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# The Chinese Hukou System: Reform, Reduction, or Removal

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The Chinese Hukou System: Reform, Reduction, or Removal

A Senior Honors Thesis

Submitted in Partial Fulfillment of the Requirements  
for Graduation in the Honors College

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The household registration system, also known as the Hukou system, is arguably one of the most significant policies instituted by the People's Republic of China (PRC) in the late 1950's. The Hukou, a family registration system, serves as an internal passport and personal identification throughout the country. It provides different personal information such as name, gender, age, familial information, and "danwei" or work unit.

A person is ascribed their Hukou status at birth, based on that of either or their parents. For decades, the desired Hukou status was that of an urban or "non-agricultural" person. An urban Hukou provided many more benefits for the population than that of a rural Hukou, and even served to "restrict population mobility and access to state-sponsored benefits".<sup>1</sup> It was advantageous for a person to convert their Hukou status when possible if they originally had that of a rural or "agricultural" status to gain more support from the state. While the basis of the Hukou divides the population into two classes, the effects of the registration system create a third among migrant populations, which is perhaps the most important group when considering social effects of Hukou in modern China.

After recent reforms, the usefulness of the Hukou system has come into question. Some scholars believe, that in modern China the Hukou has little to no impact on social standing and upward mobility. C. Chen and Fan (2016) argue that the Hukou is insignificant in determining migrant's life chances after recent reforms. If this is true, then the Hukou can be considered an antiquated system and there is no reason for China not to abolish it. However, there are scholars who support reform of the current system thus leaving the very important third function intact. Furthermore, Chinese political

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<sup>1</sup> Kam Wing Chan and Will Buckingham, "Is China Abolishing the Hukou System?" *The China Quarterly*, no. 195 (2008) 582-606

officials argue that the Hukou “‘cannot be eliminated’ as it constitutes the ‘foundation . . . for managing social order’ and has ‘great effect on fighting crime’”.<sup>2</sup>

The primary concern of this article is the widespread effects Hukou has on China, and whether reform, reduction or removal of Hukou policy would be most beneficial to the general public, and the state structure. This distinction will reveal whether further reforms also have the potential to be successful, whether the Hukou is effective in its current state, or whether the state should move towards abolishing the policy altogether. As China is rapidly developing the quality of life for rural peasants and rural migrants is deteriorating, and the answer to this is proper and enforced Hukou reform.

To answer this question this article aims to address three points. The first points are ensuring the readers understand the origins of the current Hukou system, and past reforms it has gone through to be what it is today. In order to understand the Hukou’s origins and functions, it is first important to know how the People’s Republic of China came to be, and how the Chinese Communist Party gained control. This article will also address past changes to the Hukou system, and how these may have affected the citizenry. It is essential to know if past changes led to further hierarchal divides within society or whether they positively affected the public.

Secondly, it is essential to know how the current Hukou system affects the general public, as this determines what response to the Hukou would benefit the state the most. In this sense, benefit is defined as increasing social upward mobility, as well as encouraging economic growth, and political and social stability. If changes to the current system,

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<sup>2</sup> Windrow, Hayden and Anik Guha, “The Hukou System, Migrant Workers & State Power in the People’s Republic of China”, *Northwestern Journal of International Human Rights* 3, no. 1 (2005).

including removal of the Hukou, prove to have little to no change in two or more of these factors then change may not be necessary.

The Hukou system is perhaps one of the most socially significant policies from the early Mao era. At one point in time it was considered the defining cause of China's social and economic stratification. However, in recent years the social emphasis of the Hukou appears to be declining. The restrictions the policy once held in place has gone through reforms, both official and unofficial. These reforms are thought by many scholars to have removed an important part of the widespread effect Hukou has on the people and made it a less important factor in the social mobility for rural Chinese. Much of this can be attributed to loosening on one of the focal policies of the communist economy and the transition towards a Free Market in the late 1970s. Along with the market transition, there has been a greater allowance of rural peasants migrating to urban centers to find and accumulate wealth. A need for labor in industrial cities, as well as the creation of industrial cities in the early 1990s has allowed China to dial back its once strict migration policies. In modern China, rural migrants make up almost half of the urban workforce and nearly one-third of the country's total workers.<sup>3</sup>

The apparent loosening of the nation's Hukou policy leads the public to wonder what uses the antiquated system still has. While resource allocations and migration restrictions have been directly affected by Hukou reform, it is important to realize that the Hukou system has a third, less visible use that is integral to the social and political stability of the state. This is the ability of the Chinese government to track certain targeted populations.

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<sup>3</sup> "Migrant Workers and Their Children," *China Labour Bulletin*, June 27, 2013, <http://www.clb.org.hk/content/migrant-workers-and-their-children>.

The state of the Chinese Hukou system is of international importance. As the rising economic power, anything that affects Chinese industry is highly important, and certainly warrants international discussion. The Hukou system once had a large effect on migrant populations, especially those who travel to industrial cities to find work, and by extension the economy. There have been criticisms that the Hukou system contributes to not only limited social mobility, but to the stagnation of the Chinese economy. The state controls a majority of industry, so the Hukou benefits and even employment opportunities are greater for those that have a local, non-agricultural Hukou.

### *Section 1: History of the Chinese Communist Party and the Hukou's functions*

The People's Republic of China formally implemented the Hukou system in 1958.<sup>4</sup> Each family is registered under the same Hukou, originally that of the mother's status. After registration, a family is issued a residents booklet, 居民户口簿. This booklet is the source of many social benefits among Chinese citizens, as well as different identification information for the family and individuals. In order to comprehend the uses of the Hukou and how the system developed into such a polarizing policy, it is important to look into the rise of the Communist party and why the policy was developed and implemented.

