

# Chapter 2

## Developmental Idealism: Building Cities Without Slums in China

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*Modernism is simply a support of modern ways, and modernity is the condition of being modern, referring to a specific time and place and new social relationships and spatial conditions ... [M]odernity is thus associated with industrialization, capitalism, and enlightened social thinking. Each of these has a distinct urban character. (Short 2012: 53)*

**Abstract** Having inherited a stringent residency control of citizens, China has continued to use the *hukou* system to restrict low-wage and low-skilled rural workers from settling down in host cities. At the national scale, massive inner city renewals and urban expansion towards city fringes and beyond have removed progressively slum-like and rural habitat, replacing it with high-rise modern residential blocks. This chapter is organized into three parts. It first portrays neoliberal wealth creation, modernism pursuit and monopolistic land ownership by the state as key factors that have rendered it possible to build cities without slums. The second part examines the living conditions of migrant workers and their hidden potential to build up slum-like habitat in the cities. The final part relooks at the more inclusive policy measures undertaken to eliminate urban poverty in its physical form, and the image building and modernist dream conceptualized by the state as good governance. But the controversy between physical removal of poverty and rising social disparity remains.

### 2.1 Introduction

At the eve of the turn of twentieth into twenty-first century, the United Nations Secretary-General, Kofi Annan appealed to all nations to commit themselves to building cities without slums and take it as a form of good urban governance

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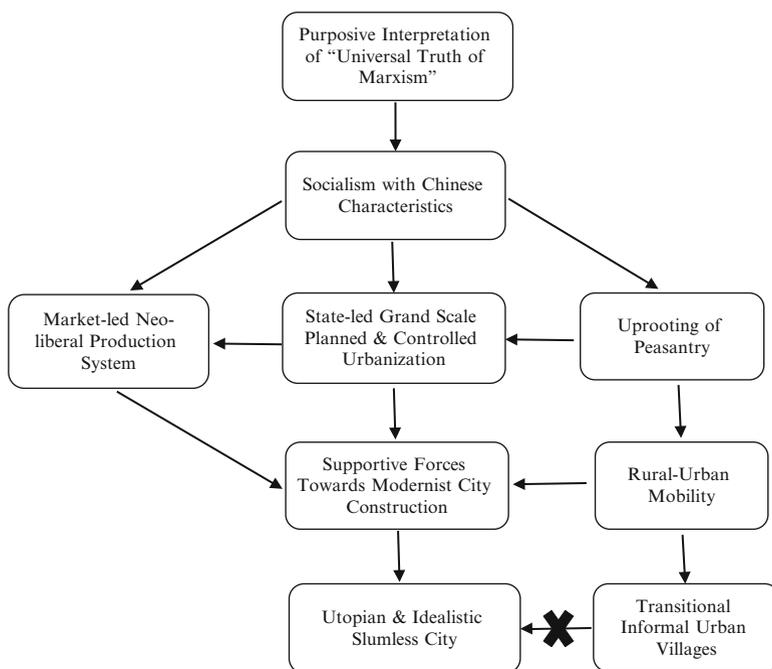
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(see Annan 2000; Tuts 2002). Characteristically, this developmental and idealistic appeal has received implicitly the most enthusiastic response from China in its planning and action plans. Ever since the post-Mao Chinese leaders in the 1980s opted reformist measures with a developmental thought, the “socialism with Chinese characteristics”, the new path is purposively interpreted as the “universal truth of Marxism” for ideological legitimacy and conceptual continuity. The content of this ideology was however heavily infiltrated by key neo-liberal production elements of the time as a basis for market-led reforms to modernize Chinese society (see Lim 2014; Brenner et al. 2012). Much of this content is developmental idealism as it is both modernist and utopian in nature.

This modernist urbanization process is portrayed in a hypothetical investigation shown in Fig. 2.1, reflecting the utopian slumless city as an intended final product of “socialism with Chinese characteristics”, set as an ideal city planning and development goal. This flow chart can well be explained that modernization herein would be used as a means to expedite economic growth by way of a rapid urbanization process. Strategically and led by the developmental state, China’s long-standing rural-dominant peasantry features which had maintained, until the early 1980s, some 80 % of the national population engaged in subsistence farming would have to be uprooted. Uprooting of this peasantry’s surplus labour would release an amply



**Fig. 2.1** Building Utopian slumless city in China (Conceptualized by author)

available rural labour, acting as a gigantic force to support modernist city construction. However, peasants' presence as migrant workers in the cities is welcome for economic input but excluded for social and political reasons (Zhang 2011; Tang and Yang 2008).

