

Urban informality in China

The Hukou system

Hukou: Chinese urban informality

- An example of a socio-political institution
- Hukou: a document that records attributes of an household
- Location based
- Major institutional pillar underlying the deep urban-rural divide in China
- Half a century old
- Discriminates against 800 million rural Chinese
- Took away the freedom of movement and residence
- Freedom of mobility increases political and economic mobility
- Impeding mobility decreases choice and bargaining power for labour

Implications of the hukou system

- Industrialization strategies
- Urbanization
- Rural-urban dichotomy
- Social and spatial stratification
- Migrant labour

Hukou: pre-1949 origins, Communist period history

- Propiska system (residence registration system in the USSR)
- Before 1949, system was used for tax collection purposes
- Managing migration, but never existed in its present form
- More encompassing form of hukou
- Meticulous planning of micro and macro facets of society
- Big Push entailed prioritizing industrialization and extracting surplus from the compulsory procurement and monopoly sale of agricultural produce
- The commune system, the hukou system, in addition to monopoly procurement all worked in tandem-meant to meet the goals of industrialization

Introduction of Hukou in the 1950's

- Constitution- 1954 had assured people of rights to move
- Between 1955-1957, control measures were introduced
- “Undesirable flows”
- 1958 was the year when it was codified
- Each person was classified as “rural” or “urban”
- Newborns actually would be given the hukou classification of their mother
- All internal migrants should be subject to approvals from the authorities at the destination

Big Push era

- Industrial sector locates in cities
- State management and support
- Social welfare and subsidies for urban workers
- Agriculture was treated as a residual
- Cheap labour and capital for the industrial sector
- Collectivization of rural population and production
- Agriculture-people worked at subsistence levels

Hukou classifications and changes

- The peasantry became an underclass
- Agricultural or non-agricultural hukou-defined the relationship between the individual and the state and eligibility for an array of state provided welfare
- State provided goods and services apportioned on this classification
- Non-agricultural population was loosely considered the holders of urban hukou
- Non agricultural hukou had better prospects for conversion
- Hukou acquired a social status

Table 2.1 Major constituent groupings of populations by hukou type and location

<i>Hukou</i> location	Agricultural <i>hukou</i>	Non-agricultural <i>hukou</i>
Urban areas	A Rural migrant labourers Farm workers Dependents	C Urban workers State cadres and professionals Dependents
Rural areas	B Rural (industrial) workers ^a Farmers Dependents	D State farm workers ^b State cadres and professionals Dependents

Notes:

a In township and village enterprises.

b In state-run agro-enterprises.

Sources: Modified from Chan and Tsui 1992; and Chan 1994.

Hukou classifications and changes

- Place of hukou registration
- Residence
- Defined rights to engage in certain activities in a given locality
- Movement from one category to another was permitted only by the state
- The most sought after category for change was movement from B to C
- Percentage of non-agricultural population declined between 1958 and 1980
- Geographical mobility controls were imposed between the urban and rural areas, they were differentiated according to the administrative rank of the locale

Age of Migration: Post reform hukou

- Migrants, after staying for a period, are usually granted the right to vote and access to social welfare at the destination
- What is unique about migration in China is that the two aspects of internal migration (movement and citizenship) can be totally disparate: i.e. one can move to a new place but can be permanently barred from access to entitlements and rights
- People who have moved to a new place but do not possess local citizenship (hukou) are referred to as the non-hukou population.

Floating labour in the context of reform

- Its size has grown rapidly from a few million in the early 1980s to about 221 million in 2010 (Chan 2012b). Its largest constituent subgroup is 'rural migrant labour'.
- The goal of reform in the early years of the post-Mao era was to improve the command system then in use and not to dismantle it. Except for rural de-collectivization and the 'open door' policy, the government actually sought measures to reinforce the command economic system
- Immediate goal-rural surplus labour had to be absorbed somewhere

New category created

- A small breakthrough occurred with the introduction of a new hukou category, called 'hukou with self-supplied food grain,' in small towns in 1984
- The state was not fiscally responsible for any of the welfare of the new migrants in these towns
- This new policy was to accommodate the growing demand for low-cost, low-skilled workers to fill positions shunned by many urban locals and the even larger number of factory jobs created by China's new export-oriented industrialization strategy in the late 1980

