

Exploring the Cause and Impact of the Wealth Disparity in Chinese Society

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Abstract: China has experienced a persistent Gini coefficient above 0.4 since the 1990s, indicating a significant wealth disparity. The widening wealth disparity has had profound societal implications, necessitating a comprehensive examination of this issue to identify strategies for narrowing the divide. This study aims to analyze the significance of income inequality and provide a detailed description of its phenomenon and characteristics using metrics such as the Gini coefficient and per capita disposable income. Additionally, employing the PESTEL model, this paper identifies five key factors—policy, economic system, regional development disparities, education, and legal system—that contribute to the Wealth disparity. Furthermore, the study explores both the positive and negative effects of income inequality on society. While a moderate Wealth disparity can enhance worker motivation, an excessive disparity jeopardizes social stability.

Keywords: Wealth Disparity, Reason Analysis, Social Influence

1. Introduction

China's economy has experienced remarkable growth as a result of the country's ongoing reform and opening-up efforts, as well as the socialist market economic system's ongoing improvements. The country's GDP has consistently maintained a medium-high growth rate, while the quality of life for Chinese residents has witnessed continuous enhancements. However, it is important to acknowledge that social wealth in China remains concentrated among a minority group, leading to a significant wealth disparity between the rich and the poor within society. Furthermore, this trend of increasing inequality among domestic residents has been accelerating and exacerbating over time, resulting in a noticeable income gap among individuals. According to Yang's *Research on Wealth disparity and Distribution System Reform in Contemporary China*, wealth disparity is one of the contradictions hindering social development, which requires attention, and which require solutions [1]. If wealth disparity is a unique social phenomenon in human society. The wealth disparity has a certain social history because it is a result of the development of productive forces. If the wealth disparity continues to expand and is not properly adjusted, it will not only affect the fundamental interests of domestic residents but also bring a negative impact on China's economic transformation and development. Exploring the causes and implications of the wealth imbalance in China is important both theoretically and practically, given this reality.

Wealth disparity is a unique social phenomenon in human society. The phenomena of inequality between the rich and the poor will manifest in society when the development of social productive forces reaches a specific stage or degree. Then, the class stratification will occur. Class stratification exacerbates the wealth disparity. When the productive forces of society have developed to a certain extent, class society will appear. In the process of economic development, the problem of wealth disparity is caused by the surplus of commodities and the polarization of society.

This paper focuses on the wealth disparity in China as its research subject. It utilizes models such as PESTEL analysis and data formula analysis to examine this issue. The research primarily encompasses the following aspects. The first part will provide a brief overview of previous scholarly research on wealth disparity in China, establishing the research scope of this topic. This section plays a crucial role in setting the theme and guiding the subsequent discussion. The second part describes the characteristics, performance, and relevant measurement indicators of China's wealth disparity. The wealth disparity in China exhibits distinct national characteristics, manifested by significant gaps across various industries, regions, and demographic groups. The collected data is analyzed using multiple dimensions, including indicators such as the Gini coefficient, gross domestic product (GDP), per capita GDP, and their respective trends. The third part aims to identify the factors influencing the Wealth disparity in China. Employing the PESTEL analysis model, this paper explores the impact of political, economic, sociocultural, technological, environmental, and legal factors. The study identifies five key factors that influence the Wealth disparity: national policies, industrial structure, market economy system, regional development disparities, residents' educational opportunities and attainment levels, and relevant legal frameworks. The fourth part discusses the societal implications of China's wealth disparity. While an appropriate wealth disparity can stimulate individuals and society, a substantial disparity between the rich and the poor poses threats to social harmony and national development.

2. Literature Review

After the global coronavirus epidemic has eased, the world's major economies are recovering and growing respectively, but there are still challenges. It is expected that growth in advanced economies such as Europe, the United States, and Japan will slow down, while growth in emerging market economies, including China, is likely to remain stable. According to official data, China's GDP in 2022 is 121 trillion RMB, an increase of 3% compared with 2021, which is lower than expected [2]. Despite slowing growth, China remains one of the fastest major economies in the world and continues to drive global economic growth.

