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Chinese urbanization and urban policy

Jianfa Shen

Department of Geography, The Chinese University of Hong Kong, Hong Kong

E-mail: Jianfa@cuhk.edu.hk

Introduction

China is one of the origins of the earliest urban civilizations in the world but her urbanization process has lagged behind the developed countries and even some developing countries in the recent centuries. By the beginning of the 21st century, all developed countries have already completed urbanization process and more than 70% of their residents now live in cities. Urbanization has been a remarkable social phenomenon in the world in the 19th and 20th centuries which has transformed the spatial and social configurations of human society. Only 3% of the world population lived in urban areas in the year 1800. One hundred years later, 13.6% lived in places with 5000 or more population in 1900. By the year 1996, 46% of the world population lived in urban areas and the total urban population was over 2.5 billion. Now two-thirds of the urban population are in more developing regions¹. But the urbanization process will continue in the 21st century especially in developing countries such as China whose level of urbanization is far behind developed countries.

Underurbanization was the most remarkable in the first three decades of the People's Republic of China over the period 1949-1976 under the influence of Maoist anti-urban ideology². Socialist revolution, ideology, political control, national defense and material production had priority over consumption, housing, education, service and entertainment in that period. Political purity and loyalty to socialism had priority over efficiency and economic growth. The urban population in China increased from

66.32 million in 1951 to 172 million in 1978 and the share of urban population in total population increased only from 11.78% to 17.92% in the period³. Such underurbanization was achieved by deliberate government policies and direct control of population movement through the household registration (hukou) system. Under the strict control of central planning and command system, all activities and processes were initiated from the top while the masses of grass-roots officials and peoples only need to follow orders passively. People had no way to maximize wealth creation through hard work and innovation out of the state planning system. A large amount of human resources had been wasted in pre-reform China which otherwise could have created a large amount of wealth. Human resources, like the running water in the river, will be wasted if it is not used.

The most significant change took place in 1978 when economic reforms began to be introduced in China. The economic reforms have sparked profound social-economic transformations in the largest country in the world. Such transformations also manifested in the emerging new urban and rural landscapes all over the country. The urbanization process in China has no doubt accelerated since then.

As part of the changes in the official attitudes towards market economy and modernization in the reform period, urbanization now has been accepted as a positive process conducive to the country's modernization and development. Population mobility has reached the highest level in China as people especially rural migrants have been empowered to move around in the country relatively freely. It seems that the Chinese people have partially reclaimed the freedom of migration included in the first constitution of the People's Republic adopted in 1954. This represents one kind of social progress in post reform China. But facing with a massive inflow of migrants and temporary population from rural areas into cities, there have been serious

concerns on the impacts of such rapid urbanization on social stability, unemployment and housing conditions in Chinese cities. Particularly, many third world countries have already experienced severe problems of overurbanization, poor urban housing, widespread urban unemployment and poverty. To what extent, is current urbanization process in China similar to other third world countries? Is there any distinctive urbanization process going on in China? Can China avoid the problems of third world cities? What kind of policies can be adopted to solve urban problems in China in the 21st century? All these are important questions facing the government and the public. This chapter will examine the recent experience of Chinese urbanization in the reform period. The changing urban-rural relations and the main channels of rural to urban population shift will be analyzed. The major urban problems facing China and the possible choices of urban policy to solve these problems will be discussed. It is argued that the on-going rapid urbanization will bring about great challenges as well as opportunities in China and will have profound impacts on China's spatial, social and economic development. Chinese urbanization shares some generalities with other countries in the world but also has its unique characteristics due to particular institutional settings and government policies in China.

Urbanization in post-reform China

John Short pointed out that *“Rural to urban migrants are driven by the hopes and expectations of making a better life for themselves and particularly for their children.”*⁴ This is also true in the case of China in the reform period. Most migrants now move voluntarily in China for various economic and social motivations. Population mobility has reached the highest nowadays in the history of the People's Republic and the largest migration flow is rural to urban migration.

The duality of urban and rural China was strengthened in the pre-reform Maoist period but has persisted in the post-reform period. A household registration system has been in operation in China since 1958. People's household registration is classified as agricultural population and non-agricultural population which is the basis of urban-rural division in China. This differentiation is not based on whether a person lives in an urban area or not but majority of non-agricultural population does live in urban areas. Only the non-agricultural population has full access to education and welfare in urban areas. Thus there are two class of residents, urban non-agricultural population and rural agricultural population, with different rights and identities in China. The transfer from one status to another is controlled by the government⁵.

There is a huge gap in income and living standards between urban and rural China. Table 1 presents the urban-rural income gap in the reform period. In 1985, the ratio of urban to rural income per capita was 1.86, relatively low in the reform period. Even then, an average urban resident had 86% more income than a rural resident. However, the ratio of urban to rural income per capita was well over two in most years and it reached a peak of 2.86 in 1994, the highest in the reform period. With the entry of China into WTO (World Trade Organization) in the near future and the expected increase in the import of agricultural products from foreign countries, it may not be easy to improve the income of rural residents. Under such conditions, rural residents will be motivated to move into cities and the scale of rural to urban migration is likely to increase in the early 21st century.

(Table 1 about here)

In the post reform China, rural migrants are allowed to move into urban areas. But their household registration will generally remain in their rural origins and they will register as temporary population in urban areas. There are two kinds of migrants

in China. Hukou migrants refer to those migrants whose hukou have also been transferred to the destination. Non-hukou migrants refer to those migrants who have left their hukou at origin and mostly registered as temporary population at destination. Thus, there are two kinds of urbanization processes in China. The formal urbanization process involves the increase of urban population with household registration (hukou migrants). The informal urbanization process involves the increase of migrants from rural areas with no household registration in the urban area (non-hukou migrants)⁶. As mentioned before, such rural migrants have been allowed to register as temporary population in Chinese cities since 1985.

In the post-reform China, due to dramatic economic growth and social changes, both formal and informal urbanization processes are important in reshaping the scene of urban China⁷. But the informal urbanization process has attracted the most attention so far. This is because there is little government control on this process. There are also potential conflicts between non-hukou rural migrants and local residents while hukou migrants are easily accepted and assimilated with the locals. The situation of such informal urbanization will be discussed in more detail in the next section. The formal urbanization process will be discussed first in the following.

