

# Inclusion and Gender Equality in China

12 June 2017

Disclaimer: The views expressed in this publication are those of the authors and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent. ADB does not guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use. The mention of specific companies or products of manufacturers does not imply that they are endorsed or recommended by ADB in preference to others of a similar nature that are not mentioned. By making any designation of or reference to a particular territory or geographic area, or by using the term “country” in this document, ADB does not intend to make any judgments as to the legal or other status of any territory or area.



# Key References

- Inequality in China – Trends, Drivers and Policy Remedies

(ADB/IMF, forthcoming)

- “Gender Equality and the Labor Market”

Women, Work and Migration in the People’s Republic of China

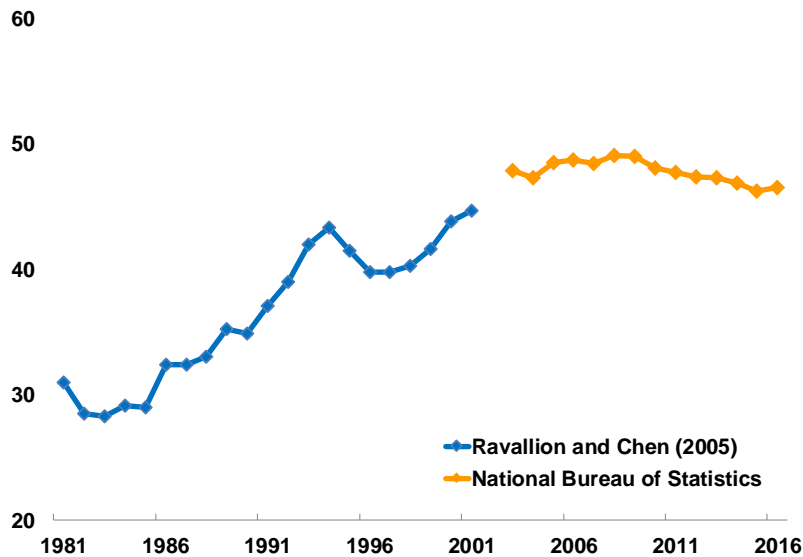
(ADB/ILO, forthcoming)

# Outline

- Poverty Reduction and Inequality in China
- Gender Perspective
- Key Lessons for Policy

# Inequality in China

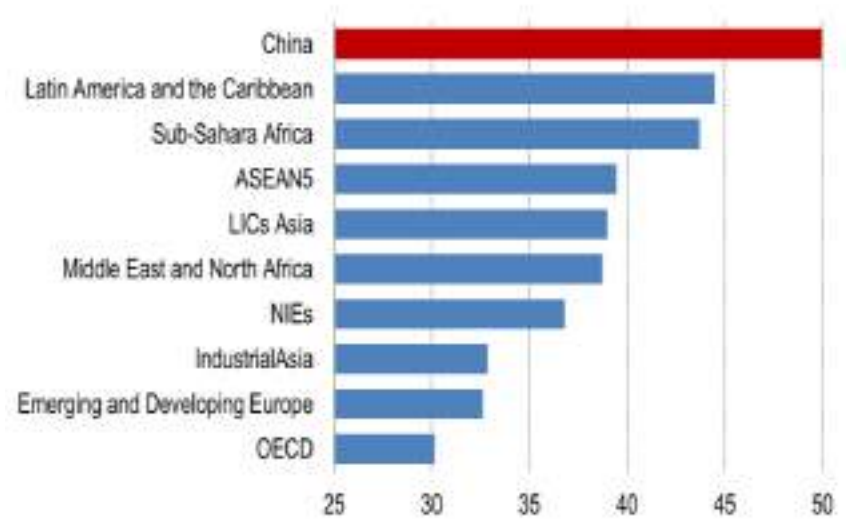
China's Gini coefficients, 1981-2016



Sources: Zhuang and Shi (2016)

Regional Comparison of Income Inequality Levels

(Net Gini Index; in Gini Points; year of 2015 (or latest available); average across the region)



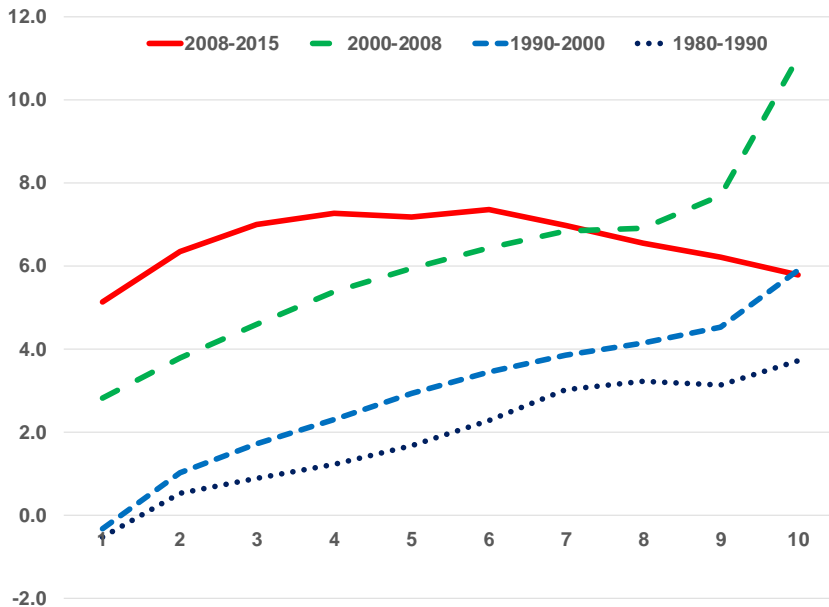
Sources: SWIID Version 5.1; and IMF staff calculations

Note: ASEAN = Association of Southeast Asian nation; LIC = low-income county; NIE = new industrialized economy; OECD = Organization for Economic Cooperation and Development

# Poverty Reduction in China

## Growth Incidence of Income by Decile

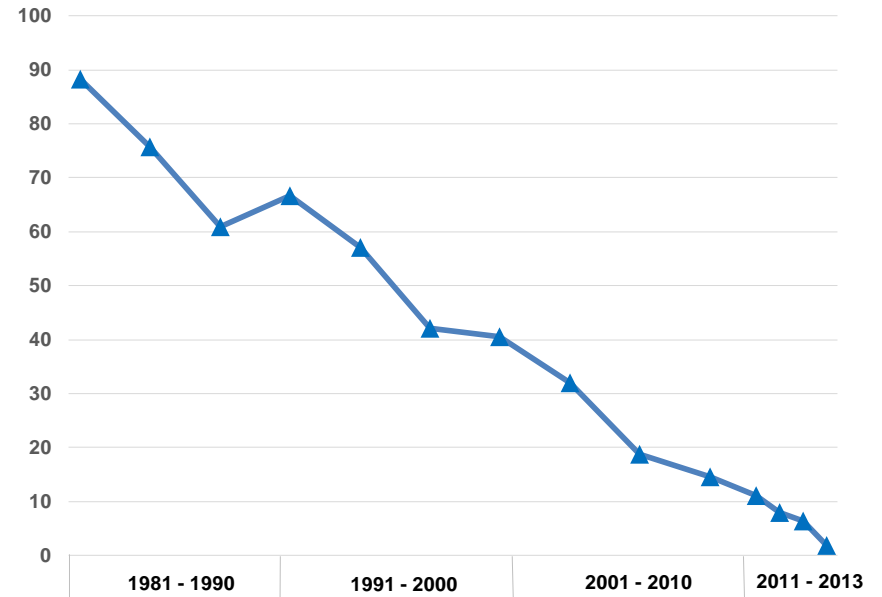
(Percent per annum)



