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**The Breakdown of a Great Wall:  
Recent Changes in the Household Registration System of China**

**Zusammenfassung:** Dieser Artikel beschreibt die Entstehung des modernen chinesischen Meldewesens im Zuge der sozialistischen Industrialisierungspolitik in den 1950er Jahren und der ab 1961 erfolgenden Konsolidierungsmaßnahmen nach dem gescheiterten Großen Sprung Vorwärts. Er diskutiert danach die damit verbundene Entwicklung eines Systems präferentieller Zugangsrechte für die Stadtbevölkerung im Hinblick auf Beschäftigung und Bildung, verbilligte Grundnahrungsmittel und verschiedene Sozialleistungen. Ein weiterer Teil erörtert die langsame Aufweichung der Barrieren zwischen Stadt und Land, wie sie durch die graduelle Liberalisierung der Migration, die Ausgabe von individuellen Personalausweisen, die Abschaffung der Getreidemarken und die Käuflichkeit städtischer Wohnsitze seit den 1980er Jahren eingetreten ist.

**Schlagworte:** Migration, Meldewesen, Stadt-Land-Gefälle, Freizügigkeit, Präferenzsysteme, Beschäftigung, Bildung, Sozialleistungen, Personalausweise, Getreidemarken, Reformen

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**Abstract:** This article describes the evolution of the modern Chinese household registration system in the context of socialist industrialization in the 1950s and the consolidation policies adopted since 1961 after the failed Great Leap Forward. It then discusses the closely related development of a system that entitles the urban population with preferential access to employment and education, cheap basic food and various social services. Another part studies the slow breakdown of urban-rural barriers as evinced by the gradual liberalization of migration, the issuance of individual identification cards, the abolition of food ration coupons and the sale of urban registration status since the 1980s.

**Key words:** Migration, household registration, urban-rural gap, freedom of movement, preferential systems, employment, education, social services, identification cards, food ration coupons, reforms

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## 1 Introduction

Few institutions created in China during the past half century better capture the nature of Chinese socialism than the *hukou* or household registration system. For decades, it has been the key institutional arrangement in separating urban and rural areas and in controlling migration from one locale to the other. Initially established to monitor population distribution and movement, it evolved into the single most important identification for one's different citizenship within the same country. The role it played in maintaining social divisions in China has far exceeded the expectation of its designers. One's *hukou* became the passport to travel within the country. In the era of economic reforms and increasing geographic population mobility, changing the registration system also poses as one of the most challenging tasks.

Established in the early years of the People's Republic, the Chinese household registration system is both a by-product of and a condition necessary for China's socialist planned economy. In a predominantly agrarian society with abundant labour supply but very limited capital, to achieve the rapid industrialisation that was realised in China meant the creation of a dual economy. The household registration system, initially mostly intended for establishing residence for monitoring population distribution and movement, became the natural candidate as a means to differentiate people and a means for controlling population migration. Citizens in China were differentiated into two large groups: those with non-agricultural or urban household registration status and those with a agricultural or rural one. The transition from rural to non-rural was literally impossible. Moreover, within each category, especially in the urban areas, moving from one location to another was also controlled via the household registration system. For over two decades, the household registration system served the planned economy extremely well.

The effectiveness of the *hukou* system rests on three pillars: first, it is linked with grain supply, the most basic means of life. Food rationing since the 1960s in urban China meant food grain could only be purchased with local grain rationing coupons (*liangpiao*), and coupons were only distributed to those with local urban *hukou* status. Second, but equally important, it is associated with the state controlled employment system. In urban settings where the state labour bureau became almost the only source of employment assignment, only those with local urban *hukou* were entitled to have access to such state assignment. The third pillar that supports the effectiveness of the household registration system was its association with a number of key social services. Such services included housing (which also often comes with employment), childcare, schooling, medical care, to name a few. Without proper *hukou*, one cannot survive.

Changes in the household registration system in China rely largely on the changes in the basic foundations of the system. This is indeed exactly what has been happening in China in the past decade and half. In the following I outline the economic, social, and political origins of the household registration system under the Chinese socialism, examine how changes in the household system were brought about by the broad economic and social reforms in the 1980s and 1990s, and discuss the limitations and prospects of the reform so far.<sup>1</sup>

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<sup>1</sup> The focus of this paper is not on the origins of the *hukou* system. For a detailed account and analysis of the origin of the *hukou* system, see Cheng Tiejun and Mark Seldon, 'The origins and social consequences of China's *hukou* system', in: *The China Quarterly*, 139, 1994, pp. 644-668.

