

CHINA ADDRESSES THE URBAN-RURAL DIVIDE

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Executive Summary

1. China's hyper economic growth in the reform years has not benefited the country's population in the rural and urban areas equally.
2. Overall urban-rural inequality declined initially in the reform period but widened again in the later years. In 2009, urban-rural consumption gap stood at 3.7:1.
3. Alarmed by the possibility of social instability, the Chinese government has in recent years implemented a series of "coordinated urban-rural development" (CURD, 城乡统筹) policies to tackle the huge development imbalance.
4. CURD policies cover multiple fronts. The main effort is to correct the institutional biases toward urban areas and to expedite industrialization, urbanization and agricultural modernization in rural areas.
5. At the national level, CURD initiatives mainly include rural fee and tax reforms, town and *xiang* government reforms, province-management-of-county reforms, rural social safety net, rural basic education reforms, rural land reforms, and rural physical development.
6. In June 2007, Chongqing and Chengdu were chosen as National Comprehensive CURD Experimental Zones. These zones were part of the initiatives to narrow China's regional gap between the western and coastal regions.
7. Chongqing has played an exemplary role in CURD reforms. The most notable policy innovations are made in *hukou* reforms, establishment of the rural land market, urban affordable housing programs and poverty reduction efforts in the poor Two Wings areas.

8. The income gap between urban and rural residents in Chongqing had been narrowed from 3.6:1 in 2006 to 3.45:1 in 2009.
9. Despite the achievements made so far, several challenges remain. These include resolving the conflict between achieving quantitative targets and the enhancement of farmers' welfare, addressing the inter-connectedness of different reform tasks and financing the costly CURD reforms.