

# **Informal Elements in Urban Growth Regulation in China – Urban Villages in Ningbo**

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## **Summary**

Massive rural-urban migration has always accompanied modern urbanisation; the volume of migration flows in contemporary China is, however, unique in history. Although cheap labour is an essential ingredient to the booming economy, the Chinese political-administrative system is ill prepared to accommodate the migrants in the rapidly growing conurbations. They are denied the status of urban residents and are forced to live in so-called urban villages which constitute enclaves of informality in an otherwise highly regulated society.

The article sets out to describe and understand the informal elements of urban growth in the light of uncoordinated and even contradicting political aims and administrative regulations on the national, provincial and municipal levels. Based on a representative survey of two urban villages in the booming city of Ningbo, the socio-economic characteristics of migrants and their position on the urban housing market are related to their precarious residential status. The changing perceptions and attitudes of local politicians and administrators are explored with reference to new directives issued by central government.

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## **1 Rapid urbanisation and informality – the unique Chinese case**

The history of modern urbanisation illustrates that informality was and is a regular companion of rapid urban growth. Already in Europe and the United States, where the growth of cities during early industrialisation was driven by economic development, public authorities found it very difficult to allocate land for urban growth industries and housing for labourers and to provide public services timely and effectively. Early planning standards were, therefore, straightforward, enforcing only minimal requirements of fire protection and public hygiene. Still, their control and enforcement was difficult even in countries with strong public authorities.

A hundred years later, when the mechanisation of agriculture in Southern Europe set free massive rural-urban migration, the large cities could hardly cope with the influx

of migrants. In Rome, where after World War II, foremost in the 60s and 70s, about 800,000 migrants had to be accommodated, the urban authorities surrendered, tolerating the sale of large tracts of agricultural land in the urban periphery to migrants who constructed their urban livelihoods without building permits and on un-serviced land which was not designated for housing. In the early years, leading planners classified the sprawling *borgate* 'beyond the city' disparagingly as 'Cairo of the North', but with the booming Italian economy the informal settlements were continuously upgraded, legalised and transformed into regular suburbs (Kreibich 1998).

In Madrid, the Franco regime had tolerated the *chabolas*, large informal settlements with very low housing standards, to accommodate the industrial labour force required for its policy of industrial autonomy. After the political transformation and with economic growth the settlers, who were experienced in unionism and political resistance, successfully pressurised the municipality to provide them through a unique participatory process with 'decent housing' in modern and well serviced blocks in the vicinity of their former *chabolas* (Heitkamp 1997; Kreibich 2000).

In the poor countries of the developing world, rapid urbanisation is not supported by economic growth; rather it is a response to widespread and continuous poverty. In the exploding cities in stagnating economies informality is no longer a residual category, but the dominant mode of access to urban shelter. The ailing state is largely unable to guide densification in the inner city and rapid urban sprawl in the periphery according to basic principles of functional urban development. The lack of resources is re-enforced by inadequate planning concepts and strategies, inappropriate legal and administrative frameworks, and unrealistic priorities. Under the regime of urbanisation in poverty the booming conurbations are, however, functioning to a degree that they still attract the rural poor to seemingly 'greener pastures'. This paradox can only be understood if the role of the informal sector and the contribution of local institutions at the grass-roots to the 'social regulation' of urban growth are adequately acknowledged (Kombe and Kreibich 2000, 2003, 2004; Kreibich and Olima 2003).

In China, slow rural development and massive rural-urban migration seem to present parallels to the rapid urbanisation in the developing world, but the differences are significant. Rapid economic growth in urban areas is generating a high demand for cheap labour, and the strong political and administrative control exerted by public authorities is only challenged by the booming private sector. The economic and institutional environment of Chinese urbanisation, therefore, resembles more the characteristics of urban growth during European industrialisation than the situation presently prevailing in the developing world.

International experts go as far as to observe that "China has managed so far to urbanize rapidly without the creation of large slum areas or informal settlements" (UN-Habitat 2003: 126). The first phase of "China's urbanization between 1949 and

1990, in which 300 million people were provided and re-provided with housing over a 50-year period without slum formation and without inequality" is described as exceptional: "(It) must rank as one of the great human projects of all time" (ibid.).

Over a long period since the foundation of the People's Republic of China, the government has strictly controlled rural-urban migration. With the liberalisation of migration policy as part of the economic reforms after 1978 under the pressure of a high demand for unskilled and cheap urban labour, rural-urban migration has turned into a massive flow. "Already in 1995 it was estimated that more than 80 million rural-urban migrants resided in China's major cities. This would be one of the largest flows of labour migration in history" (IIASA (a)). Since then, the flow has increased even further.

The difficulties and challenges generated by a policy which tries to accommodate unskilled migrants as cheap labour in urban agglomerations with rapidly growing economies are camouflaged with the concept of a 'floating population' (*liudong renkou*) residing in 'urban villages'. The political and administrative management of these constructs introduced strong elements of informality into urban land management and planning.

## 2 Unbalanced urbanisation

China still is a predominantly rural country with more than two thirds of its population living outside urban areas. Present-day rural livelihoods are, however, only partially rooted in agriculture. In 1980 the policy of "the household-based system of contracted responsibility linking remuneration to output" was introduced resulting in significant increases in agricultural productivity and a tremendous surplus of agricultural labour. By the end of 2001, according to official estimates approximately 70% or 350 million of the rural labour force in the agricultural sector were considered surplus labour. They constitute a huge reservoir of potential migrants to the booming conurbations.