With the change of power in 1949, China became a communist nation. Throughout the following years, the communist party implemented various policies that would strengthen the party and exert control over the populace. Perhaps the most successful and long lasting of these policies was the Hukou system.

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<sup>4</sup> Chen, Chuanbo and C. Cindy Fan, "China's Hukou Puzzle: why Don't rural migrants want Urban Hukou?,"

In 1945, negotiations broke down between the Chinese Communist Party (CCP) and the Kuomintang (KMT), the nationalist party in control of the Republic of China (ROC) at the time. The struggle between the two parties dated back to as early as 1922 when the KMT and CCP cooperated in an attempt to unite the nation and overthrow warlords, which were a result of the 1911 Chinese Revolution in China, only for the KMT to turn on the CCP in 1928 fearing a threat to their power.<sup>5</sup> This resulted in a fight for control of the Republic of China's government that would last for years filled with multiple failed cease fires, and international mediation efforts.

Chiang Kai-Sheik, the leader of the KMT, made the decision to turn on the CCP in 1928. He believed the communists were a threat to the Republic of China, and began a massacre of Communist supporters. In 1935, China was facing advancing aggression from Japan. Believing the Japanese “represented ‘disease of the skin’, whereas the ‘communist bandits’ were ‘disease of the heart’”<sup>6</sup> Kai- Sheik refused to work with the communists, even as the KMT was losing territory and power among the urban and rural populations. It was not until 1936 when Chang Hsüeh-liang, Manchuria's former warlord, held Kai-Sheik captive rather than obeying orders to eliminate the communists negotiations were considered and the second United Front was formed.<sup>7</sup>

In 1944 the leaders of the two parties, Chiang Kai-Sheik and Mao Zedong (CCP) were attempting to agree on a post-war government for the Republic of China. The two

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<sup>5</sup> “Milestones: 1945-1952- Office of the Historian,” *United States Department of State: Office of the Historian*, accessed March 27, 2017, <https://history.state.gov/milestones/1945-1952/chinese-rev>.

<sup>6</sup> Pavel, Osinsky, “MODERNIZATION INTERRUPTED? TOTAL WAR, STATE BREAKDOWN, AND THE COMMUNIST CONQUEST OF CHINA.” *The Sociological Quarterly* 51, no. 4 (2010): 576-99

<sup>7</sup> *Ibid*

parties were united in the effort to rid China of the Japanese and regain control of Manchuria after the end of the Sino-Japanese war, and as a united front were trying to establish a co-government between the communist and nationalist parties. When negotiations fell through, the country entered into a period of direct conflict and fighting over several provinces. In the following years, negotiations broke through multiple times and the international community became involved in the effort. In 1944, the Soviet Red Army helped the Chinese communists regain control over Manchuria, while holding the territory from the nationalist rule. The international community, specifically the United States, was involved as well. In a hope to end communism, the US sent mediators to China to negotiate peace talks and aid the KMT with the power struggle.

The peace talks were enough to prolong the struggle and weaken the KMT. In September 1948, the CCP started an all-out offensive tactic in the civil war, eventually turning the conflict in their favor and allowing them to complete their takeover of the northwest provinces. Barely over a year later, Mao Zedong proclaimed the creation of the People's Republic of China (PRC) on October 1, 1949.

Once the civil war was over, and the CCP gained control of the country, they turned their attention to the overpopulated urban areas. At the end of the civil war, urban centers were overwhelmed with migrant populations. The CCP set a goal of repatriating some of these migrants back to the countryside after they were “deceived by the enemy” to migrate from the countryside during the civil war.<sup>8</sup>

The conditions of the civil war set the path for the years following and the communist policies put into effect to After the CCP gained control from the KMT, the

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<sup>8</sup> Cheng, Tiejun and Mark Selden, “The Origins and Social Consequences of China’s Hukou System.” 647

new ruler Mao Zedong, began implementing various socialist policies to help alleviate the stress on the Nation's economy and in an attempt to industrialize the nation, many of these had a causal relationship on the disparities the Hukou had on the Chinese people. One example of a failed policy of Mao's was the Great Leap Forward, an attempt to rapidly industrialize in the late 1950s. The Leap forward was ultimately a failure that resulted in the death of over 20 million Chinese due to famine, and rural labor shortages.<sup>9</sup> During the Great Leap, the Hukou system was not strictly adhered to, and millions of rural migrants flooded the cities, one of the largest migrant populations the PRC had seen.

In the 1960s the CCP implemented reform of the Hukou system, and created a forced exile. This is where the migrants from the era of the Great Leap were laid off from their urban jobs and repatriated back to the countryside. An estimated 5 million people were laid off by 1959, with more to occur by 1962, and "the rural exile of 20 million workers".<sup>10</sup> The Great Leap Forward is just one example of policy that intensified the effects of the Hukou. The CCP's desire to quickly develop the economy in many ways led to the different reforms the Hukou has undergone over the years, the original purposes of the Hukou system, as well as one of the major causes of the economic and socio-political disparities among status.

The development of the Hukou established a form of spatial hierarchy in the PRC, essentially creating a modern caste system. The population was divided into two statuses; Rural and Urban, or agriculture and non-agriculture. Originally, the status was assigned

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<sup>9</sup> Cheng, Tiejun and Mark Selden, "The Origins and Social Consequences of China's Hukou System," *The China Quarterly*, no. 139 (1994): 644-68

<sup>10</sup> *IBID*

based on that of a child's mother, but this was later reformed to allow choice in which parent's Hukou would be used.

