Socioeconomic Status and Inequality of Residents’ Income

SUN Jing-shui 1, HUANG Ling-jie2

1,2 School of Economics, Zhejiang Gongshang University, Hangzhou 310018, China

Abstract: This paper proposes a theoretical hypothesis, expands the Mincer income model and constructs the Ordered Logit model. Based on the data of 3109 questionnaires, it conducts an empirical study on the relationship between socioeconomic status and income inequality. The results show that: (1) The objective socioeconomic status of a citizen has a essential positive impact on residents' income. The more human capital and material capital accumulate and the better profession grades and job ranks, the higher the income level of residents will be; the interaction between objective socioeconomic status with household registration and gender further expands the income inequality between urban and rural areas and gender income inequality. (2) The subjective socioeconomic status and its upward flow have momentous negative effects on the subjective income inequality. The higher the subjective socioeconomic status the higher the recognition degree of residents on the current income distribution equity will be. (3) Objective socioeconomic status has an adverse impact on subjective income inequality. The more human capital accumulates and the higher income level occupation grades and job ranks of individuals, the smaller subjective income inequality. In addition, the nature of work unit and social insurance has a essential positive effect on residents' income, and the degree of trust and social insurance has a significant negative effect on subjective income inequality.

1. Introduction
During the 40 years of reform and opening up, China's economy has continued to grow. Residents' income level has essentially increased. However, at the same time, inequality in income distribution has become increasingly serious [1][2]. Income inequality in China has exceeded the warning line. According to the statistics of the national bureau of statistics, the national income Geordie Coefficient was 0.479 in 2003 and reached the maximum in 2008 (0.491). And then it keeps going down, fall to 0.462 in 2015 and rise again in the last two years (0.465 and 0.467 in 2016 and 2017). In recent years, with the continuous expansion of income inequality of Chinese residents, social class has been solidified, with the emergence of rich second generation, poor second generation, rural second generation, etc. The intergenerational problem of income inequality and the problem of opportunity equity have become prominent. However, it is gratifying to note that over the years, despite China's tremendous income inequality and the prominent problem of unfair distribution, social instability has not been caused. In fact, the residents income inequality will trigger social instability, to a certain extent, depends on the residents' psychological bearing capacity of income inequality, the judgment of income inequality (subjective income inequality) and the opportunity that people transfer from a socioeconomic status to another [3][4]. Therefore, in the context of China's entering the decisive stage of building a moderately prosperous society in all respects, it is critical for the government to make scientific and reasonable income distribution policies and find ways to reduce the income inequality of residents by deeply exploring the relationship between socioeconomic status and income inequality.
2. Literature review and research hypothesis

Socioeconomic status refers to people's coordinates and positions in the social and economic system. The existing related research in the socioeconomic status and income inequality relations, mainly for socioeconomic status and objective income inequality, rarely involved in socioeconomic status and subjective income inequality (individual recognition of the current fairness of income distribution). Objective socioeconomic status reflects the actual socioeconomic status of individuals. Material wealth, education level and occupation of individuals are usually used as agent variables [5][6]. Human capital theory attributes the income difference of laborers to the difference of human capital, education level, on-the-job training, work experience and other important factors influencing personal income [7]. Völlmecke and Jindra (2016) believed that the improvement of human capital helps increase income level [8]. Álvarez and Palencia (2018) found that workers with higher skills were not only better paid in their main occupations, but more likely to diversify their income through "employment" [9]. The research results of Detollenaere et al. (2018) showed that income inequality is related to the health status of residents and the worse the health status of residents the higher the income inequality [10]. Therefore, this paper proposes the following hypothesis: **Hypothesis 1: Human capital has a positive effect on residents' income level. The more human capital accumulates the higher the income return of residents will be. The difference of human capital and its interaction enlarge the objective income inequality.**

Generally, the more the individual material capital accumulates the higher the income level will becomes. Zhu Jinxia et al. (2014) found that the possession of housing property has an important income distribution effect, which enhances family income [11]. The research results of Shahpari and Davoudi (2014) showed that the accumulation of human capital and physical capital can reduce the Geordie Coefficient and thus make the income distribution more equitable [12]. Guo and Yu (2017) found that with the accumulation of physical and human capital, the output share of mental work is increasing and the gender wage gap is narrowing [13]. However, most scholars believe that material capital is an indispensable factor influencing income inequality [14][15]. Gao Lianshui (2011) found that factors such as physical capital and human capital led to the increment of income gap in residential areas [16]. The author believes that towards individual, the more material capital accumulates, the more income they gain in the process of income distribution. The heterogeneity of material capital has a big impact on income inequality. Therefore, this paper proposes the following hypothesis: **Hypothesis 2: Material capital has a significant positive effect on residents' income level. The more material capital accumulates the higher the residents' income level will be. The difference of material capital and its interaction have important influence on objective income inequality.**