In order to improve the quality and effectiveness of economic development, China's government is dedicated to promoting a transformation in industrial structures from traditional production sectors into service sector and high technology industries [3]. In addition, China is also actively promoting innovation and technological upgrading, including the development of artificial intelligence, 5G networks and big data application. China's development has always been characterized by regional differences [4]. The eastern part of China is economically developed, especially the coastal provinces. China's western regions are relatively backward economically. But under the Belt and Road Initiative, infrastructure construction and economic development in the western region have also been strengthened. Despite China's rapid overall economic growth, there is still a wealth disparity, there is also a huge gap between big cities and small towns.

2.1. Research on the Wealth Disparity in China

With the rapid development of China's economy, traditional manufacturing and agriculture have gradually declined, while new industries and services have become more prosperous. This causes

some people to lose their original job opportunities, further widening the wealth disparity. Specifically, in the late 1990s, China's Gini coefficient exceeded the international warning line of 0.4 and later rose to around 0.47. From the collected data, the Gini coefficient continued to rise from 2003 to 2009, reaching a peak of 0.491 in 2008. This means that income distribution in China is already very unequal, with some rich people earning far more than the vast majority. In addition, the urban-rural income gap is also large, and the rural population is particularly vulnerable to poverty.

In *A Study on the Dynamic Relationship between the Wealth Gap and Economic Growth in China*, the author emphasizes how economic globalization has facilitated the free flow of wealth throughout the world and significantly aided in the advancement of national economic development [5]. The rapid growth of China's social economy has given the country's society a tremendous boost, but it has also created a number of issues with daily life. Based on representative time series data from 1980 to 2016, this study empirically investigates the relationship between wealth inequality and economic growth in China. According to some academics, China's current wealth disparity is primarily caused by the economy's structure. The wealth disparity will show a trend of narrowing with the reform of the economic system and the ongoing expansion of the economic aggregate. The researchers conducted a comprehensive investigation based on this conclusion. Through co-integration analysis, the researchers found that the relationship between the wealth disparity and economic growth conforms to Kuznets' inverted U-shaped hypothesis, that is, with economic growth, the wealth disparity in China first expands and then Narrows [5]. The article enhances the scientific and authenticity of the paper through abundant empirical research and provides a new perspective for the study of the changing trend of the wealth disparity in China. By reading this article, you can prove Kuznets' inverted U-shaped hypothesis and try to apply it to further research [5].

2.2. An Imbalance between Urban and Rural Development in China

The economic divide in China between urban and rural areas is enormous. Urban areas are relatively rich in economic, educational, medical, and other resources, while rural areas are relatively backward. This leads to disparities in income, education, and health between urban and rural residents. Wu Zhiying focused on the contribution of live broadcasting to China's economic recovery in *Research on How Live Broadcasting Can Help China's economic Recovery under the Background of COVID-19* [6], emphasizing the important role of live broadcasting in three aspects: revitalizing rural areas, increasing social consumption and tax revenue, and promoting China's digital economy. In addition, the way of on-site sales can also increase social employment, improve the efficiency of logistics distribution, improve the logistics distribution network, and promote the promotion of logistics distribution system and logistics distribution system. To sum up, the value of the live streaming economy is undeniable. Related to our topic, regional development differences are an important factor affecting the Wealth disparity in society. Compared with cities, rural areas lag far behind cities in terms of funds, opportunities, resources, etc., and lack of internal impetus for development. Through reading this article, the idea that a live broadcast economy can increase income in rural areas offers a new way to narrow the regional Wealth disparity.

3. Methodology and Date Analysis

3.1. Gini Coefficient

The Gini coefficient was derived by Italian statistician and sociologist Corrado Gini on the basis of the Lorentz curve [7]. It is one of the widely used indicators on a global scale to assess the income disparity between citizens of a nation or region. The economic significance of the Gini coefficient refers to the proportion of the total income used for unequal distribution of the income of all residents. The Gini coefficient varies between zero and one. The wealth in a nation is distributed more evenly,

and the wealth disparity narrows as the Gini coefficient approaches zero. In contrast, the wealth disparity widens as the Gini coefficient approaches one. The United Nations Development Program and other organizations have provided detailed explanations and classifications for the Gini coefficient. It is divided into five categories: below 0.2, 0.2-0.29, 0.3-0.39, 0.4-0.59, and 0.6 and above. These categories respectively represent highly equal, relatively equal, relatively reasonable, large gap, and wide gap states. Generally, a Gini coefficient of 0.4 is considered as the warning threshold for income distribution inequality.