The formal urbanization process in China has also been very rapid since the late 1970s. A large number of new cities and towns have been designated in China and many Chinese cities have doubled their urban areas in the past two decades. For example, the number of Chinese cities increased from 191 in 1978 to 668 in 1998. The number of towns increased from 2819 in 1982 to 19060 in 1998⁸. For another example, the urban area of Shanghai had only 141 square kilometers in 1980 but it was increased by 533 square kilometers due to the establishment of new Pudong district in 1990, providing huge space for urban expansion. Now a huge built-up area

of over 82 square kilometers has emerged in Pudong district. In 1998, 1.53 million foreign tourists and a massive 70.98 million domestic tourists visited Shanghai. The Pudong new airport completed in 1999 has a capacity of dealing with 80 million passengers a year, making it one of the largest airports in the world. The built up area of Wenzhou city, with 1.15 million population in 1998, increased from 27 to 76 square kilometers in a five year period in the 1990s. According to official estimates (table 2), the urban population in China has been more than doubled since 1978. It was increased by 120% from 172.45 million in 1978 to 379.42 million by 1998.

(Table 2 about here)

The urban population in China consists of four parts: the local non-agricultural population, the local agricultural population, hukou (household registration) migrants and non-hukou migrants (figure 1). In the second definition of urban population in the 1990 census, the agricultural population in urban districts was counted as urban population. Both hukou and non-hukou migrants may involve agricultural population and non-agricultural population. But most hukou migrants are non-agricultural population while non-hukou migrants are mostly agricultural population. Non-hukou migrants are rarely counted in the official statistics of urban population. Furthermore, the official urban population figures are not the same as the total population or the non-agricultural population in urban areas. Thus it would be useful to examine the increase in urban non-agricultural population to analyze the formal urbanization process. Indeed, only the urban non-agricultural population was counted as urban population in China before the 1982 census⁹.

(Figure 1 about here)

The formal urbanization process can be examined in terms of the increasing non-agricultural population in Chinese cities. Table 3 presents the increase of the total

population and non-agricultural population in cities and towns in China over the period 1955-1997. The total population in cities and towns is larger than the official estimate of urban population, as the agricultural population in cities without districts and such population in towns are not counted as the urban population. The difference between the total population and total non-agricultural population was relatively small up to 1982. But the difference increased dramatically after 1982 due to the expansion of administrative areas of many cities and the designation of counties as cities or urban districts. Such administrative changes include more and more agricultural population within the administrative boundaries of cities. For example, there were 147.15 and 211.56 million non-agricultural population and total population in cities and towns respectively in 1982. But by 1997, there were 284.15 and 884.87 million non-agricultural population and total population in cities and towns respectively. In Chinese cities nowadays, there is more agricultural population than non-agricultural population. However, rapid expansion of non-agricultural population is still very clear even if the agricultural population in Chinese cities and towns is excluded. The formal urbanization process is indeed very rapid.

(Table 3 about here)

According to table 3, the urban non-agricultural population was only increased by 17% from 106.03 million to 124.44 million in the 17 years of pre-reform period 1961-1978. In the reform period of 19 years from 1978-1997, the urban non-agricultural population was increased significantly by 128% from 124.44 million to a massive of 284.15 million. This huge number of non-agricultural population with the full rights of ordinary urban residents indicating a huge production force and consumption power in urban China. The size of such urban population is even greater than the total population in the United States and twice of the population in Japan.

Now China has the largest urban population in the world even if the most rigid urban definition, only counting urban non-agricultural population, is used.

It is important for the urban government to reduce the threat of unemployment and poverty to the urban non-agricultural population in the wake of intensive urban reforms, the inflow of non-hukou migrants and increasing competition of foreign products. One vital objective is to raise the efficiency and productivity of urban companies and labour force. A large market that will benefit both the domestic and foreign firms can only be created by a high income for a large urban population.

The urban residents in China were found in cities of various sizes. In the early years after the foundation of the People's Republic, the number of cities was increased from 136 in 1949 to 183 in 1959¹⁰. But very few new cities were designated in the pre-reform period after 1959 and the total number of cities was only increased from 183 in 1959 to 191 in 1978 (Figure 2). Many new cities have been established in China in the reform period especially after 1982. There were a total of 668 cities in 1998. It is noted that the number of cities of various sizes had all increased dramatically in the post reform China. Using non-agricultural population as an indicator of city-size, the number of mega cities with over 2 million non-agricultural population increased from 6 in 1978 to 13 in 1998. For super large cities with 1-2 million non-agricultural population, their number increased from 7 in 1978 to 24 in 1998. For large cities with 0.5-1 million non-agricultural population, their number increased from 27 in 1978 to 48 in 1998. The number of medium and small cities with less than 0.5 million non-agricultural population increased from 151 to 583 in the same period. It is clear that the number of cities of various sized have been doubled or more than doubled with the greatest increase in the number of super large, medium

and small cities with non-agricultural population between 1-2 million and less than 0.5 million respectively.

It would be interesting to find out the distribution of urban residents in cities of various sizes. However, such information is only available for the 223 cities at prefecture-level or above in 1998. As mentioned before, China had an estimated total urban population of 379.42 million in 1998 and 74.89% of them or 284.15 million were non-agricultural population. More than half of these populations were in prefecture-level or above cities while the remaining of them were in cities at county level. There were 239.05 million population and 149.54 million non-agricultural population in 223 prefecture-level cities in 1998, accounting for 63.00% and 52.63% of the total population and total non-agricultural population respectively in all cities in China. For cities at the prefecture-level, majority of urban residents, over 95%, were found in cities with at least 0.2 million non-agricultural population. Indeed, 30.29% of urban non-agricultural population lived in mega cities, 19.71% in super large cities, 21.58% in large cities and 25.48% in medium cities with 0.2-0.5 million non-agricultural population. For those urban residents living in cities at county level, most of them were likely in cities with less than 0.3 million non-agricultural population.

Emerging temporary population in Chinese cities

In the pre-reform period, the rural to urban migration flow was held by strict government control through the household registration system. Grain rationing, job and housing allocation by the government made it impossible for a rural resident to move to and live in a city without official approval. During the reform period, various controls have been relaxed allowing many rural migrants moving into Chinese cities. For example, grain rationing was abolished and urban firms and organizations have been allowed to employ rural migrants even without formal household registration.

Rural migrants can also run small business in cities. A small rental housing market has also been formed in China providing accommodation for migrants in cities. But generally, there are still various obstacles for rural migrants to gain full access to education, housing, medical service and social welfare. As a result, a low income and less privileged migrant class is being formed in Chinese cities. Nevertheless, many rural migrants still like to move to cities as the urban and rural disparity continues to exist in China¹¹.