Some studies have shown that occupational profession grades and job ranks which reflect certain socioeconomic status have essential influence on objective income inequality, but the conclusions are not consistent. Professional search theory demonstrates that employment turnover has a positive impact on income level [17]. While employment match theory manifests that voluntary quit has a positive impact on the income level, while passive quit negatively influences the income level [18]. Research results of Monsueto et al. (2014) showed that occupational mobility helped increase income, but it also expanded income inequality [19]. In the author's opinion, the upward flow of occupation and position has improved people's profession grades and job ranks, and the individual's efforts and efforts have been rewarded accordingly, and the individual's socioeconomic status has been changed, so their income level has also been increased accordingly. Therefore, the following research hypothesis is proposed: **Hypothesis 3: The upward mobility of profession grades and job ranks has a significant positive effect on the income level of residents.**

There are many studies on objective income inequality in the theoretical circle, but studies on individual subjective income inequality are very scarce and not systematic [20]. Some studies show that the higher their socioeconomic status the more people tend to be more tolerant of income inequality [21], while those in a weak position, such as ethnic minorities, lower social prestige of the position of employers, socioeconomic status of young people with low socioeconomic status, low
culture, the poor and the other of low socioeconomic status, tend to hold egalitarianism concept of economy[22][23]. Gijsberts(2002) found that the lower people's education level and their own income level were, the lower their tolerance of income inequality had[24]. In general, objective socioeconomic status reflects the actual socioeconomic status of an individual in the socioeconomic environment, while subjective socioeconomic status reflects the individual's subjective perception of his position in the social hierarchy[25][26]. We believe that individual's subjective socioeconomic status, as an individual's own subjective perception of objective socioeconomic status, may have a stronger relationship or prediction effect on subjective income inequality. The higher the individual's objective and subjective socioeconomic status the more he or she will thinks the current income distribution is fair and vice versa. Therefore, this paper proposes the following hypothesis: Hypothesis 4: Socioeconomic status and its upward mobility have significant negative effects on residents' subjective income inequality. The higher the subjective and objective socioeconomic status, the higher the individual's recognition of the current income distribution equity will have.

In addition, other explanatory variables such as individual basic characteristics (such as gender, nationality, age, family population, family labor force, household registration, etc.), the nature of the work unit, social insurance, etc., also have a essential impact on residents' income and income inequality [27]-[31]. Therefore, this paper proposes the following hypothesis: Hypothesis 5: Individual basic characteristics, nature of jobs, and social insurance have a significant impact on the income inequality of residents.

Compared with the existing research, this paper's main achievements are the following: First, the residents' income inequality caused by many factors. Scholars have different viewpoints, which rarely involved in socioeconomic status and the relationship between the residents income inequality. This paper constructs the subjective and objective evaluation index system of socioeconomic status system and discusses the socioeconomic status and objective income inequality, the relationship between subjective income inequality, and draws inspiring research conclusions. This is the complement and improvement of the existing research. Secondly, when studying the relationship between socioeconomic status and residents’ income inequality, in the study of the relationship between socioeconomic status and income inequality, this paper increases the impact of the interaction between human capital with household registration and gender on income inequality. Besides, this paper also increases the impact of the interaction between physical capital and household registration, gender and human capital on the income inequality of residents. Based on the objective perspective, the relationship between socioeconomic status and residents' income inequality is comprehensively discussed, which is rarely mentioned in existing relevant studies. Thirdly, for subjective socioeconomic status, most articles generally choose the socioeconomic status of their children and the socioeconomic status of their parents as proxy variables. This paper designs the proxy variables of subjective socioeconomic status from six aspects: the children's socioeconomic status, socioeconomic status of their parents, in the next five years the individual's socioeconomic status, the generation of upward mobility, intergenerational upward mobility and expected upward mobility. The relationship between subjective socioeconomic status and its interactions with the residents' subjective income inequality is systematically explored, which is not covered in the existing related research. In addition, this paper also discusses the influence of profession grades and job ranks, level of trust, and social insurance on subjective income inequality, which is also rare in existing relevant studies.

3. Variables, data and model

According to the above research hypothesis, this paper expands the Mincer income model, builds the Ordered Logit model, and empirically studies the relationship between socioeconomic status and residents' income inequality based on the questionnaire survey data.