3.2. Gini Coefficient of Chinese Society

According to official statistics from the World Bank, in the 1990s, China's Gini coefficient exceeded 0.4, reaching the internationally accepted alarm level. Based on information from China's National Bureau of Statistics, figure 1 displays the Gini coefficient of per capita disposable income for country residents from 2003 to 2019. The Gini coefficient has been higher than 0.4, as seen in the figure, demonstrating a trend of first rising and then falling. As shown in the line chart in Figure 1, the highest Gini coefficient was in 2008, at 0.491.

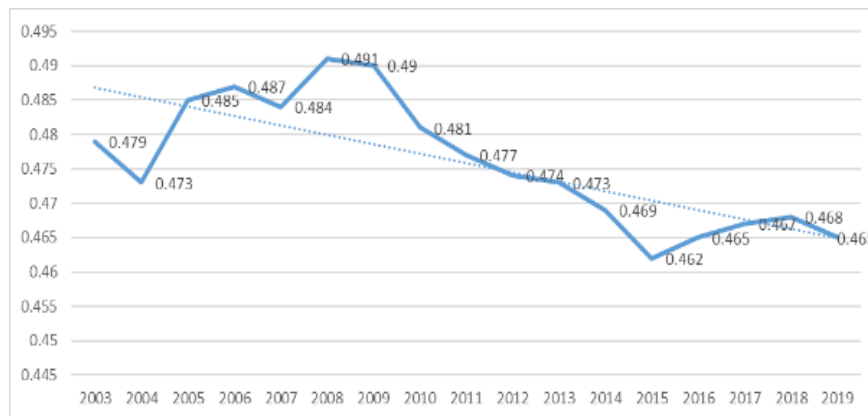


Figure 1: Gini coefficient of per capita disposable income of Chinese residents from 2003 to 2019

Between 2004 and 2008, China's Gini coefficient was on the rise. China's economy has been significantly impacted by the world financial crisis that began in 2008. China is one of the world's largest exporters, and the crisis has led to a drop in global demand and a blockage in foreign trade. This has had an impact on growth and employment in China. At the same time, the financial crisis has had a huge impact on Chinese enterprises. This leads directly to the original wealth and corporate income of China's middle- and upper-income groups.

After the 2008 financial crisis, the Chinese government adopted a series of stimulus policies, such as expanding domestic demand and increasing infrastructure investment, to promote economic recovery and mitigate the impact of poverty. The Chinese government actively promoted the closing of the income gap between urban and rural areas during this time. The government has implemented a series of policy measures, such as rural land reform, the construction of a rural social security system, and the improvement of rural education and medical resources, to raise the income level and living conditions of rural residents and reduce the gap between urban and rural areas. Therefore, as can be seen from the above figure, China's Gini coefficient showed an overall downward trend between 2008 and 2019.

3.3. Gross Domestic Product (GDP)

Gross Domestic Product (GDP) refers to the final result of production activities of all resident units in a country or region in a certain period of time. It is a concentrated reflection of the economic strength and development level of a country or region. GDP is the core index of national economic accounting and an important indicator to measure the economic status and development level of a country or region.

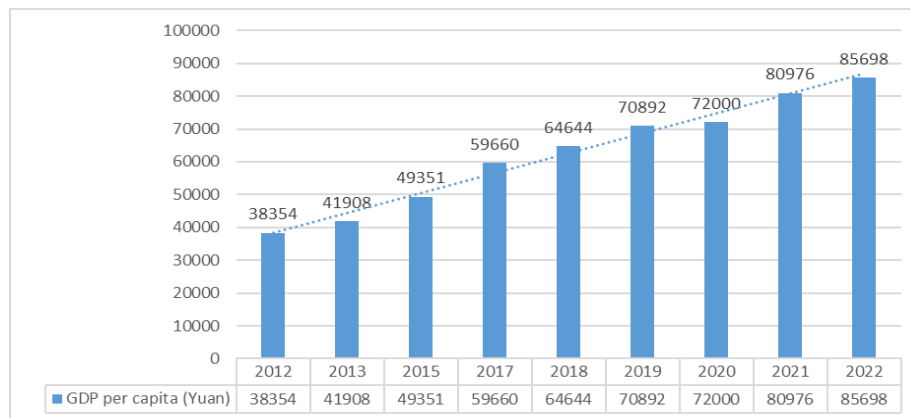


Figure 2: China's GDP per capita 2012-2022 (Yuan)

