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Urbanisation in China – Patterns and Governance

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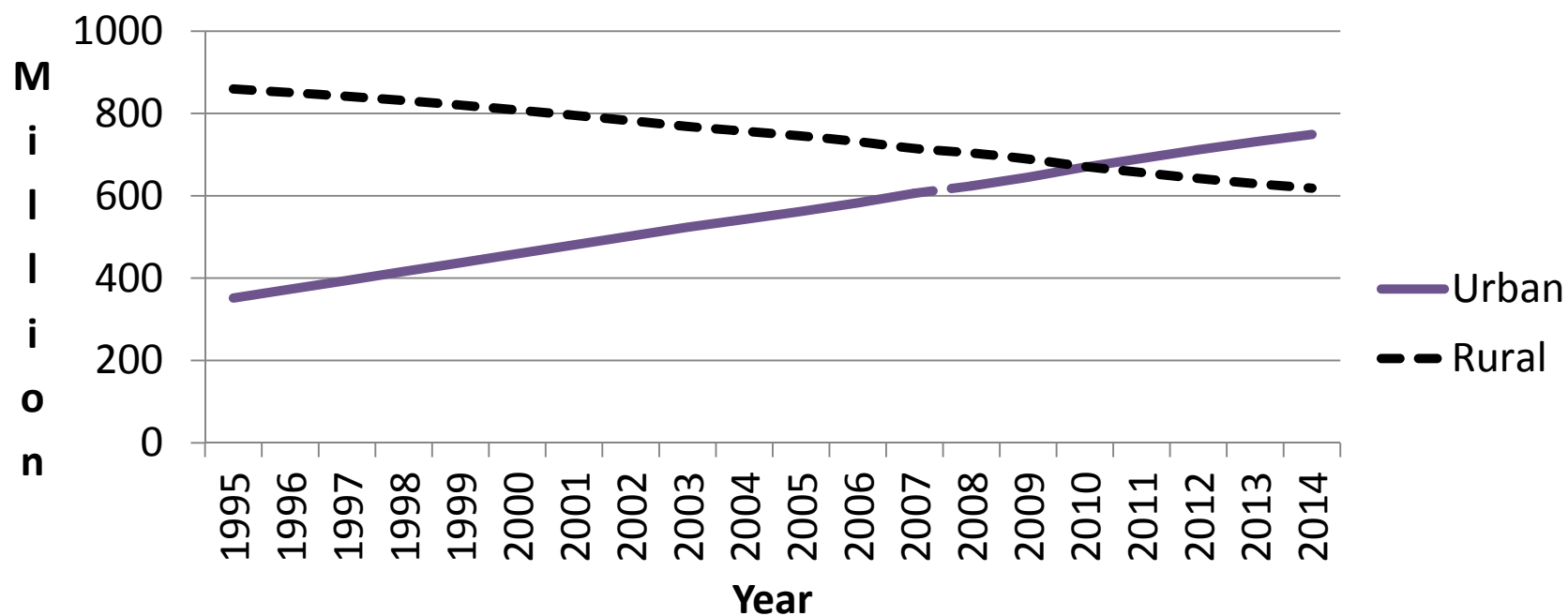
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Politics & Economics of Urbanisation in China