Sources: Piketty et al (2016)

## Poverty headcount ratio at \$1.90 a day

(2011 PPP, percent of population)

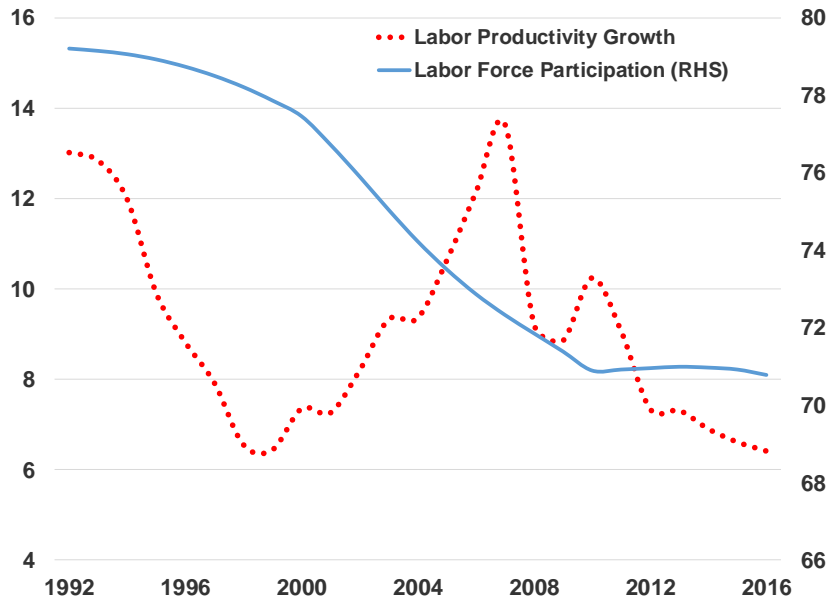


Sources: Poverty and Equity Database, World Bank

# Does Inequality matter?

## Labor Force Participation and Productivity Growth

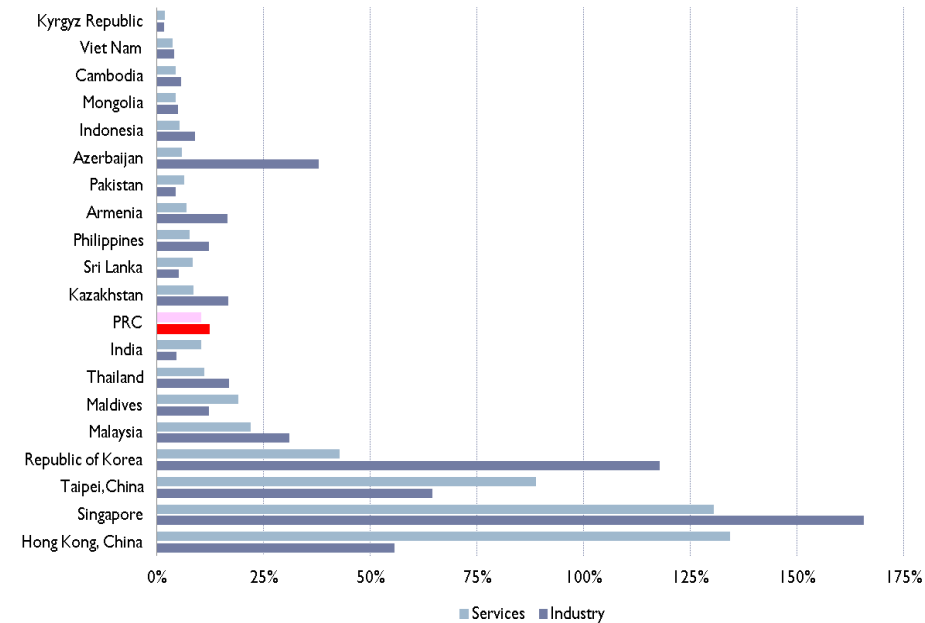
(in percent)



Sources: CEIC; World Bank

## Low Labor Productivity Levels

(Percent of OECD Labor Productivity; year of 2012)



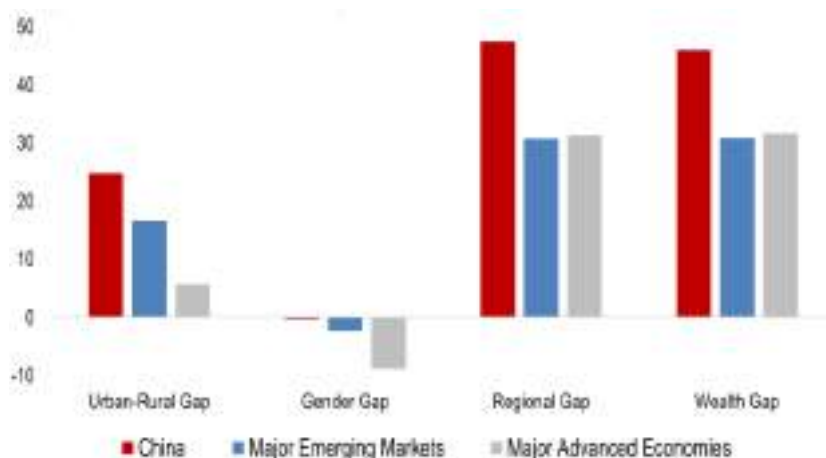
Sources: OECD; staff calculation

# Equality of Opportunity and Access Matters

## (Not just an equity issue)

### Gaps in Tertiary Education Completion

(Age 25-29, difference in percentage points)



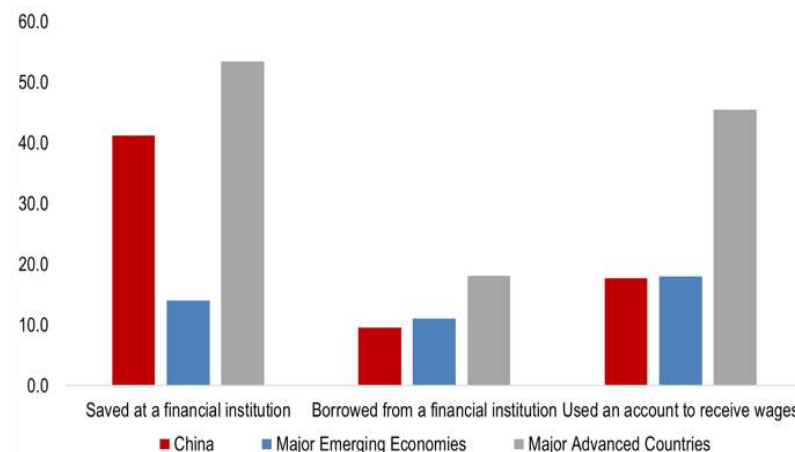
Sources: World Inequality Database on Education (WIDE)

Notes: Regional gap refers to the difference between the region with the highest and lowest tertiary education completion rate. Wealth gap refers to the difference between the top and bottom quintile.