In the past two decades, therefore, China has been experiencing an urban growth process which is probably unique in history. Between 1991 and 2004 the urban built-up area increased from 12,908 to 30,781 km<sup>2</sup> at a growth rate of 6.91% per year (Cao 2006:10) In the province of Zhejiang, the urban area expanded from 2000 to 2004 at a speed of 126.4 km<sup>2</sup> per year.

It is estimated that the number of rural-urban migrants increased from 78 million in 2001 to 120 million in 2005 at a rate of 8.4 million per year (Yu 2005: 6). Based on this trend the urbanisation rate will reach 55 to 60% in 2020, while the urban population will increase from 520 million to 780 or even 850 million (ibid.). The majority of the net increase of 260 to 330 million will consist of rural-urban migrants.

Several factors contributed to the 'great leap forward' in Chinese urbanisation since the end of the 1990's. First, China has benefited from continuous economic growth in the past 15 years. During the Asian financial crisis of 1997 and 1998, the Chinese government implemented expansionary financial policies, issued government bonds and injected massive funds into infrastructure construction, thus supporting urban growth.

Secondly, in 1994, when China started the reform of intergovernmental fiscal transfers, the Tax Assignment System (*fenshuizhi*) was implemented. As a result, the ratio of budgeted fiscal revenue to GDP increased from 12.6% in 1993 to 19.3% in 2004, while the share of the central government in total budgeted revenue rose from 22 to 55% (Feng 2006). As a consequence, local governments at the lower level of the hierarchy suffer from decreasing fiscal revenue. In order to access off-budget revenue, they took to seizing agricultural land and encouraging urban expansion. By converting rural land to urban land use and selling it to real estate developers, local governments are able to generate enormous profits.

Thirdly, the housing reform of 1998 called for an end to the urban housing welfare system. Local governments are no longer required to allocate free housing to urban residents, who now have to purchase housing on the real estate market. The booming market pushed real estate prices to a peak in the past few years; in many cities prices for housing doubled or even tripled from 2000 to 2006. This encourages real estate developers to acquire more land for residential or commercial projects in the urban periphery. On the other hand, local governments, in order to attract even more investment, converted large areas of agricultural land into industrial parks or high technology centres, which also contributes to rapid urban sprawl.

These fundamental economic changes were not accompanied by adequate public planning regulations on the regional and local levels. Rather, private investments are channelling land use change according to the needs and norms of the real estate market. The balance of economic interests with social and ecological requirements through comprehensive urban and regional development planning is not yet functional.

## **2.1 The chimera of a floating population**

One of the most important competitive advantages driving China's economic development is cheap labour. Most of the unskilled labourers working in the industrial and service sectors in large Chinese cities are not part of the urban population or of the local peasantry in the urban peripheries, but surplus rural labourers from rural provinces such as Sichuan, Anhui, Henan, Hunan, or Jiangxi. Without official recognition, the rural-urban migrants are referred to as 'floating population' or 'blind flow'.

Based on the 2000 census, about 3.8 million rural-urban migrants lived in Beijing, 3.87 million in Shanghai, and 3.3 million in Guangzhou. They accounted for 20 to 30% of the total population in these metropolitan areas. In 2006 the city of Ningbo, with a local population of 5.43 million, accommodated 2.4 million migrants, the majority of them hailing from rural areas. In some cities in the booming coastal provinces, the number of unregistered migrants even exceeds the number of registered permanent residents, such as in Shenzhen which in 2003 had a floating population of 6.43 million against 5.57 million permanent residents (Zen 2004: 4).

The massive rural-urban migration in China is thus the consequence of joint effects of continuous economic growth, rapid urbanisation, enlarged economic disparity between urban and rural areas and outdated political and institutional frameworks. The rural-urban migrants in the urban areas encounter enormous difficulties. Urban housing policies and recent reforms in urban housing provisions ignore the needs of rural-urban migrants. The chimera of a 'floating population', which is built upon the assumption that most migrants are fluctuating between their rural home and their urban job without becoming urban residents, served public authorities to ignore the social needs of migrants and to refrain from any intervention into their sprawling 'urban villages'. "(It) is a good example of China's tendency to ignore or underestimate trends that are not consistent with the official state doctrine" (IIASA (a)).

## **2.2 Urban land management – conflicting interests of local and central authorities**

According to the official doctrine, land belongs to the state; in reality, however, China practices a dual system in urban and rural land management. Urban land is subject to industrial, commercial or residential use, while rural land is designated for agriculture and limited rural residential use. Its use is controlled by rural collectives on behalf of the rural population. They distribute the land to rural households under the "Household Responsibility System".

Food security is still one of the main concerns of central government which is, therefore, trying to preserve rural land for agricultural use. No matter whether in the under-populated western bread basket zone or in the populous and industrialised eastern provinces, a similar percentage of farmland must be reserved for agriculture. However, local government agencies have great interest in using their administrative power to seize rural land for urban development and subsequent financial benefits, although the Urban Planning Law of the People's Republic of China defines the position of municipalities directly under the central government as one of the administrative divisions of the state.

According to the urban land management regulations in place, local governments act as agents between rural collectives and urban real estate developers. They are entitled to negotiate with rural collectives for land sales and to provide a reasonable compensation to the rural population from gains generated in the transaction. The

compensation for agricultural land is lower than that for residential land, since the latter has to cover the cost of resettlement and the value of buildings. Therefore, less built-up areas are more attractive to real estate developers, and packed village sites are often left untouched, which results in the unique Chinese phenomenon of 'urban villages'.

### **3 The euphemism of urban villages**

Foreign visitors are often impressed by fancy modern buildings in Chinese cities. However, by careful observation they may notice packed 'un-presentable' low-quality housing hiding in the shadow of high-rise blocks, often extending over large areas and crowded with thousands of rural-urban migrants. Living conditions, public security and access to infrastructure facilities and services in these areas are below urban standards, although modern urban neighbourhoods might be only a short distance away.

