Social Change and the Urban Rural Divide in China

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To most observers, China today is an extraordinary success story. In three short decades the world's most ancient continuous civilization, most populous state, and the former "sick man of Asia" has been transformed into an economic powerhouse that will shape the global political economy for the rest of the 21st century and beyond. In comparison with the former Soviet Union and its East European satellites, China seems to have made a remarkably smooth and successful transition from a centrally planned socialist system to a dynamic, market-oriented economic engine. Yet beneath the surface China's social and political order suffers from paradoxical internal contradictions which the society's reformist leaders have not been able to resolve.

The current essay deals with perhaps the most important such unresolved institutional problem in China today, the sharp cleavage between its urban and rural citizens. As Ireland and other countries heighten their economic interaction and diplomatic engagement with China, it is important that they be aware of the deep-seated social conflicts and injustices that have characterized rural-urban relations in China since 1949, as continued failure to address and rectify these problems may threaten China's continued rise.

It is now clear that the revolution led by Mao Zedong, usually seen as dedicated to creating a more egalitarian social order, in actual practice created something very much akin to serfdom for the majority of Chinese citizens—the more than 80% of the population residing in rural villages, who were effectively bound to the soil. Despite some weakening of the bondage and discrimination faced by rural citizens in recent years, China is still struggling with the legacy of the system the Chinese Communist Party (CCP) leadership created during the 1950s. That a peasant army led by a son of the soil, Mao Zedong, established "socialist serfdom" for rural citizens is a major paradox of the Chinese revolution. Before discussing the grounds for these claims and pondering how this situation came about and was sustained over time, it is worth considering how much at variance this development is with the conventional view on inequality trends in China since 1949.

Conventional Views on Inequality Trends in Post-1949 China

In most conventional accounts, the history of the People’s Republic of China can be divided into two very different eras, the socialist order promulgated over by Mao Zedong from 1949 to 1977, and the reform era launched by Deng Xiaoping, from 1978 to the present. In the first era, as the story goes, Mao and his colleagues (including Deng) relentlessly worked to attack feudal remnants left over from Imperial and Republican China and to promote greater social equality, even when such egalitarian interventions interfered with economic growth. In the closing phase of Mao’s rule, the Cultural Revolution decade (1966-76), Mao and his radical followers criticized the social order they had built during the 1950s, as well as the Soviet model


1 This essay builds on previous research on rural-urban relations in the People's Republic of China, including Pottier 1983; Whyte and Parish 1984; Chan 1994; Slinger 1999; and Wang Fei-ling 2005.

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on which it was based, as still too hierarchical and unequal. It is believed that the resulting Cultural Revolution reforms transformed China into an even more egalitarian (but also more economically inefficient) social order. In the reform era, in contrast, the conventional wisdom is that Deng and his reformist colleagues switched gears and began pursuing economic growth at all costs, while ignoring the goal of promoting social equality. As a result of this switch, China today is characterized by both high growth rates and rising inequality.

While there is much truth in this conventional account, it doesn’t fit the reality of the changes over time in what has become China’s foremost social cleavage—the rural-urban gap. What actually happened to China’s rural residents was very different from the scenarios of systematic promotion of equality under Mao followed by widening inequality in the era of market reforms. As indicated at the beginning of this essay, the actual trend looks much more like descent into tertium for rural residents in the Mao era, with only partial liberation from those bonds in the reform era. In other words, in multiple ways the social status, mobility opportunities, ways of life, and even basic citizenship claims of China’s rural and urban citizens diverged sharply under the socialist system that Mao and his colleagues created, producing a caste-like division that did not exist prior to 1949. Mao’s socialism led to a fundamental aggravation of the rural-urban cleavage, not the reduction implied by the conventional discourse.

Since 1978 the picture is more complicated. In some respects the rural-urban cleavage has weakened and reduced, while in others it has widened still further. What is clear, at least, is that the extraordinary status gap between rural and urban residents in China, substantially a product of socialist policies and the practices and institutions of the Mao era, has left a legacy that has endured to the present. This persistence has occurred even as these socialist policies and institutions that were once seen to have been increasingly dismantled, replaced by market distribution. This institutional inertia poses a second major paradox: why has it been so difficult in the midst of so much other hectic change to dismantle the systems of urban privilege and rural discrimination that were originally embedded in China’s distinctive form of socialism?

