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RE-INVENTING THE CITY?

DOMESTIC MIGRATION AND URBANISATION IN THE PEOPLE'S REPUBLIC OF CHINA

Peter Hefele / Johanna Bade

The People's Republic of China can thank one main factor for the rapid economic growth it has experienced since Deng Xiaoping opened up the country's economy around 30 years ago. This is the abundance of people of working age as a result of the population explosion which occurred between 1950 and 1980. Up to now, this has guaranteed that both domestic and foreign companies have access to abundant cheap labour. Extreme imbalances in the development rates of the different regions mean that millions of workers have left the countryside to look for work in the huge conurbations of (mainly eastern) China. This wave of domestic migration has created unprecedented challenges for the infrastructure and for the social welfare systems of these areas. As a result, these migrations are proving to be both the driving force, but also a risk factor for China's continuing economic, social and political development and are having a major impact on the process of urbanisation which is being experienced across the whole country.

THE CURRENT SITUATION – FACTS AND FIGURES

China's sixth and most recent census¹ was held in November 2010 and revealed some quite astonishing changes. Out of a total population of around 1.339 billion, 665.57 million

1 | All information on the 2010 census taken from: Press Release on Major Figures of the 2010 National Population Census, National Bureau of Statistics of China, http://stats.gov.cn/english/newsandcomingevents/t20110428_402722237.htm (accessed May 17, 2011). For the first time the census included the populations of Hong Kong, Macau and Taiwan. Cf. also http://german.china.org.cn/china/2010-05/12/content_20027316.htm (accessed July 12, 2011).

people now live in cities. This represents almost half of the entire population of China (49.7 per cent). Since the last census in 2000, the urban population has grown by almost 13.5 per cent, making China the country with the largest urban population in the world. In a speech made to the National People's Congress last March, the Chinese Prime Minister, Wen Jiabao, spoke of the need to slow down this trend, saying that the rate of urbanisation should be limited to just 51.5 per cent by 2015. This would allow better assessment and cushioning of the potential impact on the environment and on further (urban) development.² But the empirical data contained in the latest census points to a much faster rate of urbanisation. The population of Eastern China, with its many huge coastal cities, has grown particularly strongly by 2.4 per cent, while Central, Western and North-East China reported a slight drop in population of between 0.2 and 1.1 per cent.³ The most populous province is Guangdong (Canton), followed by Shandong, Henan, Sichuan und Jiangsu.

Even though the Chinese Prime minister wants to limit the rate of urbanisation, the population of Eastern China has grown particularly strongly.

Over the last ten years, the total population of China has grown by just under 0.6 per cent, whereas between 1990 and 2000, it grew by almost 1.1 per cent per annum. As a result, the Communist Party has declared their controversial one child policy, which was introduced in 1979, to be a success, claiming that it has reduced population pressure, helped to improve general standards of living and thus contributed to China's economic progress. However, the flipside of this policy is that the People's Republic now finds itself in a demographic position similar to Germany, as it faces the problems of a rapidly aging society. Only 16.6 per cent of the population are under 14 years old, while nearly 13.3 per cent are 60 or older. In the long term, this will have a negative effect on the pension system. In addition to the workload they will have to face in the future, China's only children are already under enormous

2 | Cf. Johnny Erling, "Schneller alt als reich. Laut Chinas Volkszählung gibt es zu wenig junge Leute und zu viele Städte," *Die Welt*, April 29, 2011, <http://welt.de/article13296232/Schneller-alt-als-reich> (accessed August 17, 2011).

3 | People are counted as inhabitants if they have a permanent residency permit and a local *hukou* (户口). The real figures – particularly in the coastal cities – are likely to be much higher because of the internal, mostly undocumented migration flows.

pressure to succeed and perform. They provide a single centre of attention for their parents and grandparents, who burden them with huge expectations.

The census also highlights another challenge which China is facing – the surge in domestic migration⁴ and intensification of regional imbalances. Compared to the year 2000, the number of migrant workers has grown to 221.43 million, an increase of 100.36 million, or 82.9 per cent. This means that almost one in six Chinese has left his home (at least temporarily). Eastern China is the magnet for these floods of migrants. It attracts around 71 per cent of all itinerant workers, while only 15.1 per cent head for the western regions and 13.2 per cent for Central China.⁵ The provinces of Guangdong, Zhejiang, Jiangsu, Shandong, Fujian, Hebei and Shanghai, which has the administrative status of a province, are all situated on China's east coast and have the largest proportion of migrant workers.