The term 'slum' does not exist in China's official dictionary. These areas are referred to as 'urban villages' or 'villages in metropolitan areas'. The politically correct terms contain some truth, however, because these areas are not slums in the strict sense of the word.

The proliferation of urban villages has become one of the pressing issues in many large cities. The city of Guangzhou, for instance, has 139 urban villages with a built-up area of 86.6 km<sup>2</sup>, which is about 21% of the total urban area. Approximately 2.5 million migrants live in these villages. Xi'an and Taiyuan, two other examples, have 417 and 75 urban villages respectively (Li 2004: 24).

'Urban villages' in China are rural enclaves situated inside large cities or in their peri-urban areas characterized by high building densities, poor building quality, irregular streets and open sewage. According to J. Friedman (2005: 70) they constitute a "conglomeration of dwellings mostly located in the peri-urban zone. These 'villages' of several thousands or even tens of thousands of temporary residents might expand over four to five pre-existing natural villages or even a number of administrative villages." In a vacuum of public administration, about 60% of the temporary migrants in China have somehow "disappeared" into their "villages" where they remain invisible to the authorities (ibid.).

The formation of such rural enclaves is an outcome of various and partially contradicting economic reform measures. In the socialist era, rural collectives on behalf of the rural population were entitled to land. After the economic reform, rural households in the urban periphery were allocated ample land to build private living quarters; they tended to occupy more floor space and larger housing than urban households. An average household of four persons was entitled to 8 to 10 rooms, providing ample opportunity to participate in the rental market.

With accelerated urbanisation, the once rigidly controlled urban boundaries are now expanding at an unprecedented rate. Millions of hectares of agricultural land in suburban areas have been converted into roads, large commodity housing projects, industrial parks, technology development zones etc. However, the development of populous village sites with built-up areas remains undesirable for developers. According to China's land expropriation and compensation system, the land value is determined by the type of land, size of land and the compensation for houses, crops, trees and other properties on the site. Therefore, built-up areas are much more costly to develop than vacant land or farmland. As a result, the high costs of resident relocation and housing compensation keep developers away from built-up areas in villages. Gradually the villages become rural pocket enclaves surrounded by high-rise housing projects, industrial parks, technology development zones and highways. Although the presence of such enclaves is often in conflict with urban land use plans, the rising land value and growing density will make redevelopment profitless, hence the village sites are left as they are.

Many residents with rural status are granted urban resident status after their farmland has been sold for development. In many cases, however, the farmers are not adequately compensated for the expropriated land so they are left without farmland and without a job. As a result, they have very strong incentives to rent out rooms for an extra income (Wu 2002: 100).

Politicians often blame urban villages as a stigma of urban development, and decision makers tend to demolish and replace them with more presentable buildings. This is, however, not an easy task, because it could very well trigger off social unrest which could stop political careers. In view of that, planners prefer to ignore such areas and leave them to remain inside the city. The urban villages, therefore, clearly constitute an informal element in Chinese urban growth regulation.

Urban villages provide rural migrants with affordable housing and lower the threshold for the integration of migrants into urban life. The strategic location of these 'villages' inside the cities provides them with access to public services and economic opportunities. Together with local peasants, migrants form a special subsystem inside the large cities, characterised by different land ownership, resident status or *hukou*, social status and legal rights.

Based on their location, their stage of development and their position vis-à-vis the process of urban expansion, urban villages can be divided into three categories, namely embryonic, growing and mature. In the first stage, village sites are considered in the urban land use plan, but still situated far from built-up urban areas. In the second stage, urban development approaches the rural boundary, where urban and rural land uses interlace. In the final stage, rural farmland is converted into urban uses, but village sites remain as rural enclaves isolated within built-up urban areas. Aerial photographs provide ample evidence of this juxtaposition of informal and planned neighbourhoods in Chinese cities.

Urban villages share some important characteristics with informal settlements:

- Legal: Many buildings in these settlements violate against building and urban planning regulations and could be demolished by the government at any time.
- Physical: Although most local residents and land lords in urban villages have access to basic public services and facilities, such as piped water and electricity, most migrants are provided with these services below adequate standards, and illegal connections are often practiced. Solid waste and wastewater collection are often absent. Toilets and kitchen spaces are in great shortage (Wu 2004). Settlers can hardly access public education and health services, and if they can, they have to pay extra fees.
- Building quality: There is a large variety in the types and quality of buildings in urban villages. While many local residents have built high quality 'villas' for their own use and for the rental market, the flats provided for migrants are mostly of low standards.
- Social: Most settlers are first generation migrants; their households belong to the lower income groups, and they work as wage labourers in construction, transportation, privately owned small-scale industries, and in informal enterprises.

According to Brian C. Aldrich "the presence of slum and squatter settlements in a society is a clear indication of the failure of a society and government to provide adequate habitat for human development, and/or a lack of the most fundamental guarantee necessary for the building of human communities" (Aldrich 1995: 19). The increasing problem of informal housing construction thus reflects the problem of poor urban housing policy.

### **3.1 The *hukou* system – two classes based on registration**

In China, every citizen is registered with his or her local authority through the *hukou* system. According to the detailed explanation provided by IIASA (b), the household registration system requires each citizen to register in one, and only one place of regular residence. It entails two related parts: place of registration and type of registration. The place of *hukou* registration fixes a person to his/her parents' registration place, while the type of registration classifies each member of the population as having either agricultural (rural) or non-agricultural (urban) status (mostly adopted from their mother's status).