Local governments get more power and discretion in defining hukou

- Local governments have had more control in deciding the levels of both hukou and non-hukou migration to their respective administrative jurisdictions, especially since the late 1980s
- Other measures put into effect include easing hukou conversions to small towns where state-provided welfare is minimal (in 1997 and 2001); permitting transfers in family cases that involve either children or elderly parents, when parents or children, respectively, are already urban citizens (in 1998); and offering local hukou status to the ones who have money (investors and home buyers) or occupational skills fitting the requirements stipulated by local governments

Post 1970's industrialization and liberalization

- The hukou system has been a major institutional foundation for the command economy. Without such a system, China would not have been able to achieve the paramount goal of the command economy
- When China's export processing industry roared into high gear in the mid-1980s and 1990s, the deployment of rural labour to the cities for the export industry became a major post-Mao strategy
- A strategy unshackling labour from the rural collectives (parallel to what Lewis would argue "should happen"

Backbone of industrialization

- Rural-hukou labour had become the backbone of the export industry and, more generally, the manufacturing sector. In coastal export-oriented cities, such as Shenzhen and Dongguan, migrant labour easily accounts for the great majority (70 to 80 per cent) of the labour force (Liang 1999).
- Even for a more typical urban site like the inland city of Wuhan, workers without local hukou accounted for 43 per cent of the manufacturing workforce in 2000
- ‘Rural migrant labour’ has grown into a large mass, reaching 132 million in 2006 and about 160 million in 2011

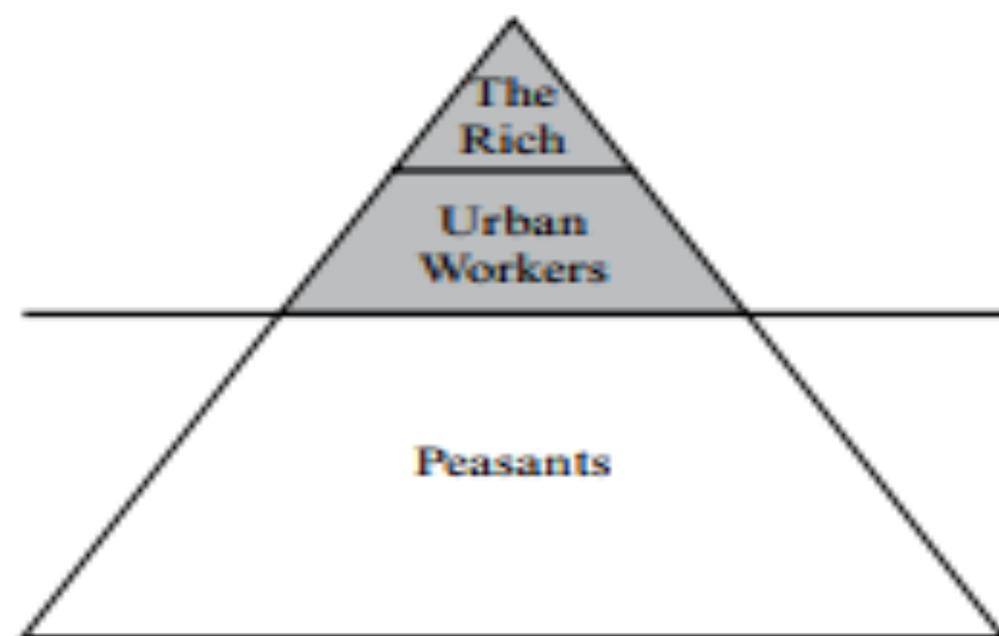
Backbone of industrialization and a reservoir of “exploitable” labour

- In the cities, in addition to the lack of access to many basic social services, these migrant workers also face many formal and informal obstacles to securing jobs other than low-skilled ones
- The lack of local hukou for migrant workers, combined with factors such as the plentiful supply of labour and lack of access to legal information and support, has created a huge class of super-exploitable, yet highly mobile or flexible industrial workers for China’s new economy
- Their ‘temporary’ nature and lack of local citizenship also make them very expendable. For example, the global financial crisis (2008-09) hit China’s export sector seriously and led to the unemployment of about 20 million migrant workers