Rural Chinese commonly move to the cities on a temporary basis in order to find work due to the regional imbalances between Eastern and Western China and between city and countryside.

It is particularly common for rural Chinese to move to the cities on a temporary basis in order to find work. This is largely due to the regional imbalances between Eastern and Western China and between city and countryside. These imbalances reflect the lack of development in the country's interior which can be seen in the wide income disparities, the high levels of rural unemployment, the growth of labour-intensive industries in the cities and unequal educational opportunities. Young people are particularly drawn by the "pull factors" of higher pay, better opportunities for personal development and the general attractions of life in a big city. Older people and women are more affected by "push factors", such as land shortages, the costs of health care for their family and the generally hard living conditions in rural areas. Other factors, such as the huge growth in the information sector

4 | The statistics office considers people to be migrants and "rural-urban migrant workers" (*Nongmin gong* / 农民工) if at the time of the census they have been living for more than six months in a place other than their registered place of residence (*hukou*).

5 | Cf. "统计局：截至08年末全国农民工总量为22542万人" (Statistics office: at the end of 2008 the number of migrant workers was 225.42 million), <http://news.sohu.com/20090325/n262998825.shtml> (accessed July 1, 2011).

through radio and television and even more so through the Internet and mobile phone technology, along with the rapid expansion of the transport network, have made the country more inter-connected and have made migration much more attractive.

There is no doubt that these waves of internal migration have had a positive effect on the standard of living and consumer behaviour of rural migrants and their families and have contributed to a reduction in poverty. In 2004, a migrant worker earned an average monthly wage of 780 Yuan (CNY) (around 84 Euros), which was three times the wage of a farmer and which was mirrored in an increase of 8.5 to 17 per cent in per-capita consumption in households with migrant workers.⁶ By 2009, this monthly average income had increased to 1,417 CNY (around 151 Euros), but hourly rates still need to go up, as on average, migratory labourers work between 58 and 62 hours per week.⁷ Many workers also have to put up with late payment of their wages: in 2006, this was the case for 32.4 per cent of migrant workers and of these, 10 per cent had been waiting up to seven months to be paid.⁸

However, hourly rates of migrant workers still need to go up, and many workers also have to put up with late payment of their wages.

But in general, the improved financial situation of these households has led to better opportunities for education and health care. However, the *hukou* (户口) system, i.e. the government's system for registering households, ensures that rural labour cannot permanently move to the cities. These population groups, and particularly their children, can only benefit in a very limited way from the generally better educational and social institutions which

6 | Cf. Wei Ha, Junjian Yi and Junsen Zhang, *Inequality and Internal Migration in China: Evidence from Village Panel Data*, Human Development Research Paper 2009/27, 9-11.

7 | Cf. "国家统计局发布农民工监测报告：跨省外出比重下降" (The national statistics office has published its own report on rural workers showing that the number of migrant workers leaving their home provinces has dropped), http://news.xinhuanet.com/politics/2010-03/23/content_13226364.htm (accessed July 1, 2011).

8 | Cf. Maren Opitz, "Wanderarbeiter und Hochqualifizierte – Chinas Migrationspolitik unter Druck," in: Helmut Reifeld (ed.), *Auf der Suche nach dem "Land der Chancen." Die Integration von Migranten in Schwellenländern*, Sankt Augustin 2011, 21-28, 27 et seq.

