SPECIAL REPORT

The rural-urban divide

Ending apartheid

For China's reforms to work, its citizens have to be made more equal

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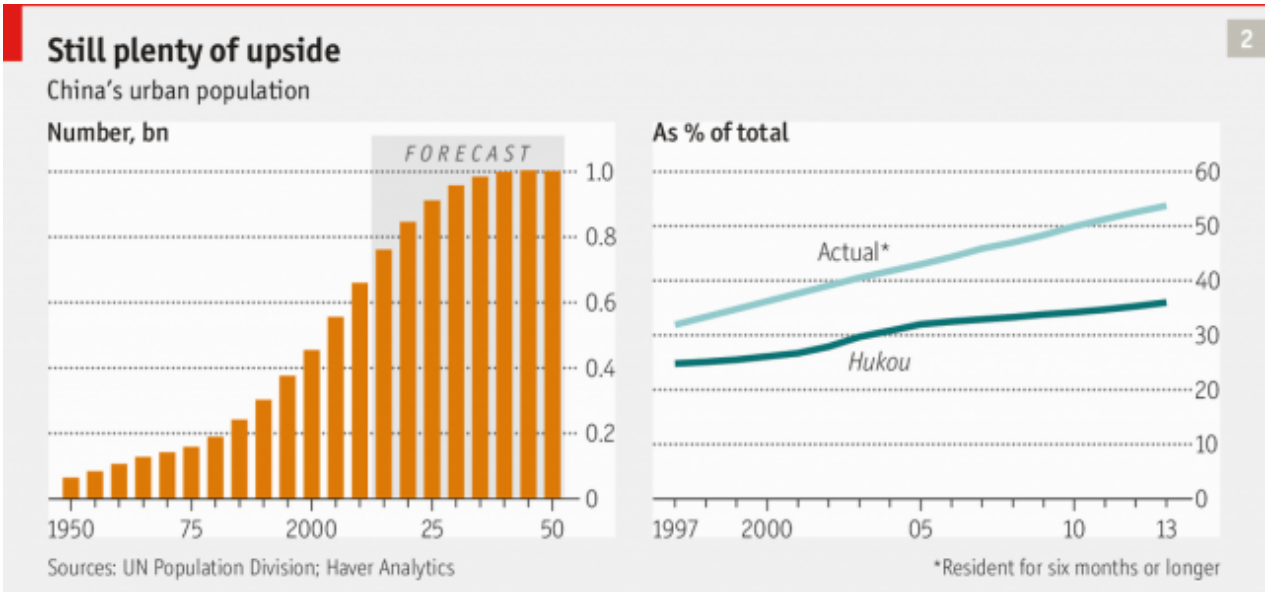
MIGRANTS ENCOUNTER BARRIERS of speech, habits and manners the world over, but in China these are heavily reinforced by the system of *hukou*, or household registration, which permits routine discrimination against migrants by bureaucrats as well as by urbanites (a term applied in this special report to city-dwellers who have no rural connections themselves, and nor do their parents). In a survey conducted by the Chinese Academy of Social Sciences, nearly one-third of

respondents in Shanghai said they would not like to live next door to a migrant, against only one-tenth who said they would rather not live next to a poor person. In Changchun, a less outward-looking city in the north-east, nearly two-thirds said they did not want to live next to a migrant. Chinese urbanites seem as anxious as Europeans about migration from poor to rich places, even though in China the migrants are fellow citizens.

In one crucial respect, however, they fall short of that status. A migrant may have been living in a city for many years, but his *hukou* will still identify him as rural. The document acts as an internal passport. China's first constitution in 1954 said that citizens enjoyed "freedom of residence and freedom to change their residence". Four years later Mao Zedong introduced the *hukou* system in order to prevent a flood of migrants pouring into the cities. It was eased only in the 1980s when China needed cheap labour for its factories. But the pernicious legacy of *hukou*-induced apartheid persists today.



Going to a better place

If China's level of urbanisation were calculated on the basis of *hukou*, rather than residency, it would be a mere 36%, not far ahead of India's (31%). Very few of those who have migrated to the cities over the past three decades have obtained urban *hukou*. This matters a lot because a person's *hukou*, rather than his place of residence, determines the level of welfare benefits he is entitled to. The city-born children of migrants suffer the same discrimination, often being denied access to urban state-run schools and having to clear higher hurdles to get into university.

The *hukou* divide is sharpest of all in China's "first-tier" megacities, which are among the biggest magnets for migrants. In some, including Beijing, they are not allowed to buy cars or houses unless they meet what for most would be impossibly exacting conditions. Thus, as China's middle class has expanded rapidly, a similarly large group of urban "second-class citizens" (as even the official media have sometimes called the migrants) has grown in parallel. Not that it matters in a one-party autocracy, but migrants and their urban-raised offspring are not even allowed to vote in the cities.