This inertia contrasts sharply with what happened after Mao’s death to another very important caste-like division created by Mao-era socialism. All Chinese families had been classified during the early 1950s into classes origin categories based upon their economic standing, property, participation in labor, and other characteristics prior to 1949. These categories (e.g., landlord, poor present, worker, capitalist) became the basis for a system of class origin labels that persisted over time and were inherited in the male line. By the 1960s and 1970s your class label, by then based upon past history rather than current social status (for example, those with landlord labels had not owned any excess land since 1953), had a strong influence over whether you were favored or discriminated against in many spheres of life (access to higher education and good jobs, entry into the Party or the army, whom you could marry, etc.—see Kuan 1981). In 1979 China’s reformers declared these class labels outdated and harmful, required that they be removed from personnel dossiers and other identity documents, and forbid favoritism and discrimination based upon class labels. Almost overnight this class label caste system began to disappear from public consciousness, and it appears to play no significant role in influencing access to opportunities in China today.

However, nothing comparable has occurred regarding China’s rural-urban caste system. The remainder of this essay presents a brief summary of the specific policies and institutions that created “socialist tertium” for rural residents in the Mao era. That discussion is followed by a similarly brief overview of some of the important changes that have altered rural and urban social patterns and rural-urban relations in China since 1978. The essay concludes with some preliminary comments on recent developments that give some hope that the legacy of “socialist tertium” may finally be under challenge.

The Mao Era: The Institutionalization of “Socialist Tertium”

In late imperial times, and continuing after the 1911 revolution, China was anything but a “feudal” society. Although the economy was based primarily upon agriculture, and more than 80% of China’s population lived in rural areas, there were few legal or institutional barriers to geographic and social mobility. Poor villagers could and did leave their communities in droves to seek their fortunes in the cities or frontier areas, or even overseas, sending back a portion of their incomes as remittances and, if they could, and perhaps returning periodically for family events and festivals, and maybe eventually to retire and die. A system of household registration existed over the centuries, but its function was to keep track of where people lived, not to restrict their movement. A rural migrant who succeeded in finding employment in a city could readily submit to registration, rent or buy housing, and in general become a settled urban, although perhaps still retaining a strong sense of being an urbanite from a particular rural place of origin and therefore different from neighbors from other places. By the same token there were no aristocratic entitlements (outside of the imperial family prior to 1911) or caste barriers to prevent the rich from losing their fortunes, jobs, and/or land and descending into poverty and desperation. Given the high rates of upward and downward mobility and the relative freedom of movement of the Chinese population, over the centuries the status barrier between rural and urban residents was not large.

When the CCP swept to national power in 1949, this general pattern did not change much at first. Indeed, the CCP victory produced a huge wave of rural to urban migration, as the victorious revolutionary army, largely consisting of rural recruits and heretofore confined to relatively inhospitable rural base areas, swept into the cities and took over the management of all urban government offices and enterprises. Throughout much of the 1950s, substantial freedom of geographic and social mobility continued, with ambitious rural residents both recruited to, and flooding on their own accord into, cities to staff the growing offices and factories of the new socialist state. However, a series of intertwined institutional changes introduced in the years from 1953 to 1958 fundamentally changed this situation, replacing the relatively free movement of people with a regime of bureaucratic assignment and immobility that lasted until after Mao Zedong died in 1976.

1 Deng Xiaoping was purged not once but twice during this period. He was purged in 1966, then rehabilitated in 1973, but then was purged again in 1976. After Mao’s death late that year, the ouster of his radical followers (the "gang of four" and their supporters) prepared the way for Deng to be rehabilitated again in 1977. He remained the dominant figure in the Chinese leadership until his death in 1997.

2 In both the Mao and the reform era, China has had one of the largest income gaps between rural and urban residents of any nation.

3 It would make a more appealing and even more pseudoscientific story if we could report that China’s shift to market distribution since 1978 has led to a systematic increase of rural-urban inequality in China, contrary to the conventional account which associates markets with inequality. However, the reality is too complex to support such a simple generalization.

