
The Growth Trends of Household Incomes in the People's Republic of China

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Abstract: This article examines contemporary trends in income growth among the population of the People's Republic of China. Over the past few decades, China's economic ascent has resulted in a substantial increase in overall prosperity and income levels. The article emphasizes key trends that have emerged as a consequence of economic growth and modernization, particularly focusing on the income disparity between urban and rural populations.

Key words: Coefficient Gini, village, city, average salary, economic growth, large city, minimum salary.

It is known that there are various methods for measuring income and living standards. As of the current period (2017), the average monthly wage in China's major cities is approximately \$900. Among the 32 largest cities in China, the average monthly wage for job vacancies announced in the winter season of 2017 was 6,070 yuan (approximately \$922.64 USD). In Beijing, the average wage was 9,227 Yuan, while in Shanghai, it was 8,664 Yuan, and in Shenzhen, 7,288 Yuan¹. In Hangzhou, the average wage was higher than in Guangzhou, standing at 7,097 Yuan² compared to Guangzhou's 6,913 Yuan.

It is noteworthy that the wages of workers in China's private sector tend to be relatively higher. In sectors such as consulting and professional services, including accounting and law, the average wage stands at 10,634 Yuan, with the investment sector ranking second (9,204 Yuan) and brokerage agencies securing the third position (98,658 Yuan)³. With the development of the private sector in the People's Republic of China, the wages in private enterprises have been found to be the most competitive, at 7,322 Yuan⁴. Around 60% of Chinese employers plan to increase salaries by more than 6%. For instance, in 2016, companies like Hays and 44% of other Chinese employers increased wages by 6-10%.

The extent to which the People's Republic of China lags behind developed countries in terms of public welfare can be observed from the following data: in China, the highest minimum wage is set in Shanghai (2,300 Yuan), while the lowest minimum wage is in Guangdong (ranging from 1,000 to 14,000 Yuan). According to official data, in 2014, the minimum wage was increased in 19 regions. In 2015, the minimum wage was raised in 27 regions, while in 2016, it was increased in 9 regions. By 2017, the minimum wage had been increased in 11 provinces.

¹China income // <https://www.zhaopin.com/>

²China income // <http://www.chinadaily.com.cn/>

³ World Development Indicators database, World Bank, 1 July 2020.77p.

Life in China // <http://emigranto.ru/strany-azii/kitai/zhizn-v-kitae.html/>

Currently, the minimum wage in the country has increased by 9%. The highest minimum wage is set at 2,300 Yuan in Shanghai, followed by 2,130 Yuan in Shenzhen, 2,050 Yuan in Tianjin, 1,890 Yuan in Jiangsu, and 1,680 Yuan in Shaanxi. According to 2017 data from the ECA, the average growth rate for minimum wages was 4.7%. In 2017, the average monthly wage in China increased by 7%, with the annual wage reaching 67,569 Yuan (approximately 10,200 USD), or 5,630 Yuan per month (approximately 850 USD). In large metropolitan areas with significant populations, the average monthly wage was 7,665 Yuan (approximately 1,155 USD). The highest wages were recorded in Beijing, where workers earned 9,940 Yuan (approximately 1,500 USD). In Shenzhen, the average wage was 8,890 Yuan (approximately 1,340 USD), and in Guangzhou, it was 7,995 Yuan (approximately 1,175 USD)⁵.

In 2017, the per capita personal income in China increased from 33,616.25 Yuan in 2016 to 36,396.19 Yuan. Additionally, per capita personal income, which was 343.40 Yuan in 1978, has averaged 9,422.49 Yuan over the years, reaching a record high of 36,396.19 Yuan in 2017.

In 2019, the average wage in China amounted to 1,000 USD per month. However, the actual income level and minimum salary are dependent on the province in which one is employed. Wages tend to be higher in the country's major cities, where there is a greater demand for skilled professionals⁶.

In China, as in other countries, the minimum wage level (MWL) is determined by legislation. When setting the MWL, several factors are considered, including the region's economic growth rate, the average wage level in the province, unemployment rates, the cost of various food products, and real estate prices.