84 percent of rural migrant workers labour in the informal economy, where they suffer repression, have few employment rights and no rights to any legal protection or social services.

are to be found in the cities.⁹ The system was originally introduced by the Chinese government in 1958 in order to limit migration from the countryside to the cities and thus to ensure a better balance of production between rural and urban areas. But in actual fact it became the basis for a two-class society, where to all intents and purposes only city-dwellers had access to adequate social welfare services and better educational opportunities. The critical factor for registration is the mother's *hukou*, not the person's own place of birth. It was and remains almost impossible to get an official, authorised permit to change one's place of residence, so many migrants are forced to work illegally. This has led to 84 per cent of rural migrant workers working in the informal economy, where they suffer more repression because it is not subject to government controls (such as health and safety regulations). Despite the labour law which came into force in 2007, most of them still have no written employment contracts and so have few employment rights. Most of them also have no rights to any legal protection or social services. In 2009, less than ten per cent of these migrants had health insurance or a pension, as compared to almost 67 per cent of city-dwellers.¹⁰

Rural workers are also restricted by their comparatively low levels of education. This means they are more often shut out of the official labour market, and generally they end up in jobs known as the "three Ds": dirty, dangerous and degrading. 68 per cent of all manufacturing industry jobs are done by migrant workers, while in construction the figure rises to almost 80 per cent and is over 50 per cent in the service sector. What's more, 75 per cent of fatal accidents at work in 2005 involved rural workers.¹¹ The high labour turnover due to the strict *hukou* system – which means workers can often only stay on a temporary basis – means that employers very rarely give these workers any training to improve the quality of their work, despite the fact that this would be a benefit in terms of

9 | Cf. also Thomas Awe, "Der verzweifelte Marsch in die Stadt. Shanghai und das Phänomen der Migration," in: *KAS-Auslandsinformationen* 7/2007, 74-84.

10 | Cf. Ha et al., n. 6, 11.

11 | Cf. *ibid.*, 9.

higher productivity. A further effect of this rigid system is the fact that more than half of all rural workers (52 per cent) elect to be self-employed (even if this is fictitious), compared to only 12 per cent of urban workers.¹²

TRENDS AND DEVELOPMENTS

Migrant workers are by no means a new phenomenon in China. Since the mid-1980s, they have been the human resource which has fuelled China's economic boom, and it is their cheap labour which continues to play a major role in Chinese export policy. But there is a growing trend towards raising the existing minimum wages and to introducing them into all sectors of industry.¹³ This is mainly a result of the workers' own initiatives, that have drawn attention to their plight and increased demands for fairer wages and shorter working hours through strikes and work stoppages. It also seems likely that the growing political pressures on employers and the trend towards compulsory insurance will mean that indirect labour costs will go up.

This in turn could have a long-term effect on China as a low-wage manufacturing country. Even now it is possible to detect a creeping tendency for foreign companies to relocate

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to other low-wage countries such as Vietnam, Thailand, or, above all, India. However, this is not altogether a bad thing, as it gives the People's Republic the opportunity to shake off its image as "the factory of the world" and to change the structure of its economy in order to specialise in knowledge-intensive and technology-intensive industries with a focus on high quality and innovation.

But China is still very much in the early stage of this development. Working and living conditions in rural areas will only improve slowly, so the issue of China's domestic migration will continue to be crucial to the development of the urban sector for the next ten to fifteen years. The latest census provides evidence of dynamic growth. In

12 | Cf. Opitz, „Wanderarbeiter und Hochqualifizierte,“ n. 8, 26 et seq.

13 | Since 2010 most provinces have raised the minimum wage.

In accordance with the 12th Five Year Plan, wages should increase by 13 per cent p.a. But it is likely that productivity will increase and so Chinese workers will still to a large extent retain their comparative cost advantage.

2009,¹⁴ the consultants company McKinsey conducted a study on migration flows from the countryside to the cities. According to this study, China's urban population is likely to grow by a further 350 million by 2025 (with around 240 million of these being migrant workers), and by 2030, the one billion barrier will be crossed. This would represent a rate of urbanisation approaching 70 per cent. The United Nations expect a figure of 62 per cent, which corresponds to an increase of 240 million people by the year 2030.

Table 1

Development of the population distribution 1950-2030

Indicator	1950	1970	1990	2010	2030
Rural population (in thousands)	480,632	673,975	840,095	718,307	557,019
Proportion of the total population (%)	88.2	82.6	73.6	53.0	38.1
Urban population (in thousands)	64,319	141,975	301,995	635,839	905,449
Proportion of the total population (%)	11.8	17.4	26.4	47.0	61.9
Total population (in thousands)	544,951	815,951	1,142,090	1,354,146	1,462,468

Source: Population Division of the U.N.'s Department of Economic and Social Affairs, World Population Prospects, <http://esa.un.org/wup2009/unup> (accessed July 11, 2011).