On the top of such considerations, the modernist-cum-image minded state leading an unprecedentedly grand scale urbanization would also see by necessity the control of the physical existence of the overwhelming influx of rural migrants into the cities. First and foremost, in the eyes of the Chinese central authorities, the recurrence of Latin American or Indian style of slum formation in Chinese cities is theoretically unacceptable. While migrant workers' existing rental and traditional habitat in poor-serviced urban villages in and around cities may be tolerated, such habitat is perceived as a transitional and informal one (see Liu et al. 2012), and therefore would not qualify for an ultimate and idealistic slumless cityscape.

This chapter first explores the ways the steadfastly growing Chinese cities are deployed to generate wealth and economic growth as well as centres of modernism with strong influence from neo-liberalism infused into the Chinese socialism. This is followed by investigations into the fate of urban migrant workers who are socially excluded but constitute a powerful economic contributing force in making modernism happen. The final section enquires if migrant workers are really potential slum builders, and re-examines the strong state's latest meticulous approach to rule out slum formation.

## 2.2 Cities as State-Led Growth and Modernist Centres

Urbanization in reformist China carries a specific modernist mission which needs to radically transform the rural-dominant development path inherited from Mao's era (1949–1978). To the new economic-priority leaders, rural peasantry encompassing the great majority of the national population is not only seen as a social burden but also an obstacle in building up an economic powerhouse and a great nation of international prestige. Recently, Chan (2011) has demystified that China's reformist urbanization drive is founded on the assumption that rural–urban shift would transform subsistence farmers into urban workers with higher incomes and make them a massive consumer class. Such argument is valid as China has already made itself a world factory in producing low-value manufactured goods but this does not support sustainably high GDP growth as and when wages of Chinese labour loses its competitive advantages. Alternatively, higher domestic urban-based demand is seen to be more essential to lead future national growth (Li 2012; United Nations 2011). In practical terms, moreover, the ideal of turning peasants into genuine urban consumer class is expected to take a relatively long time even if the complications of allowing free conversion of peasantry to full right city citizens are resolved by China's centralized state authority.

Amidst the complications from the perspective of the state, the longstanding rural–urban divide institutionalized from the 1950s in the form of *hukou* (residency

control), if abolished prematurely, would run into a high risk obstructing state objectives in many ways. Firstly, removal of rural–urban divide by granting migrant workers full citizen rights in the cities would entitle them equal social welfare benefits as local urbanites. This would represent a gigantic financial burden imposed on municipal governments and the central state that they are unprepared and unwilling to accept. This high cost consideration is shared by many scholars argued as the state rationale for rejecting migrant workers’ residency rights in cities where they sell their labour (for example, Zhang 2011; Tang and Yang 2008). Consequently, until their residency and full citizenship rights are resolved, migrant workers would remain an underclass in cities as a “huge, almost inexhaustible, pool of super-exploitable labor”. Their habitat has remained predominantly in dormitories and simple-equipped “urban villages” in city fringes (Chan 2011; Liu et al. 2012).

Secondly, another factor, perhaps more important, is the risk of slum formation, which is never publicly identified but implicitly a clear taboo to state leaders. The 260-million strong of low-skilled, low-income migrant workers who have been predominantly denied urban *hukou* would have in their own capacity established squatter areas or slums sporadically in and around large cities, had they not been constantly stopped. This risk of slum emergence would strongly counter China’s dream of modernist image construction perceived as incompatible with slum-like habitat or dwellings in newly built or redeveloped Chinese cities.

Leaving economic considerations alone, this chapter focuses on the second factor of slum prevention in China’s urbanization process. The political economy of urbanization in China today is characterized by mass deconstruction of the old, replaced by mass construction of the new, coupled with forced eviction of the old and obsolete. This movement serves the national objective in building consolidated integration with globalization, with cities acting as an agency of new state spaces in modernity and idealism (see Ren 2011). These new buildings are marked by grandiose architecture infused with national ambitions and international prestige. What Ren (2011) calls “urban symbolic capital” being built by political leaders is a new form of idealism in urban planning and development, which is sharply contrasted to the agrarian-based pre-reform Maoist control of urban growth.

### 2.2.1 *Cities as Growth Machine*

One of the key neo-liberal measures undertaken by the reformist regime from the 1980s is the use of cities as a stimulus to the growth of gross domestic product, and an engine of growth. At the top of the urban hierarchy, metropolises or very large cities enjoying talented human-capital and investment capital benefits as well as external services and advanced technology tend to favour the growth of mega-city formations. In turn, mega-city development and global integration will transform city regions into centres of production and consumption (Xu and Yeh 2011). In China, looking from the current trend, 95 % of the national GDP aggregate by 2025

is expected to be made in the cities, and the nation is projected to own by then 220 cities of one million residents or more (Potter and Watts 2014; Schafran 2014; Weston 2012). Besides the positive effects of agglomeration economies broadly believed to be important in urban clustering and wealth generation, many other factors have also been addressed and analyzed by scholars (see for example, Liu and Lin 2014; Chen and Partridge 2013; Hao et al. 2013; Chen et al. 2013; Ho and Lin 2004). More specifically, to be valid, examination here is focused on reformist China's present urban political-economic context from which analysis could best be made. One of these is land use conversion and intensification.