The informal urbanization process, i.e., the increase of temporary population via non-hukou migration is very significant in the post-reform China. According to a government regulation introduced in 1985¹², any non-local person who is aged over 16 without a hukou in urban areas needs to apply for a temporary resident certificate if he or she plans to stay over three days. The registered temporary population refers to these people. The official urban population statistics usually does not include this temporary population. Floating population, a popularly used term refers to the total temporary population. It was estimated that the number of floating population was in the range of 80-100 million in the mid-1990s in China¹³. In a most recent 0.1% population sample survey in 1998 in China, it was estimated that there were 61.75 million people who had left their place of household registration (town, township or urban sub-district) for more than six months¹⁴. Another detailed set of statistical data on temporary population in 1997 was provided by the Administration Bureau of Household Registration¹⁵. According to that data set, there was a temporary population of 37.27 million in China. This number was smaller than the sample figures of temporary population as some temporary population covered in various surveys may not be included in the registered temporary population. For example, people moved to another place within a same town or township in counties and within

the same urban area of a city but between its urban districts were not required to register as temporary population. Furthermore, much temporary population may not register with the authority. Nevertheless, the 1997 data set of temporary population provides detailed information about the employment and housing conditions of the temporary population in the first time. This data set will be used in this chapter to illustrate the situation of temporary population in Chinese cities. The management and policy issues of the floating population will be discussed in the next section. The size of registered temporary population is still a significant one and any policy for migration and population management may first target this group of registered temporary population.

The registered temporary population in Chinese cities was 28.45 million in 1997, accounting for 76.32% of the total temporary population in China. Tables 4 presents the urban temporary populations by gender, duration of residence and types of their activities. For the cities as a whole, there was 50% more male temporary population than female temporary population. There were also more males than females in all types of activities except domestic service and joining relatives. Majority of the temporary population, 16.8 million out of 28.45 million stayed in the city of temporary residence between one month to one year. Only an urban temporary population of 7.27 million stayed at their destination for over one year. In the meantime, there was also an urban population of 4.38 million who stayed at their destination for less than one month. It is clear that majority of the temporary population was truly temporary in nature with high mobility. This is partly resulted from their low income and the institutional constraints on the temporary population.

(Table 4 about here)

In terms of the type of activities or employment, over 50% temporary population engaged in the manufacturing and construction sectors. The second main type of activity was business. The third main type of activity was services. These three types accounted for 56.08%, 13.86% and 7.88% of the total urban temporary population respectively. Generally, more male temporary population engaged in manufacturing, construction and business but less in services than the female temporary population. For the temporary population who stayed in their destination over one year, as high as 18% of them engaged in business, 52% in manufacturing and construction sectors and 7% in services. On the other hand, for the temporary population who stayed in their destination for one month to one year, the shares of those engaged in manufacturing and construction sectors, business and services were 67.21%, 12.80% and 8.85% respectively.

For the temporary population who stayed in their destination for less than one month, as high as 28.48% of them were actually tourists for sightseeing, 16.62% for business trips and 6.77% were visiting relatives. The temporary population engaged in such activities belongs to normal flow of population in a society. Only 10.37% of such short-term temporary population engaged in business and 18.94% in manufacturing and construction sectors. They were true “temporary population” which is of much concern to the government and the public.

Most temporary population in Chinese cities, 68.74%, came from rural areas (counties) reflecting the rural to urban migration. Overall, 46.02% of the urban temporary population came from a same province while 53.23% from other provinces in the mainland China.

The temporary population may have poor housing condition in Chinese cities due to their low income generally. Table 5 presents the distribution of housing types

of the urban temporary population by the type of their activities. For the urban temporary population as a whole, 31.37% lived in company quarters, 15.76% in construction sites. There were also 29.28% and 9.93% of the urban temporary population lived in rented housing and local households respectively. In addition, 9.81% of the urban temporary population lived in hotels and 3.83% in other types of accommodation. However, the temporary population who engaged in different types of activities had different patterns of accommodation. For example, nearly 83% of domestic maids lived with local households. 71% of the temporary population who were joining relatives also lived in local households. 50.71% and 29.77% of the temporary population who were visiting relatives lived in local households and hotels respectively. About half of the urban temporary population who stayed in cities for study, training and medical care lived in so called company quarters, meaning the university/school hostels and hospitals.

(Table 5 about here)

The accommodation situation of the temporary population who engaged in employment and business may be of great interest here. Over 50% of the urban temporary population engaged in manufacturing and construction sectors as mentioned before. 43.52% of them lived in company quarters and a further 24.95% lived at construction sites. This means that majority of the temporary population in the manufacturing and construction sectors relied on the employers for accommodation. The accommodation in the construction sites is likely to be temporary in nature and in poor quality. There was also 23.87% of the temporary population in the manufacturing and construction sectors lived in rented housing.

For the urban temporary population engaged in service sector, 44.24% of them lived in rented housing but there were also 32.66% of them lived in company quarters

provided by the employers. For the urban temporary population engaged in business, as high as 62.34% of them lived in rented housing and there was only 11.04% lived in company quarters. It is clear that this group of temporary population may have a higher income than other groups and can afford rented housing.

Overall, it is clear that the three main housing types, for the urban temporary population, were company quarters, construction sites and rented housing. The quality of accommodation may be the worst in the construction sites and reasonable in the company quarters. The quality of rented housing may depend on the location and prices. It is a good practice for the employers to provide some kind of cheap accommodation to their temporary workers. Because, otherwise with a low income, these temporary workers may have difficulty to secure accommodation and this may result in illegal housing construction. However, the government may also need to regulate the provision of company quarters to temporary workers so that the quality, living space and security reach at least a minimum standard. There is also great room to allow the private rental housing market to develop. So that various sectors of the urban population may have more flexible means to meet their own housing needs. Again, government regulation and monitoring are needed with a more supportive role. This will also help to revitalize the urban housing market in China in general.