In the decade to 2010 the migrant population living in cities grew by more than 80%, a colossal influx that pushed up the total number of urban residents by some 200m. China has been remarkably successful in controlling the spread of urban slums: over the same period the proportion of city-dwellers living in slums fell by one-quarter to below 30%, according to a UN study. And many of these slum-dwellings are relatively smart compared with their counterparts in other developing countries, thanks to tough controls on building shanty towns.

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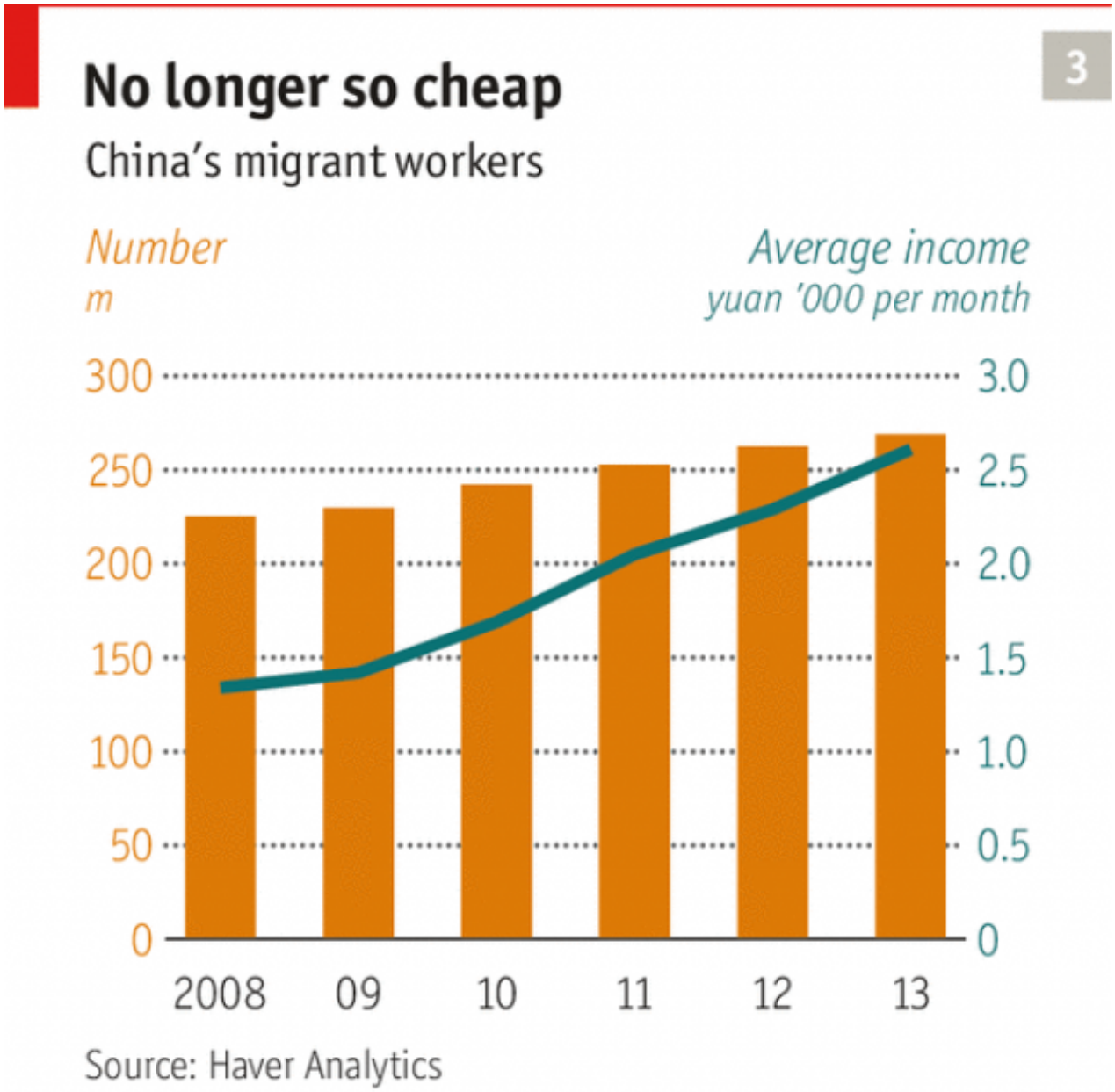
Even so, migrants often live in grim conditions. Out of sight are pockets of wretchedness similar to slums in developing countries such as India. One such is the village of Dongxiaokou north of Beijing, just beyond the edge of the city's urban core. A village only in name, it is essentially a centre for processing waste. Thousands of migrants, most of them from impoverished villages in a single prefecture of the central province of Henan, prepare sackfuls of tin cans, piles of iron scrap and mountains of plastic bottles for bulk sale to recycling plants.

