Strangers in the City: The *Hukou* and Urban Citizenship in China

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On National Day (1 October) 2001, China’s government announced that it would ease the restrictions of the *hukou*, or household registration system, and that it planned to abolish the system within five years. The *hukou*, which binds Chinese people to their places of birth, may be reasonably described as the broadest experiment in population control in human history. Its abolition would indelibly affect the lives of hundreds of millions of Chinese peasants whose exclusion from China’s economic boom has led them to seek better opportunities in the cities.

The *hukou*, introduced during the first decade of the People’s Republic of China, institutionalizes the denial of basic rights and services to China’s so-called floating population of 150 million rural-to-urban migrant laborers. Under the *hukou* system, rural migrants in the cities are forbidden to own land, barred from the most promising jobs and unable to access the subsidized education and medical care to which urban residents are entitled. Although the abundant and cheap labor provided by migrants has fueled the dizzyingly rapid growth of China’s urban economy, these migrants remain adrift between the poverty of rural existence and the unattainable privileges of urban citizenship. They are a class of strangers in the city, largely in-

visible to city planners and often disdained by permanent residents. To integrate these outsiders into China's urban citizenry without unleashing new threats to stability is one of the greatest challenges a new generation of Chinese leaders will face.

YEARS OF CONTROL
Before the implementation in 1953 of China's first five-year economic plan, Chinese citizens were allowed to travel and change their residence freely, provided they registered the move with the Public Security Bureau. This registration system was used chiefly to monitor changes in population distribution, and the state made little attempt to stem the movement of labor from the countryside to the city. With the development in the early 1950s of labor-intensive heavy industries, 30 million rural laborers poured into the cities to find employment, causing China's urban population to leap from 10.64 percent of the total in 1949 to 18.41 in 1959.

In the mid-1950s, China's leaders, seeking to harness this population flow and direct it toward key industrial targets, began to explore more ambitious prerogatives for the registration system. Social scientist Dorothy Solinger traces this development to the Marxist ideal among China's revolutionary generation of "lock[ing] onto the land a potential underclass, ready to be exploited to fulfill the new state's cherished project of industrialization." Rural people would form an "industrial reserve army" that could be called up whenever needed for construction or industrial initiatives.

In 1955, a State Council directive formulated a preliminary household registration system, including ornate procedures by which citizens would be required to apply for permission to migrate. However, enforcement mechanisms did not exist until 1958, when a law passed by the National People's Congress forbade anyone without a valid urban registration to buy food or grain in the city. This law effectively would have cut off rural-to-urban migration had it not been passed in the same year that Chairman Mao Tse-tung inaugurated the Great Leap Forward, a
massive push toward industrialization whose failure resulted in the deaths by starvation of 30 million Chinese.6

In 1959 and 1960, to fuel the Great Leap’s massive expansion of urban industry, residence restrictions were suspended and state firms recruited 19 million rural workers.7 When the Great Leap failed, millions more fled to the cities to escape starvation. However, the cities were themselves battling food shortages, and the government soon became aware that it would not be able to feed such a large urban population. The urban proletariat on which China based its socialist economy would have to be protected while the peasants would have to fend for themselves. Between 1961 and 1963, 50 million rural migrants were deported from the cities to the countryside, and the *hukou* went into full effect.8

The *hukou* comes in two varieties: agricultural and non-agricultural, distributed respectively to rural and urban citizens. In the Mao years, a non-agricultural *hukou* was issued to each urban household, but in the countryside only one registration booklet was issued to each cooperative, binding peasants not just to their families but to entire rural social units.9 Citizens in Mao’s China were not allowed to change an agricultural *hukou* into a non-agricultural one, except when given new official work assignments or ordered to move. Migration within China during the 1960s and 1970s occurred primarily in response to recruitment by urban labor departments for state-initiated projects.10 In this period, the household registration policy was rigidly enforced, and those who attempted to migrate without authorization were harassed by police, met with blockades and forcibly deported.11

In 1977, a State Council document added further restrictions, barring even rural inhabitants who married city-dwellers from moving to cities and stipulating that the *hukou* be allocated to children according to their mothers’ status, thus forbidding a child with an agricultural *hukou* from living with a city-registered father.12

The *hukou* system met with remarkable success in the first two decades of its existence, virtually ending all spontaneous
movement within the world’s most populous country. This success should not be attributed solely to the legal power of the *hukou* itself but rather to the strict system of rationing that complemented it. In Mao-era cities, basic staples such as grain, cotton, cooking oil, milk, sugar and meat could only be bought in state-run markets using rationing certificates, which were unattainable to those without a non-agricultural *hukou*.\(^3\) Furthermore, nearly all urban employment was assigned by the state labor bureau, which was authorized to allocate jobs only to official city residents.\(^4\) Urban residents’ *danwei*, or work units, provided all city housing. As a result, the only existence available to a rural migrant in a Chinese city was that of a homeless, unemployed beggar, a prospect that kept most peasants in their place despite their often-miserable existence in the countryside.