In the first half of 2019, the MWL increased in four regions of China: Beijing, Chongqing, Shaanxi, and Shanghai. Additionally, in the second half of the same year, Hebei province also raised its MWL. In 2018, the MWL was increased in 15 regions and 31 provinces across continental China, while the remaining provinces implemented increases in 2017. Different levels of MWL are applied in many regions of China, and they are categorized into zones A, B, C, and D based on their development levels and cost of living.

Table 1. In 2023, the highest and lowest minimum wage levels in China

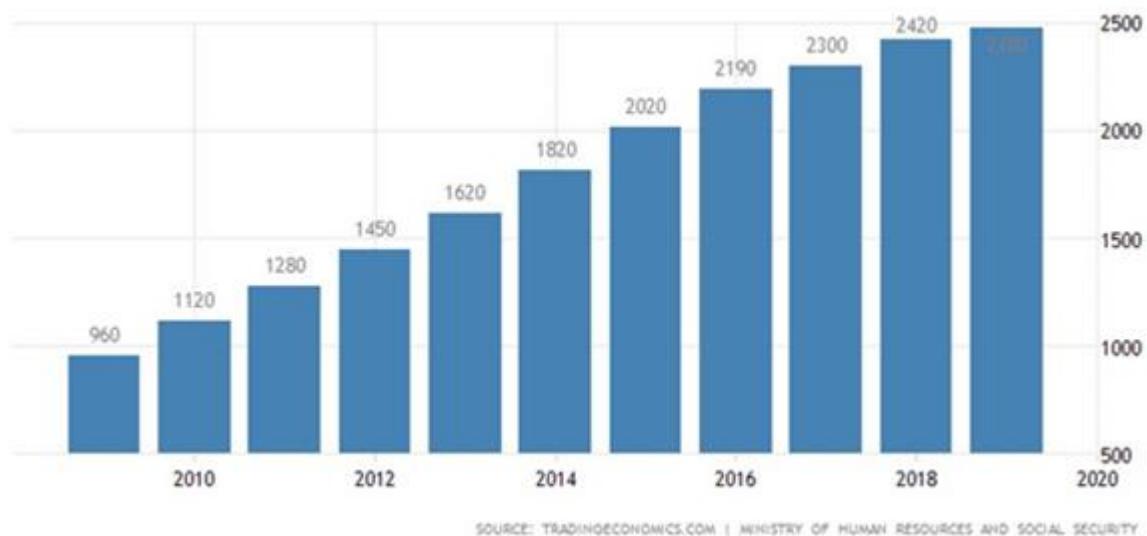
№	Location	the highest minimum wage levels	Location	lowest minimum wage levels
1.	Shanghai	2590	Tianjin	2180
2.	Beijing	2320	Henan	2000
3.	Shenzhen	2360	Jiangsu	1900

Source: - <https://moneyscanner.ru/srednyaya-zarplata-v-kitae/>

As shown in Table 1, China can be considered a country with significant income inequality among its population. To illustrate this, let us examine the growth dynamics of the minimum monthly wage in Shanghai from 2010 to 2019.

⁶ Vivek Arora and Athanasios Vamvakidis. China's Economic Growth: International Spillovers. 2010 International Monetary Fund.-P.9.

Figure 1. The Growth Dynamics of the Minimum Monthly Wage in Shanghai from 2010 to 2019



Source: - <https://moneyscanner.ru/srednyaya-zarplata-v-kitae/>

In 2019, the growth rate of the minimum wage in China slowed significantly compared to 2018. This deceleration was largely due to the ongoing China-US trade war, which has been a significant factor hindering China's economic growth. In response to the economic uncertainty caused by this trade conflict, local government bodies in various regions of China opted to freeze the increase in minimum wages, deeming it a prudent measure under the circumstances.