The IIASA source also explains the sharp differentiation of rights and privileges and extremely stringent conditions for converting rural to urban status which are implied in the *hukou*. Transferring from one place to another is subject to a strict application process. A person who lives in a place other than his/her *hukou* registration location was (and still is) called a 'temporary resident' and is not classed legally as a member of the destination community. The *hukou* system has resulted in a de facto 'binary

citizenship' which splits the whole population into two social groups with unequal rights and duties, namely agricultural households (*nongye hukou*) and urban resident households (*chengshi jumin hukou*). The system has long been used to restrict migration, especially from rural to urban areas.

Municipal authorities still use household registration as a basis for providing urban services and maintaining infrastructure. To local urban residents and permanent migrants, urban amenities are either priced low or provided for free. On the other hand, migrants without local *hukou* have very limited or no access to local schools, citywide welfare programs, state sector jobs, or the social housing system. Urban labour markets are highly segmented, restricting the majority of migrants to jobs that are less desirable to the local population. Most migrant children cannot be enrolled in urban public schools, although a small number of them do so at significantly higher expenses than the fee applied to local children (Wu 2004: 1286).

Until recently, the government agencies in charge of rural-urban migrants' issues were mostly police offices or family planning bureaus. Migrants are not members of labour unions and are not allowed to establish such organisations among themselves. However, they have the right to vote, but only for councils in their place of origin.

### 3.2 Urban housing after the economic reforms

Urban residents can nowadays access housing accommodation mainly through the free market or as social housing. Before the housing reform of 1998, the dominant approach was through a system of welfare, where low-rent housing was distributed by either work units or municipal authorities. This in-kind housing allocation system was replaced by a market-based system which produces commercial housing sold by real estate companies. As a complement, the Social Housing Security System has been developed to provide adequate and affordable accommodation to low-income and relocated or resettled families. The key factors reducing the price of such housing include free land allocation, a regulated profit level for developers, controlled floor-space, and reduced government charges during the development and sale process (Wu 2002: 96). The Security System mainly provides three types of housing as follows.

#### *Non-profit 'Live in Peace' social housing (anju gongcheng)*

Within five years after the start of the 'Live in Peace' social housing scheme, 150 million m<sup>2</sup> of non-profit housing were constructed. The flats were sold at state-set low prices aimed to improve the poor housing conditions (defined as a per capita floor space of less than four m<sup>2</sup>) of middle and low-income urban residents and of staff in large and medium-sized state-owned enterprises (Lü 2001: 179). In Beijing, to qualify for non-profit social housing a family must fulfil three criteria: registration as a permanent resident, an annual family income of less than 60,000 RMB (ca.

6,000 Euro), and no own house or property. Obviously, permanent residency in a particular city is a basic criterion for qualification.

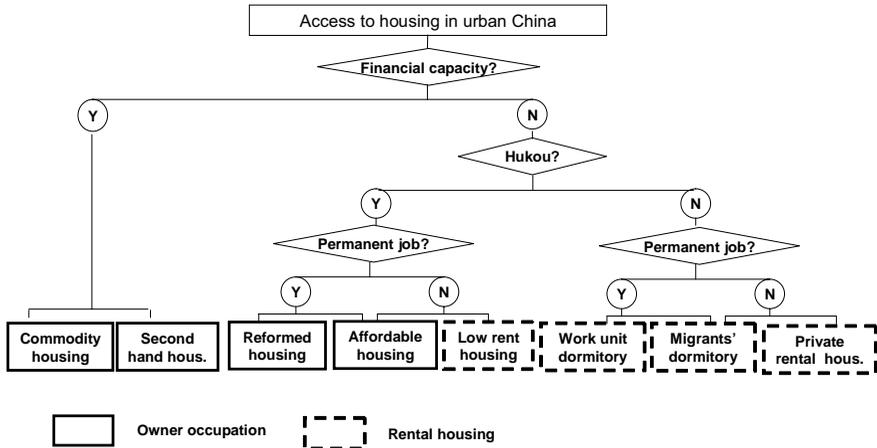
*Cheap rental housing (lian zu fang)*

For the lowest income group, China adopted in May 1999 the programme "Methods of Managing Cheap Rental Housing in the Urban Areas". The purpose was to establish and improve a multi-layered system of housing supply to provide families in the lowest income group with a permanent resident status and access to urban housing. The sources of such housing include mainly publicly owned housing that conforms to the standards stipulated by the local government regarding location and floor space (Lü 2001: 180).

*Affordable housing or 'Economic and Comfortable Housing' (jingji shiyong fang)*

The Economic and Comfortable Housing scheme has been introduced in 1998 following the abolition of the old public housing system. It targets the housing needs of middle and lower-middle income urban households. Subsidies and some preferential policies for the provision of such housing have since been extended by the government. Land has to be provided below market prices and the profit margins are regulated. Higher development intensity in the commercial sections may be allowed to compensate for the lower profit margin in the residential portion. Economic and Comfortable Housing (or affordable housing) is viewed by central government as a fundamental component of the new housing system. Every year billions of RMB from the national budget are being invested in building Economic and Comfortable Housing, with the aims of eliminating the large gap between housing prices in the open market and public affordability, and to support economic growth.

The government has recognized housing as a basic right of citizens and adopted a new affordable housing strategy in the Tenth Five Year Plan for National Economic and Social Development. The objective is "to build more affordable and functional housing and to establish a system to ensure an adequate supply of low rent housing" for the urban poor. The housing reform is, however, only benefiting registered citizens. Housing, an important element of urban amenities associated with *hukou*, remains difficult to attain for migrants (Figure 1).