Athar Hussain

Rural China & Urban China

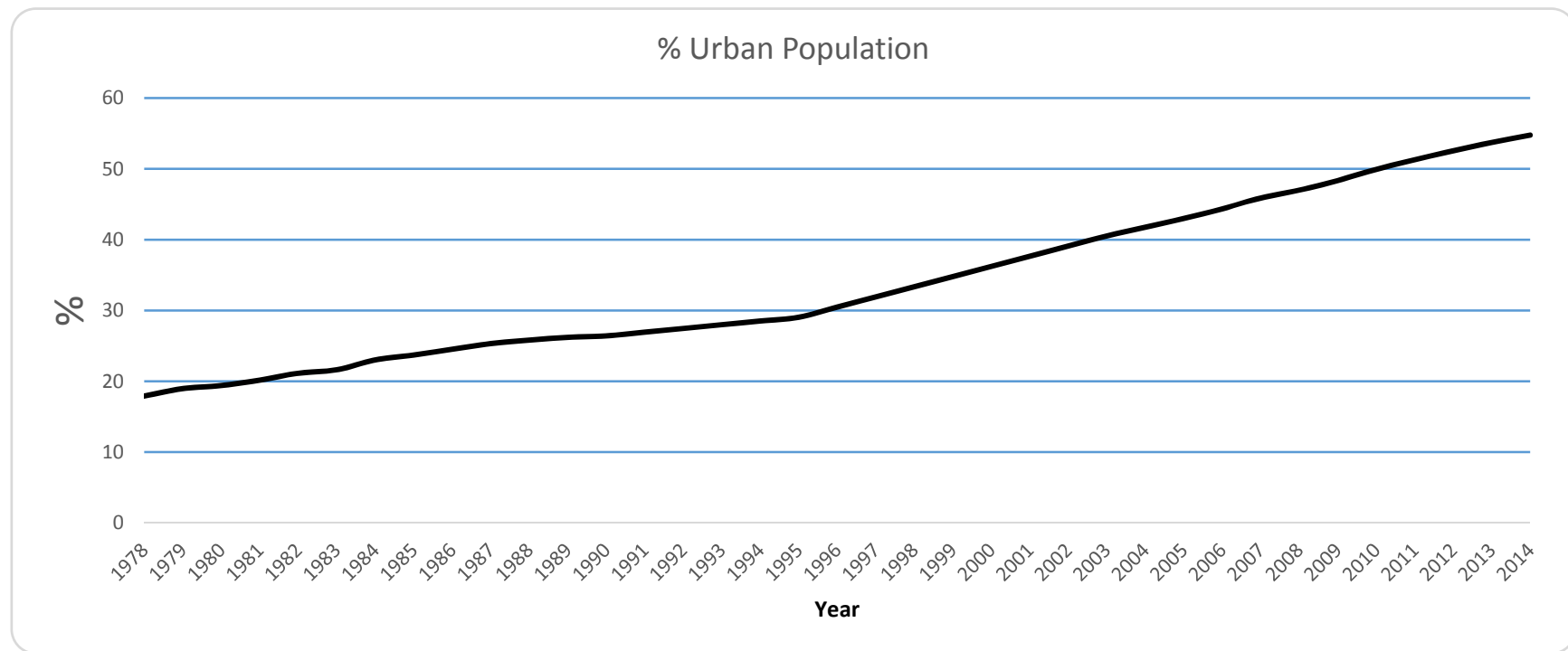
Rural & Urban Populations



A Historical Landmark

- Over almost all of its history China has been a predominantly rural country and its countryside has been the setting for most of its major events.
- Just after 2010, China turned into a predominantly urban country, a change that has taken place over a relatively short period. As recently as 1998, two thirds of the population (67 %) was rural.

Urbanisation Trend – Post 1978 China



Overview of Urbanisation – Post 1978

- In 28 years between the 1982 & 2010 population censuses, China's urban population grew by 451 million, at the rate of 16 million persons or a city the size of Shanghai per year. It is expected to reach the 1 billion mark by 2030, rising at an even faster rate of 28 million per year. Much of the growth in the urban population has been and continues to be driven by rural-to-urban migration. It has gone together with a breathless expansion of the area covered by towns and cities. The fast pace of urban expansion has compressed the time dimension and homogenise how towns look.

Basic Processes of Urbanisation

- Everywhere, urbanisation comprises two processes: a rising share of urban population in the total and a steady expansion of the urban footprint, the area covered by towns and cities.
- The first is largely driven by rural-to-urban migration and the second takes the form of diversion of rural land for urban development.

Urbanisation with Chinese Characteristics

- These two processes take on particular forms in China because of, first, the household registration system (*hukou*), and, second, public ownership of land and its division into state (urban) and collective (rural) ownership.
- *The Hukou* system hinders but does not stop rural-to-urban migration. Migration without preauthorisation has been possible since the early 1980s. This has given rise to a large population of rural migrants who are regarded as “outsiders” where they are actually living and working. The *hukou* system has the effect of dividing the urban population into “residents” (privileged) and the “migrants” (disadvantaged). The latter are denied access to some public goods and services. Some of the disadvantages, such as denial of entry into public schools, have adverse effects that are transmitted across generations.
- Pre1978 *the hukou* system only allowed preauthorised migration but now it permits migration but acts as an impediment to the absorption of migrants as resident. It has created a transient population that is urban and part rural.
- The size of such population varies across cities. It is particularly high in large cities in the coastal belt. In Shanghai and Beijing the “outsider residents” make up 60 and 61% of the total. The figure is lower, if people from the same city but a different district are excluded.
- In 2014, the % of the population living in urban areas was around 55%. But the % of the people classified as “non-agricultural” was 35/36%, 20 percentage point lower than the urbanisation rate.

Land Ownership & Urbanisation

- In China all land is in public ownership, which is divided into state and collective. The former applies to urban and the latter to rural areas.
- Urbanisation involves a conversion of rural land (in collective ownership) into state-owned land, before its use for urban development. This conversion gives rise to huge capital gain which is mostly appropriated by urban areas in the form of the urban development tax, which makes up to 40% of the local tax revenue.
- The tax provides a huge incentive local governments to divert agricultural land for urban development, which goes against the central government aim of preserving cultivable land to ensure food self sufficiency. Given a very limited cultivable land relative to population, a high yield from the tax is unsustainable.

Anomalies of the Split Ownership

- Houses in rural areas (built on collectively-owned land) can only be held by owned by persons with agricultural *hukou*.
- This restriction is increasingly flouted. With increasing house prices and urban sprawl, a growing number of urban *hukou* holders buy apartments built on collectively-owned because they are much cheaper than urban apartments built on state-owned land. Such apartments are termed *xiaochanquanfang*, which is not is not *bonafide*. But such housing accounts for about 30% of urban housing

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