3.1 Variable description
The socioeconomic status involved in this paper includes objective socioeconomic status and subjective socioeconomic status, and income inequality includes objective income inequality and
subjective income inequality. There are two explanatory variables in the model in this paper. One is the individual's monthly after-tax income (take the logarithm, write it as ln(income)), and use the expanded Mincer income model to reflect the impact of socioeconomic status on objective income inequality. Secondly, the subjective income inequality index (denoted as subinequality) uses the Ordered Logit model to reflect the influence of socioeconomic status on subjective income inequality. Subjective income inequality involves subjective judgment and evaluation. The number 1-5 is used to signify the degree of subjective income inequality. The higher the value the greater the degree of perceived income inequality or the greater the subjective income inequality will be. The explanatory variables in the model mainly include two major aspects. One is the proxy variable reflecting social and economic status. The core variables representing objective socio-economic status select human capital, material capital, profession grades and job ranks. The core variables representing the subjective socioeconomic status select 6 indicators, including the current socioeconomic status of an individual (compared with the same profession), the socioeconomic status of the parents, the expected socioeconomic status of an individual in the next five years, intra-generational upward mobility, intergenerational upward mobility and expected upward mobility. The second is to reflect the individual basic characteristics of the variables and other control variables were selected such as nature of jobs, social insurance, trust degree and region, etc. The symbols, meanings and sample mean values of all variables in the model are shown in Table 1.

Table 1 variable, symbol meaning and sample mean

| Variable | Symbol | Meaning | Sample Mean |
|----------|--------|---------|-------------|
| Explained variable: Individual monthly after-tax income | ln(income) | Logarithm of income | 8.22188 |
| Subjective income inequality | subinequality | See note (1) | 3.14796 |
| Explaining variable: 1. Individual basic characteristic variables | | | |
| (1)Gender(dummy variable) | male | Male male=1 or 0 | 0.58122 |
| (2)Nation(dummy variable) | han | Han =1 or 0 | 0.97716 |
| (3)Age | age | 41.61563 |
| (4)Family population | pop | 3.7340 |
| (5)Family labour force | lab | 2.257961 |
| (6)Individual Household Registration (dummy variable) | city | Non-agricultural household city=1, otherwise 0 | 0.59859 |
| 2.Objective socioeconomic status | | | |
| Human capital: (1)Health(dummy variable) | heal | See note (2) | 3.84561 |
| (2)Mills training(dummy variable) | train | Train =1; otherwise, 0 | 0.57633 |
| (3)Length of service | exp | 18.70827 |
| (4)Education year | edu | 12.9511 |
| Material capital: (1)Housing Tenure(dummy variable) | houp | have full title houp=1 or take 0 | 0.82509 |
| (2)Rural residents:Land | land | 5.38543 |
| Productive fixed assets | ass | 23965.03 |
| profession grades and job ranks: (1)Job ranks | post | See note(3) | 1.59158 |
| (2)Profession grades | prof | See note(4) | 2.96269 |
| 3. Subjective socioeconomic status | | | |
| (1)The individual's current socioeconomic status | stat | See note(5) | 2.93696 |
| (2)The socioeconomic status of parents | fasta | See note(5) | 2.29399 |
(3) Expect the socioeconomic status of individuals for the next five years

| Expectation Type                       | Symbol | Description                                      | Value   |
|----------------------------------------|--------|--------------------------------------------------|---------|
| Intra-generational upward mobility     | statfu | statfu-stat-fsta greater than 0 take 1, otherwise take 0 | 0.58540 |
| Intergenerational upward mobility      | statfgu| statfgu-stat-fast greater than 0 take 1, otherwise take 0 | 0.32293 |
| Expected upward mobility               | fustafu| fustafu-fusta-stat greater than 0 take 1, otherwise take 0 | 0.35317 |

4. Other explanatory variables

| Variable                                      | Symbol | Description                      | Value   |
|-----------------------------------------------|--------|----------------------------------|---------|
| The nature of the work unit                   | unit   | In the system (Government offices, public institutions and state-owned enterprises) unit=1, Outside the system unit=0 | 0.31232 |
| Social insurance                              | insu   | have social security insu=1 or you take 0 | 0.73077 |
| Degree of trust                               | trust  | See note(7)                      | 3.61917 |
| East region                                   | reg2   | East region reg2=1 or take 0     | 0.60823 |
| Central region                                | reg1   | Central region reg1=1 or take 0  | 0.31618 |

Referential Standard: a Women; b Minority; c West region.

Note: (1) subinequality: The degree of recognition of the current income distribution equity situation: very recognized, relatively recognized, general, not too recognized, very unrecognized, subinequality is 1, 2, 3, 4, 5. The larger the subinequality is, the greater the subjective income inequality is. (2) heal: poor, poor, general, better, better, better 1, 2, 3, 4, 5. (3) post: no post, base level, middle level and top level shall be 1, 2, 3 and 4. (4) prof: agricultural labourers, workers (physical strength), working staff or service staff (non-physical strength), professional and technical personnel, and the person in charge or management of the unit shall be 1, 2, 3 and 5 in turn. (5) the value of subjective socioeconomic status is 1, 2, 3, 4 and 5 (where 1 represents low level and 5 represents high level). (6) statfu=stat-fsta, where ista refers to the socioeconomic status of an individual when he or she has just started working (or farming) (compared with the same occupation). (7) trust: trust in colleagues and friends, signifies complete distrust and 5 indicates complete trust.