### **Land Use Conversion and Intensification**

Land conversion has seen dramatic change immediately after the advent of reforms. China's built-up urban land accounted for a low 7,438 km<sup>2</sup> in 1981, but the figure went up in 2010 over five-fold to 40,058 km<sup>2</sup>. The same period also witnessed China's catching up with world average urbanization rate of about 50 %. The sharp rise of urbanization rate from 20 % in 1981 to 50 % in 2010 means substantial corresponding GDP per capita growth, notably after the 1998 Asian financial crisis when deepening of reforms occurred (Chen et al. 2013).

Since the adoption of the "tax sharing system" between central state and local governments in 1994, sales of municipal lands have become a key source of local revenues in Chinese cities, equivalent to an average of some 40–50 % of local municipalities' annual budget ever since. Consequently, land conveyance traded prices in land sales and subsequent speculative transactions between developers have indeed helped bolster GDP growth of the urban economy. Beneficiaries in this pro-growth coalition include the local government, developers and financiers. Revenues thus generated have similarly made possible promotional activities in infrastructure, housing construction and investment opportunities for both domestic and foreign firms through a chain of multiplier effects (Liu and Lin 2014; Chen and Partridge 2013).

Despite inflationary effects, such large-scale commodification of land sales has indeed helped achieve the state's goal by uplifting the GDP per capita, thus narrowing the gap rapidly with more developed nations. For this purpose, the 17th Party Congress had earlier in 2007 set a highly ambitious target of increasing the GDP by four-fold by 2020. High economic growth rates through modernist urbanization as a means is apparently seen as a key stabilizing factor and legitimacy for good governance. For the great majority of Chinese people long-entrenched under authoritarian rules, people's desire for Western-style democracy looks to be much weaker than their desire for upward social mobility. It is believed that this mobility could be made possible by modernist urbanization as a deliverable (Weston 2012). In the process, all development projects have been set to follow in principle Western-led international technological standards and norms, which has enabled China to move along the modernist path.

High-rise and high density development is symbolic of land use intensification in a market economy to provide ample floor spaces in highly accessible prime areas characteristic of high land prices. The bid-rent curve is typical of central business land which shows land's peak value at the core, followed by gradual declining values when distance is further away from the core. Urban planning in China has followed in general a high density norm to economize land-take and to promote compact form of design. High-rise and high density developments also meet the economies of scale in basic infrastructure and public services such as public transport, shops, schools, and other public services. Overall, high density sites create more wealth per unit land area than low density areas, and has the capacity to produce more affordable homes (see California Planning Roundtable 1993). Other than urban planning density specifications set by municipal master plans, density is often determined by market demand and location factors. A study conducted by Hao et al. (2013) on informal urban villages in Shenzhen, China shows that high building intensity in the villages is driven by high rental market demand from migrant workers. Migrant workers prefer rental locations in proximity to transit stops, industrial parks and construction projects where they work.

Expansion of the Chinese economy is followed by expansion of middle classes and hence higher end consumer services and multinational penetration. According to the UN Population Division and Goldman Sachs, by 2030, China should have over one billion middle class consumers compared to 365 million in the United States and 414 million in Western Europe (Rapoza 2011). China's massive size makes its growing middle class an important part of the global economy. Its relative poverty also makes moving up the income scale more impressive than it is in the United States. To date, around 300 million Chinese have disposable income to purchase discretionary items that was impossible a little over a decade ago. Multinationals like Nike are deriving larger portions of their earnings from big emerging markets. In 2010, Nike made over 60 % of its earnings mostly from the Asian emerging markets. The same holds true for Coca-Cola, which gets 70 % of its revenues from outside of the U.S. By 2025, China's urban consumption is projected to reach 33 % of its national GDP (Weston 2012).

With high rates of economic growth sustained over two decades, middle classes working in specialized sectors as professionals and managerial staff have grown substantially in numbers with rising real incomes. Higher end demand of these urban middle classes match aspirations of the municipalities and developers to supply more luxury apartments and shopping complexes. New and expanding markets thus created in the cities supported by rising consumerism are also expected to attract foreign investors in shopping malls; already we have witnessed the setting of big retail names these years in large Chinese cities such as Carrefour, Walmart. From 2014 to 2016, Walmart has planned to open up 110 new facilities offering 19,000 jobs in Chinese cities, including tier-two, tier-three and tier-four cities (Walmart 2014). All this works towards modernist and image enhancement of city planning and landscape.