The temporary population is concentrated in seven major municipalities or provinces, each receiving a temporary population of over 1.2 million in 1997. These include Beijing, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong and Guangdong, all in the east coastal region of China (Figures 4 and 5). The total number of temporary population in these seven major destinations was 22.29 million, accounting for 59.8% of China's total temporary population in 1997. Furthermore, 10.68 million, nearly half of the temporary population in these areas and 28.7% of China's total, located in

Guangdong. The temporary population could even be greater than the usual resident population in several cities including Shenzhen, Zhuhai, Dongguan, and Zhongshan in the booming Pearl River Delta region of Guangdong with significant investment from Hong Kong. The case of Shenzhen is most dramatic with over two temporary residents for every usual resident (Shen 1999, See note 7). Jiangsu and Zhejiang also received 3.4 million and 2.47 million temporary populations respectively in 1997. Beijing and Shanghai received 1.28 million and 1.39 million temporary populations respectively in the same year.

(Figures 4 and 5 about here)

According to the above analysis, the temporary population provides cheap labour and services in Chinese cities. There may be some jobless and homeless among this huge temporary population. But majority of the temporary population were employed and made a legal life in Chinese cities. A major problem is that most temporary migrants had a small income and were unable to achieve a high living standard comparable to that of the local residents. Possible policy responses to this problem will be discussed in the next section.

Urbanization challenges and urban policy in the 21st century

There are two main challenges in Chinese urbanization in the 21st century. The first is the need to upgrade the urban infrastructure, working and living qualities of urban residents in already existed cities through urban economic development and proper urban planning and management. This will already be a daunting challenge for a developing country to deal with an urban population of 380 million. The second is the further increase in urban population through natural population increase and rural to urban migration. There were only 30% of Chinese population living in urban areas in 1999 and this percentage is likely to increase to 50-70% by the 2050s. The number of

Chinese cities must be further increased to over 1000 by then. The construction of new cities will require huge capital and labour input. How to provide jobs and housing to hundreds of millions of new urban residents is also an important question facing the urban planners and urban authorities in China. These two challenges will be briefly examined first in this section and then the possible urban policies will be discussed.

Despite the rapid growth in the numbers of usual residents and temporary population in Chinese cities and town and significant improvement in quality of life for many urban residents, there are clear evidences that the urban China is still inadequately developed in comparison with the cities in the developed world. Some problems in urban China look similar to those cities in other third world countries with different extent and intensity. The main problems in urban China could be summarized in three aspects in the following.

First, inadequate urban infrastructure and public facilities. One of the most pressing issues in Chinese cities is the limited land for transportation resulting in severe urban congestion. For example, land used for transport accounted for 8.9% of total urban land in Singapore, 11.5% in London, 14.2% in Tokyo, as much as 21.4% in Paris, 24.1% in New York, but only 2.3% in Shanghai¹⁶. This results in only 2.3 square meter of road area for each resident in Shanghai, compared with 10.3 square meter in Paris and 10.5 square meter in Tokyo. The road area for each resident was as much as 21.6 square meter in Singapore, 26.9 square meter in London and 28.0 square meter in New York. For China as a whole, the road area per person was only 2.9 square meter for all cities. It was 4.5-4.9 square meter for large cities but only 3 square meter for medium-sized cities and as less as 1.7 square meter for small cities. The compact form of Chinese cities is inherited from the pre-reform period when

production instead of consumption and services is emphasized. In the post-reform period, various Chinese cities have acquired extra land and space for further development. But how to make the best and most efficient use of this new urban expansion to accommodate new urban development, to solve the land use pressure in old built-up areas remains to be important questions.

Second, inadequate housing and low housing quality. Urban residents experienced severe housing shortage in the underurbanization period before 1978. Massive urban housing construction has taken place in China that has significantly improved the housing condition of the urban residents. According to official statistics¹⁷, the per capita living space was as low as 3.6 square meter in 1978 and it was increased to 9.3 square meters by 1998. Nevertheless, the urban living space per capita is still small. The 1% population sample survey in 1995 collected much information about the housing condition and utilities in urban areas. The floor space per person in 12.57% of households was less than 8 square meters. 13.68% of households lived in housing units without kitchen, 39.03% households without toilet and 25.42% households without pipe water¹⁸. These figures indicate that a high proportion of urban residents in China do not have access to basic housing utilities. The standards of urban housing and utility provision have to be raised, particularly to those disadvantaged and poor urban residents.

Third, informal economy. The phenomenon of informal economy is widely observable in urban China. Many open markets and street retailing activities are allowed by the government. Both local residents and migrants have been engaged in such activities that provide a source of income with little capital outlet. The income from such economic activities could be higher than from the formal economy. But

most local residents are reluctant to engage in such activities because of the nature of hard work and the poor working environment¹⁹.

Other than the legal retailing and service activities in the open market and streets in urban China, there are also many unlicensed or illegal street hawkers. This group of hawkers is much similar to that in other third world cities. In some cases, the unlicensed hawkers are not regulated and it appeared that the urban administration does no attempt to prohibit such kind of activities. In other cases, the urban administration does prohibit such activities and then there is a game of cat and mouse. On the other hand, there are also some apparently helpless beggars including elderly, disabled, women and children. Among these, some are truly in need of help while others have been motivated for making quick and easy money or forced by other criminals. The phenomenon of beggars is partly related to the inadequate provision of social welfare in China and partly related to the criminal activities. Due to inadequate social services and policing, it has always been difficult to eliminate such phenomenon that is harmful to the urban image and the quality of urban life.

The urban population in China is expected to increase dramatically in the 21st century. United Nations projected that the level of world urbanization will increase from 45.3% in 1995 to 56.7% in 2020 and the level of urbanization in China will increase to 49.1% by the year 2020²⁰. An early study projected that the level of urbanization in China may reach 57.22% in 2020 and 70% in 2040²¹. The projected urban population will be 875.66 and 1122.59 million in 2020 and 2040 respectively. This means that there will be more than 100% growth in urban population over the period 2000-2000 and a further 30% growth in the period 2020-2040. These projection results indicate a rapid urbanization process in the first two decades of the 21st century.

There is no doubt that rapid urban development in China can only be achieved by rapid economic development. In other words, the pace and scale of urbanization should match the pace and scale of economic development. If the urban-rural housing and labour market could be regulated effectively, unnecessary urban problems can be reduced. In the post reform period, rapid urban development has associated with an annual economic growth rate of over 7.8% in China. Large scale urban construction in terms of infrastructure, real estates and housing means huge market and potential for economic expansion. In 1997, China's GDP (Gross domestic Product) was 7471 billion Yuan, capital investment in fixed asset 2494 billion Yuan, foreign direct investment 45 billion US\$, total value of the sales of consumer goods 2730 billion Yuan, total value of the sales of goods 5517 billion Yuan. Some 44-60% of these were produced or occurred in the urban areas of all cities at prefecture-level. It is noted that the urban areas of these cities only had 19.34% of the total population and 3.64% of the total area in China²². Thus it is clear that wealth creation is most efficiently taking place in urban places in China. Further urban development will in no doubt provide huge potentials for economic development.