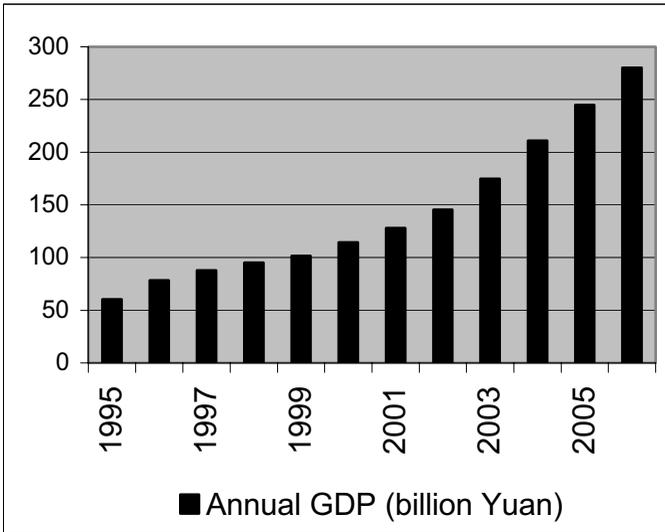
**Fig. 1: Housing provision in urban China**

Source: Qi 2007.

## 4 Two urban villages in Ningbo

### 4.1 The city of Ningbo

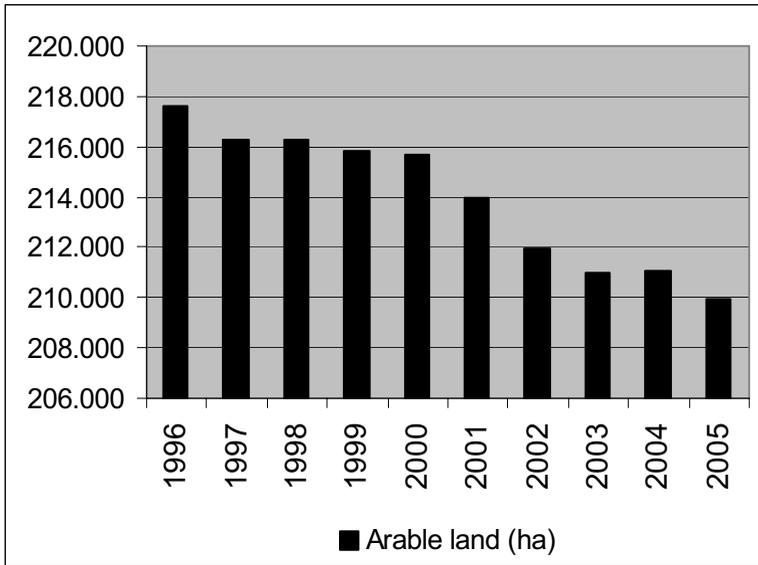
Ningbo is a coastal city in the province of Zhejiang located south of the populous lower Yangtze River delta and facing the East China Sea to the east. With a total population of 5.57 million (2006) and a land area of 9,672 km<sup>2</sup>, it has been designated as one of the three growth poles in the province. The city is known by its booming industry and fast growing economy. Domestic private enterprises exploded in Ningbo since the 1980s, particularly in light industry and consumer goods. The annual growth of GDP has kept a very high rate of over 13% in the past three decades (Figure 2). Ningbo accounted for 20% of the GDP in the province and 1.7% in the nation. The urban and rural per capita disposable income reached US\$ 1,918 and US\$ 1,362 respectively.

**Fig. 2: Annual GDP of Ningbo (billion Yuan)**

Source: Qi 2007.

With a reputation for numerous employment opportunities, fair treatment and better payment for migrant workers, the booming economy has turned Ningbo into a magnet for migrants. In 2006 more than 2.4 million rural-urban migrants lived in Ningbo, of which 20% originate from Anhui Province, 17% from the province of Sichuan, 11% from Jiangxi, and the rest from Guizhou, Hunan and Shandong. Although the urban economy is dependent on the cheap labour provided by the migrants, they have no access to the formal urban housing market. Rather, they have to stay in company dormitories on construction sites or crowd themselves into packed informal housing provided by local peasants in many urban villages.

Contradictory to the central government's intention to preserve arable land, the extension of urban land use and the densification within urban villages converted large tracts of farm land to urban use. According to official sources, arable land has decreased at least by 10% between 1996 and 2005 (Figure 3).

**Fig. 3: Decrease of arable land (ha) in Ningbo city from 1996 to 2005**

Source: Qi 2007.

## 4.2 The urban villages of Changfeng and Jinjiacao

Yinzhou District is one of the most populous parts of Ningbo city. The number of rural-urban migrants residing in Yinzhou more than doubled from 280,000 in 2002 to 580,000 in 2005, while the number of permanent residents increased only moderately from 720,000 to 750,000).<sup>1</sup>

In Yinzhou District district, the two urban villages of Changfeng and Jinjiacao were selected for an empirical study based on the criteria of 'high concentration of rural-urban migrants' and 'high density of informal settlements'. In 2005 in the two urban villages 1,116 and 627 permanent residents were registered together with 4,735 and 1,917 migrants. While women are outnumbering men by a small margin among permanent residents, they constitute only less than half of the migrant population (Table 1).

<sup>1</sup> Source: Yinzhou Statistical Yearbook 2004: 89 and data from Yinzhou LAO 2005.