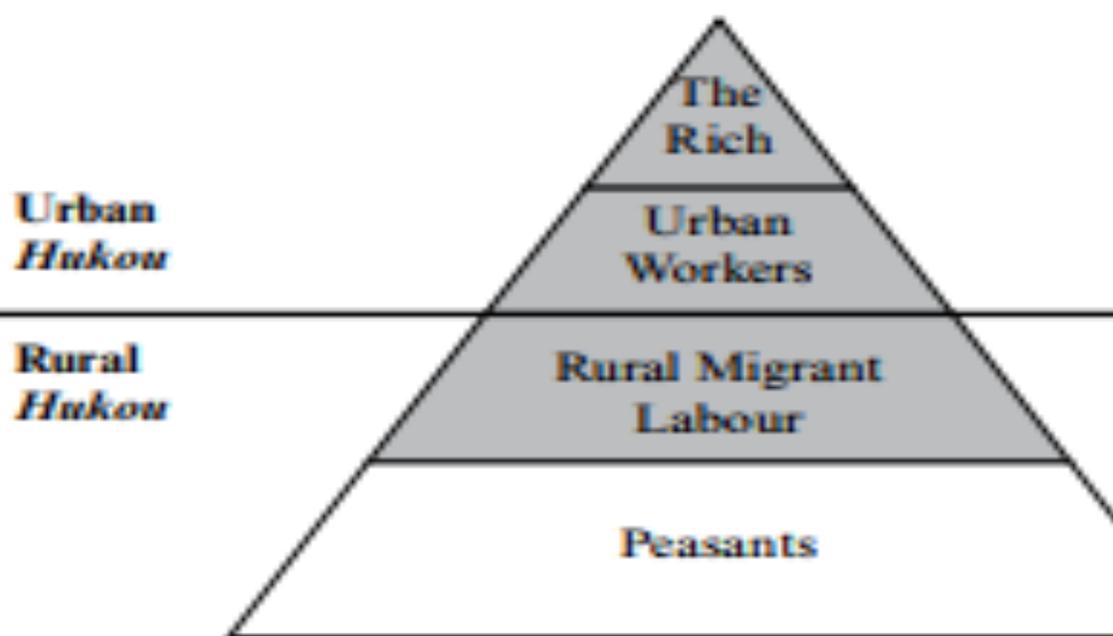
Urbanization in China

- China has witnessed rapid industrialization but relatively slow 'urbanization', a phenomenon manifested in various forms under different conditions
- During the Maoist era, the strategy was to stop peasants from going into cities. As a result, relative to China's industrialization level its level of urbanization (the percentage of the total population living in urban areas) was low by world standards, leading to the phenomenon of 'underurbanization'
- Physical controls on migration into cities have been lifted but the extension of urban social and economic benefits to migrants remains largely non-existent. Thus, migration rates of peasants to cities have risen over the past three decades but a significant part of urban in-migration is by rural-urban migrants lacking hukou status at the destination

Mao's Era



Present



Key:



Urban
Areas



Rural
Areas

Source: Chan (2012a).

Table 2.3 Differences and changes in social and economic characteristics between rural and urban populations in China

Period	Specific differences
1949–1952	Occupations (agricultural vs industry) and residence locations (rural vs urban).
1953–1957	In addition to the above: food rationing imposed; only urban population had state-guaranteed food grain supply.
1958–1965	In addition to the above: rural to urban migration strictly banned. Urban population had access to state-provided employment, housing, education, and other welfare.
1966–1976	New change: rural population allowed to develop and work in some non-farm enterprises in the countryside.
1977–1984	New change: a limited number of rural labourers contracted to work in cities.
1985–1992	New changes: rural labourers allowed to work in some jobs in cities without the urban <i>hukou</i> and eligibility to receive urban services and welfare.
1993–2000	New change: food rationing lifted.
2000–present	New changes: <i>hukou</i> migration to small towns permitted (2002); <i>nongzhuanfei</i> gradually phased out in some locales; rural population in some outlying areas of cities given urban <i>hukou</i> status, mainly in exchange for giving up the individuals' rural land use rights. Promulgation of <i>National New-type Urbanization Plan, 2014–2020</i> and <i>Opinions on Further Promoting the Reform of the Hukou System</i> (2014).

What has hukou served?

- Rapid industrialization in the socialist period-Mao's forced industrialization strategy
- Export oriented industrialization in the post reform period(the era of the market, post-1979)
- By turning peasants to a mobile population, land has been requisitioned by the state for industrialization and urban construction
- Mass peasant and mass labour protests
- Reforms-granting of 100 million new hukou
- Reluctance to open up the hukou system in big cities, thus the real test will be implementation at the local level