Should the current urbanization continue in China? To what extent, is rapid urbanization inevitable? Should the government encourage, control or regulate rural to urban migration? Under the regime of market economy, what kind of policies and regulation measures are available to the government? The answer to these questions will point to the causes of seemingly chaotic migration, the growth of the informal sector and the right policies for the government to deal with such rural to urban migration and urban development.

Some scholars have attempted to explain the on-going accelerated urbanization process in China. Clifton Pannell identified four causal factors of

urbanization including population growth, structural shift in employment, migration and household registration policies, and foreign investment and trade²³. He concludes that the Chinese pattern appears to comport better with the pattern of past European and other East Asian experiences of urbanization rather than those of the third world countries currently unfolding in South Asia, Africa and Latin America.

The large scale rural to urban migration in post-reform China is a result of various push and pull factors. First, agricultural reforms and subsequent productivity gains have released a large number of surplus rural labourers. Second, the government policy on migration control has been greatly relaxed since the late 1970s²⁴, many migrants are allowed to move into urban areas for business and employment. This policy change is in accord with the suggestion of using migration as a measure for poverty alleviation by Ronald Skeldon²⁵. Third, the urban sector is increasingly willing to employ cheap migrant workers from rural areas in the time of intense competition both with the products of township industries and with the foreign products. There is growing consensus that rural migrants in Chinese cities are making positive contributions to the social-economic development in China. In the case of Shanghai, a vice-mayor of the city was quoted as saying that "the mainstream of the floating population is good, playing a positive role and making great contributions" to Shanghai²⁶. There was a floating population of 2.37 million from outside Shanghai at 16 September 1997 according to the sixth population sampling survey in Shanghai. 60-70% of the floating population had a relatively stable job and income. However, the floating population also had five times higher crime rate than the local population. 60-70% crimes in Shanghai were committed by the members of the floating population. Nevertheless, criminals and jobless migrants only accounted for 0.36% and 1.067% of the total floating population respectively in 1993. Thus it is not

rational to prohibit the entry of the floating population just because of the problem caused by a small faction of troublemakers. Increasing policing and actions against crime may be more appropriate policies to solve the social security issue.

Nevertheless, there are plenty of evidences that the recent Chinese urbanization has experienced much chaotic development. There is inadequate coordination in the development of urban infrastructure among neighboring urban authorities. Urban planning and urban management were quite inadequate particularly in the urban fringes where urban expansion was the most rapid. For example, as much as 67% of the floating population was concentrated in the urban fringe of Shanghai where there was almost no planning control and urban management. The current management framework of the floating population was focused on collecting various kinds of fees with little attention on law enforcement and the provision of social service to meet the needs of the floating population. In Shanghai, for example, the children of the floating population cannot enter the normal schools freely and migrants have to set up their own schools to provide education to their children. This of course is better than nothing but the quality of education was difficult to control. Indeed, several such migrant schools in Shanghai were not licensed by the education authority that is also reluctant to close such schools. The ultimate cause of the problem is that the urban authority does not wish to extend free education to the children of migrants. The authority may be only willing and able to extend free education to a limited number of migrants. This means that the current scale of the migrants is bigger than what is needed by the city. The urban authority may reduce the number of migrants by setting up minimum wages and housing quality and quantity for migrants. Indeed, such kind of housing and labour market policies could be used to control the rural to urban migration indirectly. This will avoid using direct

control of rural migrants, which is based on the place of origin and rural identity and is unfair to rural migrants.

Generally, current policies to manage floating population are designed and targeted for floating population. In Shanghai, there are various management offices of floating population at various levels of the government. It was even suggested to establish a government bureau of floating population under the municipal government of Shanghai. Only simple but highly discriminative measures such as the restriction of migrants' access to certain good occupations have been attempted by some cities in China. As a result, the government has created a special social class which has different rights compared with the local residents²⁷. Some experiment is now underway in China that will grant household registration status to some temporary populations who have stable job and accommodation²⁸.

It is argued here that it may not be practical to manage floating population and local population separately. In areas such as employment, housing, building and business, each should be managed by the same single government department for both floating population and local population. Only the matters related to resident registration of the floating population may need to be looked after by a special government section. In such a way, floating population and local population will have equal rights and responsibilities to abide the law and regulations of the government. This will help to create a homogenous and equal society.

It is important to emphasize that the rural to urban migration is not just the result of a natural urbanization process determined by invisible hands of the magic market. Rather, it is a result of the particular political economy in China that determines the migration, labour market and government policy²⁹. Differential, sometimes discriminative, wage policy is the ultimate cause of the formation of the

new and poor urban migrant class. To solve this problem, the government must enforce a policy of equal employment or minimum wage. Such policy may effectively reduce the demand for cheap migrant labour. Most migrants will form the poor urban class characteristics of poor housing as their income is much less than that of the local urban residents. Effective urban management needs to be introduced into the city to establish neutral instead of discriminative barriers for migrants. Such barriers could include the regulation of labour and housing markets, small business, self-employment, building and construction. For example, migrants must rent or buy housing with reasonable standard. Illegal buildings and structures should be cleared. Actually, the same regulations could apply to both the migrants and the local residents so that they are not just discriminative restrictions against the migrants. It is clear that government should play a very important role in regulation and legislation and enforcement of the law.

Conclusion

Since the late 1970s, urban population has been increased dramatically in China. Urbanization process will continue well into the 21st century in China. This chapter examined both the formal and informal urbanization processes in China. The urban population in China was increased by 120% from 172.45million in 1978 to 379.42 million by 1998 based on official statistics. The urban non-agricultural population, the most rigid definition of urban population used in China before 1982, also increased by 128% from 124.44 million to 284.15 million in the same period. China clearly experienced a rapid expansion of urban population through formal urbanization process.