3.2 Data sources

Since research on socioeconomic status and residents’ income inequality involves many dummy variables and subjective evaluation indexes, which cannot be obtained directly from the government statistical yearbook, this paper adopts the method of questionnaire survey to obtain individual micro data. The respondents of this questionnaire are the main members of urban families and rural families. The survey covers 28 provinces in the eastern, central and western regions through random sampling. In the second half of 2017, the research group of the national social science foundation project "research on the evaluation system and early warning mechanism of income distribution equity" issued 6,000 questionnaires, collected 5,056 questionnaires, removed samples with incomplete information or abnormal data, and finally obtained 3,109 valid samples.

3.3 Model setting

3.3.1 The model of socioeconomic status and objective income inequality

The research on the difference of labor wage income usually adopts the Mincer (1974) [32] income model, which mainly considers the influence of education level and work experience on individual wage income. In this paper, the Mincer income model is expanded to take the objective socioeconomic status proxy variable as the core variable, focusing on the impact of objective socioeconomic status on residents' income inequality. The expanded Mincer revenue model is as follows

$$\ln(\text{income}) = \beta_0 + \sum \beta_i \text{status}_i + \sum \beta_j \text{interaction}_j + \sum \beta_k \text{individual}_k + \epsilon$$



In this formula, $\ln(\text{income})$ is the logarithmic form of residents’ income (explained variable), $\beta$ is the regression parameter, $\text{status}$ is objective socioeconomic status proxy variable, $\text{interaction}$ is
inter-variable interaction, individual is individual basic characteristic variable and other control variable, and ε is the random error term. The symbols and meanings of the variables in the model are shown in Table 1.

3.3.2 Socioeconomic status and subjective income inequality model. As the main variable (i.e., subjective income inequality) discussed in this paper is an orderly and discrete choice variable, a multivariate order model (Alesina et al, 2004) [33] can be adopted to conduct an empirical study on socioeconomic status and subjective income inequality. The Ordered Logit model constructed in this paper (Li Xuesong, 2008) [34] is as follows:

$$ subinequality^* = x'B + \varepsilon $$ (2)

Where, is the row vector (x' is the transposed column vector of x), and B is the parameter column vector. $\varepsilon \sim N(0,1), \varepsilon$ is a random variable with independent and same distribution, and its distribution function is set as $F(\cdot)$. Subinequality * is a potential variable of initial allocation justice satisfaction (subinequality). According to research hypothesis and variable description, $x'B$ has the following form

$$ x'B = \beta_0 + \sum \beta_{\text{substatus}}_i + \sum \beta_{\text{objstatus}}_j + \sum \beta_{\text{interaction}}_k + \sum \beta_{\text{individual}} $$ (3)

Where, β is the regression parameter, substatus and objstatus represent the agent variables of objective and subjective socioeconomic status in turn, interaction is the interaction between variables, individual is the basic characteristic variable and other explanatory variables, and the meanings of each variable are shown in Table 1.

4. Empirical analysis results

Based on the income distribution fairness questionnaire data, the Generalized Least Squares Estimator of the extended Mincer econometric model was performed using the measurement software EViews9.0, and the regression results of Table 2 were obtained. For the Ordered Logit model, the method of Maximum Likelihood is applied and the regression results of Table 3 are obtained.

4.1 Regression results of socioeconomic status and objective income inequality

4.1.1 Basic model: individual basic characteristics and residents’ income inequality. The regression results of Model 1 in Table 2 show that the income level of male residents is higher than that of female residents; han residents is higher than that of minority residents; age and residents’ income are in an inverted u-shaped relationship. The number of household population has a essential negative influence on residents’ income and the number of household labour force has a momentous positive influence on residents’ income level. The above conclusion partially supports the Hypothesis 5.

