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Sixty years on, a growing divide between urban and rural China

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Urban per capita income is 3.3 times the rural

Experts suggest easing restrictions on migration

BEIJING: Much of Beijing has come to a standstill in the lead-up to China's 60th anniversary celebrations on October 1.

But its construction sites have not, and the hammering and drilling has not stopped for a second. Chen Liu, a wheat farmer from remote Shandong province, takes a break from a morning spent lifting bricks, lights up a cigarette and stares at National Day shoppers with their glitzy shoes and designer bags. "It's a different world here," he says. "Even the cigarettes cost too much."

Mr. Chen (23) is one of 225 million migrant workers who have left China's interiors in search of work in cities. In the three decades since the country's "opening up", prosperity has come to urban China, but so has a widening income gap between urban and rural areas.

The per capita income of an urban resident is now 3.3 times that of a rural one, the biggest gap

in the country's history. Rural Chinese make up 55 per cent of the country's 1.3 billion population.

Addressing this widening gap is the People's Republic of China's most pressing challenge as it marks its 60th anniversary, scholars say.

In recent years, the Chinese government has passed a number of measures aimed at addressing the inequality between the rich coastal areas and the interiors, including investment in health, reducing agricultural taxes and massive investment in infrastructure through a "Go West" industrialisation drive.

But laws that continue restricting migration from rural areas to cities have worsened disparities, experts say. China's "Hukou" (literally, family population) system, a legacy from the days when the country had a centralised, planned economy, regulates migration by determining access to social services. For instance, people with rural Hukou identities like Mr. Chen do not enjoy the access to the same social services that other Beijing residents do.

"There is a growing consensus that encouraging migration, and not restricting it, is the only way to effectively address interregional disparities," says Lu Ming, a professor at Fudan University.

Mr. Lu is part of a group of scholars who have proposed a joint reform of both land laws and Hukou rules to ease restrictions on migration.

Signs are the government is listening. Last year, China passed a landmark land reform law to boost rural incomes. The law for the first time allow farmers to sell their land use rights. Land is leased to farmers from the government on 30-year contracts. The move will also raise productivity by increasing the size of land holdings.

Mr. Lu and his colleagues are calling for a "package reform" which will allow coastal cities to take up more farm land for non-agricultural use; provided they provide migrant workers with Hukou status. The buying of farmland is currently tightly regulated, given increasing incidents of unrest in rural areas tied to farmers losing their land.

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The new land reform law allowed Liu Tie Chuang (52), a peanut farmer from Henan, to sell his land rights and move to Beijing to find work.

He earns around 1,000 Yuan (\$147) every month on a construction site, twice his income as a farmer. But others are more reluctant to move, as they lose their social security benefits, from education to healthcare.