## 2 Economic Foundations and Social Consequences of the Household Registration System

### 2.1 Socialist Industrialisation and the *Hukou* System

Historically China was known as a country where the urban and rural boundaries were rather limited, if not totally blurred. Whereas China did in its history have the greatest metropolises in the world, such as Chang'an (the current Xi'an) during the Tang dynasty and Lin'an (the current Hangzhou) during the Song, the majority of the political as well as the economic and cultural elite resided in rural areas. Cities and towns did not develop into economic and political centres, as was the case in the history of many other countries.<sup>2</sup> Economically, purchasing land in rural areas was the preferred form of investment. To retire to the countryside with glory and richness was the ideal for life in old age. Population migration between rural and urban areas was not restricted. However, because few employment opportunities existed in urban areas, China's urban population as the total population rarely exceeded the 10 percent mark in recent centuries.<sup>3</sup>

The first genuine urban growth came after the socialist revolution. In the 1950s, the socialist government placed developing heavy industries as the top developmental priority. The first Five-Year plan in 1953-1957 saw massive investment in industries, represented by the 156 key projects aided by the Soviet Union. These urban based projects provided employment opportunities unprecedented in China's history. Between 1949 and 1959, the percentage of urban population as the total nearly doubled, increasing from 10.64 to 18.41.<sup>4</sup> Urban population increased by 49.5 million, of which 27.7 million was estimated being due to rural-urban migration. The annual mechanical growth rate (growth not due to vitality rates) of urban population reached 34.7 per thousand during this period, far exceeding the natural increase rate of the same period.<sup>5</sup>

China's industrialisation, however, was achieved at the heavy expenses of the agricultural sectors in rural areas. The socialist primitive capital accumulation came largely from rural areas, in the form of extracting surplus value generated by the peasantry. The state procurement system and arbitrarily low prices for agricultural products not only provided cheap raw materials, more importantly, they made it possible to have inexpensive urban labourers. The low wage provided to urban workers allowed the state to extract a higher proportion of surplus from industries to be used for further capital investment.

In order to motivate urban workers and at the same time to demonstrate the benefits of socialism, the state also provided better material conditions for urban residents. Given

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<sup>2</sup> Skinner, William G., ed., *The City in Late Imperial China*, Stanford 1977.

<sup>3</sup> Chao Kang, *Man and Land in Chinese History*, Stanford 1986.

<sup>4</sup> Zhongguo tongjiju (China State Statistical Bureau), *Zhongguo tongji nianjian 1991* (China Statistical Yearbook 1991), Beijing 1991, pp.79-80.

<sup>5</sup> Zhang Qingwu, *Hukou qianyi yu liudong renkou luncong* (Collection of essays on household registration change and floating population), Beijing 1994, p.112.

that Chinese industrialisation was based on the general excessive extraction of surplus and in particular based on the exploitation of one group of the population by the other, the urban benefits clearly could not be extended to everyone who wished to get them.

The household registration system was formally established by the issuing of the Regulations of Household Registration in 1958. In 1958, the National People's Congress passed the Regulations for Household Registration (*Zhonghua renmin gongheguo hukou dengji tiaolie*). Such an Act was not explicitly designed to prevent rural to urban migration per se, but was for the general purpose of 'maintaining social order and to serve the socialist construction.'<sup>6</sup> It established a uniform household registration system by which every one had to be registered. No separation was explicitly made between agricultural household status and non-agricultural status. But for those living in cities and in towns with a public security station, each household was issued a household registration booklet, whereas in rural areas, only a collective registration booklet was issued to each co-operative. The household registration booklet and the content recorded on it, the Act stipulates, has the legal effect of proving one's citizenship status. The regulation, however, did require that those moving from rural to urban areas had to provide proof of employment, school admission, or a permission to change their place of residence from urban household registration agencies.

It was in the aftermath of the Great Leap Forward and the ensuing famine that the division of urban and rural household registration, established after the 1958 Act, persisted and became the pivotal criterion in determining a person's life chances in China. During the Great Leap Forward, industrialisation was further accelerated, with massive new recruitment of urban workers from rural areas. Between 1959 and 1960, an additional 19 million workers were recruited from rural areas. Such a rapid increase in industrial workers was only followed by the massive retrenchment in the wake of the Leap's failure. Between 1961 and 1963, 26 million of urban residents were sent back to the countryside, resulting in a net decline in the proportion of urban population.<sup>7</sup> The food crisis during the famine in the early 1960s made it crystal clear to the leadership that it was unable to provide daily necessities to all citizens. Most people would have to figure out a way to feed themselves. When a choice needed to be made, it was the urban population, those who already possessed an urban *hukou*, who were protected. After 1961, the type of *hukou* became a document of entitlement. In a State Council approved regulation by the Ministry of Public Security in 1964 (State Council document No. 369), it was made very clear that the migration from rural areas to cities and towns, and from towns to cities should be strictly restricted. It also stipulated that migration from small cities to large cities, and migration into Beijing and Shanghai, should be appropriately controlled. Later regulations, most noticeably the 1977 State Council document (No. 140), further emphasised the need to control the increase of non-agricultural *hukou*. For instance, it stipulated that even those rural inhabitants married to urban residents (with urban or non-agricultural *hukou*) were asked to remain in the countryside and to maintain their rural *hukou*. So were urban residents' rural parents. Moreover, children born to urban fathers by rural mothers would also only be given a rural *hukou*.

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<sup>6</sup> Zhang, op.cit., p.236.