**Table 1: Permanent residents and registered migrants in two urban villages in Ningbo (2005)**

Village	Cultivated land area (sq.m)	Permanent residents				Registered migrants		
		Households	M	F	Total	M	F	Total
Changfeng	13,830	500	532	584	1,116	2,449	2,286	4,735
Jinjiacao	20,700	302	306	321	627	1,111	806	1,917
Total	34,530	802	838	905	1,743	3,560	3,092	6,652

Source: Authors' calculations based on data provided by Zhonggongmiao police station, 2005

The data base for the case studies was established with a household survey using structured questionnaires, key informant interviews and secondary data collection. The household survey covered 200 randomly selected migrant households with 506 household members of which 280 were male and 223 female. The average household size recorded is 2.53 persons.

### 4.3 Migrants' livelihoods

Most of the migrants interviewed in Ningbo are in the economically active age and married; almost half of them migrated with their family. The majority are less educated than the urban population, though better educated than the local rural population. Almost 80% of the migrants interviewed reached the junior high school level, but about 10% are illiterate. Only a quarter had any education beyond senior high school, 2% carried a college degree. The respondents rarely had any vocational training.

Unlike the official doctrine that migrants are a 'floating population', consisting of highly unstable elements, the migrants in Ningbo are relatively steady. Half of the respondents had so far only stayed in Ningbo, while one third had resided in two or three cities for more than six months. About 15% had migrated to more than three cities before they made their move to Ningbo. About half of the respondents have lived in Ningbo for more than three years, about one third between one and three years, only one fourth for less than one year. Most migrants chose Ningbo as a first choice, and almost nine out of ten would like to settle down permanently as soon as they find a suitable job.

Kinsmen or relatives proved to be one of the most influential factors in selecting a migration destination. Migrants tend to seek a 'safe ground' before they make their move to a new place. A high 91% of migrants said they knew someone before they moved to Ningbo, every second even more than 5 kinsmen, friends or relatives.

Over half of the respondents indicated good economic opportunities or better livelihoods in Ningbo as their major reason for migration. On average a rural household can make 1,000 to 2,000 Yuan (ca. 100 to 200 Euro) a year from farming activities,

while in urban areas migrants earn this amount in one or two months. Nine out of ten migrants interviewed are employed, about 20% self-employed as vendors, shopkeepers, shoe-shiners, or garbage collectors. Only one respondent in the survey was found unemployed.

About half of the migrants interviewed held a permanent job, about 40% temporary jobs. The incidence of skilled/semi-skilled manual labour among the migrants is fairly high. Almost 9 out of 10 work as hardhats, internal finishers, workers, waiters or waitresses, etc. A low 12% are unskilled labourers; only one woman was found to work as a teacher. Almost two thirds work in the informal sector, characterized by bad working conditions, poor payment and the absence of a social security safety net. Only 5% declared that their employers paid for their insurance.

Most jobs which migrants find are paid by the piece or by the hour. For hardhats or internal finishers, wages depend on work experience and range from 30 to 60 Yuan per day with an average of 50 Yuan. The difference is not as wide in factories. Workers may earn an average of 30 Yuan per day, or 800 to 1200 Yuan per month. A slight difference can be observed between male and female income levels because female jobs are normally at the lower end of the occupational scale, even in the same factory. Due to the uncertainty of job opportunities and low pay, migrant workers tend to work overtime to increase their income. Only one fourth work 8 hours or less a day, half up to 10 hours, and another fourth for more than 10 hours.

The average annual per capita income earned by the interviewed migrant households was 8,681 Yuan in 2004, which is lower than the reference value for the employed urban population in Ningbo (14,778 Yuan), but higher than the one for the local rural population (6,960 Yuan). Two thirds of the households earned an annual income of 10,000 to 30,000 Yuan, 11 percent 30,000 to 40,000 Yuan, and 3.5 percent more than 40,000 Yuan. Contradictory to wide-spread believes, the majority of the migrants interviewed cannot be classified as poor.

Almost all migrant households in the two urban villages occupy only one room. In most households, two to three persons share a room of 10 to 20 m<sup>2</sup>. The average occupancy rate is 2.53 persons per room, the average per capita floor space 6.76 m<sup>2</sup>. Almost half of the households occupy flats which are too small according to the UN norm. Their dwellings are multifunctional and serve for living, sleeping, storing and cooking. Most households cook in the same room where they sleep in. Only 5% have their own bathroom, 55% (mostly women) have to take a bath inside the bed room with a water container. Based on the number of durable consumer goods available to them, almost three out of four migrant households interviewed fall into the group with basic living standards, about one quarter have a medium and only 3% a high standard of living<sup>2</sup>.

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<sup>2</sup> The research team documented every household's durable consumer good such as radio, colour TV, video recorder/VCD, refrigerator, computer, telephone or cell phone, bicycle etc. A household

Apart from the jam-packed dwellings, there is a serious shortage of sanitation facilities. Most of the houses have no sewer connection and the toilet facilities in the villages are gross inadequate. The almost 5,000 migrants residing in Changfeng have access to only 6 latrines with 34 toilets, the 2,000 migrants in Jinjiacao only to 2 latrines with 16 toilets. The ratio of 54 households per toilet is far below UN Habitat standards (defined as not more than 2 households sharing one toilet). Almost half of the migrants have to queue for a toilet for 10 to 20 minutes in the morning rush hours, another 35% wait for 5 to 10 minutes.

Services and facilities which are provided for a user fee are generally adequate, while those available for free are grossly insufficient. The problem is rooted in the informality of the housing market. From the local government's point of view the dwellings in urban villages are classified as informal housing; consequently public authorities feel neither obliged nor entitled to regulate such informal activities. Furthermore, the allocation of government resources is based on the needs of the local registered permanent population; therefore it is impossible to improve public facilities for the 'inexistent' migrants although in reality they need them dearly. The landlords are only interested in providing shelter; they do not mind gaining profits at public cost. Hence, although renting accommodation in the two villages generates over 6.4 million Yuan (0.77 million US \$) per year, landlords are not interested in contributing to the improvement of sanitation.