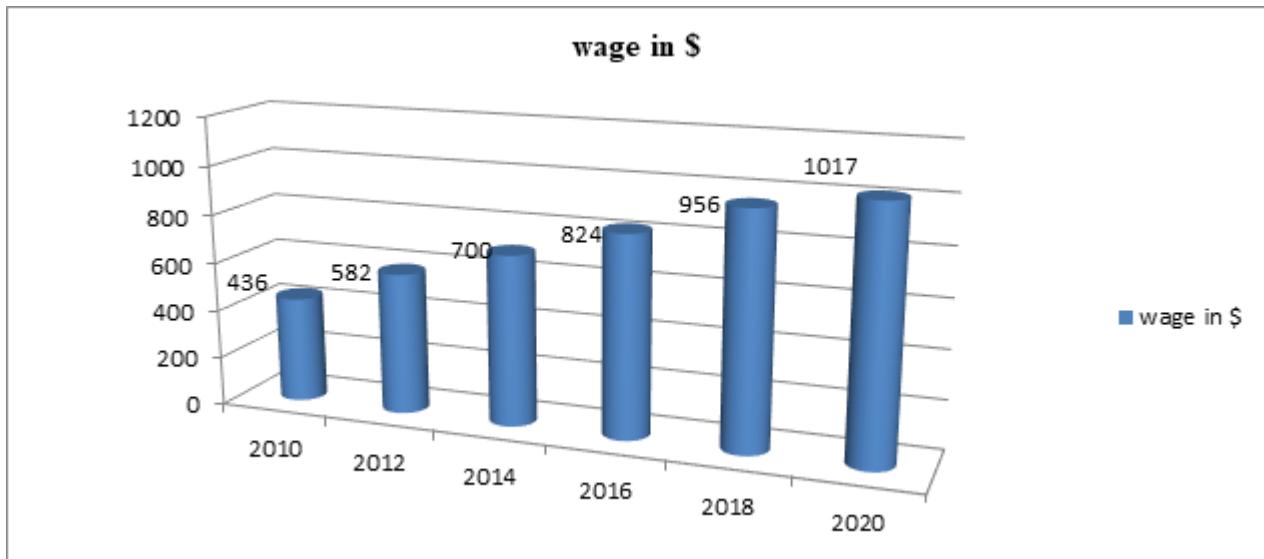
Furthermore, the growth in wages can also be attributed to the gradual decrease in China's working-age population. In 2018, for the first time in its history, China's labor force began to shrink, with a decline of 540,000 people. As a result, the total working-age population in the country fell to 776 million.

In 2019, China led the OTO (Asia-Pacific) region in terms of the growth rate of average wages, a remarkable achievement for the country. In 2020, the wage growth rate stood at 5%, compared to a modest 1.5% in EU countries, highlighting China's strong economic performance relative to its global counterparts.

From 2010 to 2019, China's economy grew at an extraordinarily rapid pace, even surpassing the economies of developed nations. By 2018, China's GDP growth rate reached 9.5%, a figure that was described by the World Bank as "the fastest and most stable expansion in the history of a major economy"⁷. Additionally, by 2019, China ranked first globally in terms of GDP purchasing power parity (PPP), with a value of \$27.3 trillion. This growth underscores the country's impressive economic transformation and its increasing dominance on the global stage.

As of 2019, the average wage in China was 6,982 yuan (approximately \$997 USD). To observe the dynamics of wage growth between 2010 and 2020, we can analyze Figure 2, which tracks the increase in wages over this period.

⁷ China's Economic Rise: History, Trends, Challenges, Implications for the United States.2019.- P.2.

Figure 2. The growth dynamics of the average wage in China from 2010 to 2020

Source: - <https://moneyscanner.ru/srednyaya-zarplata-v-kitae/asosida> made by author

As shown in Figure 2, the average wage in China has demonstrated a steady year-on-year growth trend, though the rate of growth varies across the country. For instance, in 2017, the average wage across China increased by 7%. However, the wage growth rates differed significantly across various cities and provinces. In Shenzhen, the growth rate was 5.2%, while Beijing had the lowest growth at 3.2%. It is important to note that these figures were adjusted to account for an inflation rate of 2.6%, which further highlights the variation in wage dynamics across different regions of China.

