

Abstract

While correcting urban–rural income inequality is an essential challenge in China, rural e-commerce may solve this problem. Our objective is to reveal the impact of rural e-commerce on rural income and urban–rural income inequality. Using county-level panel data from nine provinces for 2011–2021, we reveal that rural e-commerce increases rural income and reduces urban–rural income inequality particularly in the eastern region. As a potential mechanism, rural e-commerce is found to increase employment opportunities, the added value of the secondary sector, and the number of industrial enterprises above designated size. This study provides the evidence for promoting rural e-commerce to increase rural income and reduce urban–rural income inequality in developing countries. Local governments are encouraged to further promote rural e-commerce to increase rural incomes and reduce income inequality.

Keywords: panel data, rural e-commerce, rural income, Taobao Village, urban–rural income inequality

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