

From the editor

A Strong Real Economy Remains the Only Solution to Post-Crisis Challenges
China Faces

Jin Bei (金碚) p001

Trends

'Middle-Income Trap' and 'High-Income Wall': Challenges and Opportunities to
China

Liu Shijin (刘世锦) et al. p004

The Transition of Growth Drivers and Derivative Effects of Final Demand on
China's Economic Expansion

Liu Ruixiang (刘瑞翔) and An Tongliang (安同良) p030

Focus

The "Overissuance of Currency" Statement Lacks Scientific Evidence

Wang Guogang (王国刚) p044

Study of Major Effects on China's Inflation 1994-2009 Using GETS Modeling

Wu Ge (伍戈) p056

Reflections on the Microeconomic Basis for Soft Budget Constraint in the Market
Economy

Lin Guangbin (林光彬) p068

Domestic

Reexamining the Viewpoint of the World Bank: Does Agricultural Growth Play a
More Important Role in Reducing Poverty in Rural China?

Xu Qing (许庆) et al. p078

China's Regional Policy Scenarios for 2011-2015 Period

Wei Houkai (魏后凯) and Wu Xiaoxia (吴晓霞) p090

How China Can Avoid the "Middle-Income Trap"

Ma Xiaohe (马晓河) p098

Global

Can Emerging Economies Catch-up Sustainably?

Lin Yueqin (林跃勤) p106

Debate

Querying on Wang Xiaolu's Estimation on Grey Income in China

Luo Chuliang (罗楚亮) et al. p116

China's Regional Policy Scenarios for 2011-2015 Period*

Wei Houkai (魏后凯)¹ and Wu Xiaoxia (邬晓霞)²

¹Institute for Urban and Environmental Studies, Chinese Academy of Social Sciences, Beijing

²College of Urban Economics and Public Administration, Capital University of Economics and Business, Beijing

Abstract: *In pursuit of more balanced regional development, China should base its regional policy during the period of the 12th Five-Year Plan on the principle of fairness, and tailor it to the specific characteristics of needy areas and development priority zones. The country's master plan of developing the western region, revitalizing the northeast, supporting the rise of central China, and upgrading the east should continue.*

Key words: *regional policy, balanced regional development, development priority zones, needy areas*

JEL: R58

1. Introduction

A well-crafted regional policy can further the Chinese central government's goals of balanced regional growth, optimized spatial development, and efficient resource-allocation. Balanced regional development will be an overarching goal during the period of 12th Five Year plan. Therefore, China should continue to improve its regional policy to coordinate development between well-defined priority development zones; intensify interaction between eastern, central and western regions, strengthen public service, and equalize living standards.

2. Evaluation of China's Current Regional Policy

To promote balanced regional development, China has implemented a string of policies including the western development program, revitalization of old industrial bases in the northeast, a strategy to accelerate the rise of the

central region, and intensified transfer payments to select areas including former revolutionary bases, regions dominated by ethnic minorities, border areas, and impoverished regions. These policies have yielded positive results. Investment in the central, western, and northeast regions has grown increasingly rapidly; regional economic development has been relatively balanced; and poverty alleviation in the rural areas has been progressing well.

Notably, the disparity between per capita gross regional product (GRP) in the east and west of the country has been shrinking since 2003. Per-capita GRP in the western region was 63.0% lower than that of the east in 2003, but by 2009 the difference had fallen to 55.2% (see Figure 1). The gap between average urban and rural household incomes has been shrinking since 2006, as well (Wei Houkai and Xie Xianshu,

* Corresponding author, Wei Houkai: wei_houkai@263.net