It should be noted that the average wage in China is influenced by the country's economic growth rates and the modernization of production. In regions with underdeveloped economies, people continue to be employed for relatively low wages. However, as the nation's economy advances, there is an increasing demand for skilled professionals, who are essential for driving further economic growth. These workers are typically offered higher wages due to the specialized knowledge and skills they bring, which are crucial for modernizing the production sectors and sustaining long-term economic development. This shift reflects the growing importance of a highly skilled workforce in China's transition to a more sophisticated and competitive economy⁸.

To examine the average annual wages of workers and employees in certain categories in the People's Republic of China, we refer to Table 2.

Table 2. Average annual wages of workers and employees in certain categories in the People's Republic of China, in thousand Yuan

No.	The category of employed personnel	Annual salary (in thousand Yuan)
1.	Regular employees	75,0
2.	Skilled workers	93,0
3.	Agricultural workers and personnel	25,2

Source: - <https://moneyscanner.ru/srednyaya-zarplata-v-kitae/asosida> made by author

It should be noted that the average monthly wages in Chinese cities vary significantly. Among them, Beijing ranks at the top, with workers earning an average monthly salary of \$1,600, equivalent to 11.2 thousand Yuan. This information is presented in Table 3.

⁸ Chen Li: The Current Situation and Countermeasures of the Macro-Tax Burden in China =

我国宏观税负水平的现状及对策 / Chen Li = 陈莉 // Finances and Trade. Economy = 财贸经济 – 2002. – № 10. – C.70.

Additionally, to better understand the differences in average monthly wages across major cities of the People's Republic of China (PRC), we analyzed the wage trends in relatively large cities. The findings are illustrated in Diagram 3.1.3, which provides an overview of the wage situation in 12 major cities across the PRC.

Table 3. Average Monthly Wages in China's Largest Cities (in USD)

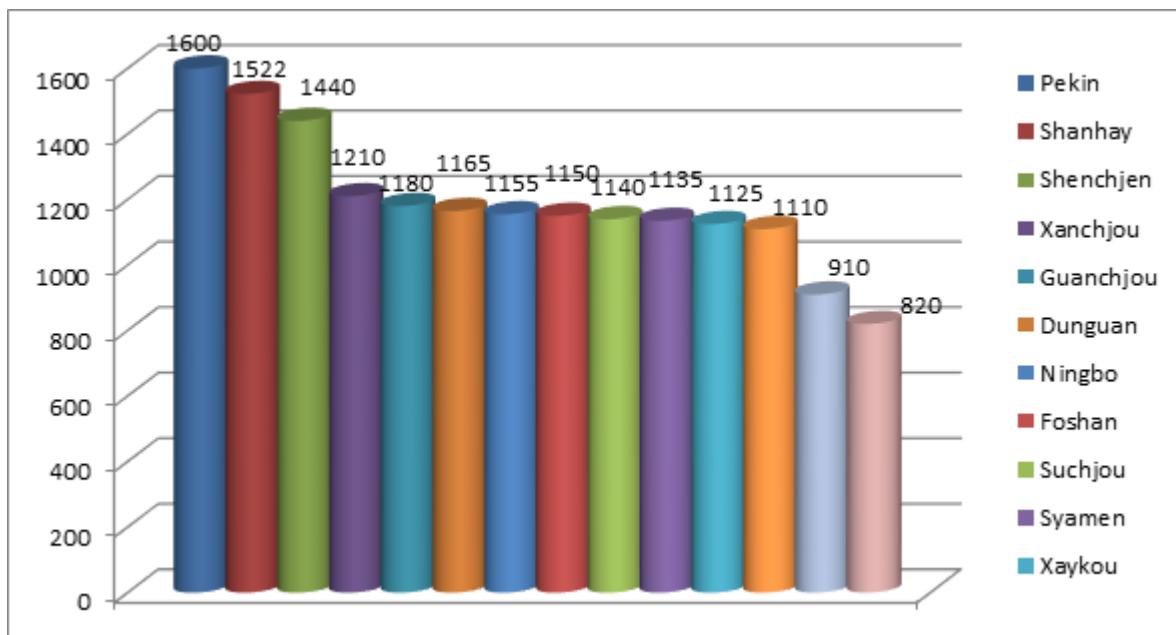
No.	Cities	Average Monthly Wages (in USD)	In Yuan
1.	Beijing	1600	11,200
2.	Shanghai	1522	10,700
3.	Shenzhen	1440	10,100
4.	Hangzhou	1210	8474

Source: - <https://moneyscanner.ru/srednyaya-zarplata-v-kitae/asosida> made by author

As observed in Figure 3, the highest average monthly wages are recorded in Beijing, Shanghai, and Shenzhen, while the lowest are found in Xi'an and Shenyang.