Figure 2 shows the specific data of China's per capita GDP from 2012 to 2022. In the recent ten years, the value shows a rising trend. Since 2017, China's per capita GDP has reached the level of 50,000 yuan. In general, China is moving towards common prosperity, and people's quality of life has been significantly improved. In the last few years, with the gradual narrowing of the per capita disposable income gap between the residents in the urban and rural, the number of poor people in rural areas has been reduced by 32 million, and the socialist economic system based on public ownership and a series of national policies have effectively controlled the wealth gap.

4. The Characteristics of Wealth Disparity in China

The wealth disparity in contemporary China has the following three characteristics: wide range, large difference and adjustable. The wealth disparity not only refers to the difference between urban and rural areas, between regions but also in the aspects of industries, and various types of business entities, the wealth disparity is very clear and large. In *Analysis of the phenomenon of the expansion of drama between rich and poor in China during the transition period* [8], Xiaohua Yang pointed out that in China, workers in some monopoly industries, such as oil and gas exploitation, tobacco manufacturing, railways, and aviation, have a higher income, while workers in basic industries, such as agriculture and service industries, have a much lower wage income.

4.1. China's Urban-rural Income Gap

Due to unbalanced economic development and differences in resource allocation, the income level of urban and rural residents is to a large extent different. In China, economic development is mostly concentrated in urban areas, and the process of industrialization and modernization has accelerated the growth of the urban economy. Urban residents have easier access to high-paying jobs and opportunities than rural residents. The main source of income for rural residents remains agriculture, which is relatively low and volatile. In contrast, urban residents can expect more employment opportunities and higher income levels from diversified off-farm industries. As figure 3 shows, thanks to the economic development, the per capita disposable income of China's domestic residents keeps

rising. Between 2013 and 2022, the per capita disposable income increased from 18,311 yuan to 36,883 yuan.

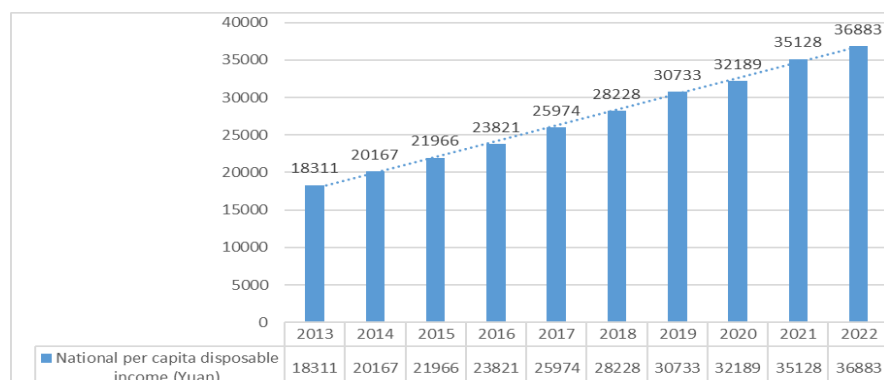


Figure 3: China's per capita disposable income (Yuan), 2013-2022

The formula for calculating the incidence of rural poverty as follow, P_0 , P_0 is the incidence of rural poverty, N_p is the size of the rural poor population, and N is the total rural population.

As shown in Table 1, from 2012 to 2022, China's rural population continued to decrease. At the end of 2019, 5.51 million people, or 11.09 million fewer than at the end of the previous year, were living in rural poverty, a decrease of 66.8%. The incidence of poverty was 1.00%. According to the collected data, the number of poor people in China's rural areas is more than 60 million. According to the formula of rural poverty incidence, the incidence of rural poverty in the past three years is 10.43%, 13.10%, and 11.34%, respectively, all exceeding 10%, indicating a relatively high rural poverty rate. The problem of rural poverty reflects the wealth gap between urban and rural areas on another level. The work done by the rural poor to reduce poverty is also highly valued by the Chinese government. In the past decade or so, China has adopted a series of effective measures, including upgrading the level of rural management and management and improving the quality of life in rural areas. By 2021, China will have completely lifted 98.99 million rural poor people and completely eliminated regional poverty.