## 2.2.2 *Cities as Modernist Symbol*

Today, when one's plane lands in Beijing, one disembarks at one of the largest and most modern airports in the world before being whisked into the gleaming, futuristic, and endless unfolding capital city on massive highways crowded with internationally famous name-brand luxury cars and lined by high-rise office buildings sporting signs for multinational companies. (Weston 2012: 136)

As argued, China's remarkable economic growth over the last three decades is attributable to a market-led and urban-centric approach. Urban-based higher value added industrialization, higher producer and consumer services, and knowledge-intensive industries are now seen as a key symbol of modernization. In particular, advanced producer services may be considered key command functions of the globalizing economy in global financial operations. For China, it is an effective way to catch up with high-income economies and at the same time, a great opportunity to shake away from its "old and face losing dilapidated" low-rise habitat inherited from Mao's era. Undoubtedly, what is modern is also represented by rationality or reason, and this "reason" could be interpreted in one's wish; be it the China dream or city beautification that brings urban aesthetics and happiness to the general public. In the neoliberal sense, image building serves to a pro-growth regime something specifically important – attracting high-value international and domestic investments. In politico-economic terms, the process justifies the mobilization of available resources to fulfill the vision of both national and local level economic success (see Han 2010; Short 2012; Donald et al. 2009).

Modernization as an empowering institution has been China's nation-builders' dream in building up a strong power ever since China suffered successive defeats after contacts with Western powers from the mid-nineteenth century. To catch up from behind, one of the key quests is modernist urbanization but its path was filled with obstacles due to feudal protective conservatism against reforms during the late Qing dynasty, and subsequent civil wars following the establishment of the Nationalist Republic in 1911, and more recently the Marxist anti-urban ideological barrier prior to Deng's reforms (see Liu et al. 2012; Scharping and Chan 1987). In this specific politics of modernity, a renewed national identity with a strongly imaginary urban spatial form augmented by socialism of Chinese characteristics is in the making. This socialism with Chinese characteristics has been indoctrinated into the present-day neoliberalized ideology backed by state power.

As China's modernist urbanization serves its export-led economy and is dependent on integration with the advanced global economy, it has to be well linked with global metropolitan modernities in depth and in breadth. Nearly two decades ago, both political leaders and academics alike in China were anxious about the country's lack of first-class global cities of international scale and influence as well as to be command centres. Citing World Bank and John Friedmann's classified ranking of world cities in 1997, Zhou Yixing (2002), a retired leading professor of Peking University, expressed concern that China had no world city, except Hong Kong

(a city which was however not seen as a mainland Chinese city). As a Third World nation, China's GNP in 1997 was in seventh place, falling below Italy.

The hot chase or so called "international city craze" for global city ranking began in the mid-1990s in an attempt to put China's rising international influence on the world map and to get prepared to be a leader in international economic and political forum. Again, such a chase shows China's strong desire to enhance its enabling capacity in global economic competition in the race with global economic powers. Zhou (2002) identified six Chinese cities (Shanghai, Tianjin, Guangzhou, Beijing, Shenzhen and Zhuhai) which had substantially large foreign-funded industrial enterprises for having the highest indexes of internationalization. He also suggested that, to accelerate GDP growth, there was a need to further reform state-owned enterprises, build China's own powerful transnational corporations to be involved in greater depth in world market, upgrade technological level and moving on to higher value commodity exports, and be more pro-business at the global level. As it is now known to many, the heated pursuit for GDP growth has led to its being used as the yardstick to assess the performance of senior cadres in government departments. This has had adverse consequences. One example is the conflict of values arising between the top-down modernizing regime and bottom-up heritage conservation groups in that the aimed cause of the latter tends to be protecting built-up heritage and monuments, rather than the full potential of marketable land values.

In the midst of the pursuit for modernity, in the expression of Smith and Bender (2001: 2), there is a "relation between some real or imagined center of 'modernity' and a marginal place or people". In the context of the present study, the marginal people are, in an analogous way, the rural migrants who are found in their marginal place of the host cities. This top-down pursuit for modernity has a temporal and transitional relation with the marginalized migrants as the latter social group is not incorporated in the former's long-term city plan. For the state, the city's future physical form has to be slumfree, and has to suit the "normative notion of progressiveness" (ibid.). Marginalized migrants would be guided in the direction of modernity, and provided ideally with a new and normative identity.

### **2.3 Urban Migrant Workers: A Socially Excluded Economic Force**

Mobility of city-bound peasants from the 1980s was, as a matter of fact, a state planned initiative. Contrary to the belief of some, the state has always acted as a facilitator in inducing rural labour badly needed for urban construction. During the early period, peasants were encouraged by the state to work in smaller cities and market towns for two reasons: (a) to pave a gradual and smoother path for peasants via more labour-intensive and less skill demanding occupations; and (b) smaller cities had more collectively owned and private enterprises than state-owned enterprises, therefore closer to home and easier for peasants to get employed (Ma and Lin 1993).