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China’s revolutionary leaders from the outset were worried about their ability to control and Chao Kai-shek and the Kuomintang (not to mention earlier by Japanese occupiers and by business, foreign influence, secret society penetration, and rampant crime, drug addiction, and into the cities was seen as aggravating the difficulties of bringing newly Chinese cities under migrants and to live wherever they chose, they also criticized “blind” migration that didn’t serve the countryside (Cheng and Selden 1994). Only after the socialist transformation of the 1953-58 period was comprehensive control of individuals and their movements established. Just as the full control system was completed in 1958, it was massively disrupted by the launching of the Great Leap Forward, which led to acute recruitment of an additional 20 million migrants from the countryside to fill the projected labor shortages in the urban factories on scale. It was only as of about 1960 that the “invisible walls” (see Chao 1994) Mao and his colleagues had created around Chinese cities slammed their doors shut, effectively eliminating virtually all further voluntary rural to urban migration until the reform period. Despite their unfamiliarity with, and anxiety about, urban management when they came to power, and also despite the rural roots of the Chinese revolution, Mao Zedong and his industrial development, and against agriculture is rural residents, as the versions in the Soviet Union, in large, vertically organized, capital-intensive industrial complexes controlled by the bureaucratic decisions of planners, with that control facilitated by the fact that labor. As in the USSR under Stalin, agriculture and the rural population were seen primarily as a source of extraction of resources to promote industrial development in the cities.2 Great Leap Forward convinced China’s leaders that the labor power of urban residents, in the 1970s. Indeed, during these years efforts that were much more massive and successful than those undertaken during the 1950s resulted in millions of urbanites being mobilized to leave the cities and settle in the countryside—an unprecedented mass "ruralization."3

1 Urban China differed from the Soviet Union in having more total bureaucratic allocation of labor and inability of residents to change jobs. 2 During the Mao era there was a major effort to redistribute resources and funds from already developed richest cities, Shanghai, the non-agricultural resources were used overwhelmingly to invest in iron ore and coal deposits located in remote mountain areas. 3 The unprecedented nature of these massive migrations away from cities is conveyed by the need to invent the term "ruralization" to convey the size of such movements. What other developing society has seen its largest city shrink in population over time? That is what happened to Shanghai, which had over 7 million people in 1957 and only about 6 million in 1973. See Hwang 1981. 4 Access to these benefits was unequally within the urban population, however. Some of these private goods were available only to the roughly four out of five adults employed in state-owned urban collective enterprises, and even within the state sector, those employed as or connected with high priority firms managed at high levels of the bureaucratic system generally received better treatment than to less developed parts of the economy, typically by withdrawal of resources, and they were China’s largest and industrial growth in smaller and poorer areas of China’s interior, and even in industrial complexes located in remote mountain areas (see the “blind” front campaigns of the 1950s—see Huang 1988). The agricultural sector or rural development.

Since rural labor power was not needed to power urban industrialization, the countryside primarily served as a source of low-cost agricultural products to feed the urban population, with a pretension also destined for export to earn foreign currency to finance technological acquisitions and other key activities. These strongly urban-based economic priorities led to fundamentally different official distribution policies being adopted toward the cities and toward rural areas. Urban residents were provided with secure jobs; heavily subsidized housing, education, and medical care; rational allotments of food and consumer goods; and a broad range of benefits (such as old age security, provision, pensions, etc.), a combination one scholar (Soliinger 1999) refers to as the “urban public goods regime.” Rural residents, in contrast, received no such guarantees, were outside of the state budget, and generally only received such compensation and benefits as their own local governments could provide. Although direct taxes on farmers were relatively moderate, the obligation to meet grain procurement quotas and thus turn over a large share of the harvest to the state at artificially low, bureaucratically set (and relatively fixed) procurement prices, when combined with the rising cost of urban manufactured goods and even agricultural inputs, such as chemical fertilizers, produced a price difference “worsening problem” for residents in China’s rural communities. These price policies, combined with the minimal and generally declining rates of state investment in rural areas and in agriculture, produced a situation in which many rural communities remained mired in poverty throughout the socialist period. The rural picture is not entirely bleak during the Mao period, considerable effort was expanded by the state to promote techniques and institutions designed to improve agricultural performance and presumably raise the incomes of rural residents. However, for the most part these efforts took the form of “unfunded mandates” to build reservoirs, plant new rows of crops, change local incentive systems to reward farm labor efforts, and so forth, all in the spirit of “self-reliance” by relying on local resources and labor power with minimal financial assistance from the state. Some of these initiatives from above, such as China’s own version of the “green revolution” promoting new, higher-yielding strains of major grain crops, were quite successful, and state promotion of rural health care and village cooperative health insurance plans and rural education were seen primarily as a means of road to life plans and education levels very significantly during the socialist period. However, other interventions from above were less successful (as in the limits on crop diversification and free marketing of the 1970s) or even disastrous (as with the Great Leap Forward with its estimated 30 million deaths, almost entirely a rural
phenomenon). The result was a widening of the gap in income and standard of living between rural and urban areas over the course of the Mao era, not progress in pursuing the proclaimed goal of shrinking that gap. When local communities were not successful in their efforts at "bootstrapping" agricultural development, residents had no alternative but to remain locked in local poverty (Ash 2006).