The Hukou system was established as a type of population control, and way to track populations. This was especially apparent after the failure of the Great Leap forward as urban populations were growing at an impossible to support rate and grain rations were reaching a dangerous low. One of the main functions served by the Hukou is "resource allocation and subsidization for selected groups of the population", this was typically the Urban populations.<sup>11</sup> When the mass migration occurred during the great leap forward, a larger number of the populace was receiving urban resources and the supply was dwindling. In response, the CCP made the decision to reduce the number of urban residents and send migrant populations back to their villages. Despite small reforms over the year, resource allocation still acts as a major function of the Hukou distinctions. As China moves towards a market economy, this function of the Hukou system has been reduced in its traditional sense. However, there are still social and economic benefits associated to Hukou distinctions that are causing deep disparities between rural and urban populations.

During the rural migration, many returned to their villages voluntarily as they were unaware how difficult the Hukou system would make returning to an urban city. In the 1960's when the Hukou system began being strictly enforced, the second function came to surface, this function being control over the flow of populations and internal migration. As a result of the strict control over migration, China urbanized at a much

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<sup>11</sup> Wang, Fei-Ling, "BREWING TENSIONS WHILE MAINTAINING STABILITIES: THE DUAL ROLE OF THE HUKOU SYSTEM IN CONTEMPORARY CHINA," *Asian Perspective* 29, no. 4 (2005): 85-124

slower rate than it industrialized.<sup>12</sup> The Hukou system made migration from rural to urban areas very difficult, as there were legal steps to achieving permanent residence and transferring Hukou distinctions. While this aspect of the Hukou has been loosened, it is still a major source of inequality and corruption for rural-to-urban migrants in modern China.

The third and less recognized function of the Hukou is also perhaps the most important, it is the ability for the CCP to follow and manage “socially desirable people”<sup>13</sup> [重点人口]. Every person is legally, and constantly, required to be registered with the Hukou police. The extent a person needs to be constantly registered includes when traveling with stays longer than three days. The presence of the Hukou system allows “each community to maintain a confidential list of targeted individuals to be monitored and controlled”.<sup>14</sup> The constant monitoring allows the CCP to track people who could be deemed “threatening” to the regime.

The CCP’s ability to use the Ministry of Public Security (MPS) and Hukou to track citizens and dissenters is a key factor in political stability, making this a crucial function. Potential reforms of the Hukou system would have to be developed with care and keep in mind this particular ability of the state and potential unintended effects it would have on political stability.

## *Section 2: How does Hukou impact daily life?*

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<sup>12</sup> *Ibid*

<sup>13</sup> *Ibid*

<sup>14</sup> *Ibid*

The Chinese people are divided on the basis of Hukou status, something that creates a major divide between the two populations and the differences in their care. Depending on where values are placed, it can be generally understood that a rural Hukou is inferior to that of an urban Hukou due to these differences. One of the major differences between the two Hukou designations is the amount of state support, or resource allocation, given to the family. The Hukou system was effective in creating a hierarchy that resulted in the state “prioritizing the city over the countryside” and by carefully structuring the “differential opportunities afforded urban and rural people in general”.<sup>15</sup> This system served to institutionalize the rural-urban inequalities that China’s rural and migrant populations are still suffering from, and it is essential to understand these problems before looking into future reform possibilities.

A holder of an urban Hukou is given state support in the form of “state-subsidized food grain, education, employment, housing, health care, retirement, and other social benefits”.<sup>16</sup> Many of these benefits were given with preference to the urban areas in hopes of supporting an industrializing nation. As a result of higher populations and a high desire to industrialize, the CCP began to favor the urban areas and leave rural China to their own devices. The state includes many of these benefits into the budget and takes direct responsibility as the urban areas are viewed as “directly owned and administered by the state”.<sup>17</sup> A family with an urban, or “non-agriculture”, Hukou is provided with

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<sup>15</sup> Cheng, Tiejun and Mark Selden, “The Origins and Social consequences of China’s Hukou System,”

<sup>16</sup> Chen, Chuanbo and C. Cindy Fan, “China’s Hukou Puzzle: Why don’t Rural Migrants want Urban Hukou?,”

<sup>17</sup> Cheng, Tiejun and Mark Selden, “The Origins and Social consequences of China’s Hukou System

extra oversight and provisions from the state because of the involvement with China's developing industry.

In contrast, a person with a rural Hukou is often self-sufficient. They are given "access to land resources, but are otherwise...[receive] very limited benefits from the state".<sup>18</sup> When the CCP first established the People's Republic of China, the economy followed communist ideology, meaning there was no private ownership of resources. The communist economy is a large factor in why the rural Hukou does not come with some of the same resource allocation as that of the urban Hukou.

Those living in a rural area would be required to meet the government's grain quota and be then allowed to keep the surplus for their own families. It was said that the rural Hukou holders had the resources that the urbanites did not. This was especially problematic during the Great Leap Forward and other times of economic hardship, which were common in the PRC's early years due to inaccurate reporting and high quotas, which resulted in no surplus for the rural areas. In 1959, grain production was low and millions of rural Chinese were facing famine and death, and often torture when provincial governments wanted to get them to 'work harder'.<sup>19</sup> To escape famine in rural China, millions tried fleeing to urban centers. The early failures of the Mao era contributed greatly to the need for strict enforcement of Hukou policy.