One thing is clear: China will continue to undergo a process of rampant urbanisation. Over the next 15 years, around 221 cities will have more than one million inhabitants; by way of comparison, Europe at present only has 35 such cities. The two existing megacities of Beijing and Shanghai will be joined by six further cities with populations in excess of 10 million and 15 cities with a population between five and ten million.¹⁵ The road network will be extended by five billion square metres, and the cities will gain five million new buildings. Of these, up to 50,000 could be skyscrapers – covering an area over ten times larger than

14 | McKinsey Global Institute, *Preparing for China's Urban Billion*, March 2009.

15 | The other cities are likely to be made up as follows: 115 cities with 1.5 to 5 million inhabitants, 280 cities with 0.5 to 1.5 million inhabitants and 521 cities with up to 0.5 million inhabitants.

New York City. The contribution of the cities to GDP is likely to grow from 75 per cent to 95 per cent by 2025, while China's total GDP will increase fivefold.¹⁶

These figures give us a clue to the range of social, environmental and economic problems which will be caused by this process of urbanisation. This is why in its latest Five-Year Plan (2011-2015), the central government has highlighted domestic migration and urbanisation as two of the main challenges to be faced.¹⁷

CHALLENGES AND PROBLEMS FOR THE PEOPLE'S REPUBLIC

Domestic migration and urbanisation are closely linked and, to various extents, they present China with major challenges on three levels: in terms of social policy, the economy and the environment. With regard to social policy, this is dominated by the problems faced by migrant workers in the cities. The environmental challenges are caused by the rapid urbanisation taking place in China, but also by the regional population imbalances. Economic problems particularly include the direct and indirect costs which must be faced by the administration, private households and businesses.

Domestic migration and urbanisation are closely linked and present China with major challenges in terms of social policy, the economy and the environment.

These three dimensions are closely intertwined, but we will take a look at them separately in order to get a clearer view of the problems and challenges which China is facing.

Social Policy

By far the most serious challenges and problems arise in the area of social interaction. The interests of migrant workers and the local urban population are at odds, and social inequalities and injustices are more obvious here than anywhere else. This leads to tensions and social unrest, endangering the top political priority of stability

16 | Cf. McKinsey Global Institute, n. 14, 6-15.

17 | See also Peter Hefele and Eileen Lemke, "Zwischen Kontinuität und Wandel. Das 12. Fünf-Jahres-Programm der Volksrepublik China 2011-2015," *KAS-Länderbericht*, 05/2011, KAS Shanghai office.

and the principle of "a harmonious society". As previously mentioned, the only marginally-reformed *hukou* system is a source of significant social tension. It not only refuses migrant workers and their families access to educational opportunities and the social security system, but the significant wage disparities also mean that they are effectively marginalised from society in the cities. On top of this, the tendency for families to migrate is even stronger among "second generation" migrants, so the number of migrant children in the cities is growing. In Shanghai alone, the proportion of first-graders from migrant families currently stands at 54 per cent.¹⁸ But as the local schools often charge higher fees to parents with other *hukous*, these children often end up attending migrant schools

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which are often less well-equipped. Indeed, 16 per cent of children between 7 and 14 years of age who move to the cities don't attend school at all.¹⁹ The growing numbers of rural children in the city's schools have also led local parents to send their offspring to private schools, in spite of the extra cost, and they also often forbid their children to have contact with migrant children. They are afraid that they will have a bad influence on their children, whether because of their way of talking, their poor personal hygiene, or because of their lower standard of education. This ostracism of migrant children in turn can lead them to develop inferiority complexes and to suffer from fear of failure.

Children who are left behind in their rural communities often have to face similar problems. Recent studies carried out in 2008 show that these children now number around 58 million.²⁰ People aged between 16 and 40 are particularly likely to migrate – in 2006, this age group made up 70 per cent of all migrants²¹ – meaning that their children are generally brought up by older relatives who

18 | Cf. "Parents opt out as migrant kids arrive," *Shanghai Daily*, May 30, 2011. Also *ibid.* the following.

19 | Cf. Opitz, „Wanderarbeiter und Hochqualifizierte," n. 8, 29. This gives a series of private initiatives which provide educational opportunities for migrant children.