<sup>7</sup> Zhang, op.cit., p.112.

## 2.2 One Country, but Two Systems

Between the 1960s and until mid 1980s, contrary to the Maoist ideal of reducing the urban-rural gap, urban and rural China become two totally different systems to an extent unprecedented in China's history. A great wall was thus erected to separate urban and rural areas. Whereas the urban system was a planned socialist economy system, in rural areas it was a collective responsibility system under the People's Commune. Not only did the income gap between urban and rural areas grow from a ratio of 2:1 to as high as 6:1,<sup>8</sup> a person's life chances varied greatly in many fundamental ways. The most important difference was grain supply at government-set low prices. While urban residents had guaranteed employment and access to better educational, medical and recreational facilities, none of these were available to people with rural *hukou*. The dual structural nature of the Chinese society was recognised by everyone who had any familiarity with China.<sup>9</sup> A group of Chinese scholars identified 14 differences in the system between the two parts of China. The first on the list is the *hukou* system. Based on the *hukou*, urban and rural areas differed in grain supply, supply of non-staple food and fuel, housing, supply of production materials, education, employment, medical, old age support, labour insurance and protection, personnel policy, military conscription, marriage, and childbearing regulations.<sup>10</sup>

## 2.3 *Hukou* and Geographic Mobility

The *hukou* system thus formed also provided a basis for social and economic planning during more than two decades. *Hukou* became the passport for travelling between as well as within the two sides of the wall. With few exceptions, citizens in China maintained the freedom to travel from one location to the other. But with the *hukou* system, one cannot migrate easily.

The household registration system, represented by the *hukou* practice, made the control of population migration possible by serving the following functions: First, it is a form of identification. Given the hierarchical structure established under socialism in China, differentiated household registration status (urban versus rural, big city versus small city, etc.) represented different citizenship status in the country.<sup>11</sup> To move, one must change the household registration. With tight control over such changes, migration became highly difficult. Second, it is a certificate for basic goods supply, especially grain supply in the cities. With urban household registration, food coupons (*liangpiao*) were given which could be used to purchase grain at low prices. Third, it is a passport for obtaining all kinds of other economic and social benefits, including employment,

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<sup>8</sup> Walder, Andrew G., 'Social Change in Post-Revolution China', in: *Annual Review of Sociology*, 15, 1989, pp.405-24.

<sup>9</sup> Whyte and Parish discuss in detail the various forms of urban privileges. See Whyte, Martin K. and William Parish, *Urban Life in Contemporary China*, Chicago 1984. For changes in the social welfare provisions in the 1980s, see Davis, Deborah, 'Chinese social welfare: policies and outcomes', in: *The China Quarterly*, 119, 1989, pp.577-597. Also, see Cheng Tiejun, 'Household Registration (*Hukou*) System in China: Retrospect and Prospect', in: *China Report*, No. 2, Washington DC 1991; Ding Shuimu, 'Xianxing hujizhidu de gongneng jiqi gaige zouxiang' ('The functions of the current household registration system and its directions of reform'), in: *Shehuixue Yanjiu (Sociological Research)*, 6, 1992, pp.100-104; and Guo Shutian and Liu Chunbin, eds., *Shihengde zhongguo (Unbalanced China)*, Shijiazhuang 1990.

<sup>10</sup> Guo and Liu, op.cit.

<sup>11</sup> Cheng, op.cit.; Ding, op.cit., and Hua Fengchun, 'Zhongguo *hukou* toushi' ('An examination of *hukou* in China'), in: *Shanxi Qingnian (Shanxi Youth)*, 1993, No. 8.

housing, schooling and medical services. One's access to these services must be backed up by the proof of appropriate household registration status. Indeed, cancelling one's urban household registration status and dispatching a person to the countryside became one of the most severe forms of political punishment.<sup>12</sup>

Table 1 **Changes in Urban Population with Non-Agricultural Registration Status, China, 1970-1993**

	% Urban (Def. 1)	% Urban (Def. 2)	% with Non-Agricultural <i>Hukou</i> Status (City and Town)		% with Non-Agricultural <i>Hukou</i> Status (City)	% with Non-Agricultural <i>Hukou</i> Status (Town)
			(Def. 1)	(Def. 2)	(Def. 1)	(Def. 1)
1970	17%	17%	73%	73%	72%	75%
1971	17%	17%	74%	74%	73%	76%
1972	17%	17%	74%	74%	73%	77%
1973	17%	17%	74%	74%	72%	77%
1974	17%	17%	73%	73%	72%	77%
1975	17%	17%	72%	72%	71%	76%
1976	17%	17%	72%	72%	70%	76%
1977	18%	18%	72%	72%	70%	76%
1978	18%	18%	72%	72%	70%	76%
1979	19%	19%	72%	72%	70%	77%
1980	19%	19%	72%	72%	70%	78%
1981	20%	20%	71%	71%	69%	77%
1982	21%	21%	70%	69%	68%	74%
1983	24%	22%	63%	68%	60%	72%
1984	32%	23%	51%	69%	59%	39%
1985	37%	24%	47%	72%	57%	34%
1986	41%	25%	42%	70%	54%	29%
1987	47%	26%	39%	70%	50%	26%
1988	50%	26%	38%	71%	47%	25%
1989	52%	27%	37%	72%	47%	24%
1990	53%	27%	36%	72%	46%	24%
1991	54%	27%	36%	73%	45%	24%
1992	62%	28%	33%	72%	44%	20%
1993	65%	29%	32%	73%	42%	20%