The informal urbanization process through which rural migrants moved to urban areas and became temporary population is equally significant. There is a

floating population of 80-100 million in China. This chapter analyzed the situation of the temporary population in China. It is found that the temporary population is concentrated in coastal regions of China, particularly in Guangdong province where economic development has been the most rapid. Over 50% temporary population engaged in the manufacturing and construction sector. 74.45% temporary population stayed at the destination for less than a year. In terms of housing and accommodation, 31.37% temporary population lived in company quarters while 15.76% was in construction sites, 29.28% in rented housing and 9.93% lived with local households. It is likely that the housing quality for the majority of migrants is poor.

There are two major challenges in Chinese urbanization in the 21st century. The first is the need to upgrade the urban infrastructure, working and living qualities of 380 million urban residents in already existed cities through urban economic development and proper urban planning and management. The second is the further increase in urban population through natural population increase and rural to urban migration. There were only 30% of Chinese population living in urban areas in 1999 and this percentage is likely to increase to 50-70% by the 2050s.

A main urban policy choice in China is whether the government should directly control rural to urban migration or an indirect approach should be adopted through regulation on labour and housing markets but treating both the rural migrants and local residents equally under the rule of law.

There has been a large scale of rural to urban migration in China due to persistent urban-rural gaps in income and living standards. A poor migrant class of such temporary population is being formed in the post reform China and may continue to expand in the future. Generally speaking, majority of temporary

population in Chinese cities were employed and lived in certain accommodation but with low income and poor living standards.

It is argued that the pace and scale of urbanization should match the pace and scale of economic development. If the urban-rural housing and labour market could be regulated effectively, unnecessary urban problems can be reduced. Some urban problems persist in third world countries and China simply because these are necessary evils to improve the living conditions of the poor³⁰. As migration is beneficial to migrants themselves, it is not the cause of these urban problems. Such urban problems are symptoms of deep-rooted social and rural problems.

The large scale rural to urban migration in post-reform China is a result of various push and pull factors. The rural to urban migration is not just the result of a natural urbanization process determined by invisible hands of the magic market. Rather, it is a result of the particular political economy in China that determines the migration, labour market and government policy. Chinese cities, their governments and residents still have a great power and various options to control the gate of rural to urban migration and the quality of urban housing, employment, public space and the urban life. For example, the urban authority could regulate the housing market and the illegal housing structure. Only housing with minimum standards and space could be rented out otherwise the landlord should be fined. Targeting landlords rather than the tenants would make it easier for law enforcement. Similarly, employers should be targeted for regulating the labour market. In the labour market, the government should introduce the policy of equal opportunity and regulate the minimum standard of working conditions. A policy of minimum wage could also be introduced if necessary. If workers are guaranteed certain income for a reasonable urban life then the problem of urban poverty could be solved. Maintain certain wage standards also have the

effect of reducing the excess demand for cheap migrant workers. For illegal squatting and hawking in the street, there should be tight law enforcement. Many of these measures and options have not been introduced in China. Some measures used to regulate migrants such as restrictions on employment and household registration based on rural origin and identity are discriminatory policies and are unfair to rural migrants. In an open and fair society, each individual should be allowed to compete for his/her chance of education, employment and urban or rural way of life under the rule of law. Otherwise, the quality life of a rich group may be achieved at the expense of the misery of another poor group. This is clearly not what the government, the politicians and the public want explicitly.

Acknowledgement

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Tabel 1 Income gap between urban and rural residents 1978-1998

Year	Net income per capita of rural residents	Income per capita of urban residents	Ratio of urban to rural income per capita
1978	133.6	343.4	2.57
1980	191.3	477.6	2.50
1985	397.6	739.1	1.86
1986	423.8	899.6	2.12
1987	462.6	1002.2	2.17
1988	544.9	1181.4	2.17
1989	601.5	1375.7	2.29
1990	686.3	1510.2	2.20
1991	708.6	1700.6	2.40
1992	784.0	2026.6	2.58
1993	926.1	2577.4	2.78
1994	1221.0	3496.2	2.86
1995	1577.7	4283.0	2.71
1996	1926.1	4838.9	2.51
1997	2090.1	5160.3	2.47
1998	2162.0	5425.1	2.51

Source: *Zhongguo tongji nianjian 1999*, p. 318.

Table 2 Urban and rural population in China 1951-1998 (million)

Year	Urban population	Urban %	Rural population	Rural %
1951	66.32	11.78	496.68	88.22
1960	130.73	19.75	531.34	80.25
1965	130.45	17.98	594.93	82.02
1970	144.24	17.38	685.68	82.62
1975	160.30	17.34	763.90	82.66
1978	172.45	17.92	790.14	82.08
1980	191.40	19.39	795.65	80.61
1985	250.94	23.71	807.57	76.29
1990	301.91	26.41	841.42	73.59
1995	351.74	29.04	859.47	70.96
1997	369.89	29.92	866.37	70.08
1998	379.42	30.40	868.68	69.60

Sources: 1995-1998, *Zhongguo tongji nianjian 1999*, p. 111; 1951-1990, *Zhongguo tongji nianjian 1991*, p. 79.

Table 3 Total population and non-agricultural population in towns and cities 1955-1997 (million)

Year	City and Town Population	City Population	Town Population	City and Town Non-agricultural Population	City Non-agricultural Population	Town Non-agricultural Population
1955	93.61	58.84	34.77	Na	Na	Na
1961	147.83	102.77	45.06	106.03	70.04	35.99
1978	172.45	119.29	53.16	124.44	84.05	40.39
1980	191.41	134.48	56.93	138.63	94.48	44.15
1982	211.56	149.40	62.16	147.15	101.36	45.79
1983	241.23	178.95	62.28	152.34	107.52	44.82
1984	330.06	195.59	134.47	166.89	114.61	52.28
1985	382.44	216.11	166.33	179.71	122.50	57.21
1986	437.53	233.84	203.69	185.15	125.52	59.63
1987	501.01	264.35	236.66	194.41	132.98	61.43
1988	542.49	304.05	238.44	204.06	143.73	60.33
1989	573.83	318.90	254.93	211.70	149.34	62.36
1990	598.08	335.06	263.02	217.33	153.48	63.85
1991	618.88	347.17	271.71	222.92	157.56	65.36
1992	712.34	375.74	336.60	234.12	166.42	67.70
1993	750.20	423.66	326.54	242.92	176.09	66.83
1994	793.65	477.53	316.12	259.40	194.52	64.88
1995	847.13	496.50	350.63	269.46	199.66	69.80
1996	861.46	513.76	347.70	276.18	207.39	68.79
1997	884.87	528.34	356.53	284.15	213.70	70.45

Source: *Zhongguo renkou tongji nianjian 1998*, p. 353.