However, it was also the state’s reliance on the denial of necessities to enforce the *hukou* that crippled the system’s effectiveness when economic reforms were introduced. These reforms also created intense pressures for peasant mobility into cities and towns, leading inexorably to the *hukou*’s demise.

**YEARS OF REFORM**

Under Deng Xiaoping’s leadership, broad economic reforms were introduced, dismantling many of the mechanisms of state planning and social control that had existed under Mao. In 1979, the communes that had dominated rural life since the 1950s were disbanded, and a “household contract responsibility” system was established, whereby farming was done at the household rather than the collective level and farmers were allowed to keep or sell a certain portion of their produce on the free market. With the commune system gone and incentives introduced for farmers to produce and sell more, agricultural efficiency increased and the demand for labor dropped. At the same time, peasants were allowed to engage in other forms of economic activity, and township and village enterprises (TVEs) emerged, creating 57 million jobs between 1978 and 1986.\(^5\)

In the early 1990s, with harvests growing at an astounding rate and China beginning to buy grain on the international mar-
ket, the government decided that the food supply had stabilized and did away with its system of rationing. In the cities, restrictions forbidding private enterprise were loosened. Free markets for food and consumer goods once again emerged, and foreign businesses were encouraged to invest in China. Furthermore, both state and non-state enterprises were allowed to retain a portion of their earnings, creating an incentive system that led to the rapid economic growth of China’s coastal cities in the 1980s and 1990s.

An unintended consequence of these reforms was that they removed the hukou system’s most effective control devices. Suddenly, it was possible for peasants to enter the cities, find jobs and buy food on the free market. Two other trends wrought fundamental changes on the lives of the Chinese peasantry. First, the rural labor supply increased from 180 million in 1950 to over 400 million in 1988. Second, soil deterioration, pollution, loss of farmland to industry and desertification caused arable land to decrease dramatically. The net effect was that arable land per capita fell by more than 50 percent between 1949 and 1992, when it stood at only 22 percent of the world average. 

More farmers were working less land, using techniques that required less labor. As of the late 1990s, rural surplus laborers were estimated to number about 200 million.

Meanwhile, in the cities, various pull factors were emerging. Rapidly expanding urban economies created millions of jobs, many of which were in labor-intensive sectors such as manufacturing and construction. The appearance of private enterprises and foreign investment, along with the increasing freedom of urban workers to choose their own careers, led many urbanites to pursue opportunities in promising new fields and to reject the low-skilled, dirty and monotonous jobs that were rapidly becoming available. Competitive firms, unable to fill their labor demand with urban workers, recognized the benefits of employing migrant workers, who were willing to take jobs that their city cousins eschewed and to work for low pay and few benefits.
A NATION OF MILLIONS AFLOAT
Changes in the rural and urban labor markets led to the emergence of a floating population of rural Chinese who poured into the cities to look for work in the 1980s and 1990s. Estimates of the size of the floating population in the mid-1990s put it at about 100 million, roughly equivalent to the population of Mexico. Recent estimates have been closer to 150 million.

Urban officials responsible for maintaining and enforcing the hukou system were overwhelmed by this tsunami of peasants entering their jurisdictions, and their responses were inconsistent and in many cases ambivalent. Genuine concerns emerged that the influx of migrants made China's cities more chaotic and less safe. According to the Ministry of Public Security, the crime rate in China increased by 6 percent during the 1990s, and serious crimes increased by 18 percent. Shanghai's Municipal Police Department has reported that migrants commit more than 70 percent of thefts in the city. However, urban officials understood that urban economic growth had become dependent on these migrants. Political scientist Cheng Li quotes a Guangdong provincial labor official as saying: "If the migrant workers are stopped, there would be at least a stagnation in the coastal areas. At worst, the economy of the coastal areas would collapse, causing the national economy to collapse."

