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How to end the annual mass migration of Chinese workers

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The answer matters not just because of how the chunyun has made it difficult to contain the spread of Covid-19. It also affects China's economic health and social stability.

Every year, the media would report on China's Spring Festival mass migration, the chunyun, for the sheer spectacle of the seas of people at train stations, bulging sacks on bent backs or luggage in tow, making their once-a-year trip home from the cities where they work.

But this year, the chunyun came into sharper focus for how the mass migration made it all the more difficult to prevent the coronavirus epidemic, which broke out last December, from spreading across the country.

From the epicentre of the outbreak - Wuhan city - alone, more than five million people left before the lockdown of the metropolis of 11 million began on Jan 23.

It led a Chinese economist to write in the China Daily newspaper in February that the authorities should reflect on how to reform the hukou, or household registration system, to reduce problems caused by large-scale migration.

"The country must reconsider the hukou system, which prevents migrant workers from settling down where they work to become urban residents. Only by reducing people flows can the country lower dissemination risk that an epidemic poses," wrote Mr Li Tie, chief economist from the China Centre for Urban Development.

The hukou system, which separates China's population into rural residents and urban residents, has been described by scholars as a discriminatory system against the country's rural population.

Started in 1958 under the planned economy system, it prevented rural residents from moving into the cities where workers enjoyed privileges such as subsidised housing, free education and medical care, and old-age pensions.

The system was relaxed in the 1980s as economic reforms led to a surplus of rural labour at the same time as demand for labour increased in urban areas. Rural labourers were allowed to travel to urban areas to work by obtaining temporary residential permits.

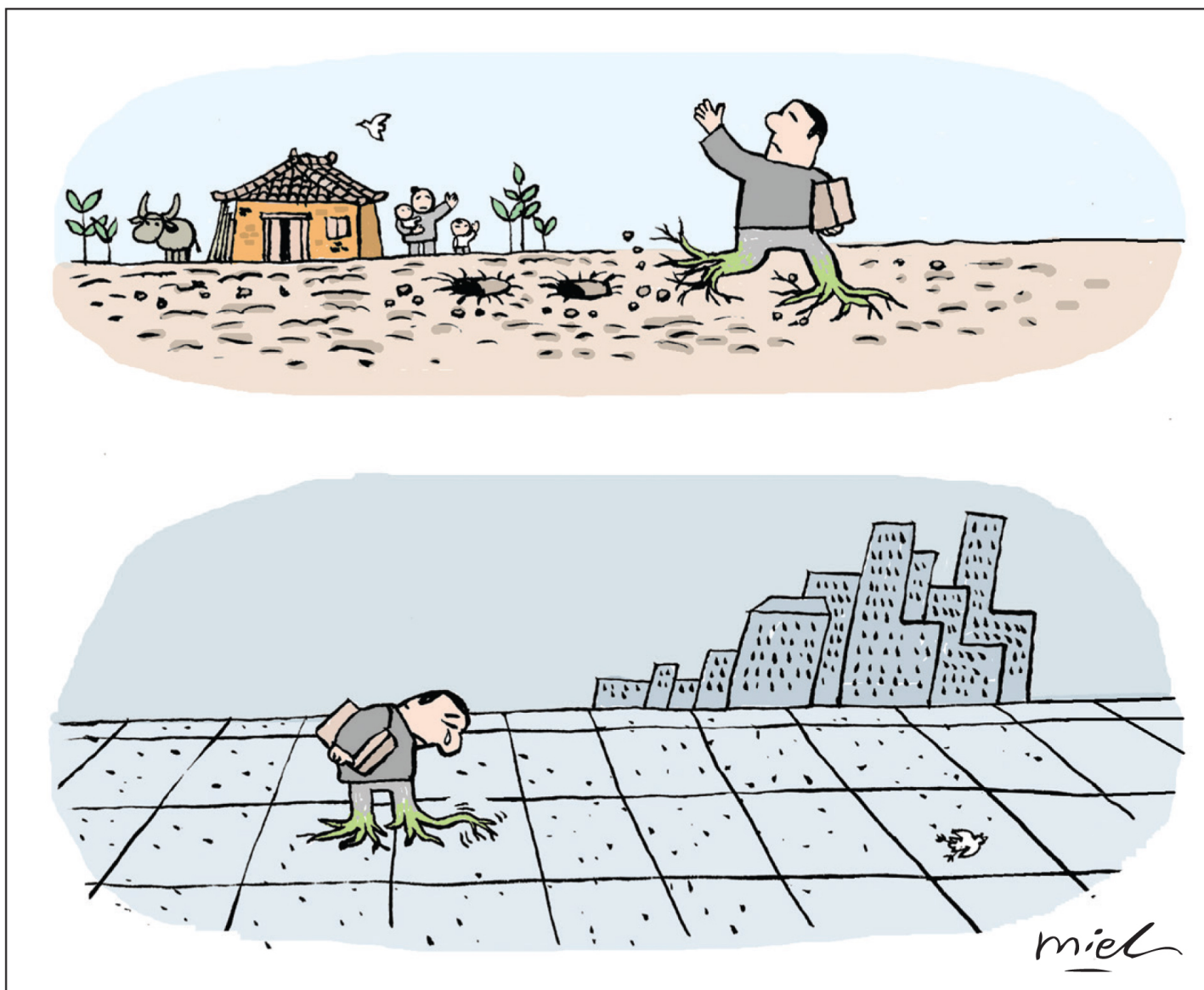
However, without a permanent urban residential permit, rural migrant workers are largely excluded from social benefits for urban residents and find it hard and expensive to access housing, healthcare and education for their children. They often leave their children behind with the grandparents and go individually or as couples to work in the cities, often in low-wage menial jobs shunned by city dwellers and in the factories that power the country's economy. They are often paid less than locals doing similar jobs.