Table 4 Temporary population by gender and duration in Chinese cities in 1997 (million)

Types of activity	Total	Male	Female	Less than one month	One month to one year	More than one year
Manufacturing and construction	15.95	9.84	6.11	0.83	11.29	3.83
Agriculture	1.03	0.61	0.42	0.08	0.54	0.41
Business	3.94	2.56	1.38	0.45	2.15	1.34
Services	2.24	0.91	1.33	0.18	1.49	0.57
On business trips	0.83	0.63	0.20	0.73	0.08	0.02
Study and training	0.57	0.33	0.24	0.08	0.24	0.25
Taking medical care	0.16	0.09	0.07	0.09	0.06	0.01
Domestic services	0.14	0.00	0.13	0.01	0.08	0.05
Joining relatives	0.77	0.30	0.46	0.09	0.24	0.43
Visiting relatives	0.43	0.22	0.21	0.30	0.09	0.04
Sightseeing	1.29	0.79	0.50	1.25	0.03	0.01
Other	1.11	0.64	0.46	0.29	0.51	0.30
Total	28.45	16.93	11.52	4.38	16.80	7.27

Source: *Quanguo zanzhu renkou tongji ziliao huibian 1997*, p. 4.

Table 5 Distribution of urban temporary population by type of accommodation in 1997 (%)

Types of activity	Hotels	Local households	Company quarters	Construction sites	Rented housing	Other
Manufacturing and construction	0.73	5.19	43.52	24.95	23.87	1.75
Agriculture	1.15	17.07	15.48	15.72	39.07	11.50
Business	7.89	11.00	11.04	3.23	62.34	4.50
Services	5.58	9.71	32.66	4.18	44.24	3.63
On business trips	89.62	1.84	4.99	0.47	2.18	0.90
Study and training	8.71	11.61	59.62	1.95	12.56	5.57
Taking medical care	17.43	19.92	45.56	0.46	5.23	11.41
Domestic services	1.27	82.66	6.18	0.67	7.58	1.63
Joining relatives	1.37	71.12	4.66	1.77	16.78	4.30
Visiting relatives	29.77	50.71	5.52	1.49	9.44	3.07
Sightseeing	92.53	3.23	1.34	0.29	1.66	0.95
Other	7.22	12.60	10.39	7.30	33.67	28.81
Total	9.81	9.93	31.37	15.76	29.28	3.84

Source: author calculation based on the data from *Quanguo zanzhu renkou tongji ziliao huibian 1997*, p. 4.

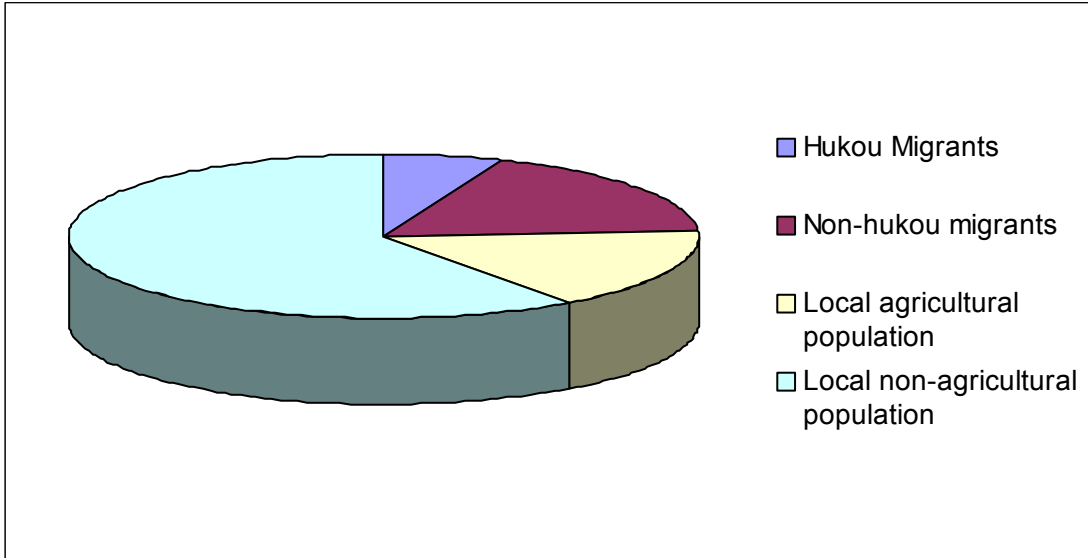


Figure 1 Components of urban population in China

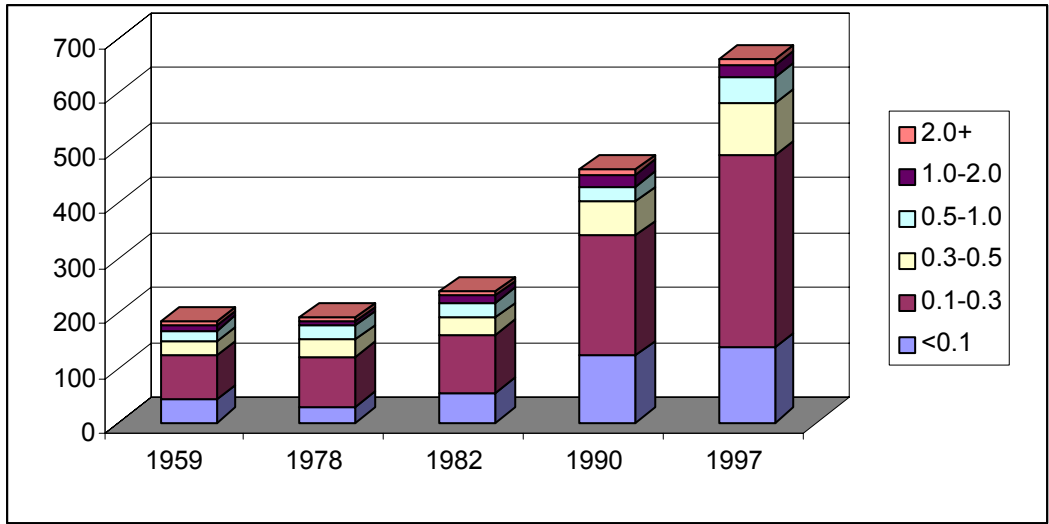


Figure 2 Number of cities by the size of non-agricultural population (million)

Source: *Zhongguo renkou tongji nianjian 1998*, p. 358.