Source: Numbers in this table are based on public security registration data, and are calculated based on information from Zhongguo tongjiju (China State Statistical Bureau), *Zhongguo renkou tongji nianjian 1994* (China Population Statistics Yearbook), Beijing 1994, pp.430-431. Urban population in registration data by definition 1 is defined by administrative territories and includes a large number of villages. This procedure differs from definition 2 which largely excludes the rural component of urban population.

With the help of the household registration system, China was able to achieve remarkable success in curtailing population migration. With the exception of nearly 17 million of urban youth sent down to the countryside during the Cultural Revolution, migration was kept at the lowest level during this period. Non-agricultural product as the percent of national income grew from 52% in 1962 to 64% in 1978, while the proportion of urban population hardly changed at all. China experienced what may be called

<sup>12</sup> Such kind of punishment was repeatedly used from the 1950s to the 1970s, especially during the anti-rightist movement of 1957 and the Cultural Revolution (1966-1976).

'industrialisation without urbanisation.'<sup>13</sup> The proportion of population classified as urban only crept up very slowly, from 17% in 1970 to 21% in 1982. About 70% of those living in the urban areas (cities and towns) had non-agricultural household status (table 1). In other words, only about 15 percent of all the Chinese population held an urban non-agricultural household status.

### **3 The Demise of the *Hukou* System**

By the late 1970s, the inherent problems of the planned economy system became transparent, and a new era of economic reform began. Among the most serious problems attributable to the planned economy system were a stagnating economy, the massive underemployment in rural areas, and a severe shortage of consumer goods, especially goods such as vegetables and meat, in urban areas.

Economic reforms after the late 1970s also led to a new era of increased population mobility in China's modern history. Reforming the economic system inevitably means increasing population mobility. There are at least the following forces for increased population mobility. First of all, the massive rural surplus labour, estimated at 150 to 250 million, needs to be transferred out of the agricultural sector and into the industrial and service sectors. While some peasants can work in the enterprises in the vicinity of their hometowns, a significant proportion have to migrate to other places for employment and even living. Second, the newly established special economic zones in coastal areas need labour and management professionals. Third, urban residents need more services which are often provided by migrants from rural areas or other urban areas. Fourth, with increasing economic freedom and economic power, some people also desire changes in social status, of which household registration status is representative. Above all, both within urban and rural areas, labour markets need to be established so that companies can hire and individuals can move. These moves, while some of them are local, often cut across the boundaries of counties, cities, provinces, and between urban and rural areas. The *hukou* system, which was an integral component of the highly segmented planned economy, became the fetters of geographical mobility.

#### **3.1 Migration Between Cities**

Changes in the household registration system began with the relaxation for urban residents. In addition to the fundamental economic problems pertaining to urban-rural relations, problems within the urban sector also required changes in the *hukou* system. Those sent down to the countryside needed to come back to cities and those married couples living in different localities needed to be reunited. As a political gesture to please urban residents and to gain support for reform measures, the government relaxed migration control and allowed certain changes in household registration. In January 1980, a significant relaxation was made for urban couples in a document jointly issued by the Organisation Department of the Central Party Committee, the Ministry of Civil Affairs, the Ministry of Public Security, and the National Labour Bureau. The

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<sup>13</sup> Lavelly, William R., James Lee and Wang Feng, 'Chinese Demography: The State of the Field', in: *Journal of Asian Studies*, 1990, 49 (4), pp. 807-834.

document made it easier for separated couples to change the location of *hukou* and become reunited.

### 3.2 The 1984 Relaxation

A major change for rural to urban migration occurred in 1984. In October 1984, the State Council issued an important document, allowing peasants to move into small market towns (*jizhen*) and to change their household registration. Such a change was made in response to the rapid increase in industrial and service activities in townships following the reforms in the rural areas. It was significant because this was the first time after the *hukou* system was put into practice that a large number of people could change from agricultural to non-agricultural household registration status. The document ordered local public security agencies to allow peasants to move their residency from the countryside to small towns and to change their household registration status accordingly to non-agricultural category. For those who have a permanent residence (regular housing facility), have the ability to start business (*jingying nengli*) or work in town enterprises, public security agencies were instructed to issue them non-agricultural household registration status. These migrants will be counted as non-agricultural population.

These changes, while monumental, were limited in two important ways. First, such permission for migration and for change of registration status included only the roughly 6,000 small towns. Towns at or above the county seat level were excluded. In other words, peasants could only move up one step at a time. The other stipulation was that the newly granted non-agricultural status did not come with guaranteed food supply by the state, as it was the case for those urban residents who already had their non-agricultural status. The new in-migrants were issued the household registration booklet with a self-responsibility for getting grain (*kouliang*).