With China moving towards a free market economy, the unequal resource allocation problem is less significant when discussing the consequences the distinctions have on social wellbeing. However, with the transition to the free market in 1991 brings

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<sup>18</sup> Chuanbo Chen and C. Cindy Fan, "China's Hukou Puzzle: Why don't Rural Migrants want Urban Hukou?,"

<sup>19</sup> Zhou Xun, "Re-examining the History of the Great Famine in China through Documentary Evidence," *East/West: Journal of Ukrainian Studies*, vol. 3, no. 2 (2016)

more areas for social stratification between the two Hukou distinctions. For the first time in years, it was possible for the Chinese people to publically accumulate personal wealth, making the urban regions of the country more appealing, as that is where industry is.

It was already common for villagers to supplement income by “going to the city in slack seasons or for longer periods” to find new opportunities, the Hukou system made that much more difficult.<sup>20</sup> However, in more recent years the regulation on migration has been lessened as demand for labor increased, and millions of rural peasants have tried going to the cities to find work, for educational or training opportunities, and for upward mobility in social standing. As regulations on migration loosened, the dichotomous social hierarchy became more apparent. When studying the effects of Hukou on daily life, the population with non-local Hukou is very important. By measuring the hardships migrants have in urban cities and by comparing quality of services among rural and urban areas, researchers have been able to identify significant disadvantages associated with non-local Hukou in modern China.

Migrant groups account for a significant portion of the state’s population, and their experiences should be considered very important to society. For the purpose of this article, a migrant can be a rural-urban migrant or an urban-urban migrant, as long as the person has left their local hukou location. In China, a migrant can be in one of two categories, those that convert their Hukou status and those that do not. A rural migrant who chooses not to convert their household registration status is known as a “floating

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<sup>20</sup> Cheng, Tiejun and Mark Selden, “The Origins and Social consequences of China’s Hukou System

migrant”, and is part of the 79 million floating population in China in 2000.<sup>21</sup> By 2010, the floating population rose to 221 million people, this is approximately seventeen percent of the total Chinese population.<sup>22</sup> Urban areas like Shanghai, Beijing, and Guangdong have a large portion of the floating population burden. Areas like Guangdong and Shanghai have a large number of migrants, especially when comparing the percent to their local Hukou holders. Guangdong has long been the leading province for migrants with a population of 31 million in 2010, and Shanghai’s population is approximately made up of “42% of the population not residing in their places of Household Registration [Hukou]”.<sup>23</sup> A large percent of rural migrants are young unmarried females. In a population study on Beijing female migrants Zhan (2011) indicated that 81% of the participants living in Beijing were unmarried, and had moved provinces when they migrated.<sup>24</sup>

The Floating Population is an integral part to Chinese industry, education, and social situations. Unfortunately, they are put at risk by societal factors and have significantly fewer opportunities and chances for upward mobility. The Hukou is a cause of this social and legal separation, as a migrant becomes an “outsider” in society, and reports discrimination by local urban residents, as well as exclusion and a disinclination to expand social groups. This mentality is furthered by the distinctions created by the Hukou system. Discrimination towards a migrant can be traced back to three different

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<sup>21</sup> Liang, Zai and Zhongdong Ma, “China’s floating Population: New Evidence from the 2000 Census,” *Population and Development Review* 30, no. 3 (2004): 467-88

<sup>22</sup> Liang, Zai, Zhen Li, and Zhongdong Ma, “Changing Patterns of the Floating Population in China 2000-2010,” *Population and Development Review* 40, no. 4 (2014): 695-716

<sup>23</sup> *Ibid*

<sup>24</sup> Zhan, “What Determines Migrant Worker’s Life Chances in Contemporary China?”

levels within the state. The first is among the government, specifically among the local government officials. An official is more likely to aid a local resident before they would provide similar services to a migrant. This aid could come in the form of finding employment and affordable housing, which I will talk about below.

Another origin of discrimination and isolation come from the local residents. In terms of locals, migrant workers are often excluded based on their identity as both a non-local resident and as a rural person.<sup>25</sup> After working and living in cities for an extended period of time, it becomes easier for a migrant to disguise their rural/ peasant background. However, geographical differences contribute greatly to culture in China, such as dialect and customs, and it is substantially more difficult to disguise these differences. In Beijing, migrants have reported feeling isolated and opined that the natives were unfriendly and rude; some went as far as saying the Beijing natives were arrogant and distant.<sup>26</sup>

A potential source of this exclusion and attitude perception could be related to the residence location migrants live in. The Hukou system is closely related with housing provisions. The location a migrant settles down in is greatly affected by the Hukou system, as well as the family's general socio-economic well being. In China living in an urban city, especially large ones such as Beijing or Shanghai, is very expensive. Many of these cities have outer suburbs that are much more affordable to live in, and have come to be referred to as 'migrant enclaves' as this is where migrants tend to settle. If a migrant converts their Hukou to a local Hukou, they have more opportunities for housing, but even then it is more limited. A floating migrant is severely limited in where they can find

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<sup>25</sup> *Ibid*

<sup>26</sup> *Ibid*

affordable places to live. Without local Hukou, a migrant does not qualify for state-subsidized housing nor can they qualify for a bank mortgage to buy a house in the private markets.<sup>27</sup> The inability to find central and affordable housing pushes the non-local Hukou holders into the outside of cities. This increases cost of commutes for migrant workers as well as the time spent going to and from work, which can serve to ostracize migrants from urban society and further the notion that Hukou status serves as an indicator for a person's worth to society.