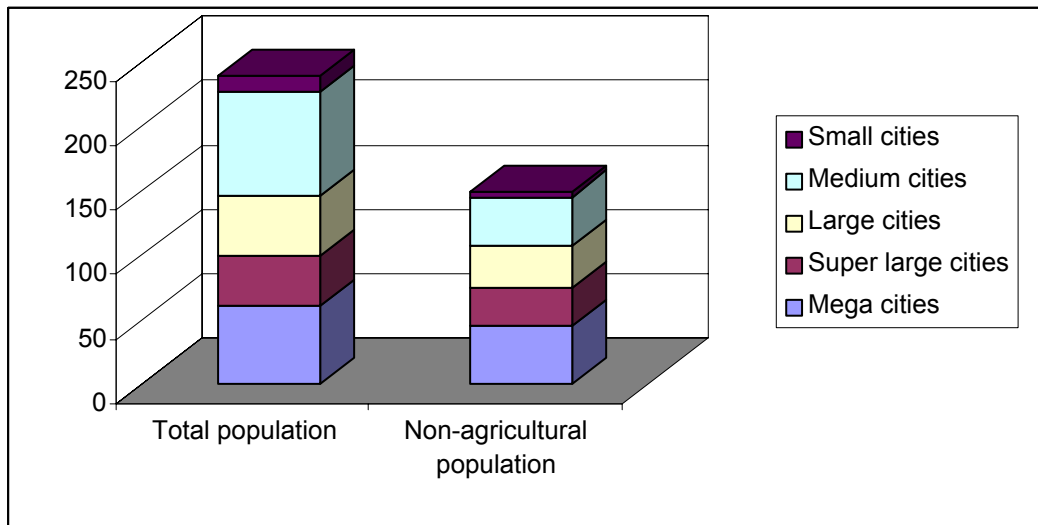


Figure 3 Total and non-agricultural population in prefecture-level and above cities by city-size in China in 1998 (million)

Source: *Zhongguo chengshi tongji nianjian 1998*, p. 39.

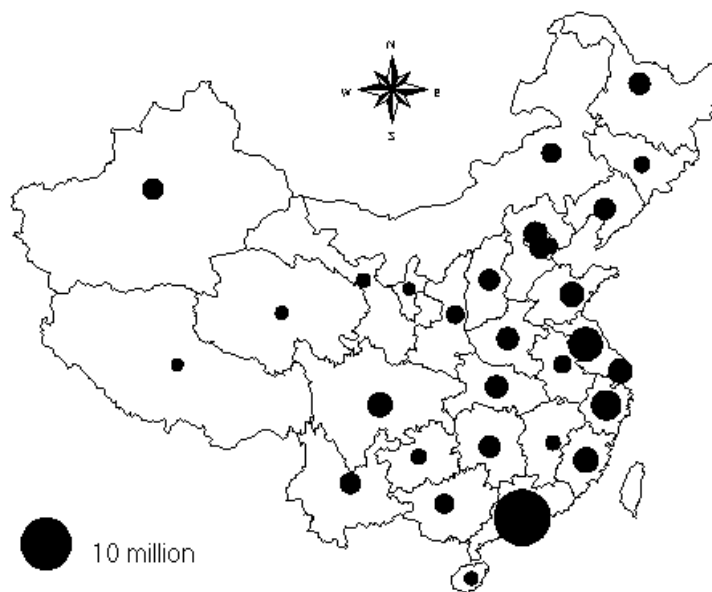


Figure 4 Distribution of temporary population in China in 1997
Source: *Quanguo zanzhu renkou tongji ziliao huibian 1997*, p. 8.

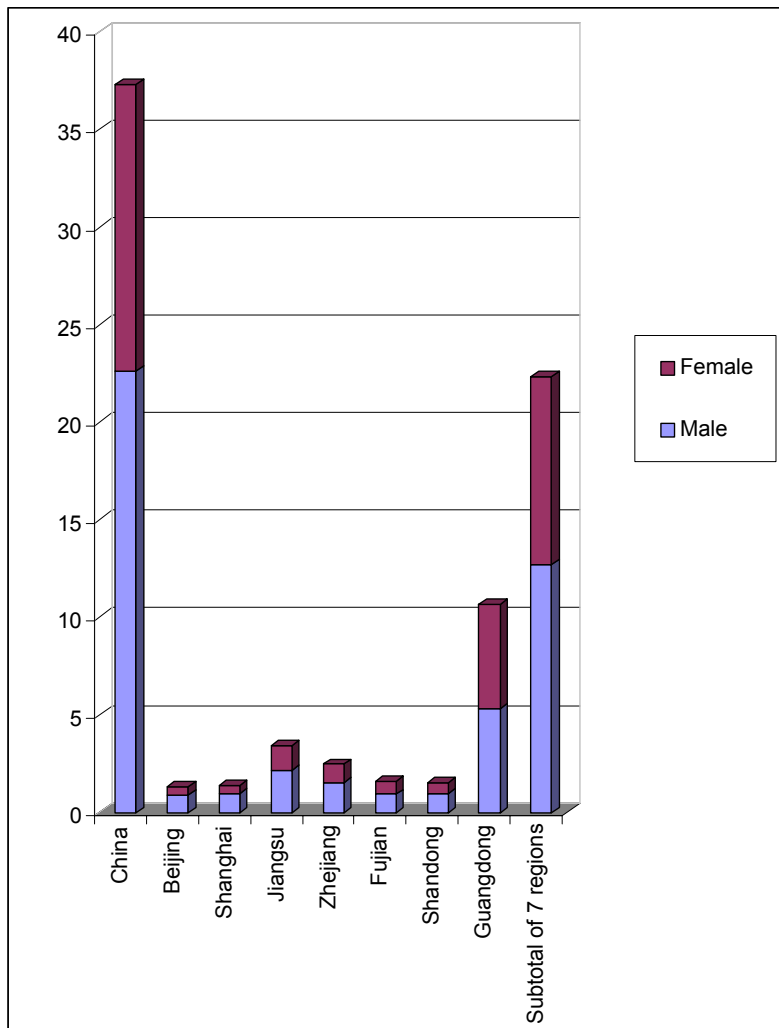


Figure 5 Temporary population in top seven regions in 1997 (million)
 Source: *Quanguo zanzhu renkou tongji ziliao huibian 1997*, p. 8.