The 1984 change in the regulations was followed by an immediate surge in the non-agricultural population of towns. As can be seen in Table 2, in 1984 alone, town non-agricultural population rose by 7.46 million nation-wide, representing a 16 percent jump from the previous year. This increase can be compared with the whole decade of the 1970s, during which non-agricultural population in towns increased only by 8.63 million. Between 1980 and 1989, town non-agricultural population increased by 18.21 million. Between 1979 and 1993, population with non-agricultural household registration in cities and towns swelled by 109.8 million (Table 2). Excluding natural increase in these areas (estimated at about 25 millions), about 84.8 million non-agricultural population were added due to migration and change of household registration status. In other words, about 6.0 million people changed household registration status each year between these years.<sup>14</sup>

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<sup>14</sup> It is not clear why these numbers, although also released by the public security sources, differ from numbers provided by Zhang Qingwu, who gives the number of *zilikouliang* population of about 5 million; policy adjustment for intellectuals, mine worker, etc. of 11 million; and other policy adjustment of 3.3 million, totalling 19.3 million changes from agricultural to non-agricultural *hukou* from 1982 to 1990. See Zhang Qingwu, 'Lun nongye renkou yu feinongye renkou de xingcheng yu yanbian' ('On the formation and evolution of agricultural and non-agricultural household status in China'), in: *Zhongguo Renkou Kexue* (*China Population Science*), No. 5, 1993.

Table 2 Population with Non-Agricultural *Hukou* Status, China, 1970-1993

Year	Population (in Mio.)			Percent Change Over the Previous Year		
	Total	City	Town	Total	City	Town
1970	105.25	71.13	34.12	--....	--....	--....
1971	107.09	73.31	33.78	1.75%	3.06%	-1.00%
1972	110.70	75.35	35.35	3.37%	2.78%	4.65%
1973	113.49	76.90	36.59	2.52%	2.06%	3.51%
1974	114.58	77.48	37.10	0.96%	0.75%	1.39%
1975	116.09	78.52	37.57	1.32%	1.34%	1.27%
1976	117.92	79.56	38.36	1.58%	1.32%	2.10%
1977	119.56	80.55	39.01	1.39%	1.24%	1.69%
1978	124.44	84.05	40.39	4.08%	4.35%	3.54%
1979	133.12	90.37	42.75	6.98%	7.52%	5.84%
1980	138.63	94.48	44.15	4.14%	4.55%	3.27%
1981	143.20	98.28	44.92	3.30%	4.02%	1.74%
1982	147.15	101.36	45.79	2.76%	3.13%	1.94%
1983	152.34	107.52	44.82	3.53%	6.08%	-2.12%
1984	166.89	114.61	52.28	9.55%	6.59%	16.64%
1985	179.71	122.50	57.21	7.68%	6.88%	9.43%
1986	185.15	125.52	59.63	3.03%	2.47%	4.23%
1987	194.41	132.98	61.43	5.00%	5.94%	3.02%
1988	204.06	143.73	60.33	4.96%	8.08%	-1.79%
1989	211.70	149.34	62.36	3.74%	3.90%	3.36%
1990	217.33	153.48	63.85	2.66%	2.77%	2.39%
1991	222.92	157.56	65.36	2.57%	2.66%	2.36%
1992	234.12	166.42	67.70	5.02%	5.62%	3.58%
1993	242.92	176.09	66.83	3.76%	5.81%	-1.29%

Source: Same as table 1.

### 3.3 Resident Identification Card (*jumin shenfen zheng*)

Another very important step toward the changes in the household registration system was the introduction of the national Resident Identification Card (*jumin shenfen zheng*) program in 1985. Unlike the household registration which used the household or the collective (such as a rural village) as the unit of registration, the ID card was issued to all citizens above age 16, excluding those serving in the military and police forces, and those currently serving a sentence. The new ID system serves as proof of citizenship and functions as an identification for all kinds of purposes, such as voting registration, school enrolment, employment, application for business permit, hotel registration, purchasing airline and train tickets, or marriage and divorce registration. The ID card system also provides a superior means of social control. The superiority not only lies in its flexibility, but also in its technology. The card has a person's photo and a uniform coding system ready for computerisation. Sociologically, it is important to note that the ID card, while it contains one's address as one of the five items appearing on the card (the other four are name, gender, ethnicity and date of birth), does not differentiate explicitly agricultural versus non-agricultural status. The ID system, therefore, is an

important step in changing the social status difference created under the old *hukou* system.