20 | Cf. "The Children of Migrant Workers in China," *China Labour Bulletin*, 26.11.2008, <http://www.clb.org.hk/en/node/100316> (accessed July 11, 2011).

21 | Cf. Priya Deshingkar, *Internal migration, poverty and development in Asia*, Overseas Development Institute, 2006, 2.

are often overwhelmed by the burdens of child-rearing, their own work and the generally difficult living conditions. Compared to other children, these “left-behind” children are more likely to fall into crime, and the long separation from their parents often leaves them more vulnerable to psychological problems and behavioural disorders.²²

The discrepancies in wages and working conditions between rural and city workers also provide a fertile breeding ground for social unrest. Today’s migrant workers are no longer prepared to accept their fate, but are publicly demanding their rights. There is talk of a new generation of migrant workers who were born at the end of the 1980s. Growing urbanisation and easier access to information have led to them developing a greater understanding of their situation, and they are increasingly voicing their demands to businesses and the government.²³ A wave of strikes is still engulfing the country, starting with the events at the electronics manufacturer Foxconn and last year’s walk-outs at the Honda and Hyundai plants. As a result the Chinese government is paying particularly close attention to the work situation and wages of migrant workers and is visibly supporting the introduction of and increases in minimum wages. It is also carrying out checks to ensure employers are adhering to reasonable working hours and are passing legislation to increase their social security obligations. The uniform Social Security Law passed on July 1, 2011 is a new framework created along European lines.²⁴ But the People’s Republic is still in the early stages of such changes. It is still a long way off having an adequate social security system and comprehensive and consistently-applied occupational safety schemes, as most migrants still (out of necessity) work in the informal economy and are therefore outside government controls.

Growing urbanisation and easier access to information have led to today’s migrant workers developing a greater understanding of their situation, and they are increasingly voicing their demands to businesses and the government.

22 | Their fate is movingly depicted in the documentary film “Last Train Home” (归途列车) by Lixin Fan, EyeSteelFilm, 2009.

23 | Cf. Sylvie Démurger, “Editorial – Rural Migrants: On the Fringe of the City, a Bridge to the Countryside,” *China Perspectives*, 2010, 2, <http://chinaperspectives.revues.org/5331> (accessed February 11, 2011).

24 | Cf. “Five-year joint project approaching the finish with an air of success,” *China Daily*, July 5, 2011, http://chinadaily.com.cn/cndy/2011-07/05/content_12833383.htm (accessed July 11, 2011). However, crucial decisions on implementation have not been taken.

China finds itself in a similar demographic situation to Germany, with a rapidly-aging society. Of course the People's Republic still has an army of millions of workers thanks to its massive population, but in the long term, demographic changes will lead to a shortage of younger workers if the Party leaders do not review their one child policy. Workers who remain on the land are facing increasing pressures as they try to fill the labour gap created by the floods of migrants leaving for the cities. Pressure on the social security system and pensions has also grown and been intensified by the fact that many of the rural population and migrant workers (still) have no health insurance or pension provisions and therefore do not pay into these schemes.

The processes of urbanisation and modernisation are having the same impact in China as in the West, bringing with them social isolation as part of big-city anonymity.

The rapid relocation of people from the country to the cities has meant that urban infrastructures have been pushed to breaking point, particularly as regards traffic, health care and education.

The latest census shows the trend towards small families and one-person households: in 2010, the average Chinese household consisted of 3.1 people, as compared to 3.4 people in 2000 and 4.4 in 1982.²⁵ The rapid relocation of people from the country to the cities has meant that urban infrastructures have been pushed to breaking point, particularly as regards traffic, health care and education.

