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## Evolution of the Industrial Wage Structure in China Since 1980

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substantially revised version available [here](#)

### Abstract:

Industry mean wages in China have exhibited sharply increased dispersion since the early 1990s. The upward trend in differences of average wages among major industry groups parallels increases in wage and income inequality not only between rural and urban sectors but within the urban economy as well. Research on the trend has focused on (1) how market forces have led to a better match between worker pay and worker skills; on (2a) how the growing share of employment in the private sector has "caused" growing wage inequality; and (2b) how residual government control in a few industrial sectors has contributed to wage inequality due monopoly rent sharing. We show that the industrial wage dispersion in China has evolved to match long-recognized international patterns of industrial wage dispersion and that an increasing proportion of industrial wage dispersion can be explained as returns to observed worker characteristics.

**Text:** See [Discussion Paper No. 5880](#)



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