#### 4.4 Informal housing

The term 'informal settlement' can refer to a slum, a squatter, or a shanty town. The criteria applied by the Chinese government<sup>3</sup> define "settlement areas with informal housing", although this definition does not satisfy all of UN-Habitat's five indicators<sup>4</sup>.

The definition of 'informal housing' used by the public authorities of the district of Yinzhou is, however, not subject to its physical, but to its legal status. The district government implemented in 2001 the Rural Housing Construction Code no. 110, which declared that all rural villages and agricultural land included in the district land use plan should be protected from private house construction. Individuals were thus no longer allowed to build, rebuild or expand housing on their assigned home-

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owning at least 6 durable consumer goods is classified as having a high living standard. At least 4 items classify as a medium and less than 3 items as a basic living standard.

<sup>3</sup> Occupying public land, violating others' property rights or building settlements without land use rights and permits; or expansion of formal settlements without a permit; or building on a legal plot (with land use rights) but without a building permit; or building with land use rights and permits, but without abidance to related regulations or permission.

<sup>4</sup> Access to improved water, improved sanitation, security of tenure, structural quality/durability of dwellings, and sufficient floor space.

stead, collective land, vacant land or farmland. Any new construction violating the code would be defined as 'informal housing' and should be demolished.

This code is, however, contradictory to the building code established by the province of Zhejiang and the city of Ningbo which allows rural households to improve houses on their homesteads as long as they remain within a reasonable size (60 m<sup>2</sup> per household member), and permission from the local authority is obtained. Furthermore, the implementation of the district code is self-contradictory, because it is enforced upon areas that are not yet covered by land use plans, such as Jinjiacao village.

The district government issued this code although rural land is owned by rural collectives, because local authorities are authorized to prepare a land use plan and expropriate land if necessary against compensation. The compensation which peasants receive for expropriated land is, however, only 1-15% of the market value. Most of the profit, therefore, generates off-budget revenue for the local government.

Feeling deprived and facing future uncertainty, the local peasants started to expand or build houses on any vacant land they can occupy, although they know that such housing will be classified as 'informal' and might be demolished someday without any compensation. They trust, however, that any such action would cause social unrest which again would be ascribed to local politicians as a failure. Thus the government would arrange informal under-table negotiations with village heads, considering the size of the houses and the number of households affected. Compensation would vary between nothing (if only a few households would be affected) and 300 Yuan per m<sup>2</sup> (the cost of construction materials the villagers paid), or new housing in a resettlement area. Local peasants are, therefore, prepared to blow up their issue in order to prevent government action.

In the two urban villages studied all houses belong to locally registered villagers. Migrants can only rent housing from them, usually without security of tenure, with poor quality and with deprived facilities. The two social groups which constitute the population of urban villages are living next to each other in a highly intertwined spatial fabric.

Compared to the neighbouring, well-planned and newly developed urban neighbourhood, the two settlements are crowded with mostly rural style low-rise buildings which are classified as 'informal housing' by local authorities. The physical condition of these houses is, however, much better than in urban slums in less developed countries.

Houses in the villages are built with one to three stories in high density. According to their age and layout, they can be grouped in three types. About one out of ten houses are over 60 years old, traditional wooden rural-style dwellings, rectangular with one storey following the traditional 'one-open, two closed' three-room type, where two bedrooms are separated by the central open room which serves as a stor-

age room and corridor. The traditional dwellings are often badly maintained and lack tap water connection and sanitation.

**Fig. 4: Aerial view of part of Jinjiacao village**



Source: Qi 2007.

In the second group, two out of three houses were built in the 1980s when most villagers were still struggling to alleviate poverty. They constructed them with unpaid help of relatives and friends, keeping them rather simple in style and low in standard at a cost of only 300 Yuan per  $m^2$ . Initially, these houses were typically two-storey rectangular structures with one living room and few bedrooms, but later on they were extended illegally.

Two varieties dominate in this group: a small one-room type of 6 to 9  $m^2$  and a large one-room type of 18 to 24  $m^2$ . The building materials used are durable. About 80% of these houses are permanent in nature with concrete, mixed wood-concrete or stable wooden structures. Only one out of six are semi-permanent, built with wooden or mixed concrete-light materials. Only a negligible proportion was constructed as temporary dwellings using light materials such as galvanized iron sheets, bamboo, asbestos sheets, boards, drums, or mixed light wooden materials.

In the third group, one fourth of the houses were built after 1990 when the rural population became affluent. These new houses are becoming more westernised and

better equipped with modern kitchens, bathtubs and flush latrines. Villagers prefer to build baroque style 'villas' integrating elements of traditional rural architecture.

The original layout of the villages followed a typical rural pattern. Most houses were aligned along a road or canal networks, with the better houses situated along at the main road that encircled the village. A reasonable distance was kept among houses, and vegetable gardens, henhouses, and hog pens were scattered over the remaining area. When the houses were later expanded for informal housing construction, public spaces and vacant land were occupied and roads encroached upon until only a narrow meandering lane remained. The congestion created by informal housing not only restricts privacy, but also creates a fire hazard.

The landlords normally keep quality formal housing for their own use and rent the expanded less equipped informal housing to migrants. In the two villages under study 623 local peasant households rent rooms to 2,665 migrant households (usually each household occupying one room). The majority of landlords accommodate one to five migrant households, but some up to 22.