It is a scene of Dickensian poverty, with migrants packed into tiny brick shacks off muddy, rubbish-strewn streets. Their children go to ramshackle private schools that charge around 4,500 yuan ($725) a year, several weeks' income for many migrants. For most of them there are no places at state schools. If migrants fall seriously ill, they have little choice but to go back to their villages; their government-subsidised rural medical insurance is often not valid in a different province (or even, until last year, in a different part of Henan). The only migrants who have urban health insurance are those with formal job contracts, but not even one in five enjoys that privilege.



The party appears to be waking up to the disruptive potential of an urban underclass. Early in 2013 Li Keqiang, the prime minister, began calling for a "human-centred new style of urbanisation". In November last year the party decided to speed up the pace of *hukou* reform. Officials have been calling for "equal rights" for all urban residents. A new word has entered the party lexicon: *shiminhua*, which means turning a migrant into an urbanite with all the perks of a city *hukou*-holder. The declared aim of urbanisation now is not just to move people into cities, but more importantly to make urbanites of them.

That will be both costly and hugely contentious. Mr Li's plan for a new style of urbanisation was published in March after many months of bickering among officials. It glossed over the crucial question of how to pay for it all, which hints at strong resistance by local governments that do not want to foot the bill, and by urbanites who fear their privileged access to education and health care will be

stripped away. Li Tie, a government researcher, in a book last year wrote that online support for *hukou*-related reforms was "not running high". Part of the problem, he said, was that policymakers, journalists and online commentators were themselves urban *hukou*-holders and as such formed a "rigid interest group", posing a "severe" challenge to reforms.

At the same time many holders of rural *hukou*, despite the discrimination they suffer, are suspicious of moves to give them urban status. They fear that it might lose them the right (conferred by rural *hukou*) to a small patch of farmland and a residential plot in their village of registration. Mr Li's urbanisation plan failed to provide reassurance.

In July last year the agriculture ministry conducted a survey of nearly 7,000 rural *hukou*-holders, mostly male and living in the countryside, which found that only about a quarter regarded getting an urban *hukou* as important. Even among those whose entire families were living in urban areas, the share was only just over half. The main reason for not wanting urban *hukou*, the survey found, was fear of losing entitlements to land. Last October a senior official on the National Health and Family Planning Commission said that as many as 70% of rural migrants wanted to stay in the cities but had no wish to give up their rural *hukou*. That chimes with the views of the waste-recycling migrants of Dongxiaokou village. One middle-aged man standing by the roadside says he would far rather have his tiny patch of land in backward Henan province than a promise of a pension in wealthy Beijing.

Losing the plot

Given the discrimination they face, it seems odd that migrants themselves resist reform, but they will continue to do so until the government allows them to sell their land and sever their ties with the countryside for good. Mr Li has promised this, but local governments, used to seizing land at will, are loth to give up that privilege.

The new urbanisation plan calls for 100m migrants to be given urban *hukou* by 2020, but there will still be conditions: at a minimum, applicants will need a stable job and a legal place of residence. That would rule out most migrants, who often live in unauthorised lodgings and work without contracts.

Officials sometimes hold up the city of Zhongshan in the southern province of Guangdong as an example of how *hukou* reform could work. Since 2007 migrants into the city (who make up more than half its population) have been able to apply

for city *hukou* on the basis of points scored for educational qualifications, ownership of property, payments of social-security contributions and volunteer work (such as giving blood). Yet since the scheme was launched, only around 30,000 out of a total migrant population of 1.6m have gained local *hukou* this way. Migrants can also use their points to apply for just some of the benefits associated with urban *hukou*, which has enabled them to secure places at state-run schools for about 25,000 of their children. But that is out of a total of 200,000 migrant children attending school in Zhongshan (and many more who are studying in their parents' villages of origin). All the same, in January Zhongshan won a prestigious award in Beijing for its points system.

In June 2012 three days of large-scale rioting erupted in Shaxi, a satellite town of Zhongshan, fed by rumours that security agents had maltreated the son of a migrant worker who was involved in a fight. Peng Ronghui of Zhongshan's department in charge of migrant management admits that the city's migrant population has created "a problem of social control". She says they "lack a sense of belonging and their morale and self-discipline is relatively poor".

Cities like Zhongshan worry that lifting *hukou* restrictions would require massive extra spending on public services such as education, health care and housing. Yet most local governments would simply not be up to the task.

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