In 2008 Beijing identified over 850 outer suburbs referred to as 'villages in the city'.<sup>28</sup> These 'villages' require dependence on transportation, public or private, to access anywhere else in the city. In 2015, I lived in Beijing for four months. While there I travelled around the large city using its bus system, the subway, and taxis. These different methods were crowded, required multiple transfers, or quickly became costly. Most importantly, Beijing is not a five-minute city, some trips required three transfers and an hour of the day, each way and I almost never traveled at rush hour. In a study on Beijing communities, Zhao and Howden-Chapman (2010) found that having a non-local Hukou was significant in time spent commuting. Not only did non-local Hukou holders (this includes those that have urban hukou from a different city) spend more time on average commuting, but they also had to rely on public transportation more, and were less able to walk to work or have their own car.

Geographic location and job type are significant influences in a migrant's ability to achieve social integration. Some scholars believe the discrimination perpetrated by

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<sup>27</sup> Zhao, Pengjun, and Philippa Howden-Chapman. "Social inequalities in mobility: the impact of the Hukou system on migrant's job accessibility and commuting costs in Beijing." *International Development Planning Review* 32, no. 3-2 (2010): 363

<sup>28</sup> *Ibid*

local citizens is not Hukou related, but solely social due to differences in perceived culture. However, the Hukou system's distinctions create not only competition but provide different premises for "outsiders" within a community. The Hukou effects housing access, job access, and access to public education. Discrimination in these can occur despite state policy prohibiting them. The inability to get subsidized housing is creating a problem for the working population. Nearly one-third of the country's workforce is rural migrants, and if they are not able to find adequate housing, then the country's industrial development is put at risk. Implementing and enforcing policy associated with non-local hukou holders and assisted housing would benefit not only the lives of the struggling masses, but the longevity of the state.

The last level of discrimination comes from employers and social institutions. Despite recent policy changes, employers and other social institutions have the capability to discriminate against non-local Hukou holders. In the past, rural to urban migration went underreported, as migrants feared being removed from the province and returned to their villages. Unfortunately, this allowed a system within the community to take advantage of migrants and create widespread discrimination and social division. Access to education is one of these social institutions that are rooted in discriminatory and dichotomous rural-urban policies.

A major disadvantage for migrants is the lack of resources and hukou-subsidized benefits to improve their own standing and protect themselves against institutionalized discrimination. Education is one example of this institutionalized discrimination as children's opportunities with public education have been directly tied to hukou status for decades. When the state turned its focus to industrialization and economic growth, it

reformed the structure of education as well. The state set up multiple ‘key point’ schools that aimed to educate students to continue education, and though this term was removed in 2006 the effects are still present. Predictably, these schools were established in mainly pre-existing urban areas, and only accessible to those that had an urban Hukou.

These ‘key point’ schools can be attributed to some of the differences in education levels, as there was more support for urban students and the quality of education and resources was higher. The effects of the rural-urban divide on education can be measured by comparing the literacy rates. According to the 2000 census, the literacy rate of urban citizens over the age of 15 was over double that of the rural areas.<sup>29</sup> This can be attributed to the inadequate resource distribution and the hierarchal advantages given to the urban areas.

Educational resources are very biased in favor of urban schools. For starters, the state spending for the schools is drastically unbalanced. In 2007, the amount the state spent on rural schools was approximately “two-thirds of the total expenditure on urban secondary schools” when the population in rural areas was almost one and a half the size of urban areas.<sup>30</sup> This means that expenditures per students were much higher in urban areas, and these schools were better equipped to provide a higher quality education. On top of the larger state support, the average level of education for teachers in urban schools is higher than that of rural teachers with some rural schoolteachers not even meeting the

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<sup>29</sup> Zhang, Xiaobo and Ravi Kanbur, “Spatial inequality in education and health care in China.” *China Economic Review* 16, (2005) 189-204

<sup>30</sup> Wang, Li, “Social Exclusion and Education Inequality: Towards an Integrated Analytical Framework for the Urban-rural Divide in China,” *British Journal of Sociology of Education* 33, no. 3 (May 1, 2012): 409-30

state mandated minimum schooling.<sup>31</sup> On average rural schools have less full-time teachers as well. The shortage of qualified teachers in rural areas just widens the rural-urban gap for education quality.

If a migrant is fortunate enough to relocate with any children, they still have significant barriers to education despite being in urban areas. The main obstacle is the difficult time getting children enrolled in schools. It wasn't until 2003 that the state mandated that migrant worker's children be allowed to enroll in public school without paying extra fees.<sup>32</sup> Before then migrants would either have to pay fees for their children to go to public school, pay for private school, or not send their children at all. The lack of education is another example of the need for the CCP to actually enforce their own policy. China has a policy that requires nine years compulsory education for all citizens, but without Hukou this was not always possible.

Before some of the reforms on education, tuition could cost hundreds of dollars a year, with many migrants barely making enough for housing and food. The effects of high tuition can be observed through enrollment numbers. In 1995, nearly 100% of urban children were enrolled in school while "only 40% of migrant children were".<sup>33</sup> Despite the state trying to regulate access to public education, individual schools can take advantage of migrants and require additional fees, any by classifying these fees as 'charitable contributions'. By not enforcing their own laws, the central government is damning the migrant population to second class, but they are also making themselves appear weak. The CCP needs to

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<sup>31</sup> *Ibid*

<sup>32</sup> Zhan, "What determines Migrant Worker's Life Chances in Contemporary China?"