However, such a state's well intended presumption was quickly undermined by peasants' more economically calculated option preferring large cities. In the first place, migrants' low price and efficiency as a commodity was attractive to state agencies and industries under pressure during the reforms to raise their productivity and turn red balance sheets into black.

Amidst the then senior ranking central state officials, there was an ideological conflict between pro- and anti-reform groups who co-existed within a rather complex and compromising power structure; some might have remained neutral or restrictive towards the migrants in their stance. At the lower and local rural state level managing directly the farm-based counties and villages, officials had been openly supportive and dedicated to migration-promoting efforts in dealing with the de facto "surplus labour" problems. Through their collaborative efforts with state-owned urban enterprises, millions of rural workers were arranged to work in the cities. Of the total migrant workers in the cities, only a minority worked in the state sector, the great majority were engaged in mostly low-paid, low-skilled and labour-intensive private and informal sectors (Guang 2005). From 1989 to 2000, the total number of migrants who succeeded in acquiring urban residency status was only 12.94 million throughout China (Guang 2005: 367); this represents less than 10 % of the estimated total of 150 million in the year 2000.

### ***2.3.1 Urban Conditions of Migrant Workers as Citizens***

In China, the differentiated *hukou* or residency system which divided rural residents from the urban was established in 1955 by the State Council which set up a system of household registration rules. All individuals were required to register their official place of residence with the public security office in their place of origin. The system served a dual purpose. In following the Marxist doctrine, the first aimed at protecting the urban privileged working industrial class and public servants who were provided with pension schemes and low-price rationed food and other basic necessities. From the 1950s to mid-1990s, urban workers in state-owned units and large collectively owned factories received full labour insurance, retirement and medical packages, housing and life-time job guarantee (Lin 2014; Solinger 1999).

To restrict this highly subsidized public budget in the pre-reform socialist centralized urban economy where state enterprises were largely non-profit oriented, the number of beneficiaries had to be kept small and affordable. As a result of this, the second objective had to be designed by restricting the peasants' mobility and maintaining them as the sole producer of food and industrial raw materials in support of the operations of the urban economy. In the pre-reform rural sector, peasants led subsistence farming and were entitled to very little public welfare and benefits, left alone retirement package. To the peasants, old age or incapability to work meant absolute reliance on children or relatives for basic subsistence. Such a supportive role of peasants rendered them second-class citizens when they were allowed after the 1980s to move to cities to work but without being given urban residency status.

As argued, public cost saving and slum prevention are the key rationale at face value in differentiating rural migrants from local urbanites. At the deeper layer, one may have to dig further into the logic of neoliberalism which has influenced the regulatory framework of the socialism with Chinese characteristics. What then is the neoliberal market-oriented regulatory framework? First, neoliberal market-led forces do not support urban land values to be moderated in favour of low-income marginalized migrant workers. Bipolarism in which we see the coexistence of two contrasted worlds represented by rising urban middle classes and migrant workers (together with indigenous urban poor) is symbolic of neoliberalized socio-spatial outcome as a result of development projects and in operational and market regulatory terms (Brenner et al. 2012). In a sense, it is an institutional exclusion based on an economic *raison d'être*. With strong emphasis on GDP growth for quick results, China neoliberal measures are more or less led by (ibid.: 29):

politically guided intensification of market rule and commodification ... [its] processes have facilitated marketization and commodification while simultaneously intensifying the uneven development of regulatory forms across places, territories, and scales. (italics in original)

Consequently, we can understand better why migrant workers are treated as second class citizens in the transitional period and their welfare and deserved benefits are delayed in their host cities until institutional transformation is done to include them as real stakeholders. At this very stage, we should not be surprised if we compare China with Germany and Japan in ways they treat migrant workers, China's rural migrant workers who share identical ethnicity as local urban groups have received significantly worse-off treatment as transient nationals than in Germany and Japan (Solinger 1999). Both migrant workers of China and foreign migrant workers in Germany and Japan have moved respectively to their host cities as contributors to economic development. But a bizarre situation turns out that even "ethnocentric" Germans and Japanese have granted more rights to their foreign workers than China to its own citizens of rural origins. By Germany's Federal Constitutional Court rulings, and through pressure from the trade unions from the 1960s, foreign children were brought into schools and foreigners were in principle entitled to welfare allocations (Solinger 1999). In contrast, in Beijing in 2010, an estimated 460,000 children born during the three preceding years to migrant parents could not be registered as official residents (Weston 2012). This brings us to address the intriguing issue whether migrant workers are potential slum builders.