A politically-sensitive element of domestic migration has been the migration of the Han Chinese into the outer regions of the People's Republic which were previously the domain of ethnic minorities. This particularly applies to Tibet, Xinjiang and Inner Mongolia. The Chinese government has encouraged this process, which is linked to energy and security policies, by offering financial incentives such as above-average salaries and tax breaks for people moving to these regions. This has led to the often less-educated local ethnic minorities seeing their jobs being threatened and also feeling that their culture is being eroded by the advent of the Han Chinese who are now

25 | Cf. Thomas Scharping, *Chinas Bevölkerung 1953-1982, Teil II: Alter, Geschlecht und Sozialstruktur*, Kölner China-Studien Online, 3, <http://www.china.uni-koeln.de/papers/No%201985-2.pdf> (accessed July 13, 2011).

a majority in certain areas. This creates a blueprint for the kinds of political, social and cultural conflicts which are already intensifying.²⁶

The Environment

The fast pace of China's urbanisation is making a lot of demands on the environment. Increasing industrialisation and the resulting growth in consumption means that the country's limited resources of energy, water and food are under pressure: according to the McKinsey Global Institute, demand for these resources will double over the next 15 years.²⁷ The growth of cities is also putting pressure on land use as the demands of agriculture and construction are coming into conflict.

To make matters worse, air, water and environmental pollution is on the increase in the cities, along with noise pollution and the resulting harmful effects on the population. The treatment of waste and water is also becoming a serious issue. Currently, 59 per cent of China's drinking water does not meet international standards and, if nothing is done, water pollution in the cities could increase five-fold.²⁸ The situation is compounded by the problems of acid rain and China's increasing desertification. The growth of the cities is based more on short-term goals, such as the demands of the market, the need for fast reaction times and cost savings, rather than on the long-term and sustainable principles of city planning based on energy efficiency and the sensible use of resources.²⁹

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The Economy

All these developments mean that the cities and the government of China are faced not only with social and environmental challenges, but also with huge financial and economic problems. It is estimated that by 2025, 2.5 per

26 | The most recent example is the conflicts which broke out in Inner Mongolia in May 2011. Cf. also "China's Inner Mongolia 'under heavy security'," *BBC*, May 30, 2011, <http://bbc.co.uk/news/world-asia-pacific-13592514> (accessed July 11, 2011).

27 | Cf. McKinsey Global Institute, n. 14, 22.

28 | Cf. *ibid.*, 23.

29 | See also previous section.

cent of GDP created in the cities will have to be spent on expanding public services and welfare systems.³⁰

Demographic change and China's domestic migration are having a clear impact on the pensions and social security system. Previous cover and rights in this respect are

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linked to the *hukou*, and it is almost impossible to transfer them to other *hukous*. As a result, many migrant workers have no cover for sickness or old age, and the public social security schemes are missing out on significant amounts of contributions from these uninsured workers. In rural areas, people are much less likely to make social security contributions than city-dwellers because they often think the amounts they have to pay are too high compared to the service provided. It will take time for people to change their views on this, as it is still a commonly-held belief that children should look after their older relatives. But the demographic changes brought about by the one child policy mean that today's middle-aged generation will no longer be able to shoulder this burden on their own. Moreover, they increasingly no longer live anywhere near their families because they now earn a living as migrant workers.³¹

Paradoxically, domestic migration has been a crucial factor in the real estate boom of recent years. Despite certain justified warnings to the contrary, it seems likely that demand for housing will continue to grow, if at a slightly slower rate. We are unlikely to see a significant drop in prices, and the building boom will continue in both housing and the area of urban infrastructure. But at the same time, the big cities have a plethora of empty buildings because rents are increasing beyond the reach of manual workers or indeed even of the middle classes. This is another area where the government is under pressure, as demands increase for a state-controlled cap on rents and subsidies for social housing projects.³² Spending on education,

30 | Cf. McKinsey Global Institute, n. 14, 23.

31 | Cf. "Pension change urged for 240 m – Migrant workers lose out under the nation's two systems: experts", *China Daily*, July 6, 2011.

32 | This is being addressed in the new housing construction plan which requires 36 million new homes to be built by 2015.

training and child care will also have to increase, so that rural workers and their children are given better educational opportunities in the cities. In the long-term it will be cheaper to invest in a well-educated labour force that earns higher salaries, has higher levels of consumption and that is in a position to pay into the social security system.

The financial burdens on the health care system will also increase, partly because of the harmful effects of increased pollution, but also because of changing lifestyles and consumer behaviour. Environmental pollution and land scarcity will also incur other costs, such as the need to import food and raw materials, the modernisation of buildings in cities to make them more energy-efficient and compensation for damage caused by things such as environmental disasters and acid rain.

If regional imbalances are to be dealt with, incentives also need to be created for private investors to invest in building new cities and business centres in the country's interior.