<sup>33</sup> Mackenzie, Peter W. "Strangers in the city: the hukou and urban citizenship in China." *Journal of International Affairs* 56, no. 1 (2002): 305+

China has a policy that states that all citizens must attend school for at least nine years. This compulsory school is three years of secondary school and six years of primary school, starting at the age of six or seven. However, there is no policy about continuing education at university. In China, college entrance is determined solely on a student's score on the college entrance exam, known colloquially as the 'gaokao'. The gaokao is taken in a person's registered province, and scored based on location as well. A student who has lived in Beijing all their lives but has a Hukou for a different province would have to return and take the test there where their score would be measured against that province's students, which puts them at a disadvantage because the test's materials and concepts vary between populated and rural provinces.<sup>34</sup> Top tiered universities are located in major cities such as Beijing and Shanghai, and they will set aside spots for more students with Beijing hukou despite scores on the gaokao. This is resulting in less rural hukou holders being able to attend top universities such as Peking University (北大) and Tsinghua University, both of which are in central Beijing.

The disparity between educational opportunities among both urban and rural areas as well as local and non-local hukou holders is a significant form of institutional discrimination created by the Hukou system. There is a significant difference among level of state support for the schools, quality of teachers, and opportunity to attend school, as well as the segregation of the gaokao. Education is significant to social and economic mobility, and the hukou stands as an educational barrier for upward mobility.

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<sup>34</sup> Jianwen, Wei and Hou Jiawei, "the Household Registration System, Education System, and Inequalities in Education for Migrant Children," *Chinese Education & Society* 43, no. 5 (September 1, 2010) 77-89

Education is important for migrant children, but without employment a migrant would be unable to stay in the province.

Employers are able to take advantage of this need for employment and on average treat migrant workers drastically different from their urban employees. As of 2012, migrant workers were at major disadvantages when compared to their urban counterparts. The average wage was about 45% of urban worker's hourly wage, only about 21% of migrant workers had unemployment insurance, those that had health plans were around 27%, pension plans were at 31%, and work-injury insurances 23%.<sup>35</sup> These numbers have increased over the last ten years, but they are still significantly lower than those that are representative of the urban population.

The state has started to monitor employment benefits and attempted to introduce policy to protect workers and reduce inequality. Unfortunately, companies are finding ways to circumvent these policies, which is possible due to lack of direct government oversight. One example of the policy to protect workers is the requirement of work-injury insurance. In china, it is required for employers to purchase work-injury insurance for their migrant employees, but there are ways for companies to ignore this policy. A company can require their employees to waive their rights; this includes the work-injury insurance as well as others. In a study on Beijing's female migrant population Zhan discovered that only 40% of the participants reported being covered by this injury insurance.<sup>36</sup> The employers, who instead found ways around the policy, did not cover the other 60% leaving them vulnerable. The central government put this policy in place, but

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<sup>35</sup> Orlick, Tom “ What Worker Shortage? The Real Story of China's Migrants, (Interview with Xin Meng)” *WSJ*, January 4, 2013

<sup>36</sup> Zhan, “What determines Migrant Worker's life chances in Modern China”

doesn't enforce it which allows the employers to take advantage of their employees. If the CCP reformed the Hukou and enforced the new policies, mistreatment such as this would be less likely.

Failing to provide equal benefits is not the only strategy employed by companies to control migrant populations. Migrant workers are faced with long hours, forced overtime, little social interaction, few breaks, and public humiliation, as well as isolation from their past communities and support systems. A series of incidences at Foxconn factories across China demonstrate the problems migrant workers are facing, and how management is not making appropriate changes. Foxconn is an international company that focuses on electronics, has factories across the country, and is one of the world's largest employers. One of their factories is based in Shenzhen, and employs more than 430,000 workers in a province where there are 25 million migrant workers.<sup>37</sup> This factory is where a many of Apple products, specifically iPods are produced. In 2010, this factory made the news for more than just their business. Over the course of four months in 2010, the factory experienced fourteen suicides among their employees and another three unsuccessful attempts.<sup>38</sup> Of the suicides in 2010, the majority of them jumped from an upper floor of their dormitories. Non-local hukou holders are dependent on their jobs because they cannot stay in the cities without it, especially when some factories are the source of housing. Arguably, these deaths occurred because of the social stratification the Hukou

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<sup>37</sup> Lau, Joseph T F et al., "Suicides in a Mega-Size Factory in China: Poor Mental Health among young Migrant Workers in China," *Occupational and Environmental Medicine* 69, no. 7 (2012): 526

<sup>38</sup> Bilton, Richard, "Apple 'Failing to Protect Chinese Factory Workers,'" *BBC News*, December 18, 2014, sec. Business, <http://www.bbc.com/news/business-30532463>

The dependence on their job allows employers to mistreat their employees. Unfortunately this is not exclusive to only non-local hukou holders in China, but migrant workers are especially at risk. Workers report working well over the state mandated cap of 60 hours per week, and standing for such long periods of time that their legs swell and they have trouble walking.<sup>39</sup> Undercover reports in these factories report forced overtime, shifts as long as sixteen hours, working eighteen days in a row, mandatory unpaid meetings, and crowded living conditions in the dormitories.<sup>40</sup> Many of these jobs are also considered dangerous and tend to be unwanted by local-hukou holders. The situation is very similar to that of undocumented immigrants in America and the jobs they fill.