In addition, many urban officials have engaged in rent-seeking behavior with regard to migrant laborers. Numerous cities and towns began to sell urban hukou to rural laborers in the early 1990s, ostensibly to raise money for infrastructure projects. Sales of hukou continued to proliferate through the 1990s despite regulations against the practice introduced by the State Council and the Ministry of Public Security in 1988 and 1992. It is estimated that by 1994, local governments nationwide reaped revenues of RMB25 billion (US$5.3 billion) and sold 3 million hukou. In the 1990s, Shanghai entered the luxury hukou business, offering a special "blue seal" hukou to any migrant who invested over US$200,000 in Shanghai or bought more than 100 square meters of residential property.
Some urban departments, such as those of transportation and public security, were unable to take advantage of such rent-seeking opportunities. These departments, overburdened by the rapidly increasing urban population, persisted in calling for stricter enforcement of *hukou* regulations. In 1995, a Ministry of Public Security official warned, "If we let go completely, i.e., give a green light to the free choice of employment, [to a] blind and disorderly flow of population, and [to] free migration within the country, we will see nothing but chaos."\(^{24}\)

Throughout the reform period migrants were periodically rounded up and sent back to the countryside, although never on the scale of the Mao years. During the recession of 1990, cities such as Beijing and Tianjin expelled thousands of migrants.\(^{25}\) In 1995, the Beijing government destroyed more than twenty migrant shantytowns.\(^{26}\) In 1999, as the People's Republic of China prepared to celebrate the fiftieth anniversary of its founding, tens of thousands of migrants were rounded up in major cities and placed in detention centers or expelled to the countryside.\(^{27}\) Despite these sporadic attempts to purge China's cities of migrants, most returned in a matter of days or weeks.

As the impossibility of fully enforcing the *hukou* became clear, China's government eased some restrictions. In 1984, the State Council allowed peasants to move to 60,000 market towns (below the level of county seat) and receive a non-agricultural *hukou*. This new *hukou* allowed them to find housing and start businesses in town but required that they provide their own grain rather than using the rationing system. Another landmark reform occurred in 1985 with the issuance of a national Resident Identification Card to all citizens above 16, which allowed Chinese citizens to identify and register themselves separately from any household or collective.\(^{28}\)

The same year, the Ministry of Public Security introduced "Provisional Regulations on the Management of Population Living Temporarily in the Cities," which allowed peasants who worked in the cities for three months or more to obtain temporary residence permits.\(^{29}\) In the late 1990s, the State Council issued a series of regulations on the employment of temporary
migrants in state-owned enterprises, even recommending in 1988 that poor provinces export their labor. The new regulations of the 1980s merely reflected the state’s belated recognition of an incontrovertible reality: that non-registered migrant labor was becoming a permanent feature of the urban landscape. However, despite their less-restricted status, these migrants continued to face violations of their basic rights.

TOGETHER BUT UNEQUAL
Although the “great wall” of the pre-reform years between urban and rural China no longer exists, profound divisions remain. Rural migrants do not face the same barriers to employment, food and housing as before, but the removal of these barriers has merely provided them a second-class form of urban citizenship, allowing them no entitlement to housing, education, medical care or employment.

Migrants are not allowed to acquire property, build houses or even occupy land in the cities and are only permitted to rent rooms from official residents or use those provided by a work unit. A 1995 survey of employed migrants in Shanghai found that about half of them rented rooms, one-quarter lived in dormitories, and one-fifth slept in shelters at their place of work. Many others were homeless, sleeping in alleys, vacant lots or the waiting areas of train stations. Others set up illicit shantytowns on the edges of cities, precarious dwellings that were frequently torn down by the police.

Children whose mothers do not have an urban hukou are not entitled to a free public education. Migrants may pay the city to allow their children to attend school, but for most, this is not a feasible option. Tuition can cost hundreds of dollars per year, and many migrant parents make less than $100 a month. As a result, while virtually 100 percent of city-born children age five to twelve were attending school in 1995, only 40 percent of migrant children were enrolled.

As funding for China’s urban health care system continues to be linked to the official urban population level, the floating population lacks access to the cities’ hospitals, doctors and
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pharmacies. One consequence is that many migrants are not immunized against infectious diseases, so worksites and living areas populated by migrants are susceptible to frequent epidemics. Only those fortunate enough to land jobs with state-owned enterprises are likely to have any form of health coverage.36

The migrants' lack of an urban hukou also places strict limits on the type of labor they may perform. As late as 1998, Beijing's municipal government issued regulations outlining 40 types of professions that would be forbidden to hire migrants.37 As a result, migrants are relegated to low-skilled, low-paying jobs that urban workers no longer want.

Faced with limited job prospects as well as the denial of basic rights and services and with little chance of assistance or protection from municipal governments, these second-class citizens have had to fend for themselves. The ways in which they have done so say much about the limitations of the state in contemporary China.

The Village That Wasn't There

Zhejiang village is located in Fengtai district, far from the center of Beijing. It is not really a village at all but rather a sub-city of more than 100,000 migrants, mostly from Zhejiang province.38 Within Zhejiang village may be found Beijing's largest clothing market, where over US$600,000 changes hands every day in more than 10,000 stalls. The village's household garment factories, which had sales of RMB1.5 billion (more than US$180 million) in 1995, are the main supply base of inexpensive clothes for merchants in Beijing and the rest of northern China.39 In the village, one may also find hospitals and primary schools as well as scores of dayuan ("big yard" residential compounds) that house tens of thousands of people, with their own water, electricity, postal and sewage systems.40

However, in most official senses, Zhejiang village does not exist. It is not an officially incorporated entity, virtually all of its residents lack an urban hukou, its doctors and teachers are unlicensed and none of the services mentioned above come from the government, which has refused to provide them. Its migrant
founders managed to get around the prohibition on migrant land ownership by negotiating land-use contracts with local production teams.41

By 1995, the central and municipal governments had grown wary of the economic and social autonomy of Zhejiang village from the state and ordered Fengtai district officials to demolish the dayuan. The district government refused to comply, not wishing to disrupt a community that provided some 40 percent of Fengtai’s revenues.42 Eventually, the city government took matters into its own hands, tearing down many of the dayuan and leaving countless people homeless. Within several months, however, most of those who had been expelled had returned to rebuild.43

The experience of Zhejiang village shows that, even as migrants’ hukou status excludes them from many of the entitlements provided by the state, they also enjoy greater autonomy from state control than any other group within Chinese society. Although it is the largest and most successful of its kind, Zhejiang village is not unique. Other self-sustaining migrant enclaves can be found in most of China’s largest cities. In these enclaves, there are no neighborhood associations, which normally perform surveillance of urban residents, and residents do not have danwei (work unit) to monitor their workplace behavior, allocate housing and plan the timing of their marriages and pregnancies. The denial of full citizenship to migrants allows them an existence largely independent of the state, and this empowerment makes many in Beijing uneasy.

DEATH OF THE HUKOU?
In October 2001, the Chinese government announced that migrants with stable employment and homes would be permitted to apply for urban hukou in 20,000 towns and smaller cities.44 The government also indicated that it would seek to dismantle the hukou system altogether within five years.45 Earlier in 2001, the State Planning Commission announced its intention to create an employment registration system, which would assign a social security number, a personal salary account and a social
security account to all Chinese citizens. Many observers see this as a possible replacement for the *hukou* as a means of keeping track of the population.\(^4\) By the end of 2001, the provinces of Jilin, Hunan, Guangdong and Fujian claimed to have in place a “unified urban-rural household registration system” and to have done away with the distinction between the agricultural and non-agricultural *hukou*.\(^4\)

Regardless of these encouraging announcements, reports of the *hukou*’s death are probably somewhat exaggerated. The process of dismantling the system will likely be difficult and will be met with opposition every step of the way by powerful stakeholders, including: urban residents wary of having their entitlements diluted; local governments whose rent-seeking behavior has turned the *hukou* into a lucrative commodity; public security personnel who fear the resulting influx of migrants will hamper public order and even threaten to destabilize the government; and private business people whose exploitative labor practices are facilitated by the *hukou*.

While state media report that the *hukou* reforms are being effectively implemented, some local governments have sought to re-interpret the new policy to suit their needs and concerns. In Shijiazhuang, Hebei Province, for example, officials have stipulated a number of criteria for permanent residence, including outside investment and educational and professional qualifications.\(^4\) In addition, a Catch-22 has emerged in some cities whereby migrants must be employed to qualify for permanent residence, but businesses consider permanent residence a prerequisite for employment.

Furthermore, the government could not have picked a less opportune time to execute this reform. China’s economy has suffered a pronounced retrenchment in recent years and may be heading for recession. In addition, much of the state-owned enterprise (SOE) sector is in critical condition. In April 2002, China’s Vice-Minister of Labor announced that SOEs had laid off 25.5 million workers since 1998 and predicted that the ranks of the urban unemployed could swell to 20 million within the next four years.\(^4\) Additionally, upon entering the World Trade
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Organization, China will be required to slash agricultural subsidies and open the market to foreign competition, which is likely to drive many farmers out of business, increasing the ranks of surplus rural laborers.

New migrants to the cities will find an extremely tight job market in which they will compete with millions of laid-off workers, whom local officials will be inclined to re-employ before giving jobs to migrants. No longer able to deny the privileges of urban residency to migrants, many city governments that are already running steep deficits will have to increase funding for services such as education, health care and public security. The tough spending choices that ensue may cause resentment among long-term city residents, and widespread unrest is a possible outcome.

Despite these unfavorable consequences, there will be positive economic effects as well. The introduction of a free market for labor will allow companies with enormous growth potential, including those in the underdeveloped service industry, to hire cheap workers who were previously off-limits. New possibilities for upward mobility will also unleash the creativity and entrepreneurship of many migrants. In addition, migrants who made their fortunes during the reform years, such as the garment factory owners in Zhejiang village, will be free to buy property for the first time, expand their businesses and make long-term investments as they see fit, which should free up a great deal of much-needed capital.

Nevertheless, merely doing away with the hukou system will not be enough to cure the economic and social problems manifested by the floating population. In order to encourage balanced development, the government will also need to introduce policies to reduce the income gap between the city and the countryside, to limit urban sprawl and increase cities’ capacity to absorb migrants and to facilitate the mobility of investment to the interior of the country.

Over the past decade, Chinese policymakers have formed a consensus that the flow of migrants should be redirected toward smaller towns and cities. Whereas China’s coastal cities are be-
coming so large as to be nearly unmanageable, thousands of smaller cities and towns farther inland hold great possibilities for expansion. The government should enlarge these cities and expand affordable housing facilities to increase their ability to handle large numbers of migrants. It should also introduce powerful incentives for domestic and foreign enterprises to move their operations inland. This cannot succeed, however, unless China improves its insufficient transportation infrastructure. As of 1998, China’s highway system was only one-fifth the size of India’s, and the total capacity of all forms of transportation in China (roads, rail, air, water and pipeline) was less than half that of the US highway system alone circa 1938. Without the ability to transport goods efficiently between the interior and the coast, few will invest in smaller inland cities. State investment in China’s transportation infrastructure would not only reduce regional inequality, it would also provide construction jobs for millions of surplus laborers and unemployed urbanites.

China should also attempt to counteract the major push factors that send peasants to the cities. Quality of life in the countryside is marred by a lack of promising economic opportunities as well as the absence of high-quality health care and education, not to mention the rampant corruption of local officials imposing exorbitant taxes and fees. The government should supply more capital and growth assistance to the TVEs and should seek to increase the accountability of local governments by introducing elections at the township and county levels, clamping down on illegally imposed fees, reducing farmers’ tax burden and establishing more effective and independent anti-corruption mechanisms.

The looming demise of the *hukou* holds a great deal of uncertainty with regard to social stability. However, it also holds possibilities for greater freedom of movement within China, more versatile labor markets and even some modicum of equality for all Chinese citizens. If the incoming fourth generation of Chinese leaders can competently manage this transition, they will have removed one of the largest remaining obstacles to China’s continued growth and reform. ©
Notes


4 Ibid., pp. 43–44.

5 Ibid., p. 44.


7 Wang Feng, p. 152.

8 Solinger, p. 41.

9 Wang Feng, p. 151.


11 Bannister, p. 73.

12 Wang Feng, p. 152.


14 Wang Feng, p. 150.


16 Wang Feng, p. 160.


22 Solinger, *Contesting Citizenship*, p. 90. Exchange rate used is US$1 to RMB5.87, the existing rate before an early-1994 RMB devaluation of US$1 to RMB8.7.

24 Solinger, *Contesting Citizenship*, p. 69.
25 Ibid.
30 Ibid.
31 Li Zhang, p. 185.
35 Solinger, *Contesting Citizenship*, p. 266.
36 Ibid., pp. 263–4.
38 Li Zhang, p. 173.
39 Xiang Biao, “‘Zhejiang Village’ in Beijing,” in *Internal and International Migration*, p. 216.
40 Ibid., p. 230.
41 Li Zhang, p. 185.
42 Oakes, p. 295.
43 Li Zhang, p. 173.