### 3.4 Hesitation and Retrenchment

The road to changing the old household registration system has not been smooth and uni-directional. The deeply rooted urban bias can often be seen in the discussions of the problems of the floating population and migrants. The popular 1994 book, *Viewing China through the Third Eye*, written by a Chinese author under a pseudo German name, openly labelled the 800 million peasants as China's live volcano and linked their migration to crime waves in the cities. The author praised the People's Commune system as a 'modern *baojia* system' and suggested such a system as a possible alternative to tie peasants once again to 'their' place.<sup>15</sup> The book received strong agreement from certain parts of the urban elite. Urban people feel that their privileges are challenged, at the same time when they rely on the rural population not only for food, vegetables and meat supply, but also for many other services. In times of economic retrenchment, such as the one during 1988-90, rural migrants were once more the first to be returned to the countryside.

In October 1989, for instance, a State Council document (No. 76) was issued, requiring strict control over the too-rapid growth of '*nong zhuan fei*' (peasants changing to non-agricultural status). The document made it clear that such changes needed to be incorporated into the national economic and social development plan. Quotas for changing the household registration status needed to be approved by the State Council and should not be exceeded. Approval right for the status change needed to be re-centralised to the level of prefectures and prefecture-level cities or above. County level governments could no longer approve the cases.

The retrenchment enforced in 1989 was, however, short-lived. Continued economic reform policy and the further economic boom of the 1990s only led to increased population mobility and additional changes, both direct and indirect, in the household registration system.

### 3.5 Abolition of the *Liangpiao* (Food Ration Coupon) System

One of the most important indirect changes in the household registration system is the removal of one of the most important functions of *hukou* status, namely the association between *hukou* status and food supply. One of the major advantages of urban *hukou* was the guarantee of grain supply at low prices. Such guarantee came in the form of *liangpiao* (food ration coupons). Urban residents were given food coupons in the past which entitled them to guaranteed grain supply at low prices in cities. In fact, coupons were needed for the purchase of any grain products, including processed foods in stores and restaurants. Without them, one could not purchase any food in cities. Rural migrants, deprived of such coupons, for instance, would have to bring their own grain if

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<sup>15</sup> Wang Shan (as a translator of the work by a non-existent German sinologist, L. Luoyiningger), *Di sanzhi yanjing kan zhongguo* (*Viewing China through the Third Eye*), Taiyuan 1994.

they needed to move. In addition, each province had its own coupon. For those travelling across provincial boundaries, national coupons were needed. Such restrictions certainly imposed a strong disincentive for population migration.

By the early 1990s, a number of important changes had prepared the ground for the abolition of the *liangpiao* system. First of all, food supply increased and became more stabilised following the rural economic reform and China's entry into the international grain market. Second, a non-state-controlled grain market has emerged in China. In both cities and rural towns, grain can be purchased relatively easily, without necessarily having coupons. Initially the prices in these markets were higher than those in the state-controlled stores, but the prices were gradually converging. Thirdly, starting from 1979, the state has been gradually shifting the format of subsidies to urban residents from price subsidies to wage subsidies. In other words, the government gave monetary compensations at the same time as it raised prices for agricultural products.

The food ration coupon system was formally abolished between April 1, 1992 and July 1993. Before the changes at the national level, experiments were carried out in Yulin of Guangxi province and Xinxiang of Henan province. Indeed, in some southern provinces, such as Guangdong and Fujian, coupons had already become largely defunct. In the Special Economic Zone of Shenzhen, they were abolished as early as in 1986. Following the national policy change, various provinces carried out the change at their own paces. For instance, in the capital city of Beijing, it was not effected until May 10, 1993. Even though in some locales a revival of the coupon system was suggested in anticipation of grain supply shortages, it is clear that the system has become a part of history as a product of China's planned economy system.

### **3.6 Urban *Hukou* Status for Sale: A Double-Bite on the Peasants**

In the early 1990s, facing government revenue shortage and enjoying a greater degree of freedom in fiscal policy, many cities and towns at county level or above started to sell urban household status to rural migrants as a way to collect funds to expand urban infrastructure. In many cases, rural migrants were given urban household registration status, with a fee charged as 'urban infrastructure construction fee.' While the stated purpose of these funds is to expand urban facilities for the accommodation of new in-migrants, it is not totally clear how the money is used. In the late 1980s, faced with lack of funds to improve the county towns, two poor counties in Anhui province, Lai'an and Quanjiao, concocted the idea of selling non-agricultural *hukou* to peasants as a way of gathering funds. In Lai'an, the price was set at 5,000 Yuan each, which far exceeds the annual per capita income in the county. In a short six days, close to 800 *hukou* were sold with a net income of 3.87 million Yuan. The neighbouring Quanjiao county followed suit. In two days, 713 *hukous* were sold, with a profit of 3.56 million Yuan. The practice in these two counties however was noticed and stopped by higher level governments.<sup>16</sup> But even with the intervention from the Public Security sector, selling *hukou* has never stopped. In 1991, several locations in Shandong province openly advertised the price of non-agricultural *hukou*, which ranged from 12,000 Yuan (Dezhou city) to 6,000 Yuan (Leling county). It was reported that in Sichuan province alone, between April and June 1992, selling *hukou* in 18 prefectures or cities generated more than 2.5 billion Yuan.<sup>17</sup>

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<sup>16</sup> Hua, op.cit.