| Explain- | Model 1 (individual characteristics) | Model 2-1 (human capital) | Model 2-2 (human capital) | Model 3-1 (material capital) | Model 3-2 (material capital) | 4-1 Model (profession grades) | 4-2 Model (job ranks) | Model 5-1 (the nature of the work unit) | Model 5-2 (social security) |
|----------|-------------------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|-------------------------------|------------------------|-------------------------------------|-----------------------------|
| c        | 6.94598***                         | 6.62094***                | 5.98342***                | 6.78554***                  | 6.96825***                  | 6.79685***                   | 6.87901***               | 6.90043***                         | 6.75970***                 |
| male     | 0.04393***                         | 0.04878***                | 0.06873***                | 0.05133***                  | 0.06790***                  | 0.08701***                   | 0.06652***               | 0.04446***                         | 0.06483***                 |
| han      | 0.03090***                         | 0.02882***                | 0.07696***                | 0.07014***                  | 0.18686***                  | 0.06184***                   | 0.07947***               | 0.05010***                         | 0.04231***                 |
| age      | 0.04510***                         | 0.05873***                | 0.05250***                | 0.04495***                  | 0.02229***                  | 0.03030***                   | 0.03786***               | 0.04197***                         | 0.04441***                 |
| age^2    | -0.00055***                        | -0.00053***               | -0.00054***               | -0.00047***                 | -0.00052***                 | -0.00034***                  | -0.00040***              | -0.00047***                        | -0.00052***                |
| pop      | -0.06896***                        | -0.06969***               | -0.06848***               | -0.02078***                 | -0.00594***                 | -0.00760***                  | -0.01800***              | -0.04916***                        | -0.03280***                |
| lab      | 0.04254***                         | 0.03775***                | 0.01213***                | 0.01835***                  | 0.04173***                  | 0.01192***                   | 0.02087***               | 0.01502***                         | 0.03503***                 |
| heal     | 0.07056***                         | 0.06610***                | 0.03767***                | 0.04068***                  | 0.04467***                  | 0.02282***                   | 0.02803***               | 0.06435***                         | 0.06168***                 |
| Variable | Coefficient | p-value |
|----------|-------------|---------|
| exp | 0.01547*** | 0.00652*** |
| edu | 0.04485*** | 0.06502*** |
| edu*city | 0.01069*** | 0.04485*** |
| edu*male | 0.00086*** | 0.10669*** |
| houp | 0.07999*** | 0.04647*** |
| houp*city | 0.01009*** | 0.00086*** |
| houp*edu | 0.01009*** | 0.00086*** |
| land | 0.0238*** | 0.04647*** |
| ass | 6.4E-07*** |
| prof | 0.05089*** | 0.02604*** |
| prof*city | 0.01419*** | 0.00126*** |
| prof*male | 0.11391*** | 0.01419*** |
| post | 0.04585*** | 0.02013*** |
| post*city | 0.02013*** | 0.00243*** |
| post*edu | 0.02013*** | 0.00243*** |
| unit | 0.18196*** |
| insu | 0.01493*** | 0.01271*** | 0.04104*** | 0.00588*** | 0.01493*** | 0.01271*** | 0.04104*** | 0.00588*** | 0.01493*** | 0.01271*** | 0.04104*** |
| reg2 | 0.14063*** | 0.15257*** | 0.11582*** | 0.13486*** | 0.11565*** | 0.12517*** | 0.13115*** | 0.15378*** | 0.15988*** |
| reg1 | 0.00588*** | 0.00322*** | 0.00859*** | 0.01806*** | 0.00606*** | 0.01682*** | 0.02013*** | 0.02013*** | 0.02013*** |
| adj-R² | 0.99952 | 0.99969 | 0.99985 | 0.99985 | 0.99985 | 0.99985 | 0.99985 | 0.99985 | 0.99985 |
| F-statistic | 649426.0*** | 845652.2*** | 1598485.0*** | 221349.2*** | 15377.47*** | 792923.0*** | 423871.3*** | 829106.4*** | 974417.3*** |

Note: ***, ** and * respectively signify that the regression coefficients are momentous at the level of 1%, 5% and 10%, the same as below.

4.1.2 Human capital and its interaction items and residents’ income inequality. The result of the regression algorithm of Model 2-1 illustrates show that the better health status and work experience, the higher income level; the income level of residents participating in skills training is critically higher than that of residents not participating in skills training. The regression results of Model 2-2 show that the longer the years of education the higher the income level will be. Interaction between education years with household registration and gender has momentous positive effects on residents’ income, indicating that compared with rural residents, the longer urban residents have been exposed to education the higher their income level will be; compared with female residents, the longer the years of education for urban residents the higher their income level, which betokens that the difference in household registration status and education years have aggravated the income inequality between urban and rural residents and expanded gender income inequality. The mentioned conclusions empirically buttress Hypothesis 1.

4.1.3 Material capital and its interaction items and residents’ income inequality. The regression results of Model 3-1 show that the housing property right has a momentous positive effect on the income level of residents, which signifies that the income level of residents with complete property right is critically higher than that of residents without complete property right. The interaction between
housing property right with years of education and household registration has a significant positive impact on the income level of residents, indicating that urban residents with complete property rights have a critically higher income level than rural residents. The housing property right and household registration system further expand the income inequality between urban and rural areas and further expand the influence of education years on residents' income. The regression results of Model 3-2 show that the more material capital accumulated by rural residents the higher their income level will be. The above conclusion is consistent with Hypothesis 2.