Major emerging markets = Chile, Mexico, Brazil, India; Major advanced economies = Canada, France, Germany, Italy, UK, US.

### Access to Financial Services

(Percentage points)



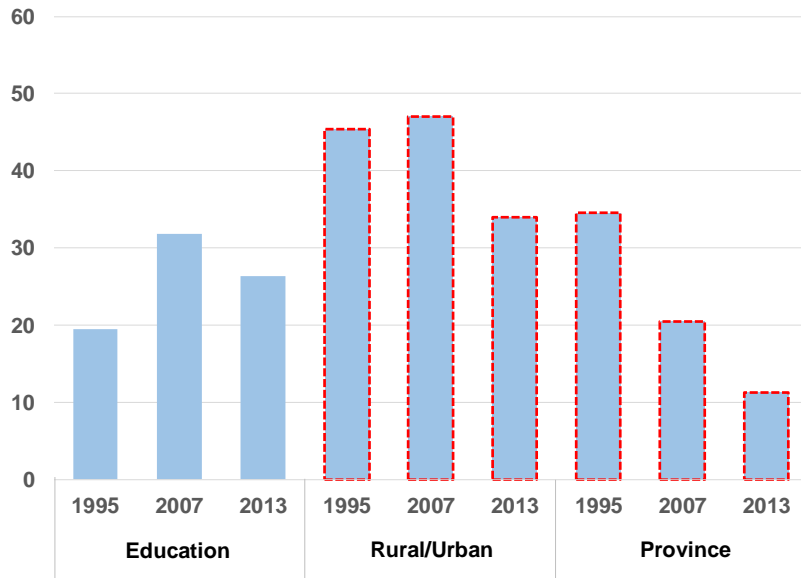
Sources: World Bank, Global Findex Data base

Notes: Major emerging markets = Brazil, India, Chile, Mexico; Major advanced economies = Canada, France, Germany, Italy, Japan, UK, US.

# Location Still Matters

## Income Inequality Decomposition 1995, 2007, and 2013

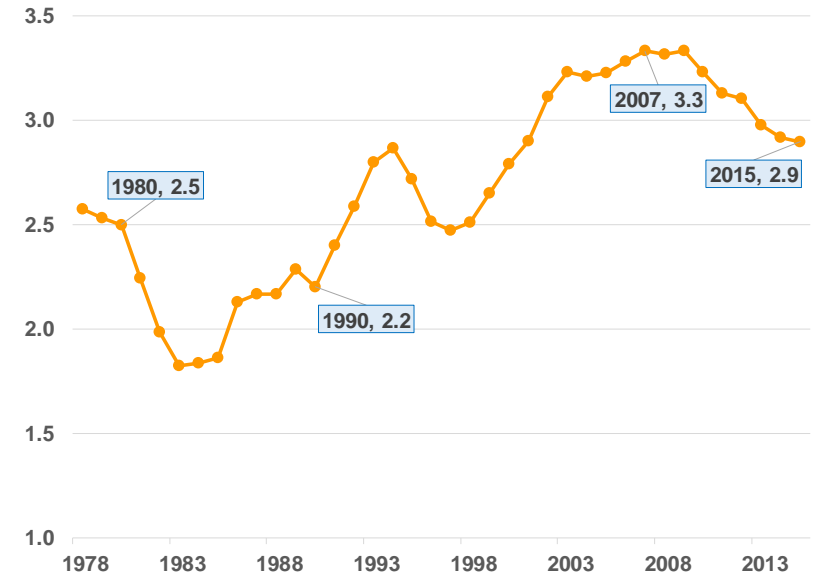
(Share of total, in percent)



Sources: CHIPS Household Surveys; staff calculation

## The Ratio of Urban-Rural per Capita Household Disposable Income, 1978-2015

(In percent)