Table 1: National population, urban resident population, rural resident population and rural poor population, poverty incidence in China, 2012-2022

Year	National population (10,000)	Permanent urban population (10,000)	Permanent rural population (10,000)	Number of people living in poverty (10,000)	Rural poverty rate(%)
2022	141175	92071	49104	—	—
2021	141260	91425	49835	—	—
2020	141212	90220	48678	—	—
2019	—	84843	55162	551	1.00%
2018	139538	83137	56401	1660	2.94%
2017	139008	81347	57661	3046	5.28%
2016	138271	79298	58973	4335	7.35%
2015	137462	77116	60346	5575	9.24%
2014	136782	74916	61866	7017	11.34%
2013	136072	73111	62960	8249	13.10%
2012	135404	71182	64222	6700	10.43%

Table 2: Per Capita Disposable Income of Urban and rural residents in China, 2012-2022 (Yuan)

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Per capita Disposable income of urban residents (Yuan)	26955	28844	31195	33616	36396	39251	42359	43834	47412	49283
Per capita disposable income of rural residents (Yuan)	8896	10489	11422	12363	13432	14617	16021	17131	18931	20133
Gap multiple	3.03	2.75	2.73	2.72	2.71	2.69	2.64	2.56	2.50	2.45

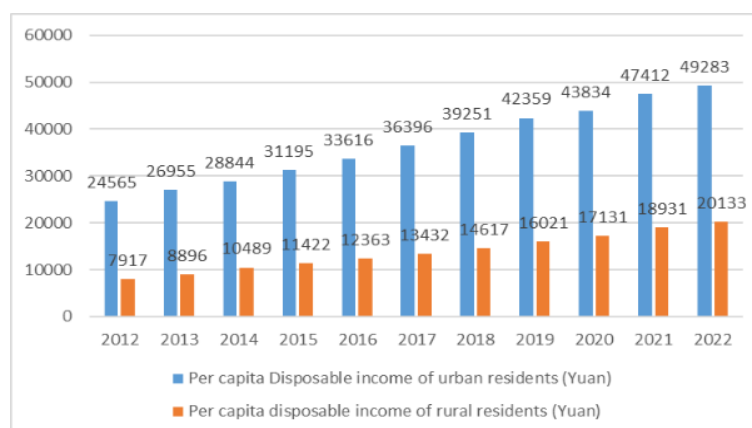


Figure 4: Per capita disposable income of urban and rural residents in China, 2012-2022 (Yuan)

Data on the per capita disposable income of urban and rural Chinese citizens from 2012 to 2022 are shown in Table 2 and Figure 4. Among them, the per capita disposable income of urban residents increased from 24,565 yuan in 2012 to 49,283 yuan in 2022, reaching a level of double growth. Rural residents per disposable income increased from 7,917 yuan in 2012 to 20,133 yuan in 2022, an increase of 12,216 yuan. Urban and rural residents' disposable income per capita is rising each year, and the gap between them is also widening in absolute terms. In 2012, there was a 16,648 yuan income gap between urban and rural areas. But in 2022, the income gap between the two is 29,150 yuan. The income gap has expanded exponentially, and the rural-urban income ratio is also at a high level. However, it should also be noted that in the past decade, the ratio of the income gap between urban and rural residents in China has been in a declining state. This reflects that the implementation of our country's rural policy has practical significance. The Chinese government has done a good job in rural development and construction, and preliminary results have been achieved in rural development and construction. It could also be demographic. In recent years, the growth of China's agricultural population has shown a gradually decreasing trend, and a large number of farmers have also appeared to work in cities. This creates a continuous increase in the size of the urban population, and this segment of the urban population may not be well developed. This will reduce the residents' available income in cities.