It is worth noting that a significant portion of China's urban population earns monthly wages ranging between 5,000 and 6,000 Yuan. Analyzing their share across different cities, we find the following proportions: Shanghai: 28.59%; Beijing: 24.32%; Shenzhen: 29.57%; Guangzhou: 29% and Hangzhou: 33.68%.

Figure 3. Average Monthly Wages in Selected Cities of China (in USD):



Source: - <https://moneyscanner.ru/srednyaya-zarplata-v-kitae/asosida> made by author

In the People's Republic of China (PRC), the highest monthly salaries are paid by foreign companies (9,285 Yuan) and publicly listed companies (9,191 Yuan). On the other hand, private companies offer the lowest average monthly wages (7,377 Yuan). The highest earnings in the country are observed among individuals working in the financial sector, with an average income of 11,200 Yuan.

It should also be noted that, for example, the experience criterion does not significantly affect wage levels. Only 22.44% of China's population has a work experience of 10 years or more, and their average monthly wages are 10,000 Yuan.

Next, let's examine the sectors and professions where average wages in the People's Republic of China vary. In China, the average salary is primarily influenced by the level of qualification and

the profession chosen, with no significant distinction between native workers and migrants⁹. Below, we present the top five professions with the highest and lowest wages.

Table 4. The top 5 professions with the highest and lowest salaries in the PRC, in thousand yuan

No.	Top 5 professions with the highest salaries	Top 5 professions with the lowest salaries
1.	Translators and interpreters – 12-24 thousand Yuan	Manual laborers – 1.8 thousand Yuan
2.	IT specialists, programmers – 9-25 thousand Yuan	Hotel and restaurant staff – 2.8 thousand Yuan
3.	Managers, executives – 9-25 thousand Yuan	Engineers – 4.8 thousand Yuan
4.	Financial experts, economists – 8-15 thousand Yuan	School teachers – 5.7 thousand Yuan
5.	University professors – 8-13 thousand Yuan	Metal smelters in factories – 6.3 thousand Yuan

Source: - <https://moneyscanner.ru/srednyaya-zarplata-v-kitae/asosida> made by author

It should be noted that due to the scarcity of good job opportunities in the country, even highly qualified individuals find it quite challenging to secure employment. As a result, they often have to accept jobs with lower pay out of necessity.

It is well known that social stratification exists in the People's Republic of China, and it is important to note that, as a result of the prudent economic policies implemented by the country's leadership over the past 40 years, the population has managed to emerge from poverty and crisis relatively unscathed. For example, while the middle class in China made up only 2% of the population in 1999, it accounted for 39% in 2013, and by 2020, nearly 48% (for comparison, in Switzerland, it is 42%). In China, 75% of the middle class earn lower income, whereas in Switzerland, this figure is only 8%.

The following is the distribution of the next TOP-5 professions with the highest and lowest salaries:

Table 5. Top 5 professions with the highest and lowest salaries, in thousand Yuan.

No.	Top 5 sectors with the highest set salaries	Top 5 sectors with the lowest set salaries
1.	Mining of mineral resources – 14.3 thousand Yuan	Agriculture – 3.0 thousand Yuan
2.	Finance and banking sector – 12.3 thousand Yuan	Catering – 3.4 thousand Yuan
3.	IT technologies – 12.3 thousand Yuan	Water supply and waste disposal – 4.0 thousand Yuan
4.	Science and education – 11.9 thousand Yuan	Construction and renovation – 4.0 thousand Yuan
5.	Healthcare – 8.6 thousand Yuan	Manufacturing – 4.6 thousand Yuan

Source: - <https://moneyscanner.ru/srednyaya-zarplata-v-kitae/asosida> made by author

Indeed, the formation and development of the middle class in China has not been easy, and its growth has not happened automatically. Behind this process are the reforms implemented by the government in this area.