<sup>17</sup> Hua, op.cit.

This can be seen as a massive re-transfer of peasants' wealth to urban centres and it represents an outright double-bite on the Chinese peasantry. Chinese peasants have paid twice for obtaining an equal status in China. They first contributed to the Chinese industrialisation and urban construction by being exploited by the urban biased developmental policy for over twenty years. When the policy is being changed, however, they need to pay again to obtain the urban household status which they have helped to create and to maintain.

Policies on selling urban household status vary from province to province, and from city to city.<sup>18</sup> The fees charged differ, and so do the entitlements provided. In some cities, such as in Shanghai, purchasing an urban household status comes with a very high price attached. At the same time, the newly purchased *hukou* differentiates itself from the ordinary one, by having a blue seal (*lanyin hukou*). The blue seal or blue covered household registration booklet indicates both the economic (rich) and residential (late-comer) status of the migrants. According to the 'Provisional Regulation of Blue Seal Household Registration' issued by the Shanghai People's Government on December 23, 1993, those who invest in Shanghai for the amount over 200,000 US dollars or 1 million RMB Yuan, or purchase over 100 square meters of residential property priced for the foreign market, can apply for the Blue Seal household registration status. In other cities, such as Wenzhou of Zhejiang province, the purchased status is documented by a green card, or called the Green Card *Hukou*. By holding an urban household status, migrants, either from rural areas or from other urban areas, can have access to local housing (purchase), schools for their children, and medical care.<sup>19</sup>

#### 4 Dilemmas and Challenges

Economic and social reforms in the past decade have prepared the demise of the old household registration system. Directly, the government has realised the necessity to lift control over migration for the sake of creating a labour market and supplying labourers for urban development and services. Explicit policy changes have been made, though not without hesitation and retrenchment of the government and resentment among the privileged urban population. Important policy changes began in 1984, and have been reaffirmed as recently as in the document of the Third Plenum of the Fourteenth Congress of the Chinese Communist Party in 1993. In the Party's decision to further establish a socialist market economy system, it was recognised that the household registration system in small cities and towns need to be reformed gradually, in order to let peasants migrate for commercial purposes and to facilitate the transfer of rural surplus labour. Indirectly, by reducing the state's responsibility in providing jobs, by instituting a national ID system, and by abolishing the food coupon system, some of the most important functions provided by the old household registration system have been eliminated or undermined. It is fair to say that giant steps have been made in changing the household registration system.

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<sup>18</sup> Hua, op.cit.

<sup>19</sup> Mu Yie and Zheng Heng, 'Zhongguo hukou zhidu he lishi beijing yu qianjing' ('Historical background and prospect of China's household registration'), in: *Shehuixue yu shehui diaozha (Sociology and Social Investigation)*, 1995 (2).

Changes in the household registration system, though fundamental and impressive, have lagged far behind the pace of urban growth. In spite of the fact that about 6.5 million people change their household registration status from agricultural to non-agricultural each year, the proportion of urban residents holding agricultural household registration status has been increasing, not declining. In other words, the urban areas of China are still increasingly 'peasanised.'

The Chinese census and statistics system currently adopts two definitions for urban population. Under the first, more liberal, definition, all population residing within a city (including towns under the city's jurisdiction but excluding counties) or a town (at county level or above) are classified as urban. According to this liberal definition, China's urban population exploded from 24% of the total population in 1983, the year before the changes in definition, to 65% in 1993 (see Table 1). The second definition, more restrictive, includes only those who live in neighbourhood committees of cities and towns. According to this definition, at the time of China's last census in 1990, only 26.2% of all population were urban, as compared to 53% by the first definition.

By either definition, there has been virtually no increase in the percentage of urban population with non-agricultural *hukou* status. Again as can be seen in Table 1, according to the more liberal definition of urban population (definition 1), the percentage of urban population holding non-agricultural household registration status dropped from 70% in 1982 to 32% in 1993 for cities and towns combined, and from 74% to 20% for those in towns. Following the second, more restrictive, definition, the percentage of urban population increased from 21% in 1982 to 27% in 1990, but the percentage of city and town population under this definition with non-agricultural *hukou* status remained the same, at 72% for both years.

These discrepancies between urban population and those with non-agricultural *hukou* status are hardly just statistical. In most cities and towns of China, not only a massive number of migrants flow through each day, there are also those who stay and become more regular residents. Many of them have not or cannot change their household registration status. There are those who left their regular residence but have not changed their household registration, and there are also those with household registration status undecided. According to the 1990 census tabulations, nationwide over 30.14 million people in 1990 did not have household registration in the places where they were counted. It should be noted that this number does not include most of the massive number of provisional migrants who had left their place of residence for less than one year. Most of the 30 million people were either away from their regular place of household registration for more than one year (20.06 million) while having not updated their household registration, or with *hukou* status undecided (8.54 million). In some municipalities and provinces, such as Beijing, Shanghai, Guangdong, Fujian, Heilongjiang, and Qinghai, close to 5% or more of the total population did not have current, up-to-date local household registration. In Fujian province, close to 2% of the total population had their household registration status undecided (see table 3). Both the large number of migrants (mostly permanent migrants) and such a large number of people without up-to-date local household registration were unthinkable before the 1980s.