4.2. Income Disparity between Regions

The inequality of income distribution between regions is a serious problem. The eastern region clearly differs from the central, western, and northeastern regions. Depending on each region's geographic location, level of economic and technological development, and physical environment, there are four economic development regions in China: the eastern region, the western region, the central region, and the northeast region. According to the data observed in the past five years (see Figure 5), the annual GDP of the four regions has increased year by year. The eastern region saw the fastest growth,

with a five-year increase of 14,101.8 billion yuan. The central region saw a growth of 7.351.3 trillion yuan. The western region saw an increase of 7.298.5 billion yuan. The northeast grew at a slower rate, with a five-year increase of only 94.6 billion yuan. The findings indicate that the eastern region has a much higher level of economic development than the other three regions. The growth rate of the central and western regions is basically the same. The northeast region has the lowest level of economic development. The northeast region used to be the base of China's heavy industry, but the regional development model dominated by the industrial economy can no longer adapt to the pace of development of The Times. Factors such as incomplete reform of state-owned enterprises, backward urban infrastructure, serious environmental pollution, and imperfect social security system have led to the decline of economic development in Northeast China, sharp employment conflicts, and a decline in residents' income.

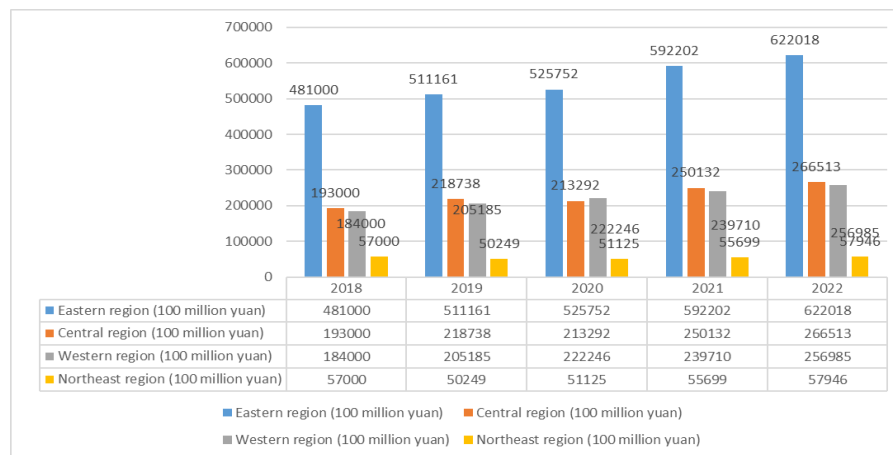


Figure 5: Gross Regional Product of China by region, 2018-2022 (billion yuan)

5. Causes of Wealth Disparity in Chinese Society

The wealth disparity in China has gradually intensified since the reform and opening of the People's Republic of China. Under the planned economy system, although the total amount of social wealth is small, the wealth disparity is not very large because the government implements a relatively equal income distribution policy [4]. Since the reform and opening policy was put into place, China has continuously explored and tried on the road of economic construction, promoted the adjustment and improvement of the economic system, and finally carried out the reform of the socialist market economy system in 1992, formally establishing a socialist market economy with public ownership as its core and co-development of various economic sectors. With the promotion of reform and opening and the development of the market economy, China's economic aggregate has grown rapidly, and the level of personal income has also been raised. At the same time, due to some unfair phenomena in the market economy, the wealth gap in China is progressively getting wider due to factors like the irrational transfer of land and resources and the dual structure of urban and rural areas. The Wealth disparity in China is reflected in the income gap between urban and rural areas, between regions, and between industries.

5.1. Chinese Government Policy Differences

Various government policies have different effects on different social groups. Some policies may encourage the rich to get rich faster without benefiting the disadvantaged. Policy divergences play a significant role in the growing wealth disparity. On the one hand, since the reform and opening up, China has carried out reforms that are focused on the market, and the role of the market mechanism

in the market economy has been further strengthened. This has brought about great wealth and opportunities for the economy of China to develop quickly. Since the 1990s, China has shifted its focus to the growth of a market economy, adopted a gradient development strategy, and supported and encouraged some regions and groups to become wealthy first. This has further boosted market vitality and increased production efficiency. China will use its strength and experience to lead and help other regions, and eventually achieve common prosperity. As a result, the Chinese government has purposefully allocated resources and policies to the eastern region. This plan has significantly accelerated development in the eastern region, but the radiation effect of the developed eastern region on the other three regions is not sufficient. It leads to the accumulation of numerous development opportunities and resources to the eastern region, accelerating the accumulation of human resources and natural resources in other regions to the eastern region, causing the disparity in development between regions to progressively widen. On the other hand, public resources are distributed unevenly, and the government's social security policy is outdated. As a result, some groups' interests have been compromised, and the wealth disparity has widened.