## 2.4 Are Migrant Workers Potential Slum Builders?

It has clearly appeared that the disparity between the more established city locals, many of whom are middle classes and the rising numbers of much deprived migrant workers, is persistently a risk, given the potential of low-end workers in forming slums. Earlier studies by Ma and Xiang (1998) on the Zhejiang village in the south

of Beijing grouped largely with enterprising Wenzhou business people was exemplary of that risk. However, such a “less safe and orderly” urban village or peasant enclave sharing common features with other Third World cities in the capital city was quickly erased together with other similar enclaves in the name of urban redevelopment.

Looking from Beijing’s perspective, the capital city is among the most attractive cities in China to migrant workers for being the nation’s political and economic centre with substantial opportunities for higher pay jobs and high level services and infrastructure. According to the 2014 release by Beijing’s Bureau of Statistics, of the total 21.14 million residents in Beijing in 2013, 8.03 million or 38 % were migrants, including employees, self-employed and students. Contrary to the intention planned by the municipal government to disperse migrant population to newly developed districts, their numbers have kept rising in the core functional zones where job concentrations are high. Rise of migrant workers from 2010 to 2011 alone was recorded to be 375,000. There were signs that the inflow had slowed down in the past few years but the overall trend was still on the upswing. Population density in 2011 was as high as 1,230 persons per square kilometre, rising by 35 persons compared to a year earlier. It was estimated that the population’s annual average growth rate was 3.8 % over the period 2000–2010. This means if the trend continues, Beijing’s population could double in slightly less than 20 years (People’s Net 2014; Cui and Chen 2014; Central Government Net 2013a).

The potential of forming slums by migrant workers is always there. Rural migrant workers take up city jobs which are usually low-paid, low-skilled, labour-intensive, dirty and dangerous. It is estimated that they make up 70 % of construction workforce, 68 % of manufacturing and 80 % of coal mining; many of whom are provided with basic dormitories by employers while the rest settle for cheap shelters. In Liu and He’s (2010) household survey on 796 urban villagers in six large Chinese cities in 2007, they found that migrant workers made up 52 % of the interviewees, as compared to local villagers (14 %) and indigenous urban residents (34 %) from largely poor housing areas nearby. Their monthly income per capita was a low 976 yuan, and it was highest for the urban residents (1,119 yuan), followed by migrant workers (999 yuan) and local villagers (545 yuan). With such an income which was much lower than the national urban average, and 77.5 % of them making a living from self-employment in petty trade, as manual or service workers and in informal occupations, it is perceivable that their path up the social ladder would be as difficult as those found in the shanty towns in large Third World cities in Africa, Latin America and India.

With the help of the residency control system, and monopoly of land ownership, China does not tolerate permanent filthy shanty towns built by rural newcomers as commonly seen in India and African nations. Migrant workers, together with local villagers, and low-income indigenous urban residents live in China’s urban villages within or at the fringes of the city where farmers use their residential plots (*zhaijidi*) to build up premises and offer low rental accommodation. As farmers’ lands within the city or at the fringe have usually been acquired by the local state, they are perceived as transitional dormitory sites awaiting for redevelopment one day.

In general terms, urban villages in Chinese cities are poorly serviced, and are not integrated with the formally constructed housing estates in the vicinity. Their physical environment has a very high horizontal density. Without official planning approval, its density could be much higher than the officially acceptable design standards, often characterized by narrow passageways, lack of adequate ventilation, greenery and public spaces. Land use is mostly disorganized, mixed with backyard workshops in highly crowded and chaotic human interface (Liu and He 2010; Weston 2012). In some cases, they co-exist side by side with tall and modern apartment blocks, office buildings and shopping complexes. This mismatch of residential habitat could show the typically contrasted imaging between highly exclusive gated community and neighbourhoods, and slum-like dormitory quarters inhabited by migrant workers.

Migrant workers are also there to stay. A mindset change had been observed amidst migrant workers between the early reform period and more recent period. In his personal investigations, Weston (2012), citing a 2008 survey by the China Youth Centre, found that the majority of early migrants were more inclined to spend a few years in cities and return home with savings for a better life. This phenomenon has changed as he found increasingly more migrants now sought ways to remain in cities. This is especially valid for those who are under 30 years of age who could adjust more easily life in cities. This implies migrants are basically for good in cities, making no difference from other Third World migrants who have left their poverty-stricken villages.

A study by Sohail et al. (2013) estimated that in 2007, over 40 % of India's urban households lived in slums or squatter areas. In the Indian national capital, Delhi where formal housing shortage was estimated at 1.13 million, slum and uncontrolled settlement dwellers accounted for as high as 75 %. It is important also to note in the finding of the study that slum dwellers' priority was not to improve their housing conditions even with rising income. Weston (2012) is pessimistic in his projection of migrant population in Chinese cities if the present trend is unchecked – by 2030, China's urban population may be made up of 50 % migrants. The question that needs to be addressed is: can China forbid slum formation or will slum clearance be enforceable if it ever becomes a reality? We need to examine what modernist China is doing in a great attempt to prevent slum formation from taking place.