Sources: CEIC

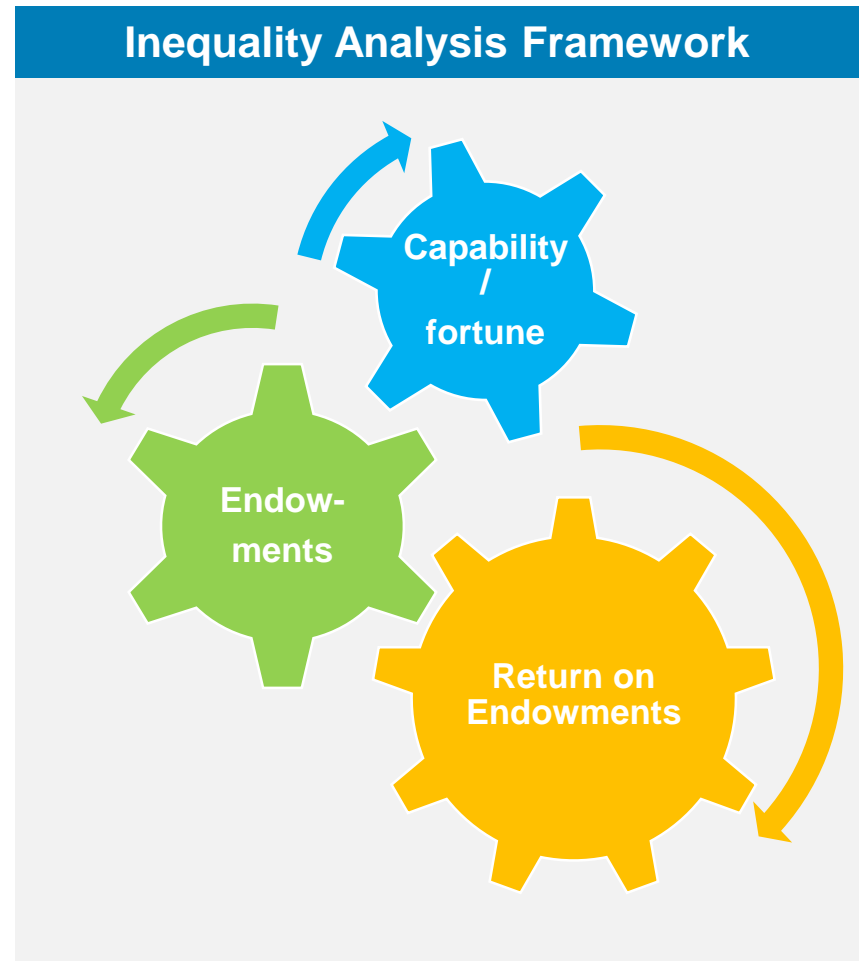


# Outline

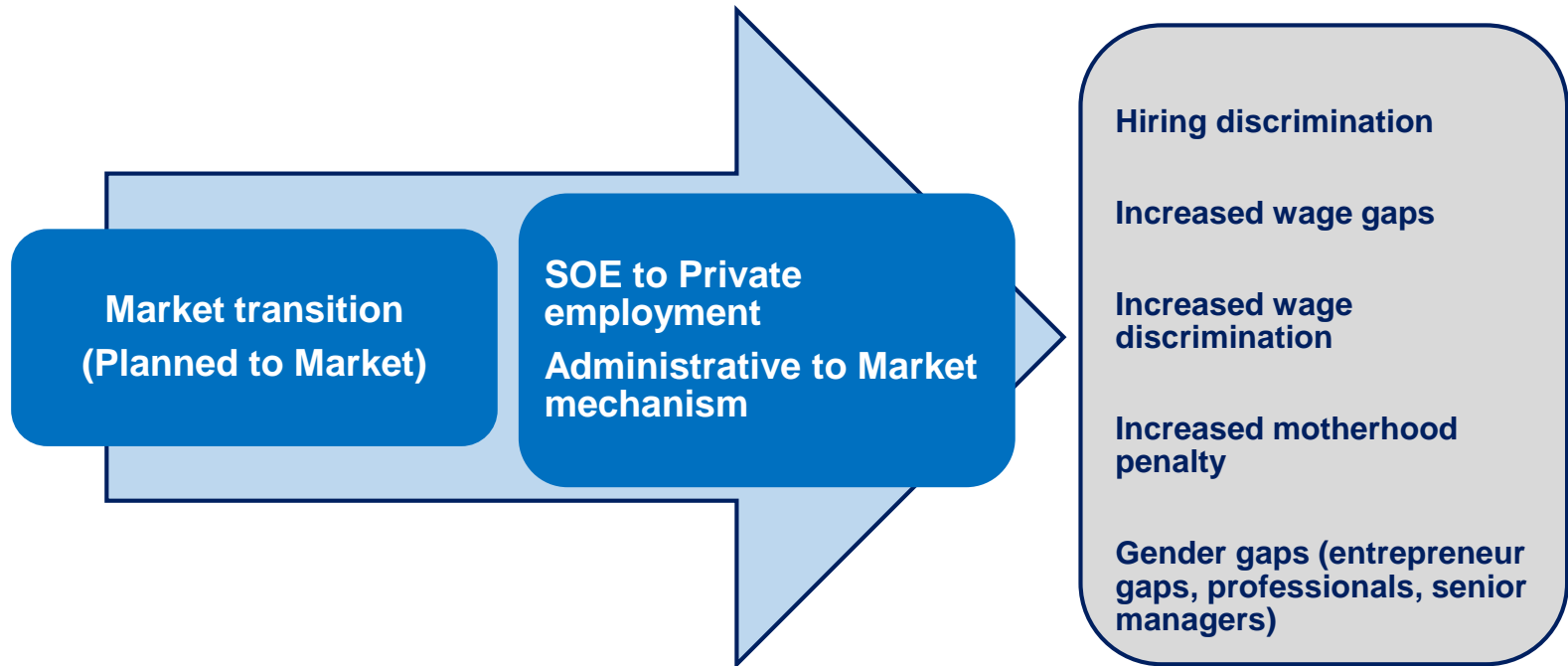
- Poverty Reduction and Inequality in China
- Gender Perspective
- Key Lessons for Policy

# Why focus on Gender?

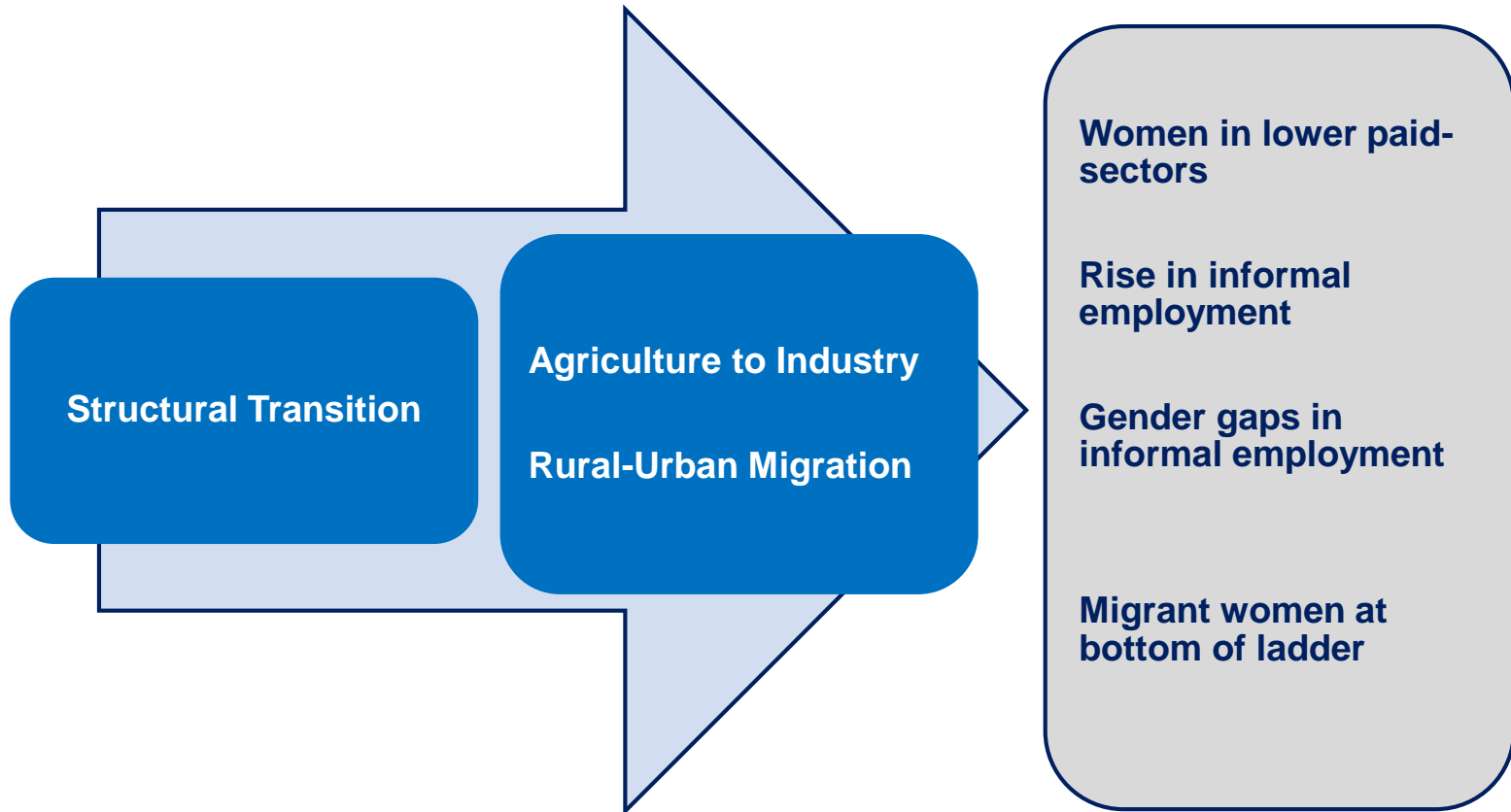
- “Canary in the coal mine”: Migrant women at bottom of ladder
- Gender studies reveal:
  - Earnings gaps
  - Earnings discrimination