4.1.4 Profession grades and job ranks and residents’ income inequality. The regression results of Model 4-1 and Model 4-2 in Table 2 show that the higher profession grades and job ranks the higher the income level of residents. The regression results of Model 4-1 and Model 4-2 in Table 2 show that the higher profession grades and job ranks the higher the income level of residents; interaction between the profession grades and job ranks with household registration and gender had momentous positive effects on the income level of residents, indicating that the higher profession grades and job ranks the higher the income level of urban residents. Compared with female residents, the higher the profession grades and job ranks, the higher the income level of urban male residents and the household registration system further expanded the rate of return of profession and job ranks, and profession and job ranks further expanded the gender income inequality. The regression results of Model 4-1 and Model 4-2 also show that the interaction between profession grades and job ranks with years of education had significant positive influence on income of the residents, which bespeak that the longer the years of education the greater the effect of profession grades and job ranks on income of the residents. The above conclusions verify Hypothesis 3.

4.1.5 Other explanatory variables such as the nature of jobs and social insurance and residents’ income inequality The regression results of Model 5-1 embody that the income level of residents in the system (state-owned enterprises) is critically higher than that of residents outside the system; residents with social insurance have a higher income level than those without social insurance. The regression results of Model 5-2 also show that among which the residents’ income level of the eastern region is much higher than that of the western region, and the residents’ income level of the central region is slightly higher than that of the western region. The above conclusion partially corroborates the Hypothesis 5.

4.2 Regression results of socioeconomic status and subjective income inequality

4.2.1. Basic model: individual basic characteristics and subjective income inequality. The regression results of Model 6 in Table 3 show that gender, ethnicity, age, number of family members, number of family labour and work experience is not pertinent to the subjective income inequality, the better the health status of residents, the smaller the perceived income inequality of residents will be and the more recognition of the current income distribution equity status will have; the longer education years the residents the smaller the subjective income inequality; the higher the objective income level, the smaller the subjective income inequality of residents and the more people will recognise the current income distribution equity status; the subjective income inequality of urban residents is greater than that of rural residents. The above conclusion partially corroborates the Hypothesis 5.

| Explaining variable | Model 6 (individual characteristics) | Model 7-1 (subjective socioeconomic status) | Model 7-2 (subjective socioeconomic status) | Model 7-3 (upward mobility inside the generation) | Model 7-4 (intergenerational upward mobility) | Model 7-5 (the expectation of upward flow) | Model 8-1 (job ranks) | Model 8-2 (profession grades) | Model 8-3 (Degree of trust) |
|---------------------|-------------------------------------|-------------------------------------------|-------------------------------------------|-----------------------------------------------|---------------------------------------------|------------------------------------------|----------------------|--------------------------|--------------------------|
| male                | 0.10823                             | 0.16061**                               | 0.11221                                 | 0.12749*                                      | 0.12643*                                   | 0.11628*                                 | 0.11094                           | 0.11498*                              |
| han                 | 0.20736                             | 0.18147                                 | 0.17294                                 | 0.16484                                       | 0.16373                                     | 0.17854                                  | 0.19714                           | 0.18190                               | 0.20444                               |
| age                 | -0.06507*                           | -0.05991*                              | -0.04434                                | -0.04504                                      | -0.05017                                    | -0.05038                                 | -0.04798                          | -0.04069                             | -0.06443*                              |
4.2.2. Subjective socioeconomic status and subjective income inequality. The regression results of Model 7-1 show that the higher the subjective socioeconomic status of children and parents the smaller the subjective income inequality of children will have; the higher the subjective socioeconomic status of individuals in the next five years, the smaller the subjective income inequality will be and the more people will recognise the current income distribution equity. The regression results of Model 7-2 show that the interaction between individual's subjective socioeconomic status and household registration has a critical negative impact on subjective income inequality, indicating that the higher the subjective socioeconomic status of urban residents, the smaller the subjective income inequality and the more people will recognise the current income distribution equity. The interaction between subjective socioeconomic status and education years has a moderate negative impact on subjective income inequality, but it is not momentous. The above conclusion partially corroborates Hypothesis 4.

4.2.3. Subjective socioeconomic status mobility and subjective income inequality. Model 7-4 and 7-3, model regression results show that when current subjective socioeconomic status is higher than the socioeconomic status when he or she just graduates, he or she inclines to accept current income
distribution situation. The regression results of Model 7-5 show that the higher the expected socioeconomic status of individuals for the next five years is than the individual's current socioeconomic status, the more individuals will agree with the current income distribution equity. The above conclusions verify Hypothesis 4.

