

Hukou system and Income Gap in China

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Abstract

In 2010, China surpassed Japan and became second in the world with nominal GDP, the IMF's purchasing power parity GDP will become the world's largest beyond the European Community (EU), the United States in 2014, The per capita GDP of mega cities in the eastern coastal area, such as Shenzhen, Beijing City, Tianjin and Shanghai has shrunk the difference with Hong Kong to about twice. At the same time, in recent years, although aggregate GDP per capita by 31 provincial cities tends to shrink by aggressive investment other than eastern coast, internationally, as indicated by the Gini index, China remains a big urban-rural income gap. The paper explore the impact of China's hukou system (household registration), which is an institution controlling population movement, on social and economic outcomes at the individual level. Using data from a recent Chinese statistics, the paper outline the present situation of urban-rural income gap.