5.2. China's Economic Structure Changes

With the rapid development of China's economy, the traditional manufacturing and agricultural industries have gradually declined, while the new industries and service industries are more prosperous. The supply-side structural reform is the main strategy followed by all regions and relevant departments as they work to create a contemporary economic system. They keep improving the industrial structure, and as a result, the share of the primary industry will gradually decrease. In the context of the new generation of technological and industrial transformation and innovation-driven development, China's industrial innovation and development capacity will be greatly improved, the secondary industry will shift from high-speed growth to high-quality development, and equipment manufacturing and high-tech manufacturing will develop rapidly. As reform in the service sector continues to deepen, the quality of development of the tertiary industry continues to improve, new generation technologies such as information and communications, the Internet, and big data are gradually emerging, and modern and emerging service industries are developing rapidly. The adjustment of the industrial structure may cause some people to lose their original job opportunities, which further leads to the widening of the wealth disparity. Specifically, in the late 1990s, China's Gini coefficient exceeded the international warning line by 0.4, and later rose to around 0.47. From the data collected, the Gini coefficient increased continuously from 2003 to 2009, reaching a peak of 0.491 in 2008. This means that China's income distribution is already very unequal, with some wealthy people earning much more than most of the population. In addition, the income gap between urban and rural areas is also large, and people in rural areas are particularly vulnerable to poverty.

The planned economy must be replaced with a socialist market economy as part of China's economic reform. Market economy emphasizes market competition, the law of value and other basic laws, it encourages commodity producers and operators to improve production efficiency and operating efficiency and constantly improve technology, improve management, in the competitive environment of survival of the fittest, will inevitably cause the family income gap between enterprises and workers differences.

5.3. Inequal Education in China

In the new era, education has an increasing impact on income disparity. An individual's income is largely related to his level of education. However, the current allocation of educational resources in Chinese society is a dual-track system combining planning and market.

First, China's urban and rural educational resources are unbalanced. Urban schools have more funds and educational resources and better teachers. Rural schools are faced with problems such as insufficient teachers and poor facilities. The education gap between urban and rural areas also exacerbates the wealth disparity, as families with good economic conditions are more likely to send their next generation to chase urban education. Second, educational opportunities are uneven. Quality education resources are concentrated in a few famous universities and key disciplines. Getting into these schools or subjects requires high grades and a background that only a few families can provide for their children. This leaves children from families who do not have such opportunities excluded from access to quality education. Finally, insufficient investment in education. Although the Chinese government has increased its spending on education in recent years, it remains low relative to GDP and other developing countries. As a result, many schools have weak infrastructure and teachers to provide high-quality education. Children from poor families in China are less likely to receive the same level of education, which directly contributes to the widening gap between rich and poor.

The market cannot solve the problem of equitable development and must follow the inherent characteristics of social welfare in the field of education. If there is no equalization of education

5.4. Regional Development Difference

The urban-rural dual system divides urban and rural areas into two unequal parts, resulting in rural residents lagging urban residents in both social and economic status. The differences brought about by the urban and rural fortresses put rural residents in a disadvantaged position in terms of employment and education. For example, there is a shortage of job opportunities for rural residents, and many workers from rural areas face unfair conditions when seeking employment in big cities, such as limited types of employment and unpaid wages. This situation will increase the cost of rural residents to go out to work, and indirectly widen the Wealth disparity between the urban and the rural areas.