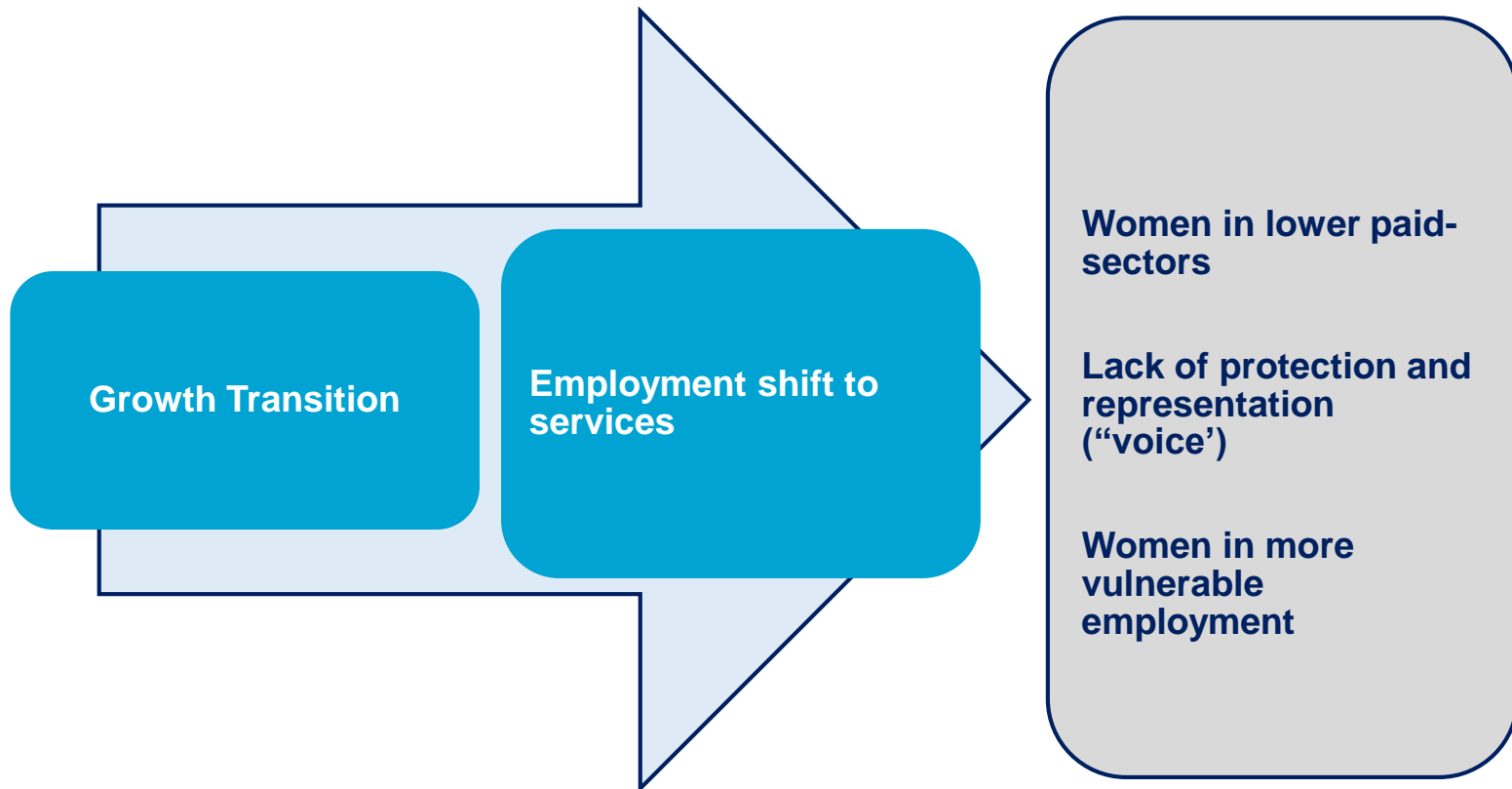
# Market Transition and Gender



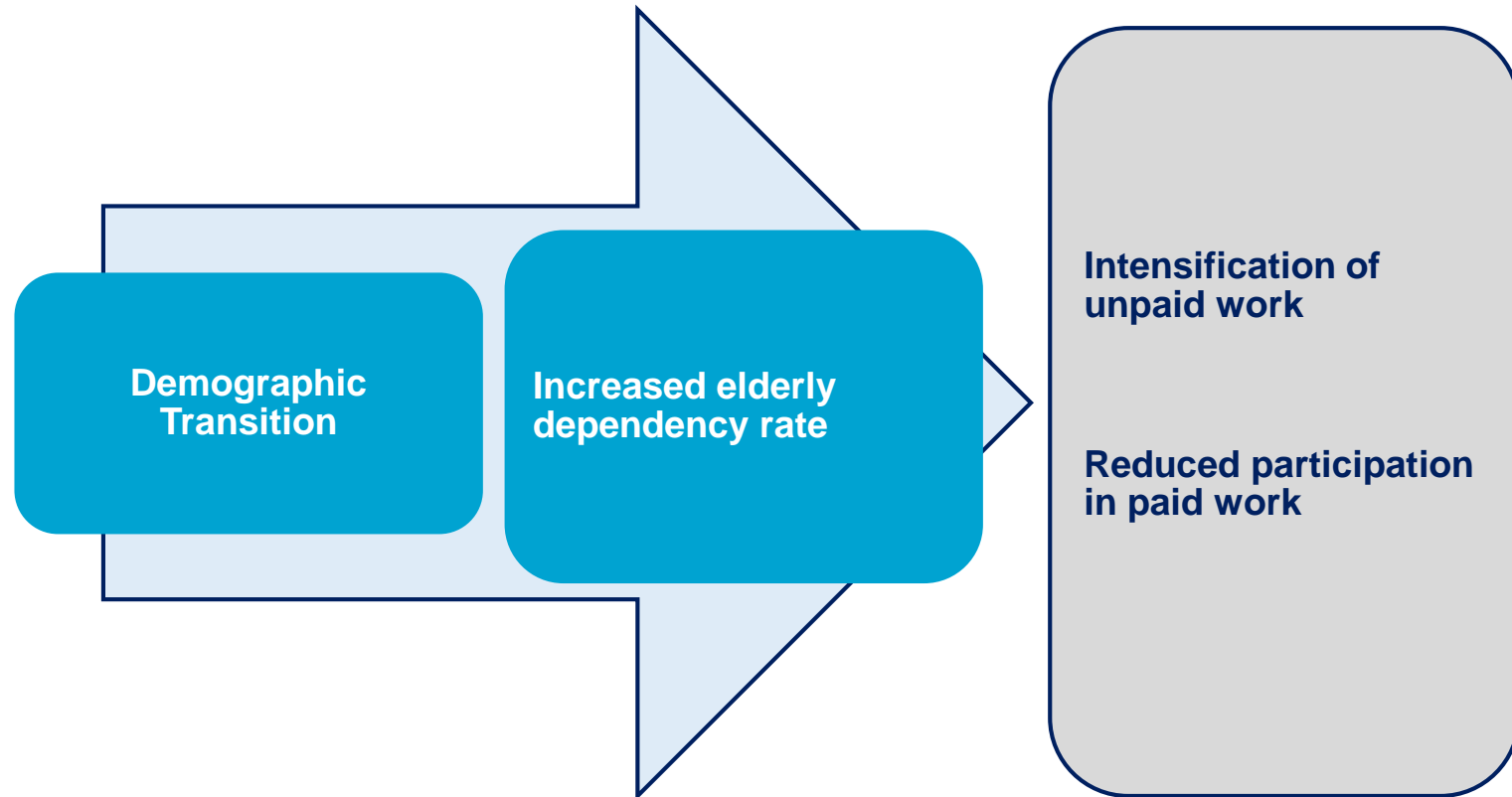
# Structural Transition and Gender



# Growth Transition and Gender



# Demographic Transition and Gender



# Gender Norms in China

## “Preference for Sons (Men)”

- High Male-Female sex ratio
- Lower Female Educational Attainment (historically).
- Higher burden of Unpaid Work
- “Glass Ceilings/Sticky Floors” for women.

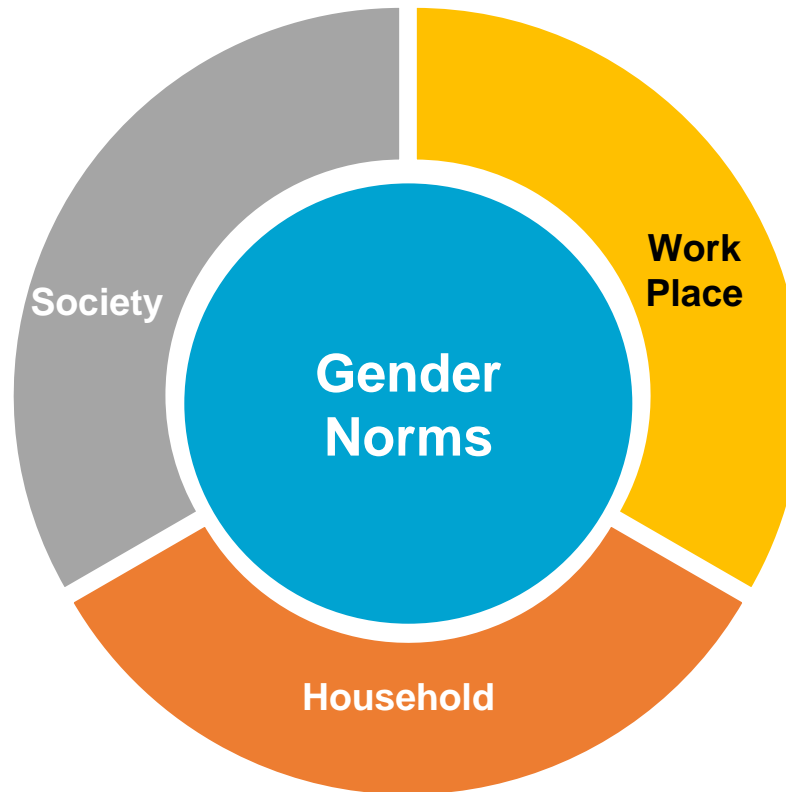
## Gender sensitive policies:

- Employer-provided social services.
- State-care services
- Hukou
- Labor laws and protections

# Gender Norms in China



- **Structure public institutions and systems**
  - *Hukou* (gendered pattern of migration)
  - Laws
  - Policies
  - Services



- **Structure and reward work across sectors**
  - Human capital; incorporation into the labor market
  - Hiring and promotion
  - Legal protection
  - Voice at work



- Assign women greater responsibility for **unpaid domestic work**

**Gender Norms**  
Gendered values, beliefs, and attitudes affecting roles, behavior, work, and resources...



# Shift from Administrative to Market System

## Issues

---

- **Market transition**
  - Change in employment/wage setting

## Impact

---

- **Market system more sensitive**
  - Endowments
  - Policy distortions
  - Biases