#### ***2.4.1 Public Policy Towards Urban Shanty Towns (Penghuqu)***

As discussed above, urban villages are marginalized neighbourhoods, close to shanty towns known as “*penghuqu*”. They are managed by village committees which have little resources including mobilization of public funding to finance public infrastructure and services. Apart from a small proportion of peasants who have stricken gold via handsome compensations for selling land in property booming city suburbs, inhabitants in traditional low-rise slum-like habitat are mostly low-income and low-skilled local villagers, migrant workers and indigenous city residents. There is no sign that the Chinese government wishes to keep these shanty

settlements within or at the fringe of the cities offering them an opportunity to live permanently with “hope to move up the social ladder over time and over generations”, as it is the case in Sao Paulo slums in Brazil.

By the definition of the Chinese government, “*penghuqu*” are low-rise settlements found within the city boundary with high horizontal density. They have been inhabited for relatively long periods of time, and are constructed with low-grade building materials. The houses are normally very small in size, poorly equipped with basic facilities and sanitary conditions. Often the environment is filthy and is seen to be a hot-bed to fire hazards and crime (cited in Baidu Wenkou 2014). Urban villages fall practically under this category of vulnerable settlements. At this historical juncture, one should also differentiate reformist China’s existing poorly serviced and low quality urban housing inherited from Mao’s era which needs renewal by state action from the potential emergence of slum-like habitat due to strong concentrations of migrant workers in the cities. For the modernist state, slum prevention is thus a two-pronged policy focusing at both renewal and deterrent measures.

Since the advent of Deng’s urban reforms from the early 1980s, migrant workers collectively known as floating population have encountered a series of control measures while working in the cities. Table 2.1 is elaborative of the ups and downs in management measures from 1984 to 2012 occurring in Beijing which is quite representative of the overall national policy in China (see Cui and Chen 2014). In the early 1980s, residency permits were issued only to genuine workers or those doing small businesses, ruling out those who were “floating” around looking for jobs or begging. Jobs were more difficult to come by in the early days. This was soon followed by issuance of temporary stay permits. By the mid-1990s, when the economy was found to be under performing to support large numbers of migrant workers, rules became stringent again. After China joined the World Trade Organization in 2001, exports started to boom, and policy became more lenient. From then on,

**Table 2.1** Evolution of the management policies towards floating population in Beijing, 1984–2012

| Periods       | Key policy measures by State Council/Beijing municipality  |
|---------------|--|
| October 1984  | Only those having residency permits or running a business or working/serving an urban enterprise were allowed to stay with their family members                |
| November 1985 | Temporary permits were issued to migrant workers who were not qualified for Beijing residency status   |
| July 1995     | Volume control of migrant workers by residency system ( <i>hukou</i> ) – tightening up of control measures   |
| June 2003     | Abolition of State Council decree of May 1982 which empowered police to retain jobless peasants and send them home. This was replaced by an assistance program |
| March 2005    | Abolition of the control measures towards non-residents working in Beijing   |
| January 2011  | Start of the plan using “Control based on employment”  |
| 2012          | Adoption of new concept aimed at “Livelihood first, service priority and integration as a necessity”   |

Source: Adjusted from Cui and Chen (2014)

though it remains difficult for migrant workers to obtain urban residency permits, their economic input is seen to be increasingly important. Most recently in 2012, the Chinese government adopted a more equitable and people-centric concept in dealing with migrant workers in which integration turned out to be an eventual option.

Hence, as the tide changes in favour of the fate of low-income migrant workers as a social grouping, their habitat has been framed at the same time for a radical change. In this aspect, three important decrees had been issued over the past seven years by the State Council stipulating the need to transform the “*penghuqu*” in order to improve the housing standards, quality of life and living environment of the low-income groups. By virtue of these decrees (No. 24 of 2007, No. 131 of 2008 and No. 25 of 2013), the Chinese government aimed to carry out the following policy measures vis à vis the sub-standard urban settlements, which are summarized essentially as follows (Baidu Wenkou 2014; Central Government Net 2013b):

- (a) It is a “livelihood and developmental” engineering scheme which aims to transform the “*penghuqu*” into a secured and well serviced area, thus eliminating the dualistic character of the urban habitat;
- (b) The transformation will help promote sustainable economic growth, improve the general living standards of the people as well as expand investment and consumption demands;
- (c) Urban renewal projects should capitalize on local features, and insist on historic and monumental preservation etc.;
- (d) The transformed site will be integrated with the surrounding urban setting and will enjoy an improved environment with quality services. Pace of implementation should be associated with the socio-economic level of the people affected and the financial capability of the municipal government. Some affordable rental housing may be provided;
- (e) Any demolition must be compensated fairly, equitably and transparently according to the law and in consultation with the people; and
- (f) The central and provincial governments will expand their financial assistance in various ways during “*penghuqu*” renewals. Private capital is encouraged to take part.