In China before the 1950s and in other societies around the world, the traditional remedy for rural poverty is out-migration. Individuals flee poverty-stricken communities to seek better prospects elsewhere—in other villages, in the cities, and sometimes even abroad. If they are the family members and relatives left behind and faster chain out-migration to share new opportunities, and in some cases they even return eventually and buy farmland or start up a village business. The potential gains to poor villages from out-migration generally far outweigh the potential losses (the "stolen brain drain"). In socialist China, this escape mechanism was effectively closed off after 1960. China’s rural residents were bound to the soil much like serfs in medieval Europe through a combination of institutions centering on China's system of household registration—the hukou system.

As indicated earlier, the requirement starting as early as 1951 that urban households all be registered through the local police station did not initially prevent rural migration. However, increasingly after 1953 new registration regulations and edicts were passed aimed at 1988, which essentially prohibited all voluntary, individually initiated migration upward in the hierarchy of the Great Leap Forward, they put in place the institutions that made China’s rural and urban populations targets of different economic priorities, but lower and higher costs (see Cheng and Selden 1994; Wang 2005).

At birth individuals inherited the household registration status of their mothers (although a China is a thoroughly patriarchal society by tradition) and were classified as either agricultural or non-agricultural, as well as by the level of city for those with non-agricultural hukou. Registration status was tied to a complex set of migration restrictions. Individuals could move voluntarily downward (to a smaller city or to a rural place), or horizontally (as when rural brides upward in the system was to be granted only if the urban destination gave bureaucratic approval in advance, and that was to be granted only in relatively rare and special situations (e.g., admission to an urban university, service in and then mobilization from the army as an officer, or when an urban factory had taken over rural land for plant expansion).

As noted earlier, urban registration status was not necessarily permanent, and over the years millions of urban residents were mobilized to leave and resettle in smaller cities or in the countryside, where their new rural registration status would normally prevent them from returning to their cities of origin.

The burden of accommodating "ruralized" urbanites was an additional hardship for China’s villages. China’s cities could thus through such “ruralization” mobilizations remain relatively less demographically and economically, with virtually all able-bodied adults fully employed, while villages became places of concentration of the unemployed and underemployed. If a determined rural resident ignored the rules and wanted to move to the city without bureaucratic permission, it was next to impossible to do so. The other institutions (besides household registration and migration restrictions) that made China’s caste system enforceable were extensive urban rationing and the associated bureaucratic controls over the essentials of life (see the discussion in Whyte and Parish 1984, Chapter 4). After the 1950s, urban individuals were assigned to jobs in a bureaucratic fashion by local labor bureaus, rather than hired by firms and enterprises directly. Local urban registration status was a requirement, and most of those assigned were graduates of local middle schools and universities. There was no labor market, and no job fairs or personnel ads—nor general there was no way for someone from outside the city to compete for a job there.