Currently, the ratio of urban to rural population in the People's Republic of China is 59:41. The increase in urban population and its vibrant development are largely due to rural residents migrating to cities in search of new job opportunities and an easier life.

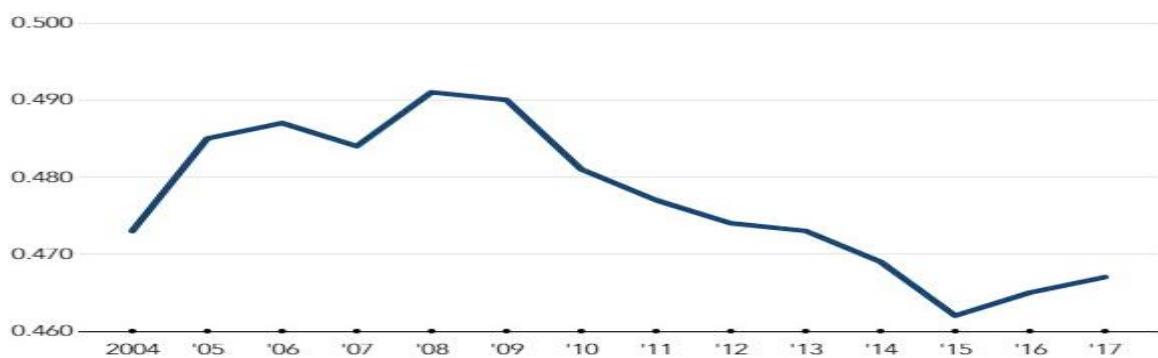
⁹Minimum and average salary in China// <http://visasam.ru/emigration/asia/uровень-жизни-в-китае.ht>

The expansion of the middle class in China has led to the following developments:

1. The increase in internet and mobile phone users in the country, with more than 57% of the population now using the internet. In Beijing and Shanghai, this figure even reaches 75%.
2. The growth in the number of online stores, making China's e-commerce account for 43% of the global market.
3. The rising demand for educational services. The number of students entering higher education institutions in China increased from 5.5 million in 2006 to 8 million in 2018, a 38% rise. The number of people studying abroad has also exceeded 850,000 annually.
4. The number of people traveling abroad is also increasing year by year. According to McKinsey & Company's forecast, by 2022, representatives of the middle class in China are expected to reach 550 million, accounting for 75% of urban households.

In China, from the 1980s to 2017, this figure increased from 0.28 to 0.467. For comparison, in the United States, it is 0.39, and in Japan, it is 0.33.

Figure 4. The dynamics of the Gini coefficient in China



Source: - <https://moneyscanner.ru/srednyaya-zarplata-v-kitae/asosida> made by author

It should be noted that the tax burden on wages in China is not very high. It depends on the income level of the population, and if the wage is up to 4,000 Yuan, no tax is levied on it at all.

Table 6. Taxes and social contributions paid by the population to the national budget of China, in percentage terms

No.	Types of taxes and contributions	In percentage
1.	Income Tax	5-45
2.	Value-Added Tax (VAT)	3-17
3.	Property Tax	1,2
4.	Vehicle Purchase Tax	10
5.	Property Transfer Tax	3-5
6.	Education Tax	3
7.	Construction Tax	7
8.	Pension Insurance Tax	8
9.	Health Insurance Tax	2
10.	Unemployment Insurance Tax	0,2
11.	Savings Fund for Housing Purchase	12

Source: - <https://moneyscanner.ru/srednyaya-zarplata-v-kitae/asosida> made by author

In conclusion, it should be emphasized that the growth of population income in the People's Republic of China is significant and exhibits dynamic trends. China's economic growth, the government's policies aimed at improving the population's welfare, technological development, and international integration are key components of this process. However, issues such as the income gap between urban and rural areas, population aging, and economic inequality will inevitably have a direct impact on these processes in the future.

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