Urbanization in China

China, the second-largest and soon-to-be largest economy in the world, has undergone a transformation over the past generation of near unprecedented scope and speed. One of the most salient features of this process has been the change from a country dominated by small, rural villages to one increasingly dominated by large, teeming cities. The pace of urbanization in China, which gives no sign of abating, brings with it both opportunities and challenges.

This presentation is designed to be a brief introduction to the contemporary urbanization story in China. It is geared toward high school social studies students studying global development, East Asian societies generally, or China, specifically. In conjunction with the resources listed on the final two slides, it could be the basis for a two- or three-day unit.
China’s rapid urbanization since “opening up” reforms launched in 1978

1978, urbanization rate (percentage of population living in cities) less than 20%
2011, urbanization rate surpassed 50%

Development plans (e.g., 12th Five-Year Plan) call for further urbanization and creation of megacities
By 2030, urban population will exceed 1 billion and 1/8 people on earth will live in a Chinese city

Primary engine of urbanization is economic – *i.e.*, income differential between city and countryside

“China National Human Development Report,” 2013, UNDP based on World Bank data
Snapshots of urbanization: Shanghai, 1987 and 2013

Origins of contemporary urban-rural divide

Industrial development strategy introduced in 1950s relied on rural areas providing artificially cheap food and fibers to urban areas.

Development strategy carried out by system that divided economy in two:
- **Urban residents** organized by place of employment, state-owned urban work units (*danwei*), which were part of a system distributing relatively generous social benefits and entitlements.
- **Rural residents** organized by village-level agricultural collectives, which were not part of any system distributing social benefits and entitlements – *i.e.*, collectives largely supported social services out of local resources.

Divide maintained by dualistic system of residency permits – one rural, one urban – which made migration from rural to urban areas extremely difficult:
- After early 1960s, almost impossible for rural residents to acquire an urban residency permit (*hukou*).
- Successful economic reforms in 1980s both cause and consequence of slow relaxation of policies that had prevented rural-urban migration.
- Nevertheless, *hukou* system still exists today and continues to restrict rural-to-urban movement.
Inherited urban-rural divide → internal migration and rapid urbanization

- 200-250 million migrated from rural areas to cities and towns in China over last 3 decades, whereas only 50 million people migrated to North America from 1800-1914
- 2007, over 90% of rural residents aged 16-25 working off the farm

Source: “China National Human Development Report,” 2013, UNDP
Snapshots of urbanization: Guo, Shaanxi Province

Guo, a village outside Shaanxi Province’s capital, Xi’an, was razed against a backdrop of towers used for resettlement housing.
Much of urban-rural migration inter-provincial

Large disparities in economic opportunities between rural areas in interior provinces and cities in several coastal provinces has helped give rise to a “floating population” (liudong renkou) – i.e., those living for at least six months in a place other than that in which they are registered

- floating population totaled 144 million (12% of total population) in 2000, 42 million of which living outside of province of permanent residence
- 53.5% of floating population living in southern coastal provinces in 2000

Urbanization has been important component of economic development

Moving of tens of millions out of agriculture into urban industrial and service sector jobs has greatly increased worker productivity and, with it, average income – i.e., one important reason for China’s rapid development is simple movement of people from places (and tasks) where contributions to GDP were relatively small to places (and tasks) where they would be relatively large.

Despite pace of urbanization and relative growth of urban labor supply, ratio of urban-to-rural income grew from under 2.0 in 1985 to over 3.0 in 2005 – i.e., economic incentives for rural residents to migrate to cities have increased over time.

* Poverty threshold at $2 a day. Sources: Demographia; World Bank; McKinsey Global Institute, Preparing for China’s Urban Billion.
Snapshots of urbanization: Qiyan town in Shaanxi province

Qiyan, previously a village of 200 households in Shaanxi province, was recently designated a town, and its lower reaches were leveled and rebuilt with towers to house 6,000 people. Those living in the surrounding hills were encouraged to move to the valley as part of a process called *chengzhenhua*, moving into towns. As described in the New York Times, “The idea is to limit the number of megacities by keeping farmers closer to the land they farmed instead of moving them to giant cities. The problem is jobs, or the lack of them, in these areas.”

Persistent rural-urban income gap...

- incentivizes rural-urban migration and, thus, urbanization
- suggests economy can continue to grow by further liberalizing *hukou* regime
- explains China’s status, in terms of income inequality, as United States’ rough equal
- could spark social unrest in society that until past generation had little economic inequality
- would probably diminish if pace of urbanization allowed to increase -- by increasing (decreasing) supply of urban (rural) labor, thereby putting downward (upward) pressure on urban (rural) wages

Snapshots of urbanization: southern Shaanxi Province

“The Kan Guangfu family in front of their old home, left, and in front of their new one. The images are part of a government database used by officials supervising the move. The family are depicted in black and white in front of their old home and in color in front of their new one, though images appear to have been taken short time apart.”