The two villages are sufficiently well equipped with utilities. All migrant households have access to tap water, although one out of ten has to share public standpipes with neighbours. All houses are connected to electricity. Utility fees are charged according to consumption, there is no difference between villagers and migrants.

The sites have good access to public transportation. Some 80% of migrants could walk in less than 10 minutes to a bus station, but over 80% prefer walking or riding bicycles to their place of work. Post offices, hospitals and banks are available in the urban neighbourhoods surrounding the villages; kindergarten, primary school and middle schools are also located in the area. Migrants have to pay an extra fee to access some public facilities, especially government subsidised services like schools. In primary school the tuition fee for a local child is 500 Yuan per semester, but 800 Yuan for a migrant child. The school can, however, only accommodate 40% of the applications from migrants' families. This partly explains the 'childless' nuclear families in the migrant society; parents have to leave their children with relatives in their place of origin for education.

#### **4.5 Changing perception of public authorities**

There is generally an indifferent attitude towards migrants' housing among bureaucrats. Migrants are looked at as 'temporary' and highly instable in nature; they are blamed for social unrest and encouraged to live elsewhere. It seems, however, that officials at lower levels of the hierarchy are more sympathetic toward migrants.

The vulnerable situation of migrants can be related to two distinct attitudes of the responsible public authorities. First, rural-urban migration is still considered 'illegal' or 'spontaneous'. The receiving areas are, therefore, not subjected to urban planning

and development, and there is a very low level of community participation and involvement; migrants' voices are unheard by policy makers.

Secondly, a major objective of local politicians is to find a way to maximize their disposable budget as well as their opportunities for promotion. Those who can increase their fiscal revenue usually have better chances to climb the ladder. The logic is that more financial resources will generate more projects, contribute achievements to improve one's position by demonstrating one's ability, and help beat competitors (Liu 2005: 6). Obviously, political achievements do not adequately reflect the improvement of peoples' welfare, especially that of vulnerable migrants.

In recent years, however, central government is overhauling its stance against migrants as part of a new policy framework for rural development. Being aware of the migrants' vital contribution to economic development and of the growing tension between urban and rural areas, the new leadership is trying to implement a '*qinmin*' (pro-grassroots) strategy. Central government appears to be more responsive to popular demands than before. The famous New Three Principles of the People claim:

Power must be used for the sake of the people; [cadres'] sentiments must be tied to those of the people; and material benefits must be sought in the interest of the people (Qi 2007: 119).

Since 2001, a series of policies and strategies concerning migrants' welfare have been implemented based on these principles. They include experimental reforms which are explicitly including the *hukou* system, but also the labour market, social services and regional development (Qi 2007: 118ff).

The Administrative Licensing Law (*xingzhengxukefa*) enacted by the State Council in 2002 prohibits the misuse of the legal and administrative system by government authorities; they must strictly follow the stipulations of a law so as to protect citizens' rights. The sub-district governments have, therefore, no longer the legal authority to evict informal settlers.

In the Department of Planning and Urban Construction of the city of Ningbo, the office head confirmed the problem of large scale informal housing construction in urban villages. According to building regulations, those buildings are supposed to be demolished, but according to the new Administrative Licensing Law the sub-district office is neither authorized nor willing to interfere in this situation (Qi 2007: 121):

The practice before 2002 was different. At that time it was our duty to monitor and control unauthorized housing construction activities. Whenever this happened, our coordinators in the villages would report to us and we would issue a notice to the household. If the construction continued, we would charge the household a penalty or demolish the informal building (Interview 6, 23/05/2005).

There are also reforms on the level of local authorities. The municipality of Beijing based the new five year land-use plan on the overall projected population including migrants. Some municipal governments are already adopting pro-migrant policies. The district of Zhili in the city of Huzhou in Zhejiang Province is a leading garment

manufacturing centre. In 2004, Zhili encountered a serious development bottleneck because of labour shortage to a degree that some factories had to close down. The local government responded by investing in the labour market offering up-to-date employment information and consulting services. All migrant labourers employed are now included in the social security system, and their children can be enrolled in local schools. In addition to competitive wages, local employers provide free boarding houses to workers. Six persons share a dormitory, and family rooms are available for working couples. In 2006, the situation had already greatly improved (Qi 2007: 133).

## 5 Political implications and planning challenges

Any strategy for a better integration of migrants into the booming urban economy has to be based on the fact that "China has a dual economy: a 'metropolitan China' composed of cities and their flourishing peripheries, and a 'rural China' composed of destitute and remote rural regions" (Qi 2007: 136). This requirement is also considered in the new *qinmin* policy of the central government.

Balancing rural-urban relationships on the national and regional levels is a prominent challenge for sustainable development in China. Regional development planning and management – which is not yet in place – would provide concepts and tools for a more balanced territorial distribution of the immense dynamics of economic growth. Investment in public and private infrastructure, particularly with regard to public transport, has to be strategically co-ordinated with land use development to guide economic growth towards locations which are both economically feasible and ecologically sustainable. Participation of all stakeholders is a necessary and well established requirement of modern spatial development planning.

Strategic co-operation between public authorities and private investors is a prerequisite for a functioning real estate market. Incentives and restrictions for urban growth and land use change have to be based on strategic visions, implemented with flexible policies and monitored by transparent democratic institutions. Costs and profits of urban development should be shared between public and private actors based on realistic contractual arrangements.

It seems that the proliferation of urban villages in China is beginning to sensitise decision makers on all political and administrative levels for the benefits of more comprehensive and inclusive urban development policies. It took the early industrialised countries in Western Europe over a century to develop a regulatory system for urban growth management which is suitable to balance economic dynamics with public welfare; China will have to walk this way much faster.

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