4.2.4. Other explanatory variables such as occupational level, level of trust, social insurance and subjective income inequality. The regression results of Model 8-1, Model 8-2 and Model 8-3 show that the higher the profession grades and job ranks, the smaller the subjective income inequality of individuals will be and the more people will recognise the current income distribution equity; the higher the level of trust individuals have towards colleagues and friends the smaller their subjective income inequality; residents with social insurance have lower subjective income inequality than those without social insurance; the residents in the eastern region and the central region have higher subjective income inequality than those in the western region, but the income level gap is not significant. The above conclusion partially supports Hypothesis 5.

5. Conclusions

In this paper, the theoretical hypothesis is proposed, the Mincer income model is expanded, and the Ordered Logit model is constructed. Based on the data of 3,109 questionnaires, an empirical study is conducted on the relationship between socioeconomic status and residents' income inequality. The following basic conclusions are obtained.

**Conclusion 1: Objective socioeconomic status (such as human capital, material capital, profession grades and job ranks) has a critical positive impact on residents' income, and the interaction between objective socioeconomic status with household registration and gender has further expanded the inequality both in urban-rural income inequality and gender income inequality.** The results showed that the more human capital (e.g., education years, work experience, skills training, health status) and physical capital (e.g., housing property rights, land owned by rural residents, productive fixed assets) accumulate and the higher the profession grades and job ranks, the higher the income level of residents will be. The interaction between human capital, material capital and job ranks with household registration and gender has further expanded the income inequality between urban and rural areas and gender income inequality. Human capital, material capital and job ranks have momentous complementary relations, and the interaction among them further expands the positive influence of socioeconomic status on residents' income.

**Conclusion 2: Individual basic characteristics, nature of jobs and social insurance have significant influence on objective income inequality.** The results show that the income level of male residents is higher than that of female residents the income level of han residents is higher than that of ethnic minorities, the age of residents is in an inverted u-shaped relationship with their income level, the number of family population has a critical negative impact on the income of residents, and the number of family labor force has a momentous positive impact on the income level of residents. The results also show that the income level of the residents in the system is critically higher than that of the residents outside the system. Residents with social insurance have a higher income level than those without social insurance. The income level of the eastern region is much higher than that of the western region, while that of the central region is slightly higher than that of the western region.

**Conclusion 3: Subjective socioeconomic status and upward mobility have momentous negative effects on subjective income inequality.** The higher the subjective socioeconomic status is the higher the degree of recognition of residents on the current income distribution equity status. The results show that the higher the subjective socioeconomic status of children and their parents and the higher the subjective socioeconomic status of individuals is expected to be in the next five years, the smaller the subjective income inequality of residents and the higher the recognition degree of current income distribution equity. The interaction between subjective socioeconomic status and household registration has critical negative influence on subjective income inequality. Subjective socioeconomic status in the intra-generational upward, intergenerational upward mobility, expected upward mobility
of subjective income inequality has a significant negative impact. It betokens that if individual's subjective socioeconomic status is higher than the socioeconomic status of an individual at the beginning of employment and the socioeconomic status of our parents, and the expected socioeconomic status of individuals for the next five years is higher than the individual's current socioeconomic status, then residents' subjective income inequality is smaller and their recognition of the current income distribution equity is higher.

**Conclusion 4: Objective socioeconomic status, trust level and social insurance have significant negative effects on subjective income inequality.** The research results show that education years, health status, income level, profession grades and job ranks have critical negative effects on subjective income inequality. The longer the resident’s years of education and better health condition, the higher their income level will be; the higher profession grades and job ranks, the smaller their subjective income inequality will be and the higher their recognition degree of the current income distribution equity. The results also show that age and subjective income inequality are u-shaped; the subjective income inequality of urban residents is greater than that of rural residents; the higher the degree of trust of the residents to their colleagues and friends and the smaller the subjective income inequality, the higher the acceptance and commitment to current income distribution; the subjective income inequality of residents with social insurance is smaller than that of residents without social insurance.

**References**

[1] Storesletten K, Zilibotti F.(2016)China’ Great Convergence and Beyond. China Economic Quarterly,6(1):333-362.

[2] Li Shi. (2015) Changes and Reforms in China's Income Distribution Pattern. Journal of Beijing Technology and Business University: Social Science Edition, 30(4):1-6.

[3] Goldthorpe J H,Liewellyn C,Payne C.(1980)Social Mobility and Class Structure In Modern Britain.Clarendon Press,Oxford.

[4] Hu Jianguo. (2012) The Impact of Social Mobility on the Fairness of Income Distribution: A Re-discussion on the Fairness of China's Public Income Distribution. Journal of Humanities(6),148-154.

[5] Oakes J M,Rossi Peter H.(2003)The Measurement of Ses in Health Research: Current Practice and Steps Toward a New Approach.Social Science and Medicine,56(4):769-784.

[6] Xu Shuyi, Wang Ningning. (2015) Economic status, subjective social status and residents' sense of health. Statistical research,32(3):62-68.