Urban housing was also bureaucratically controlled and allocated, again with no market for housing rental or purchase by the general public. After the 1950s individuals and families obtained access to housing predominantly through their work organizations, and urban housing was generally so cramped that informal rentals to a migrant would have been out of the question even if it had been legal. Individuals and families also obtained medical care through clinics and hospitals affiliated with their work organizations or neighborhoods, and to which they were referred when they needed medical treatment, making anything except emergency care affordable to those who lacked local urban registrations at a minimum. Needless to say, only those with urban hukou could enroll their children in city schools. In addition, many but not all basic food items and consumer goods were strictly rationed, so that at least a local urban registration and perhaps other qualifications were needed (along with cash) in order to make a purchase. The list varied somewhat from city to city and over time, but in general it was a long one, including grain and flour, cooking oil, pork, sugar, dairy products, milk, cotton cloth, and garments, soap, “beehive coal” for heating and cooking, bicycles, certain furniture items, etc. As a result of these extensive regulations and rationing, it was extraordinarily difficult for someone from rural areas, or even from a town or smaller city, to stay for any period of time in a Chinese city.

The rigidity of these institutional arrangements, and their strict enforcement,

1 There are some exceptions to these generalizations. The unpopularity of the program that sent 17-18 million urban educated youths to settle in the countryside in the decade after 1969 led to a change in the rule, so that youths and others after about 1973 were promised a return to their cities of origin, and a recovery of their registration status in that city, if they had spent a designated number of years (often three) farming in agriculture.

2 When urban educated youths were forcibly resettled in rural villages, the state provide a one-time “settling down fee” that was supposed to ease the financial burden on the receiving villages. It was assumed that over time the resettled youths would acquire farming skills and become contributors to, rather than drain on, village economies. However, given the poor preparation of most urban youths and the substantial mental problems involved in rural resettlement, it is questionable how often this optimistic scenario was fulfilled.

3 Some exceptions to this generalization is that some urban entrepreneurs, particularly facturers, could request permission to hire temporary, contract laborers to meet short-term fluctuations in production activity. In some cases they could recruit such temporary workers from rural locales (see Solinger 1999: 39-40). Short term visits were possible, such as on business assignments or to visit relatives, with the proper travel papers and after converting grain or local grain rations coupons to the provincial or national grain rations coupons required to purchase food in the destination city. People who managed to stay in a place
help to explain how the age-old remedy of flight from the village to seek opportunities in
China's cities remained effectively closed for two decades after 1960.1

The Reform Era

The story of China's dramatic about-face after Mao's death is now familiar. In what amounts
to a new social revolution, many of the institutions and policies of China's socialist era were
discontinued or turned over to the outside world, and frenzied pursuit of economic development
reforms have changed basic aspects of economic and social life in China's villages and cities
institutions and practices have not changed, or have changed only around the margins, so that
urban, with sharply different rights and opportunities in life.

The two most important institutional changes affecting China's rural residents and rural-urban
The ending of collective farming (in the period 1978-83) and the return to family farming
through the household responsibility system means that villagers are no longer under day-to-day
directly in their day-to-day economic activities and over the required grain procurement and agricultural
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which this system intersects with the optimal mobilization of the talents and energies of all of the counties in the official media. Urban migrants have been urged to promote a general sense of citizenship for all Chinese regardless of the accidents of urban hukou-holders in each village as wages, fringe benefits, and schooling for their children. Many cities have experimented with a variety of schemes designed to either make it easier for regulations designed to restrict access to urban resources and opportunities to natives of the division the hukou system perpetuates have survived three decades of market reforms, and China's leaders have given no sign that they have figured out how to dismantle the hukou system. However, the increasingly vocal consensus that this fundamental axis of social injustice must eventually be abolished suggests a possibility, at least, that the Mao-era state barrier between China's rural and urban citizens may eventually be breached.

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Despite the many obstacles and forms of discrimination they face, migrants keep flooding out of the countryside and into China's urban areas. They constitute the great majority of the de facto population of newly emerging export-oriented cities, such as Shenzhen in Guangdong. Even in China's established large cities, they may constitute as much as 25% or more of the actual urban population at any one point in time. By the same token, the proportion of China's rural population residing in urban areas has declined sharply since the reforms were launched, from perhaps 50% or more at that time to roughly 30% or even less today. If we take into account the fact that a significant proportion of the rural population and labor force no longer are involved in farming, then China early in the 21st century reached a milestone, with less than half of the total labor force dependent on farming (see Naughton 2007: 182).