- **Increased wage differentiation across endowments**
- **Increased wage discrimination**
- **Revealed biases in access**

# Access to Social Services

## Issues

---

- **Market Transition**
  - Employer-provided services
  
- **Gender bias in unpaid work**
  
- **Hukou System**
  - Access to urban social services
  
- **Demographic transition**
  - Rising burden of elderly care
  - Two-child policy

## Impact

---

- **Restricted access to Social Services affects return on endowments**
  - Labor force participation
  - Access to economic opportunities
  - Wage discrimination
  - Employment discrimination

# Labor Market Segmentation

## Issues

---

- **Structural transition**
  - Rural-urban migration
- **Hukou**
  - Residency status
- **Tax system**
  - High tax rates on formal employment for low income
- **Coverage of labor laws**
  - Contracts labor standards
- **Growth transition**
  - Shift to less formal service sector

## Impact

---

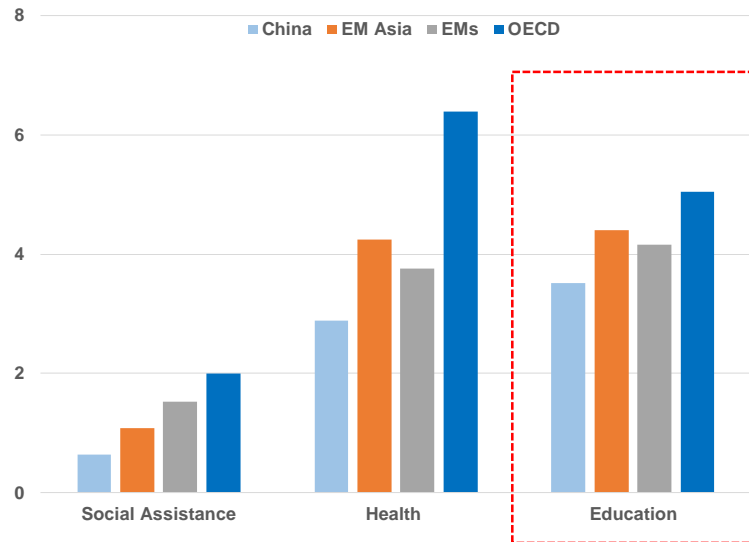
- Labor market segmented
- Migrants less likely to have access to formal contracts
- Weak labor protection in informal sector, weaker access to social security
- Migrants face large decent work deficits
- Women migrants at the bottom of the ladder

# Outline

- Poverty Reduction and Inequality in China
- Gender Perspective
- Key Policy Lessons