[7] Becker G S.(1964)Human Capital:A Theoretical and Empirical Analysiswith Special Reference to Education.Columbia University Press,New York.

[8] Vollmecke D,Jindra B, Marek P.(2016)FDI, Human Capital and Income Convergence—Evidence for European Regions. Economic Systems,40(2):288-307.

[9] Álvarez B, Palencia F R.(2018) Human Capital and Earnings in Eighteenth-century Castile. Explorations in Economic History, 67:105-133.

[10] Detolletenaere J,Desmarest A S,Boeckxstaens P,et al.(2018)The Link between Income Inequality and Health in Europe,Adding Strength Dimensions of Primary care to the Equation.Social Science & Medicine, 201:103-110.

[11] Zhu Jinxia, Lu Kangyin. (2014) Research on the Impact of Residential Property on Family Income. Journal of Xi'an University of Finance and Economics(4),45-51.

[12] Shahpari G,Davoudi P.(2014)Studying Effects of Human Capital on Income Inequality in Iran.Procedia-Social and Behavioral Sciences,109(1):1386-1389.

[13] Guo K,Yu J.(2017)Gender Gap,Capital Accumulation and the Demographic Transition.Economics of Transition,25(3):553-572.

[14] Galor O,Moav O.(2004)From Physical to Human Capital Accumulation:Inequality and the Process of Development.Review of Economic Studies,71(4):1001-1026.
[15] Wan G, Zhou Z. (2005) Income Inequality in Rural China: Regression-based Decomposition Using Household Data. Review of Development Economics, 9(1):107-120.

[16] Gao Lianshui. (2011) To what extent does the factor affect the income gap level in residential areas?——Based on the analysis of provincial panel data from 1987 to 2005. Quantitative economics and economics research, 130-139.

[17] Burdett K. (1978) A Theory of Employee Job Search and Quit Rates. American Economic Review, 68(1):212-220.

[18] Nelson P. (1970) Information and Consumer Behavior. Journal of Political Economy, 78(2):311-329.

[19] Monsueto S E, Bichara J D S, Cunha A M. (2014) Occupational Mobility and Income Differential: Brazilian Experience between 2002 and 2010. Cepal Review, 113(113):146-162.

[20] Fang Changchun. (2017) Public perception and attitude of income inequality: China from the perspective of international comparison. Journal of Social Sciences of Jilin University, 137-149.

[21] Andersen R, Yaish M. (2012) Public Opinion on Income Inequality in 20 Democracies: The Enduring Impact of Social Class and Economic Inequality. GINI Discussion Papers from AIAS, Amsterdam Institute for Advanced Labour Studies, 07.

[22] Linos K, West M. (2003) Self-interest, Social Beliefs, and Attitudes to Redistribution. Re-addressing the Issue of Cross-national Variation. European Sociological Review, 19(4):393-409.

[23] Michael S. (1988) Beliefs About Inequality: Americans’ Views of What Is and What Ought to Be? Social Work, 33(1):85-86.

[24] Gijsberts M. (2002) The Legitimation of Income Inequality in State-socialist and Market Societies. Acta Sociologica, 45(4):269-285.

[25] Jackman M R, Jackman R W. (1973) An Interpretation of the Relation between Objective and Subjective Social Status. American Sociological Review, 38(5):569-582.

[26] Singh-Manoux A, Adler N E, Marmot M G. (2003) Subjective Social Status: Its Determinants and Its Association with Measures of Ill-health in the Whitehall II Study. Social Science and Medicine, 56(6):1321-1333.

[27] Gustafsson B, Li S. (2000) Economic Transformation and the Gender Earnings Gap in Urban China. Journal of Population Economics, 13(2):305-329.

[28] Otto K. (2014) Earnings Dynamics of Men and Women in Finland: Permanent Inequality versus Earnings Instability. Empirical Economics, 46(2):451-477.

[29] Ramamurthy S, Sedgley N. (2015) Human Capital Choice and the Wage Gap: The Role of Worklife Expectancy and Statistical Discrimination. Journal of Labor Research, 36(2):175-187.

[30] Sun Jingshui. (2014) Appropriate Measurement and Early Warning of Residents' Income Gap. China Social Sciences Press, Beijing.

[31] Zhao Weifeng. (2017) Health Shock, Family Expenditure Structure and Farmers' Income. Journal of Zhongnan University of Economics and Law(3), 115-124.

[32] Mincer J. (1974) Schooling, Experience and Earnings. Columbia University Press, New York.

[33] Alesina A, Di Tella R, MacCulloch R. (2004) Inequality and Happiness: Are Europeans and Americans Different? Journal of Public Economics, 88(9/10):2009-2042.

[34] Li Xuesong. (2008) Advanced Econometrics. China Science Press, Beijing.