It is generally acknowledged that migrants play an integral role in the economic revitalization of the Chinese economy since 1978, and in the economies of Chinese cities in particular. Migrants who grow urban labor and services upon which urban hukou holders and enterprises have come to depend. The establishment of at least relatively free flowing migration after a generation of urban closure also has the same potential benefits for rural villages and their residents that urban closure has for the poor. Smaller rural-urban enterprises, for example, can be encouraged from poor villages, migrants can send cash remittances and goods back to families left in the village, migrants can assist family members and others to join them in taking advantage of urban opportunities, and some proportion of migrants return to the village with new skills and resources they may use to start businesses to enliven the local economy.

Despite the positive gains unleashed by massive out-migration since the 1980s, China's villages continue to face serious development obstacles. State priorities still heavily favor urban and industrial development, with the lion's share of government investment funds going to large industrial firms, and particularly to the remnants of China's once dominant state owned enterprises, with little credit or financial support to the private business or farm state owned enterprises. In addition, the way the government's administrative and financial policies and investments are channelled. Higher levels of government expected to view the passage of such laws, without significant state funding—a continuation in an altered form of the "induced mandate" approach of the Mao era. In order to pursue their ambitious agenda, many local governments levied a large number of local taxes and fees in order to meet such obligations (not

1. China's institutionalized discrimination against migrants has been criticized as a major human rights abuse. See Human Rights in China 2002.

2. Urban population statistics in China involve multiple complexities and puzzles—particularly the fact that official city size statistics are affected by administrative criteria for defining the size of large rural areas within city administrative jurisdiction, and not solely by the natural increase of the existing urban population and rural-urban migration. Since expertise is limited demands of the most meaningful data for the urban population projections at any point in time, we will be content here with these "half-baked" urban population estimates.
to mention the payroll of their growing staffs. The result was an aggravation of the already "hidden problem" and rising rural discontent during the 1990s.

There were, however, positive developments in the reform era with some potential for reducing the rural-urban gap. In an arguably more successful variant of the state's preference for "bottom-up" development with minimal state funding, rural residents and China generally benefited from the boom in township and village enterprises (TVEs) after the early 1980s, with the number employed exceeding 120 million by the early 1990s. Local non-agricultural jobs in TVEs constituted the primary alternative to urban migration for villagers wanting to escape a life of farming. However, two features limited the impact of TVE development on rural communities. First, TVEs were very unevenly distributed, primarily concentrated in already relatively prosperous rural areas along the coast and near sources of foreign capital and export markets, rather than in poor interior villages where alternative employment was most needed. Second, the changed economic climate in the 1990s made it much more difficult for TVEs to compete and grow, so that total TVE employment has been fairly stagnant since, rising to only about 100 million in 2005 (Naughton 2007:288).

Nonetheless, some rural locales have benefited during the reform era from the availability of two important employment alternatives that were largely closed off during the collective-crop-rural industry and migration to the cities—and despite the state's posturing bias toward urban development.

The changing opportunity structure after China's reforms was launched has enabled some rural families, and indeed some entire rural villages, to become very prosperous. However, since the mid-1980s the most dynamic growth in the economy has been in urban areas, and the income gap between rural and urban residents has widened since then—in levels that are unusually large compared with India or other developing societies. The combination of massive urbanization toward cities and industry on the one hand and the continuation of institutionalized discrimination toward China's rural citizens through the hukou system on the other has resulted in the urban-urban income gap. As a result of the reform era's "socialist reformers" who have had far-reaching and explicable any longer, since rural residents remain bound to the soil as they were in the communist era, and operate in an economic system organized around socialist principles. Nevertheless, both rural residents and rural migrants living in cities continue to suffer from institutionalized discrimination in China today.

1 Villages that had successful business enterprises could use the profits of such businesses to meet these local expenses, thus reducing the need to use village facilities with extra fees. Since such enterprises were concentrated in China's coastal provinces, the burden problems seem to have been most acute in interior provinces.

2 During the Mao era there was some emphasis on development of rural industry. However, the goal of each village factories was to meet need and for cement, fans, tools, fertilizer, and other agriculture-related products, not to produce for domestic or foreign markets or to augment village incomes. As such the employment and other impacts of the village factories were limited prior to the reform era.