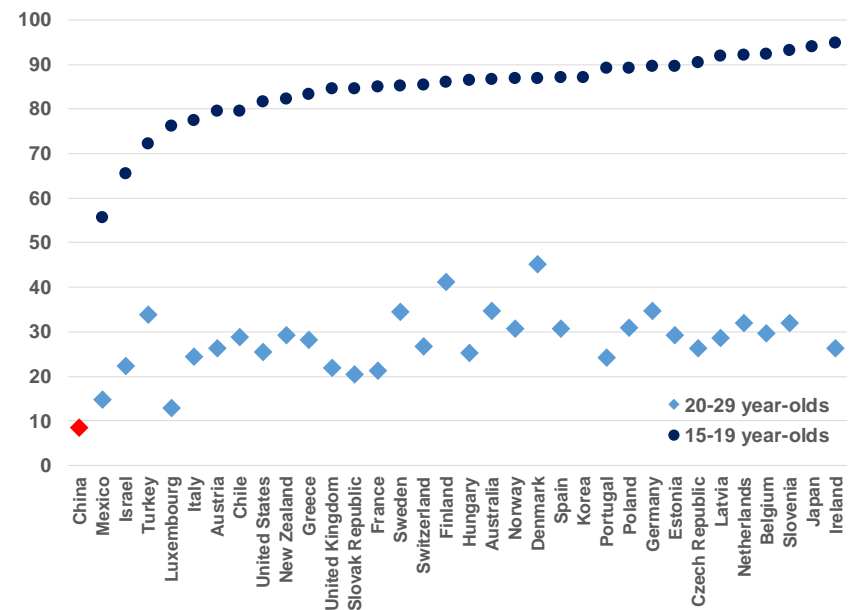
# Continue to Invest in Education

**Cross-Country Comparison of Spending**  
(percent of GDP)



Sources: Expenditure Assessment Tool; CEIC; staff calculations

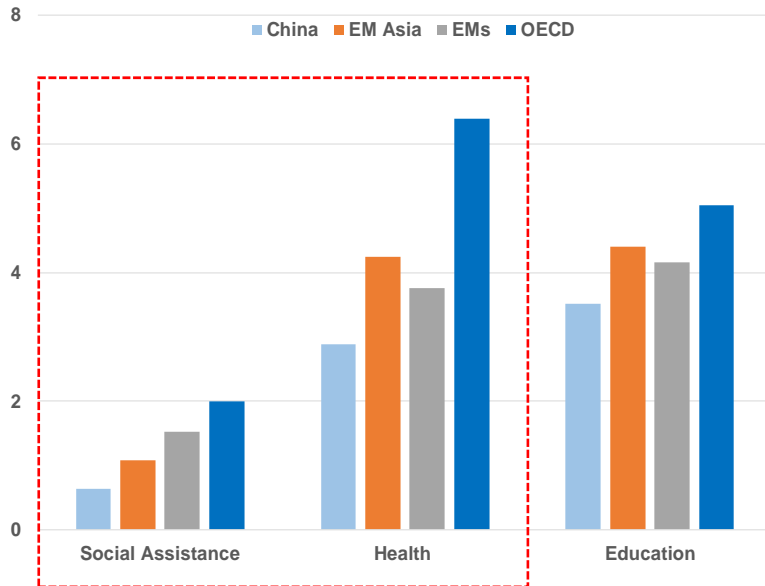
**Cross-Country Education Attainment**  
(Enrolment rate, percent in same age group, 2014)



Sources: OECD

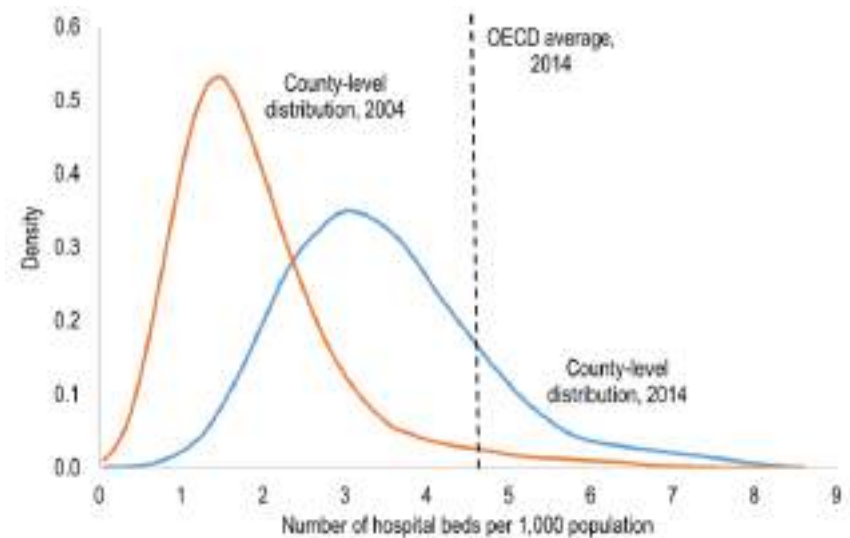
# Continue to Increase Social Spending

**Cross-Country Comparison of Spending**  
(percent of GDP)



Sources: Expenditure Assessment Tool; CEIC; staff calculations

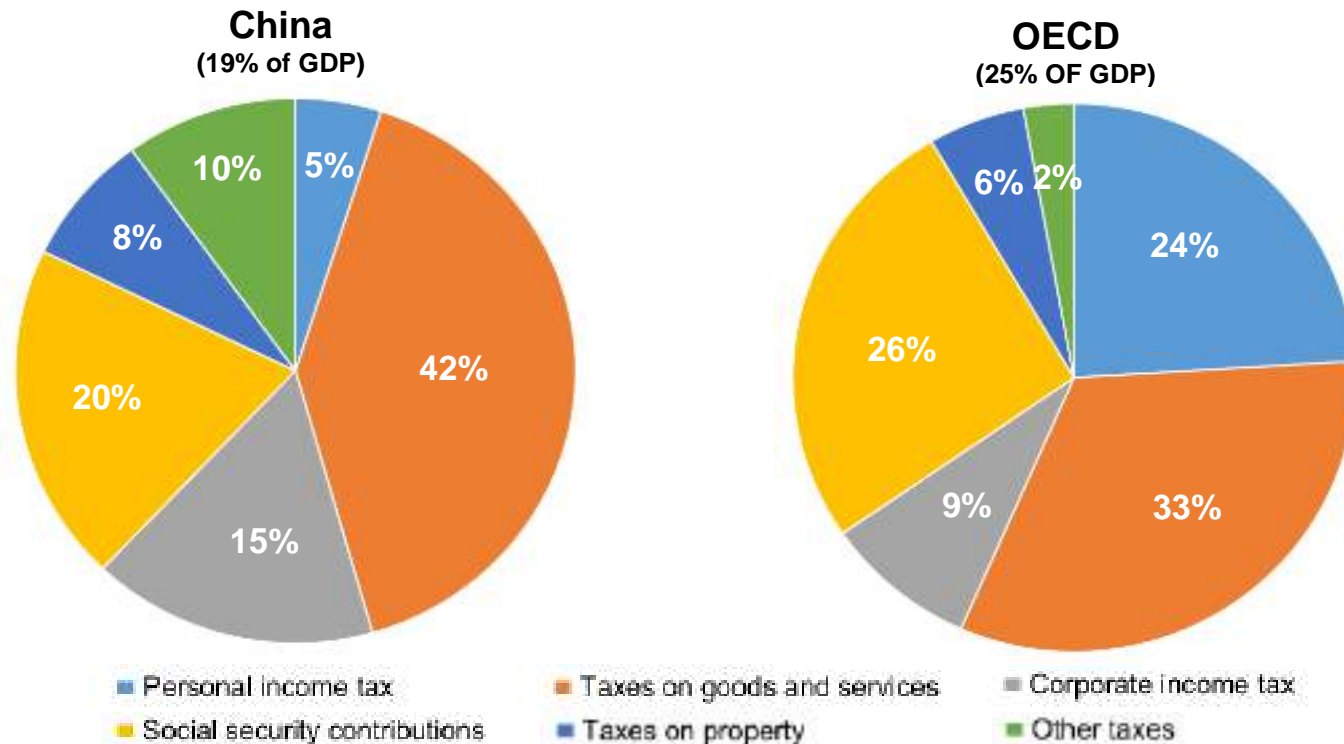
**Distributions of Hospital Beds per 1,000 population**