The majority of migrants report employment as their primary reason for moving. In these new areas, migrants are faced with the decision of whether or not to convert their Hukou status. If they chose not to convert their Hukou, they become part of the ‘floating’ population and are at risk as was discussed above. Many rural migrants stay in urban areas for a relatively short period due to the lack of access to social benefits and constant employment. A trend has developed in recent years where there has been a shift towards informal and temporary jobs. By 2008, “informal jobs made up 60% of the total” urban employment.<sup>41</sup> An informal job is non-permanent and is regularly held by migrant workers rather than local Hukou residents, and the job market for these is very unstable. These jobs are often those that urban natives do not want themselves, as they are more dangerous or lower paying, and can frequently result in unemployment due to their

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<sup>39</sup> Duhigg, Charles and David Barboza, “Apple’s iPad and the Human Costs for Workers in China”, *The New York Times*, January 25, 2012

<sup>40</sup> Bilton, “Apple ‘Failing to protect Chinese Factory Workers’”

<sup>41</sup> Andreas, Joel and Shaohua Zhan, “Hulpu and Land: Market reform and Rural Displacement in China,” *The Journal of Peasant Studies* 43, no. 4 (July 3, 2016): 798-827

temporary nature. Very few migrants in contemporary China actually receive a work contract; they mainly work in the private sector that doesn't provide job security.

It is possible that converting one's Hukou status would decrease the overall negative effects for a migrant worker. There would be an increase in certain state-subsidized benefits, while others would remain unequal. However, this will cause problems for those that were left at home. The effect of migration for work does not stop at those who left their homes for the new opportunities. If a migrant worker decides to convert their Hukou, they often lose the right to the land their families may have had for years.<sup>42</sup> In the Mao era, land was distributed based on membership in the village. During this time, information from the Hukou system was used to determine location and size of land allotted to a family.

The new migrant population is primarily young people, who are working to be able to stay in the cities. Gone are the days where the majority of migrant's had the goal to earn money for their families back home, where they would return after several years in the city. The new waves of migrants are facing many of the disadvantages as those in earlier years, including families to support. Due to China's one child policy, there is a heavy burden on children to support their parents and grandparents. In rural areas, the policies on population control are not as strictly monitored as in the densely populated cities.

The Hukou system was not developed to intentionally create these drastic social hierarchies and problems. During the Mao era, the need to restrict population mobility was essential to state industry and economic development. For years, this function of the

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<sup>42</sup> *Ibid*

Hukou served to benefit the state at the expense of the public. The balance of urban population and the state allocated resources served to limit urbanization while the state rapidly industrialized. By limiting who could travel to urban areas, the state also limited the rate of homelessness and urban decline, and the Chinese government was able to industrialize at a much faster rate than that of its urbanization. Now that China is focusing on export and industry, its need for unskilled and inexpensive labor is rising and the lack of policy is causing problems among the population.

By 2020 the migrant population is expected to double and urban cities will be unable to keep up with housing and social provisions. In modern China rural migrants are put at the bottom of urban social hierarchies and peasants are denied equal rights and have threats on their lands. At its current function, the Hukou status is a determining factor in these social problems. This is why looking at reforming or abolishing the Hukou system appears to have the potential to improve the lives of the disadvantaged. But without the Hukou, china is potentially losing an imperative ability to control their populations, and thus the social and political stability of China could be affected.

### *Section 3: Hukou Reforms: Are they working?*

The Chinese Communist Party has been making reforms to their policies for years. Since 1958, when the Hukou system was officially put in place, The CCP has made numerous changes to the policy and some of the institutions directly related to it, mainly within the scope of internal migration.<sup>43</sup> This section of the article discusses these changes and how they impact the widespread affects and effectiveness of the Hukou

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<sup>43</sup> Wang, Fei-Ling, "Reformed Migration Control and New Targeted People: China's Hukou System in the 2000s," *The China Quarterly*, no. 177 (2004) 111-32.

system for fulfilling its three main functions. For the purpose of this article, these functions are migration control, resource allocation, and social control of ‘targeted’ people.

One of the largest shifts in policy was the change towards a free market in the late 1970s. This shift served to undermine some of the key differences created by the Hukou distinctions and greatly reduces one of the main functions, which the Hukou had served in the early years of the PRC. Due to the increasing shift towards free-market, the state’s need for resource allocation was significantly reduced.

The shift towards a more industrial free market economy led to a rise in need of unskilled labor, which led to many changes in China’s policy. China’s industry is primarily export driven, and to achieve the industrial goals cities needed more labor. Migrant workers were preferable, because companies could pay them less for unskilled labor. So after years of pushing migrants back into rural areas, the CCP reformed the once necessary restrictions on internal migration and allowed migrants to flood the cities.<sup>44</sup> This is perhaps one of the most important reforms made to the Hukou system because by allowing an increased migrant population the CCP ultimately created the local- non-local social hierarchy.

In the 2000s, the government began to abolish the migration quota system. This reform allowed rural-urban migrants to obtain an urban Hukou in some small cities and towns. In theory, this would greatly help migrants who wanted to convert their Hukou and stay in the cities. However in order to obtain the converted Hukou, a migrant would be required to have non-agricultural employment and permanent housing for at least two

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<sup>44</sup> Xin Meng, “Labor Market Outcomes and Reforms in China,” *The Journal of Economic Perspectives* 26, no. 4 (2012): 75-101

years.<sup>45</sup> As discussed previously, this was not always obtainable for migrant workers, nor was the goal to convert Hukou and lose land entitlements in their villages.