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But it is debatable whether enough qualified workers can be motivated to relocate and to be part of a migration flow back to the regions. If this is to happen, the transport networks and infrastructure of China's central and western provinces have to be expanded, and reliable power supplies must be guaranteed. The latest idea is to create conurbations rather than encourage the growth of scattered urban areas. Towns within conurbations can help each other both financially and economically and can reduce pressure on the environment.

THE CHINESE GOVERNMENT'S TARGETS AND ACTIONS

Domestic migration and urbanisation in China have a reciprocal relationship and present many hurdles to the country's development. The fast pace of rural depopulation has had a major impact on the growth of cities over the last decade. In its latest Five-Year Plan, the Chinese government has therefore come up with a range of measures designed to counter these problems. These include encouraging inter-regional migration and the improvement of conditions for the rural population. But migration to the cities is still seen as part of the solution to rural problems, and as

a result, the government is planning to create 45 million new jobs in the cities by 2015. It also wants to cap the unemployment rate at five per cent, increase the rate of urbanisation to 51.5 per cent, provide a state pension for all country-dwellers and 357 million city-dwellers, create social housing projects to meet the needs of lower-income families, raise the minimum wage by at least 13 per cent per annum, make public services more attractive to the population and improve the social management of the state.³³ For example, the expansion of the service sector, particularly at local level, is to be achieved by relaxing investment conditions for private and foreign businesses, through public investment in infrastructure projects, by creating other means of financing, regulating rents and by providing grants for research and development projects.

One strategy is the intensive expansion of cities in an attempt to redirect the flows of migrants away from the over-populated eastern provinces towards the interior.

Another strategy is the intensive construction and expansion of cities as part of the “Go West Strategy” (*xibu dakaifa* / 西部大开发), in an attempt to get to grips with regional imbalances and to redirect the flows of migrants away from the over-populated eastern provinces towards the interior. As a result, the government and investors will focus more on second and third-tier cities. The provincial and city governments will play a crucial role in putting these plans into action. The main areas where it is planned to develop conurbations are the Pearl River Delta in southern China around Shenzhen³⁴, the Yangtse Delta region around Shanghai and the Beijing-Tianjin-Hebei economic region. The municipal governments of Shenzhen and Hong Kong have drafted a plan to create the world’s third-biggest metropolitan region (after New York and Tokyo, in terms of GDP) by 2020. The provincial government of Guangdong is also planning a “Special Co-operation Zone” with Hong Kong and Macau, while Shanghai is working together

33 | Cf. “Key targets of China’s 12th Five-Year Plan,” *China Daily*, March 5, 2011.

34 | Such as the project “Turn The Pearl River Delta Into One,” which plans to create an urban area of 42 million people around Guangzhou and Shenzhen. See Malcolm Moore and Peter Foster, “China to create largest mega city in the world with 42 million people,” *The Telegraph*, January 24, 2011, <http://telegraph.co.uk/news/8278315/China-to-create-largest-mega-city-in-the-world-with-42-million-people.html> (accessed July 13, 2011).

with surrounding towns to create a joint infrastructure for better transport links and instigating joint initiatives. In the Beijing-Tianjin-Hebei area urbanisation is being encouraged by the “three belts” – the economic belt of the Bohai Rim, the traditional industrial belt and the green belt of the area surrounding the Yanshan and Taihangshan mountains.³⁵

There are also projects underway in Central, Northern and South-Western China to build second and third-tier cities. The plan is that they will deepen the economic ties between the provinces of Shanxi, Henan, Anhui, Hubei, Hunan and Jiangxi as part of the “Rise of Central China” strategy (*zhongbu jueqi* / 中部掘起). Their main focus is to be on grain, energy, raw materials, tourism and research, along with the development of a sustainable infrastructure. In North-Eastern China, the former steel-making provinces of Liaoning, Jilin and Heilongjiang are experiencing an economic revival. A large number of infrastructure projects which are promoting the rapid growth of cities

such as Dalian and Shenyang (Liaoning), Changchun (Jilin) and Harbin and Daqing (Heilongjiang) have been or are being set in motion. This region has also seen the creation

Chongqing in Sichuan province has become China’s largest directly-governed region with its population growing by 1,300 people every day.