3 One special category of very rich villages has developed in recent times, referred to as "urban villages." There are rural communities that have been reshuffled by expanding cities, and in the process they have been able to organize highly advantageous financial arrangements for turning over their land for development by city or private developer use. Through these arrangements members of the village retain their claims to the land and receive regular payments (remittances rent) that are often so large that the villagers can live off them without engaging in any labor themselves. Members of the new "prominent class" differ from the vast bulk of China's villagers and migrants in reporting offices to charge their household registration status from agriculture to non-agricultural, for to do so would enable their claims to their land and to these rent payments.

**Signs of Change? New Policy Initiatives in the 21st Century**

Although China's market reforms have not, to date, done much to reduce the disparities that came with being born in a village and being an agricultural household registration, there are two developments in the new century that provide a glimmer of hope that the institutions that have promoted such a sharp cleavage between rural and urban might eventually be reformed and the social inequities that foster continued. The first involves announced changes in state priorities in favor of rural areas, and the second involves increasing public discussion and debate about the injustices of the hukou system and experiments with that system's reforms or event elimination.

Already toward the close of the period of Jiang Zemin's leadership (1989-2002), the CCP decided to shift economic development priorities somewhat away from the previous primary emphasis on rural development and toward the interior, as symbolized by the campaign to "Clean up the West" launched in 2000. As a result of a wave of vigors new efforts were made to address rural discontent arising from the massive migration of labor and fees, efforts focused on instituting "tax for the reforms" and providing increased state financial resources to rural communities. These changes, combined with another wave of initiatives to the procurement process paid to farmers for their grain deliveries in the mid-1990s, were intended to reduce China's widening regional and rural-urban income and consumption gaps. Additional efforts along the same lines have characterized the term of CCP leader Hu Jintao and Premier Wen Jiabao that started commanded after 2002. Hu has warned about the dangers of]

The other era of possibly hopeful developments involves a reforming of China's hukou system, increasingly since this mid-90s, Chinese authorities as well as intellectuals have recognized the fundamental injustice of China's hukou-based caste system as well as the way in which

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1 The effort to reduce the rural tax and the burden already has had considerable impact, according to the data in a national survey I discussed in China in 2004. About 70% of the rural respondents in that survey said that they had been made or substantially reduced in the same as they paid compared with three years earlier.

2 The hukou system is a very modest minimum income program in which the urban poor receive cash payments from local governments.

3 However, as of 2009 urban farmers were still growing faster than rural incomes on average, with the urban-rural income ratio increasing to 3.2 to 1 according to official figures, the highest level since 1979. See Ps. 2010.
which this system interferes with the optimal mobilization of the talents and energies of all of China’s citizens. Instances of abuse of both rural residents and urban migrants have been observed to the official snuff and the internet. Discussions have been aired about the extent of these abuses and the need to prevent them.

However, efforts to reform the system of hukou discrimination remain at an early stage when this essay was being written and apparently still faced stiff resistance within the leadership. One of the prominent reforms designed to alleviate the hukou system’s injustices since the late 1990s, each of which has been limited in impact. One reform being introduced starting in 2007 involves the replacement of the distinction between hukou status (rural and urban) with a distinction between temporary residence and permanent residence. However, this change appears likely to add another dimension to these discussions against hukou status from other urban areas, equal legal rights to compete for and enjoy the opportunities and benefits of life in the nation’s cities.

In March 2016 there was a dramatic outburst of public advocacy for abolition of the hukou system. Stimulated by some encouraging words from Premier Wen Jiabao during preparations for a meeting of the National People’s Congress and Chinese People’s Political Consultative Congress, thirteen media outlets led by the Economic Observer jointly published an editorial calling for the abolition of the hukou system, including economic language such as...

There remains considerable fear that if all hukou restrictions are removed, particularly if this does not happen at once, Chinese cities will be overwhelmed by a rush of migrants from rural areas, posing a serious strain on social services and the environment.

1 The other sections of this paper are based on a mix of interviews and secondary sources. After his term ended, Zhang remained associated with the Chinese Academy of Sciences.

2 In an article exploring how the post-2008 economic recovery has continued, "I have a dream that some day the Chinese people will see the meaning of human rights, that all men will be judged by the content of their character."

3 The Chinese government has been criticized for its policies on rural-urban migration, and its efforts to promote economic growth in rural areas are viewed with skepticism by many.

Sources Cited:


