Literature Review on “Does Reform of Hukou System Equals to a Successful Urbanization”

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Introduction

Reforming hukou/household registration system will be easier said than done. The whole transition will force government to address a number of other serious issues and challenges. Hukou or the household registration system, a decades-old residency system that gives all Chinese an official status as either agricultural or urban inhabitants, which produced a deep but not impermeable divide between urban and rural areas, combined the erection of strong walls between city and countryside. Started from 1960s, hukou system brought urban migration virtually to a halt and exercised into control over residential and work patterns throughout city and countryside.

Although recent years, from 1980s, the control of hukou system has been loosen, population movement between countryside and cities have accelerated and a more flexible hukou policy has been adopted. From 1980 till now, the wall built by hukou system between urban and rural areas have been tear down one piece by one piece. Further relaxation of this system has been seen in many different ways, however, the system continue to differentiate opportunity structures for the entire population on the basis of position within a clearly defined. Rural residents still can not enjoy the social welfare equally like people holding an urban hukou.

Different from the form reform of hukou system, this new round of hukou reform is closely connected with urbanization. What is coming forward will be a better planned
and coordinated than before. And in this round of urbanization, the reform of the hukou household registration system, which has emerged in China’s cities, will be crucial in both enabling exiting migrants to fully participate in the economy and creating more attractive conditions to guarantee further waves of rural residents move to urban areas.

Efforts have been made in order to reform and speed up the urbanization. And urbanization and hukou system reform have been linked together for a long time that it seems the only way to achieve the completion of urbanization is to finish the reform of hukou system. Many scholars have raise their concern on urbanization and the reform of hukou system, but seldom of them have combined this two topic together which closely related in the post reform China. Therefore, my research question is to see if hukou system reform is a must for urbanization, and whether the reform of hukou system would really lead to a success urbanization.

**Literature Review**

China’s urbanization process began after the implementation of reform and opening policy. Since then, China has become one of the important engines of global urbanization. In 2009, the urbanization rate of China is 46.59% and in the next 5 years, the urban population will exceed the rural population in China; and 15 more years, China’s urban population will hit 65% which account for 300 million new urban inhabitants (IEAS, 2012).

Despite this positive data, a report done by the National Bureau of Statistics shows
that China’s urbanization population rate reached 52.57% in 2012, with urban population itself make up only 35% of the total population. The experts express their view: the key of ongoing urbanization should center on people and aim at hukou reform.1 The driving force of China’s future economic growth and urbanization depend on future urban agglomerations. The experts also called for the complete removal of hukou restrictions in towns and small cities, the gradual easing of restrictions in medium cities, the setting of reasonable conditions for settling in larger cities, and strict control on the size of the populations of megacities.

The reason why China’s urbanization should first begin with the reform of hukou system is stressed by some scholars. An urbanization gap has appear and grew in the late period of reform despite mass migration from rural to urban areas. The gap is mainly because the slow pace in eliminating restrictions on rural-urban migration during a period of rapid economic growth. And this lap has entails significant economic cost in employment and retards economic growth (Gene Hsin Chang, Josef C. Brada, 2005). What Gene Hsin Chang and Josef C. Brada suggested is that simply moving rural residents or migrate workers to cities can not solve the problem during the process of urbanization. The under-urbanization lag started to develop only after a period of rapid economic growth. One of the reason behind this lag is migration policy, this problem implies a tremendous cost in foregone employment opportunities that will impede economic growth and structure change in coming years.

So what will the reform of hukou system bring to China? Urbanization improves

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income growth. Urbanization has significantly improved the income position of the rural migrant workers. And the development of today’s China, need to convert this income improvement into domestic consumption (Yasheng Huang, 2010). However, the current hukou system may constrain rural migrant workers consumption because of the strong precautionary saving motivation that are not allayed by Chinese urbanization. One of the reason for their saving motivation is the hukou in city may only grant to the one with money or highly educated. Yasheng Huang also pointed out in his paper that if urbanization has not increase the consumption of the rural migrant workers or the income of the Chinese urban and rural hukou population, urbanization may very well lead to the decline in the consumption ratio. His suggestion is to implement institutional reforms, such as abolishing the hukou system and privatising land ownership.

There are some ongoing polices on hukou system reform on the record. As far back as 1990s, “temporary urban residency permits” were on sale so the residents could work legally within the cities. The inheritance of hukou was changed to allow succession through the lines of both the father and the mother, which corrected the disadvantage of hukou against rural women (Tiejun Cheng, Mark Selden, 1994). And soon, 10 years later, in 2010, this temporary urban residency permit was canceled in some cities in Guangdong. People holding temporary residency permit can change them into residence permits and file for permanent residence seven years later. It is said in Jianfa Shen’s paper that, dramatic steps have been taken by various cities and towns in China to accept more migrants from rural areas. She conclude that it is likely
that the hukou system will be radically reformed and that it will only retain its function of population registration while other administration functions for allocating state benefits may be scrapped. This efforts on hukou reform will eventually lead China to a more equal mode of urbanization and the discrimination which results from the classification of non-agricultural and agricultural population will be abolished.

Does that mean the decades-old hukou system will be reformed or abolished under the need of urbanization? One of the scholar hold the opinion that the abolition of the hukou system come only when there was a fundamental shift in China’s urban-rural relations which has not happened yet in the past few years. Similarly, Fei-ling Wang’s latest diagnosis of the hukou system also concludes that “this omnipresent and powerful, albeit adapted and adjusted, system is alive and well.” In fact, the progress of China’s hukou reforms were doing very little to ameliorate the situation of urban to rural migrants and much more comprehensive reform was needed. This conclusion is made by US Congressional-Executive Commission on China.

The crucial part of the hukou system reform is the relations between rural and urban resident. The main concern is with equal right for migrants from the countryside, the key question is whether or not the new hukou polices, which implemented in local level, fit rural migrant labours whose typical characteristic of is an ordinary peasants aged from 15 to 34, with a junior-middle school education and an agricultural hukou (Kam Wing Chan, Will Buckingham, 2008). City government, especially large cities where thousands of peasant migrants are going to, only grant local permanent hukou to those who are very rich or high educated, and to those who
are immediate family members of existing urban residents. These three categories are clearly beyond peasants’ reach, only few of them are qualified to get the local permanent hukou in the city.

Kam Wing Chan and Will Buckingham also pointed out that the only few peasants who are qualified to grant the urban hukou are usually or already “urbanized”: most of them are no longer engaged in any farm production. They would prefer keep their agricultural hukou status which they could still enjoy the benefits from their land while enjoying many advantages of urban life because of their proximity to the city.

This kind of hukou system reform lead to a situation: rural migrants who want to work and actually working on cities are not qualified to get city hukou, those qualified rural residents are enjoying the benefits from urbanization and refuse to convert their hukou from countryside to city.

China is moving toward hukou reform but the reality is that these initiatives have had only very marginal impact on weakening the foundation of hukou system and not to mention lessen the gap between urban and rural resident.

What’s more, as some scholars discovered that the current recent hukou reforms as eliminating discrimination in the household registration system. Instead, these reforms have shifted hukou system from a method of restricting changes in permanent residence to a barrier preventing some of China’s most valuable citizens from receiving public services.

**Conclusion**
China’s urbanization needs reforms of hukou/household registration system to boost domestic consumption, to eliminate the huge gap between urban and rural areas, to future urban agglomerations (Gene Hsin Chang, Josef C. Brada, 2005; Z Yixing, LJCMa, 2003; John Friedman, 2005). However, the reform of hukou system is easier said than done. Hundreds of scholars exam and research on these topic from the preparation period of hukou system in 1948 to today’s new reform policies. The effects of the reform is weak and inconspicuous. In some of literatures, the author even suggests that the current hukou reform is not helping valued migrant workers to get into the city and obtain the social welfare they deserve. Instead, it only invite people who are rich or well educated into urban hukou system and build an invisible wall between urban and rural hukou holders (Tiejun Cheng, Mark Selden, 1994; Kam Wing Chan, Will Buckingham, 2008). China is not going to, at least in the next decade, abolish this fundamental system which will become the biggest obstruct in the process of urbanization.

And during my literature review, there are increasing number of scholars stated that reform of hukou system is just one of the steps need to be done during the urbanization, land ownership issues, pollution issue and the urban diseases are listed in the “To-do-list” of China’s urbanization.

As far as I am concern, it is true that hukou reform is the essential part of China’s urbanization, but it is only the first of it. How to keep the newly in town rural residents adopt the commodity price in the city, how to solve their living problem and how to keep them stay in the city will be some other big issues for Chinese
government to think about before the successful of Chian’s hukou/household registration reform.

Reference