Table 3 **Population without Local Household Registration by Provinces, 1990**

Province	% Without Local Registration	% With Undecided Status
<b>National</b>	2.67%	0.76%
<b>Beijing</b>	5.56%	0.78%
<b>Tianjin</b>	2.60%	0.53%
<b>Hebei</b>	1.66%	0.47%
<b>Shanxi</b>	3.47%	0.82%
<b>Neimenggu</b>	4.42%	1.57%
<b>Liaoning</b>	2.79%	0.71%
<b>Jilin</b>	3.28%	1.21%
<b>Heilongjiang</b>	5.29%	1.73%
<b>Shanghai</b>	4.52%	0.46%
<b>Jiangsu</b>	3.01%	1.07%
<b>Zhejiang</b>	2.53%	0.79%
<b>Anhui</b>	1.94%	0.58%
<b>Fujian</b>	4.59%	1.95%
<b>Jiangxi</b>	2.45%	0.89%
<b>Shandong</b>	1.87%	0.88%
<b>Henan</b>	1.89%	0.81%
<b>Hubei</b>	2.14%	0.41%
<b>Hunan</b>	1.59%	0.37%
<b>Guangdong</b>	6.13%	0.85%
<b>Guangxi</b>	1.97%	0.51%
<b>Hainan</b>	4.23%	0.87%
<b>Sichuan</b>	1.55%	0.42%
<b>Guizhou</b>	2.01%	0.60%
<b>Yunnan</b>	1.62%	0.16%
<b>Tibet</b>	3.21%	0.37%
<b>Shaanxi</b>	2.26%	0.79%
<b>Gansu</b>	1.94%	0.52%
<b>Qinghai</b>	5.37%	1.27%
<b>Ningxia</b>	2.81%	0.69%
<b>Xinjiang</b>	4.69%	0.89%

Source: Zhongguo tongjiju (China State Statistical Bureau), *Zhongguo 1990 nian renkou pucha ziliao* (Tabulations on the 1990 Population Census of PRC), Beijing 1992, pp. 5-7.

From the government's point of view, the half-reformed household registration system continues to pose challenges to both the large number of migrants and to the overall social control. Without proper household registration, migrants are still excluded from getting access to local social services, such as schooling, medical care, and even house purchase. Some choicy employment opportunities are still only given to people with local household registration. Without up-to-date household registration for a large number of migrants, both permanent and provisional, the government can no longer enjoy the tight social control it used to be able to exercise. There have been heightened concerns of crime increase, and many have attributed such an increase to the lack of control of migrants. The government is faced with the challenge of designing a new household registration system which can better serve the need of social control. The identification card system has been one of the most important changes, but more regulations on registering and monitoring the increasingly larger number of migrants

have been called for. One such effort has been the requirement of provisional migrants to register and to obtain 'provisional resident registration card' (*zanzhuzheng*).<sup>20</sup>

Migrants, under the constraints of not being able to register locally and being denied access to social services locally, have also developed their own strategies. Reports of urban villages made of migrants are not uncommon. Among the best known cases is the Zhejiang village in Fengtai district of Beijing, which has been in existence for over 10 years. It not only has the largest clothing market in Beijing with more than 10,000 stalls and a daily turnover amount of \$602,000, the residents, mostly migrants from Zhejiang province, have also developed their own hospitals and schools. Urban villages like this, while having brought benefits to urban residents, have also brought new challenges to the cities.<sup>21</sup>

The household registration system, a product of China's socialist industrialisation and social control, has started its demise as the planned economy system meets its fate. During the past decade and more, an emerging labour market and the large number of new employment opportunities outside of the state sector have overtaken the government assignment system, which relied on the household registration system. The establishment of the identification system and the abolition of the guaranteed grain supply to urban residents have also made the old *hukou* system increasingly less relevant to urban as well as rural residents. Moreover, the much decentralised political power structure has opened doors for local authorities to challenge and to undermine the *hukou* system directly, by selling urban *hukou* to whoever can afford it. The questions remains, however, that once the great wall starts to crumble, as it has, what kind of new social order will emerge, and based on what means the government will be able to maintain any kind of social control that is reminiscent of the recent past.

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<sup>20</sup> An example of regulations for the registration of provisional residents can be seen in *Wailai zanzhu ren yuan shouce (Handbook for Provisional Residents)* for the city of Beijing, Beijing 1994. The system of registering provisional migrants started in the early 1980s, as migration began to increase. See, for example, Solinger, Dorothy, "Temporary Residence Certificate Regulation in Wuhan, May 1983", in: *The China Quarterly*, 101, 1985, pp. 98-103.

<sup>21</sup> A recent report outlines the plan of the Beijing municipal government to clean up the Zhejiang village and to incorporate it into a better laid out urban plan (*China News Digest*, November 8, 1995).