regional inequalities (Gustafsson and Shi 2003). Two major explanations for these differences in findings include: 1) these studies do not share a definition or measurement of ethnic inequality, and 2) these studies examine different ethnic populations or regions within China. I will attempt to rectify these two positions by including a more comprehensive analysis of ethnic inequality in China using panel data gathered between 1989 and 2006.

This paper analyzes data from the China Health and Nutrition Survey, gathered by the UNC Carolina Population Center in collaboration with the Chinese Center for Disease Control. This is a longitudinal data set with household level data collected across several years: 1989, 1991, 1993, 1997, 2000, 2004 and 2006. Data was collected from over 4400 households (19000 individuals) in nine provinces across China. While ethnic inequality was not the primary focus of this data set, the survey did ask for the respondent's ethnicity, family income, educational attainment, and occupation, among other variables. Using advanced regression techniques, I will analyze variations in outcomes in family income between the Han majority and several ethnic minority groups

While at first glance there may be inequality between the Han and non-Han in total family income, using panel data from 1989-2006 I will illustrate that such differences can better be explained through regional inequalities. Ethnic minorities in China are worse off in family income because they disproportionately live in poorer, rural regions of China. Income inequality along ethnic lines in China can be better understood as consequences of growing regional inequalities.

The amount of scholarly attention devoted towards regional inequality in China continues to grow by leaps and bounds, yet studies of ethnic inequality are only recently beginning to attract attention in the social sciences. While previous studies have confirmed that regional inequalities exist and continue to widen in China (for example: Bian 2002; Harvie 2000; Khan 2001; Riskin 2001; Wang and Hu 1999; Wei 2000; World Bank 1998; Xie and Hannum 1996), far fewer studies have examined ethnic inequalities in China. These works have examined ethnic inequality in education (Hannum 2002), occupation (Hannum and Xie 1998), rural income (Gustafsson and Shi 2003), and representation in political leadership (Zang 1998), but have come to different conclusions about the role of ethnicity in explaining observed differences between the Han and non-Han along these measures of inequality. These studies have failed to reach a consensus over whether ethnic inequality is primarily the result of ethnicity, region of residence, differences in socio-economic status, or a combination of these factors.

The results to date have been mixed, and have fallen largely into two camps. In one corner, some scholars argue that ethnic inequality exists in some cases between the Han majority and several ethnic minority groups, based on small-scale surveys limited to specific regions in China (Hannum 2002; Hannum and Xie 1998). Other research contends that ethnic inequality does *not* exist between the Han majority and minority groups in terms of rural income, drawing upon a larger rural sample (Gustafsson and Shi 2003). While these studies do not share a definition or measurement of ethnic inequality, it is clear that there are differing arguments about the existence of ethnic inequality. Yet, each of these previous studies suffers from major setbacks: either the scope of the data is limited, or the measures of inequality set forth are themselves limited.

This prepare suggests a more nuanced understanding of the relationship between ethnic and regional inequality. While growing differences in total family income between regions may be occurring, it is also important to note that such growing differences do not only target ethnic minorities. However, a better understanding of ethnic inequality in China can be made through the lens of growing regional inequalities. The gaps between ethnic minorities and the majority Han in family income will likely increase if regional inequalities are not addressed through a more equitable distribution of economic gains.

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