5.5. Imperfection of Legal System

The imperfection of the relevant legal protection system is also an important factor in widening the wealth disparity. There is a lack of laws and regulations to protect legal income and a lack of legal institutions to combat illegal income. At present, China's laws and regulations on legal income protection are inadequate. China does not have a proper legal framework. The legitimate interests of individual workers face the risk of being infringed. The rights of individuals cannot be effectively respected and guaranteed. These will affect the income gap between residents. In addition, it is not right to allow individuals to obtain illegal income. In society, some people misinterpret the purpose of policies and systems, and obtain a large amount of illegal income by illegal operations, tax evasion, power peddling and other illegal acts. However, due to the lack of comprehensive laws and regulations to combat illegal income, China is unable to comprehensively punish these illegal activities.

5.6. The Influence of Wealth Disparity in Chinese Society

The wealth disparity in China is a problem worth thinking about, which has a profound impact on many aspects, such as social economy, politics, and culture.

The existence of a moderate wealth disparity in society is conducive to stimulating the enthusiasm of workers and stimulating the enthusiasm of workers to create wealth. Workers improve their personal quality and ability through hard work. They tap the potential value of individual wealth creation and contribute their own strength to the development of society while realizing their own life value.

The wealth disparity in China has been increasing over the past few decades, which has many adverse effects on social stability. Due to the large wealth disparity, many people believe that society is unfair, which will lead to social unrest and instability. As the wealth disparity continues to widen, the sense of exploitation of the poor is becoming more intense. Social and economic development continues, but their quality of life and quality of life has not been synchronized development. It leads to a widening wealth disparity. If the wealth disparity is not properly handled, the factors of social disharmony will increase, and serious social contradictions will be aggravated. Especially those at the bottom, because they are unable to enjoy the most basic welfare and rights, feel that they are not respected and have equal opportunities. Secondly, poverty and unemployment are one of the main reasons for the rising crime rate. When people face pressure on their livelihoods, they may be forced to resort to illegal means to make ends meet. China's yawning Wealth disparity threatens to stifle economic growth. If large numbers of people live below the poverty line, they will not have enough money to buy goods and services. This will limit market demand and restrain economic growth.

6. Conclusion

Since the implementation of the policy of reform and opening up, China has a strong and developed economy as well as a strong and united country, and China's international status has been greatly enhanced. In the 1980s and 1990s, China began to reform its economic system, transforming the planned economy into a market economy. Also, China readjusts its industrial structure, establishing a modern economic system. However, In the process of the social economy's swift development, there has also been a more serious social problem, that is the wealth disparity. In this context, this paper takes the widening wealth disparity in China as the topic of discussion and uses PESTEL analysis model to focus on the causes and social impacts of the wealth disparity. A moderate wealth disparity is conducive to stimulating people's enthusiasm for work. There are various reasons affecting the wealth disparity in China. In recent years, the Chinese government has also made many right decisions in narrowing the wealth disparity in China. For example, the government's implementation of the rural revitalization strategy is conducive to narrowing the urban-rural income gap, and the reform of the tax system can promote a more reasonable distribution of people's income. The Chinese government and all the people are doing their utmost to fulfill the objective of widespread prosperity.

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Appendix: PESTEL

Factor	Points	Description
Political	Chinese government policy differences	The Chinese government has implemented more policies conducive to the economy of the eastern region, such as the establishment of special economic zones and free trade zones. These policies not only brought about economic take-off, but also sent most of the high-quality workers and rich resources to the eastern region.
		The implementation of social security policy in rural areas lags that in urban areas, which will affect the level of social security and the allocation of public resources in rural areas. In formulating social security policies, the government ignores the fairness between the urban and the rural areas. Residents living in cities can enjoy a more comprehensive and more regulated system.
Economic	China's economic structure changes	The adjustment of China's industrial structure will affect some workers to lose job opportunities, and will cause social stratification, thus widening the wealth disparity.
		Market economy emphasizes market competition, the law of value and other basic laws. The survival of the fittest competitive environment will inevitably result in a wage gap between employers and employees.
Sociocultural	Inequality in education	China's urban and rural education resources are not balanced, educational opportunities are not balanced, and educational resources investment is insufficient.
Environmental	Regional development difference	Urban-rural dual system and regional development history.
Legal	Imperfection of legal system	The imperfect laws and regulations to protect legal income and the shortage of legal systems to combat illegal income.