On top of introducing a second-class urban population the loosening of migration policy had a great impact on the geographic development of China. The growing migrant population is a key factor to the development of industry, as well as the development of new industrial cities through urban sprawl. Due to this loosening of policy, China's industrial cities have quickly become overcrowded. The populations of Beijing and Shanghai alone account for over three percent of the state's total, with approximately 45 million people living in the cities. To accommodate the growing demand for industrial cities, China has made a practice of buying out agricultural villages to convert them into urban areas. State law requires that there be a "'red line', declaring that the country must maintain a minimum of 120 million hectares of agricultural land" in order to protect food security.<sup>46</sup> Despite this red line, the state has invested millions in creating more urban cities to boost industrial production.

One way they encourage this is by offering Hukou conversion, and other benefits to entice the villagers into selling their land. Due to declining urban provisions such as pensions and guaranteed job placement, the urban Hukou is significantly less appealing than the food security the village land provides, but migrants are still being coerced into selling. After loss of land, peasants are given an urban Hukou and sold housing in small crowded apartment housing that exist at the "bottom end of the urban market".<sup>47</sup> By time

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<sup>45</sup> Wang, Fei-Ling, "Reformed Migration Control and New Targeted People: China's Hukou System in the 2000s"

<sup>46</sup> Andreas, Joel and Shaohua Zhan, "Hukou and Land: Market Reform and Rural Displacement..."

<sup>47</sup> *Ibid*

the CCP began extending urban Hukou, the effects were not as significant. However, there was still the important distinction between local and non-local Hukou.

An important step in reform was localizing the power of the Hukou management, which occurred in the late 1990s. By taking the central government out of hukou management, provincial and township governments were able to change their area's individual policies. From this came many changes on the Hukou system, but it also greatly reduced the uniformity of the state's policy. An example of a local policy was the implementation of the 'blue stamp' hukou. This was permanent or semi-permanent local hukou granted in many cities.<sup>48</sup> A requirement of this 'blue stamp' was often wealth, something average migrants did not have. Some cities such as Nanjing, are using the blue stamp Hukou to entice rich migrants to buy housing in the city, or to encourage intellectuals and skilled workers to migrate.<sup>49</sup> This policy was extended to include spouses in 1999, and extended to more cities in 2011. These reforms allow more people to access the urban areas and their resources, but they are not overall successful. Reforms that allow only the wealthy to take advantage of their benefits do little to improve the overall social welfare of the population.

Since the beginning of the 'deep reform' period, critics have been questioning whether China was preparing to abolish the Hukou system altogether. Talk of getting rid of agricultural and non-agricultural distinctions has been around since as early as 1994.<sup>50</sup> Eliminating the Hukou system altogether would not automatically fix the social problems in China. Successful removal of the Hukou would first require a "fundamental shift in

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<sup>48</sup> Chan, Kam Wing and Will Buckingham, "Is China Abolishing the Hukou System?," *The China Quarterly*, no. 195 (2008): 582-606

<sup>49</sup> Wang, Fei-Ling, "Reformed Migration Control and New Targeted People: China's Hukou System in the 2000s"

<sup>50</sup> Chan, Kam Wing and Will Buckingham, "Is China Abolishing the Hukou System?,"

China's rural-urban relations".<sup>51</sup> It could be argued that such removal of Hukou would actually hinder the government from protecting and providing for the people. This concern is apparent through the reforms on Hukou registration and the Ministry of Public Security.

The Ministry of Public Security (MPS) is responsible for monitoring the Hukou files in all of China. Over the years, the Hukou registration and tracking has evolved. Due to the importance of population tracking, the changes to MPS tracking warrant discussion with the reforms that occurred. In 1986, the MPS began to establish a Hukou database, which became computerized in 1992.<sup>52</sup> Now, every Chinese citizen needs to be constantly and consistently registered with the MPS. Despite this policy, there are still migrants who move illegally and are not tracked. This puts the migrants in further danger, as there have been cases of police brutality occurring when arresting non-registered migrants. Also, a migrant who did not register their travel is even less likely to register complaints, get healthcare, and send their children to school.

Conclusion:

While the Hukou system has gone through slight reform in the last twenty years, few of these changes have helped ease the suffering of rural peasants and rural migrants. The drastic socio-economic divide has been worsening since the Hukou's implementation in 1958, and it will take years for some of the problems to improve. In its current state, the Hukou system is causing an urban caste system, where rural peasants and migrants are not ensured many of the same rights as a local-hukou urbanite. This has the potential

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<sup>51</sup> *Ibid*

<sup>52</sup> *Ibid*

to cause a developing country like China a lot of problems, not to mention the human rights violations it perpetuates. China should be taking steps to reform the Hukou and provide aid to their struggling members of society.

Migrant worker's lives are slowly improving, and the central government has been creating policy that is supposed to eliminate the prejudice against those without local Hukou. Unfortunately, as discussed above these policies are not always enforced either due to indifference among the government or inability to do so. Due to the structure of the Chinese government and the vast size of the country, it is difficult for the central government to enforce every policy. Furthermore, with the emphasis on economic development and industrialization, the central government turns an eye to the injustices that without, the country would not develop at the pace the CCP desires.

If the government wants to further improve the lives of rural peasants and migrant workers, they should continue to reform the Hukou, but keep the overall system. There will potentially always be discrimination for outsiders based on culture, but with reform to the Hukou system it can decrease some of the problems with housing, employment, and education. With proper extended reform to the Hukou system, these social institutions will be held accountable and the lives of migrants and peasants will improve.

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