Every year, they make the long trek home to their villages to reunite with their spouses, children and parents during the Chinese New Year. They are a floating population of 288 million that have been prevented from sinking roots where they work by a system that works against their interests.

The hukou system brings about social discrimination and exclusion that have become a major obstacle to China becoming a modern nation and global leader, wrote Professor Chan Kam Wing of the University of Washington in his paper on the system that was published last year in the Handbook On Urban Development In China.

The system, by making it hard for rural migrant workers to put down roots in the city, also hinders China's urbanisation process that the government is keen to promote to grow the country's middle class, as part of its transition from an investment-and export-oriented economy to one driven by consumption.

But things have been changing, particularly since 2016, when a new policy to give 100 million migrant workers urban hukou by this year came into effect. This policy was meant to boost the urban population from 56 per cent of the total population in 2015 to 60 per cent this year, and to reduce the proportion of people living in cities without urban hukou from 18 per cent to 15 per cent.



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No figures are available on how many have acquired urban hukou since 2016. But the government has included hukou reforms - to encourage more rural workers to settle in cities - among measures issued last month to help the country weather the double whammy of a protracted trade war with the United States and the coronavirus outbreak.

Despite the measures that would make it easier for rural migrant workers to move to smaller cities, challenges remain, not least the fact that the effects of years of social inequity in areas such as education are hard to undo, making it hard for the rural migrants to compete against urban dwellers.

CHANGES THROUGH THE YEARS

Part of the problem, as Prof Chan notes in a yet-to-be-published book, is that in the last decade, many new policies governing the hukou system were basically small adjustments that did not amount to substantive changes.

In the large cities, where jobs for the majority of migrant workers are concentrated, the threshold for obtaining urban status has risen, he writes. Only a small minority who are highly educated or wealthy can make the cut.

It is undeniable that since the 1980s, when rural residents were allowed to work in the cities, many changes have taken place to make it easier for them to move to the cities to work and in some cases to change their rural status to an urban one.

One important change in 2003 did away with the practice of evicting migrant workers without temporary permits, so rural residents could move more freely to cities to work.

Shanghai and Beijing in the 2000s started schemes that offered residential status to workers with high academic qualifications or special skills. Other major cities have followed suit with similar schemes.