Sources: CEIC; IMF staff calculations

# Use Tax Reform to Promote Inclusive Growth

## Tax Revenue Composition

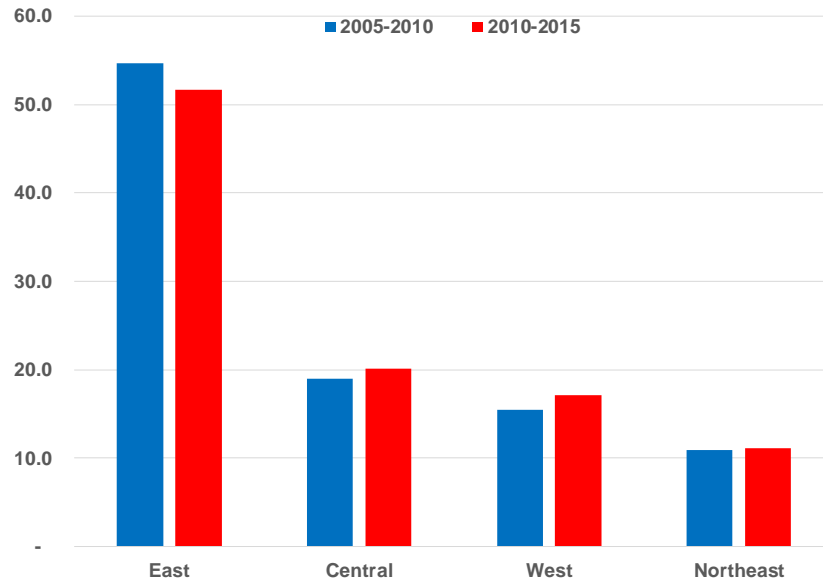


Sources: CEIC, OECD, staff calculations

# Continue to Pursue Regional and Rural Development

## GDP Composition by Region

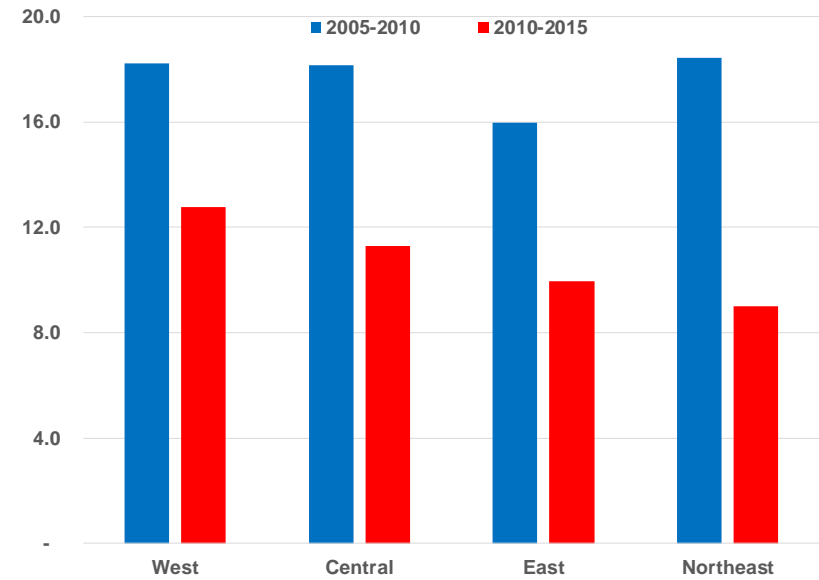
(Percent of aggregate 5 year nominal GDP)



Sources: CEIC; Staff calculations

## Annual Growth of Regional GDP

(In percent)



Sources: CEIC; Staff calculations



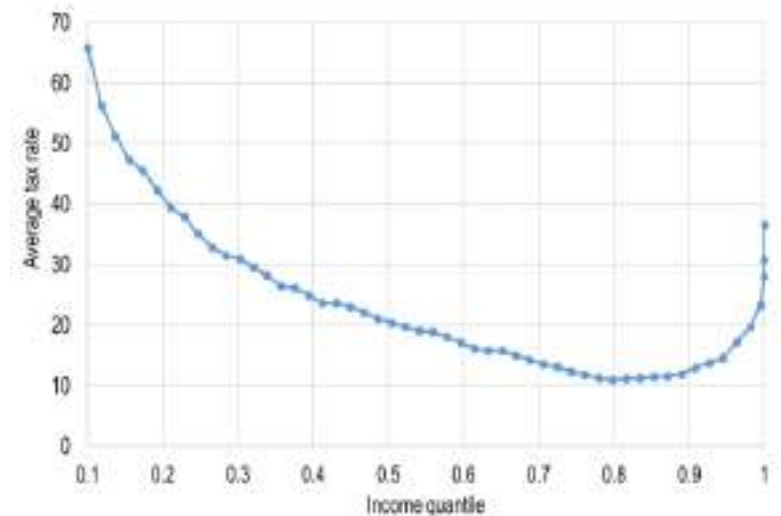
# Tackle Distortions

## Access to Social Services

- **Hukou system**
  - ✓ 300 million new migrants to urban areas expected in the next two decades
  - ✓ Equal entitlements to avoid segmentation

## Excessive Marginal Tax Rate

**PIT+SSC Average Tax Rate by Income Quantiles**  
(In percent of labor income, Urban HH2012)



# Tackle Biases

- Industrial segregation
- Occupational segregation
- Under-representation
- Glass Ceilings
- Equal Opportunities
- Gender education gap
- Training and vocational education
- Gender-neutrality/positive discrimination
- Access to finance, information, networks

# Expand Labor Market Protection

- ☑ Enforce the New Labor Contract Law
- ☑ Access to social protection schemes
- ☑ Ensure workplace protection for all workers including women

# The Good News: Many Reforms Underway

- ☑ Tax reform
- ☑ Labor market policies
- ☑ *Dibao* system
- ☑ Social security
- ☑ Regional development
- ☑ Pro-farmer policies
- ☑ Fiscal transfers
- ☑ 2020 Poverty Eradication Goal

# Xie, Xie !



[www.adb.org](http://www.adb.org)



/AsianDevBank



@ADB\_HQ



/AsianDevelopmentBank



/AsianDevelopmentBank