of an industrial corridor for energy, cars, electronics, medicine, food and petrochemicals. In South-Western China, Chongqing in Sichuan province has become China’s largest directly-governed city with its population growing by 1,300 people every day. It is home to the country’s largest car and motorcycle production plant and the biggest iron, steel and heavy industry producers. It is only North-Western China which has seen little development in this respect. One of the few exceptions is Ordos, a city in Inner Mongolia. It is trying to expand in a sustainable way and serves as a green role model for the rest of the country in terms of its water treatment and recycling methods.³⁶

It seems unlikely that there will be a country-wide reform of the *hukou* system. However, certain cities such as

35 | Cf. “China’s MegaTrends: Massive Urbanization – A Billion Urbanites by 2030,” 1-3, <http://andrewleunginternationalconsultants.com/files/chinas-megatrends-1-massive-urbanization-2.pdf> (accessed July 13, 2011).

36 | Cf. *ibid.* 3-4.

Shanghai and Beijing have relaxed the system so that at least the possibility of transferring *hukous* is now under consideration.³⁷ The planned general social security law for the whole of China should also help to improve conditions for migrant workers and their families and make it possible for them to transfer their social security claims.

URBANISATION AS AN OPPORTUNITY FOR GERMAN EXPERTISE

Now that China is no longer receiving development aid from Germany, the German government has reset the focus of its bilateral relations. Now the main emphasis is on supporting and working with the People's Republic to create an economy based on sustainability and energy-efficiency. The success of this strategy largely depends on whether urbanisation can be achieved in new ways. This is where German city planners and businesses can bring their knowledge to the table. Things are looking promising, as over the last few years there have already been several pilot projects involving joint plans for urban developments as well as for smaller-scale schemes.³⁸

German/European energy standards are being used for buildings, and, despite local efforts, European companies are still providing the critical components for transport logistics and mass transportation. But Germany should not only be focusing on the technical and logistical aspects of urbanisation. Too little attention is paid to the issue of urban areas as "social constructs" in China. The strains caused by rapid population growth and the short-term speculations of property developers and buyers in the cities has led to the mistakes of Europe's urban past – and perhaps even more so, those of the USA – being repeated. The impression is of an urban "more of the same" with a lack of any real functional integration of the spheres of work life and home life.

Too little attention is paid to the issue of urban areas as "social constructs" in China. The strains caused by rapid population growth has led to the mistakes of Europe's urban past being repeated.

37 | Cf. also e.g. "Capital considers easing hukou rules," *China Daily*, June 22, 2011.

38 | For a few examples from Chinese provincial cities see: Johnny Erling, "Deutsche Architekten bauen Chinas neue Städte," *Die Welt*, October 6, 2010, <http://welt.de/article10111786> (accessed July 11, 2011).

This can only be changed if the government and local authorities create new incentives, ranging from policies on tax and land allocation to the reform of the *hukou* system. The efficient planning and realisation processes which have so often been admired around the world belie the fact that China has had its share of massive, long-lasting and costly planning disasters.³⁹ These could have been avoided if the local people had been involved at an early stage, and if planning and decision-making processes had been carried out at local level with greater transparency.

German politicians would be well advised to continue on this path of governmental cooperation while still supporting non-government organisations. The urgent global need for a more energy-efficient model of urbanisation makes this all the more important. However, there should be no let-up in bilateral and multilateral efforts to achieve fair market conditions and the protection of intellectual property, as these areas which we looked at earlier also form part of Germany's technologies of the future.

Germany must also realise the importance of successful urbanisation as a "social construct". Chinese urbanisation is being closely watched in many other parts of the world, or even being "imported" with the help of the Chinese. German interests are affected in one way or the other by any social or environmental distortions in China's – and the world's – megacities.

39 | Even in China itself criticism has been voiced about the expansion plans for the high speed train network, and also for other infrastructure projects. The dramatic increase in debt experienced by many Chinese local authorities is also the result of unsound and untransparent development policies. See also "Building Boom in China Stirs Fears of Debt Overload," *The New York Times*, July 6, 2011, <http://nytimes.com/2011/07/07/business/global/building-binge-by-chinas-cities-threatens-countrys-economic-boom.html> (accessed July 13, 2011).