Caveat: urbanization not due exclusively to rural-urban labor movement

Of 318 million increase in urban population, 1990-2005, 101 million due to “net rural to urban” migration, 47 million due to natural population growth and rest due to definitional issues.

Migration is only a part of the urbanization story

Urban population growth, 1990–2005
Millions of people

- 318 Urban population growth
- 50 Unofficial new cities
- 80 Net rural to urban non-Hukou migration
- 23 Net rural to urban Hukou migration
- 118 In situ
- 47 Natural growth

Source: Census 2000; Census 1990; 1% Census 2005; literature search; McKinsey Global Institute analysis

McKinsey Global Institute, Preparing for China’s Urban Billion
Snapshots of urbanization: Jiujiangzhen, near Chengdu, Sichuan Province, **2001**

Snapshots of urbanization: Jiujiangzhen, near Chengdu, Sichuan Province, 2012

Urbanization both cause and consequence of development **but** also source of social problems

Expansion of cities into rural areas resulting in rural residents often being dispossessed of land without just or adequate compensation

Residents of rural areas often not economically or mentally prepared for urban life

Municipal governments struggle to provide adequate infrastructure and services for growing populations

Minxin Jiayuan is a flagship low-income housing project in Chongqing. Vast sums of money will be needed to pay for schooling, health care and retirement programs for the now landless farmers.

Zhong Yingwen, right, a farmer turned migrant worker, in the yard of his house in the village of Qiyan, with his father, Zhong Guocong, 76, and his son Zijun, 6. The family is eagerly leaving its crumbling, 100-year-old house, joining thousands of villagers being put in apartments by the government. But the family is struggling to pay for furnishing the new one and worries about the high cost of urban living.
Due to lack of resources at municipal level, difficulties continue to persist in integrating migrants into urban life, providing them access to public goods/services:

- 2010, 14% of migrants and 66% of urban hukou holders with access to unemployment insurance
- 2010, 20% of migrants and 87% of urban hukou holders with access to health insurance
- Migrant parents often unable to find public school that will accept child(ren) and so child(ren) often sent back home, often hours away, to be raised by grandparents or other family members

Urbanization both cause and consequence of development but also source of social problems.
Li Rui, 60, scavenged his former village for building materials in Liaocheng. Mr. Li was a farmer until three years ago, when the local government razed his village for an urban development zone.

Rural workers gathered in Chongqing in search of jobs as chefs. The cooks say that when they can get a job, they earn $325 to $1100 a month, a huge improvement over tilling the fields.

Urbanization both cause and consequence of development but also source of social problems

Local governments often depend on revenues earned from seizing rural lands (or “buying” land at less than market value) then made available for urban development

- 43% of participants in recent nationwide survey of rural residents had experienced land takings (Landesa)
- 1/5 of those surveyed not compensated (Landesa)
- land takings one of most important sources of social unrest and protest against government officials
- Chinese Communist Party increasingly concerned

“Desperate Chinese villagers turn to self-immolation”


NPR clip about a grim form of social protest against urbanization-induced land takings (October 2013)
Living in a bubble
(http://www.youtube.com/watch?v=-a9Xuyw9l3Y)
Channel NewsAsia documentary about volatile urban residential property market (September 2013)

Leaving the land: China’s consuming billion
(http://nyti.ms/16AQV0I)
New York Times news clip about urbanization and consumption growth (July 2013)

China’s next chapter: the infrastructure and environmental challenge
(http://www.mckinsey.com/insights/asia-pacific/chinas_urbanization_imperative)
McKinsey&Company webpage devoted to “China’s urbanization imperative” (June 2013)

Apartment blocks rise in Chenzhou, where the government is building a new city with an industrial park to develop the economy and urbanize the area. (National Public Radio, October 2013)
Miller, Tom, *China’s urban billion: the story behind the biggest migration in human history*, 2012.
Up-to-date account of policies governing urban expansion; lays out future challenges.

Documents lives of several young, migrant women in Dongguan. Extremely well-written.

Documentary film following two migrant parents working in Guangzhou, separated from son and daughter; highlights both economic lure of cities for rural residents as well pressure that migration decision places on family unit.

CCTV
Chinese Central Television is the predominant state television broadcaster; its English-language news service produces many clips relating to urbanization, including interesting video footage and expert interviews.

UrbaChina
An active blog funded by the European Commission focusing on urbanization themes in China.