Indeed, the “creative destruction and transformation” scheme started in 2008. By 2012, some 12 million “*penghuqu*” households of different categories had been transformed throughout China, including urban, mining, forestry and resettlement areas. Correspondingly, the State Council has planned to transform another eight million urban households, and 188,000 households for the other three categories during the period 2013–2017. Most recently in August 2014, a new more lenient policy was announced by the new administration of Xi Jinping amidst his quest for deepened reforms. In the next five years, over 100 million rural migrant workers would be able to convert their residency to urban status, easier for smaller cities than large cities above five million people (Central Government Net 2013b; Lin 2014). With the unfolding of the transformation policy backed up by a strong state commitment and determination, the slumless city imaging and building is well on its way but the passage is anticipated to be eventful and challenging ahead.

## 2.5 Conclusion

Rapid urbanization in China with wealth accumulation centred at large metropolises has built up tremendous national aggregate growth. However, wealth accumulation in large cities has been gained at the expense of the growth for smaller cities and rural regions (Chen and Partridge 2013; Chen et al. 2014). This uneven development process arising from backwash effects has led to widening of rural–urban inequality, and acted as an added factor driving more peasants into the large cities.

From 1978 to 2009, it was recorded that the ratio of per capita income between urban and rural households had risen from 2.51 to 3.33 respectively. It should be noted that the gap would have been even larger if two other factors are considered. First, it is the exodus of peasants to cities who have brought back home large amounts of remittance and cash that have helped to transform and modernize the rural landscape and standards of living. Second, urban financial surpluses and high GDP growth have provided the central and provincial authorities with revenues to improve rural financial services, infrastructure including irrigation and flood control schemes, which since 2004 have been carried out as a measure to lift rural economy as advocated by the 16th National Congress (Chen and Partridge 2013; Weston 2012).

There is a dual character in the Chinese form of urbanization. It is Western, yet it has its own character and interpretations of what is good and what should be avoided. China's own attributes of market-led urbanization are characterized by state control (notably monopoly of land ownership), neo-liberal and market-oriented as well as globally modernist features encompassing imaging, prestige and slumlessness in physical morphology. For China itself, neoliberalism is an adopted institution which suits the reformist market-led economic take-off from the pre-reform dysfunctional and static economic base. It has acted as a transformative agent inducing change towards a new socialism with Chinese characteristics.

Rural migrants are predominantly found in large cities offering higher wages and job opportunities. It is here they have faced the greatest hardship in getting a permanent residency status and deprivation of urban-based welfare and benefits, though they have made substantial contributions towards this wealth accumulation with their cheap labour and hard work.<sup>1</sup> Their sheer number has created a great fear of forming slum-like habitat which the state has made every effort to avoid. There is nevertheless a notional change in China's state policy towards urban low-income groups that it has become increasingly people-oriented (*yirenweiben*). As reflected in Beijing's 2012 managerial concept towards migrant workers, more care has been given to their rights to livelihood, service demand, and therefore integrating them in the host cities is seen as a goal. But if their *implicit* demand, if this ever exists, is to build basic shelter meeting their own needs by taking up state land as it is the case

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<sup>1</sup> According to a report by Economic Observer (2014), the central government has planned to offer 200 million peasants with local residency permits in mainly smaller towns during the period 2014–2020. For large cities, a residency certificate (*juzhuzheng*) will be issued to qualified migrants who will be entitled equal benefits as local residents.

in Mumbai, Mexico City or elsewhere in Latin America, the monopolistic state will be in no position to compromise. Existing urban villagers or “*penghuqu*” are tolerated as provisional existence awaiting modernist interventions led by the state. The ultimate urban form that the Chinese state aims at may not be “aestheticism” in Euro-centric sense of spatial morphology (see Hart 2004).

For the Chinese modernist state, the slumless place making intention constitutes the purifying of “illegitimate” occupation of space by undesired groups in its “legitimate” control of space functions, a localized but unique form of “aestheticism”. Taken together, the rationale of the slumless place- and image-making which aims to minimize spatial segregation is more political and economic in objectives and, most important of all, in justifying sustained state governance. Lastly, in the midst of rising social disparity, building slumless cities may imply a public intent to hide social inequality in its physical form in urban morphology. But it will not be possible to hide poverty in substance and real life. Disparity in its extreme form will be a great source of social discontent that could threaten stability of the present regime pursuing world prestige and top class futuristic imaging effects.

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