In the early 2000s, a pilot scheme in some small cities allowed rural hukou holders to change their status to an urban one if they had steady jobs and fixed housing.

More changes came after China's first national urbanisation blueprint was promulgated in 2014. It set as a target the granting of 100 million urban hukou from 2015 to this year to enable migrant workers to settle in the cities where they work.

It came as the Chinese Communist Party in 2013 acknowledged that the dual urban-rural structure was an obstacle to development and vowed to accelerate hukou reform.

However, as Professor Cindy Fan of the University of California, Los Angeles, pointed out in an article in 2017, "urban hukou in the largest cities where migrants actually live and work remain out of reach".

The reason can be gleaned from the hierarchical nature of the reform plan that's based on the principle of "fully removing barriers for peasants to settle in towns and small cities, reducing restrictions on settling in medium-sized cities in an orderly fashion, setting reasonable criteria for obtaining hukou in large cities, and strictly controlling the population size of megacities".

Indeed, after a fire in November 2017 killed 19 people in a Beijing suburb where many migrant workers lived, the city government evicted what it insensitively termed *diduan renkou* or "low-end population" from "unsafe structures", forcing them to leave the city.

Still, after the central government in 2017 announced guidelines to provide basic public services such as education, employment, social security and healthcare to all citizens, many cities responded by making available more public services to residents regardless of their hukou.

For some of these cities, as China's labour force shrinks and retaining workers becomes more important, providing services, such as in education, so that workers can bring their children with them to cities, could help them keep workers.

THE WAY FORWARD

The latest easing of hukou restrictions last month was to help cushion slowing economic growth, particularly after Covid-19.

Among other things, cities with a population under three million are urged to lift all restrictions for migrants to obtain urban hukou there. For cities with population sizes above five million - with the exception of a few megacities - restrictions should be lifted for certain groups of people to obtain urban hukou, such as migrant workers who have lived in those cities for five years.

In addition, the government will try to ensure that rural migrants living in cities have access to basic public services such as education and healthcare.

Commenting on these moves, Prof Fan said they are in the right direction, "expanding options for and urban benefits to migrants".

However, she added that they are not enough to close the gap between rural and urban Chinese. "Government jobs are probably still reserved for locals. And, as a whole, rural Chinese do not have the education and skills to compete with urban Chinese for good-paying jobs in cities," she said.

She noted too that large cities are being excluded from the "wholesale" lifting of restrictions even though such cities are most attractive to migrants because of job opportunities there.

She added, however, that some migrants are returning to towns and small cities close to their home villages where the cost of living is low and their social networks and support system are within reach.

Indeed, a 2017 paper on hukou reform by the Paulson Institute in the US noted that a survey on migration and quality of life found that both migrants and local residents reported higher levels of life satisfaction in cities with populations of 200,000 to 500,000 than in megacities or smaller towns.

It went on to suggest that to reduce polarisation and inequality, government investment should be redirected away from large cities to moderate-sized cities. This would allow these cities to provide a comparable standard of education, healthcare, housing and eldercare services at a lower cost, given the lower cost of living in these places.

There are other things the government can do beyond hukou reform to reduce inequalities between urban and rural residents, who make up 39.4 per cent of the total population.

One way, said Prof Fan, is to improve, for example, the quality and availability of rural schools and to encourage rural children to seek education beyond the mandatory nine years of education.

"Too many young people, especially women, in rural China quit school at or even before finishing junior high. Going to college is extremely rare," she said.

If the government wants migrants who have moved to the cities to join the middle class and boost consumption, it needs to do more to help them make more money.

Allowing new-generation migrants, including those who have never farmed and those who came to the city at a young age or who were born in the city, to be educated like urban locals and have full access to the urban labour market, would allow them to increase their income, join the middle class and contribute to urban and national economic growth, said Dr Fan.

While hukou reform should continue to be carried out to enable migrant workers to put down roots in the cities where they work, these other changes are needed to ensure a better quality of life for them. With greater social equity, China will also gain the stability needed to steer its economy through the choppy waters ahead.

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