China’s Lab Experiment in Urbanization

By Chi-Chi Zhang

CHONGQING, China – Huilongba was once a farming village dotted with cabbage, string bean, and tomato crops. Today, the now-suburb is a booming industrial hub producing more than 15 percent of all raw white fabric manufactured in China. Through tax breaks and government spending on infrastructure, the Huilongba government was able to offer competitive wages and attract many former residents who in the past were forced to travel to coastal areas to find work. The town located in Chongqing’s northwest region now boasts a population of more than 50,000 people. Chongqing has looked to towns like Huilongba, whose economic output shot to US$15 billion in 2011, as a successful representative of the much larger urbanization plan that Chongqing began in the late ’90s. Efforts to turn Chongqing’s countrysides into urban areas were partially aimed at reducing the imbalance between China’s affluent coast and lack of development in its languid interior.

Ever since I moved to Chongqing, everyone has said that there’s no better place to research the intersection of migration, urbanization and the future of China’s workforce. Urbanization is a core identity of this megacity also known to the west as China’s Chicago. Chongqing’s municipality is home to 32-million residents. In 1997, Chongqing became one of four municipalities in China, alongside Beijing, Tianjin, and Shanghai. Municipalities are independent of provinces and report directly to Beijing. Geographically, many of China’s municipalities are located in strategic positions between provinces and occupy regions that were once farming belts. Chongqing’s municipality status came to fruition as the central government looked to the city for relocation of displaced residents from China’s massive Three Gorges Dam project. The central government also saw potential in Chongqing as a transportation, economic, and commercial hub that would act as a gateway to accelerating growth in China’s lagging western provinces as part of Beijing’s “Go West” campaign launched in 2000. Chongqing is the largest of the four municipalities and is home to 19 districts that house 32.8 million people, of which more than 19 million are farmers. In Chongqing, towns are considered urbanized once the countryside has industrialized like Huilongba and residents no longer have to rely on farming as their livelihood. Chongqing’s urbanization is expected to grow from today’s 60 percent to 70 percent or more by 2020.

While Chongqing’s past holds historic significance, the
city’s urbanization did not really take off until Chongqing became a municipality in 1997. Chongqing was the country’s wartime capital during the Second Sino-Japanese war in the late 1930s. And during the 1950s, Chairman Mao Zedong made Chongqing one of China’s strategic military and weapons bases based on the perceived threat of nuclear attack from the U.S. and Soviet Union. Since then, Chongqing’s model of using state resources to stimulate consumption, infrastructure, housing and public works projects has propelled Chongqing’s policy innovations in urbanization to the forefront of China’s rural-to-urban transition. By investing billions of dollars in public housing and providing rural residents with urban hukou that give people access to health care, education, and social security, the Chongqing urbanization model is a bold lab experiment backed by state policies and resources.

A steady diet of tax incentives, funding provided by the central government and state-owned enterprises (up to 20 percent of their annual profits1), infrastructure projects, and foreign investment has allowed Chongqing to flourish to the point where in 2011 the municipality’s economic output reached over US$150 billion, representing an annual growth of 16.4 percent2 and a doubling in economic activity since 2008. Chongqing is now a manufacturing hub for big electronics companies and has become China’s third largest automobile producer. But Chongqing’s initial success cannot be sustain without providing adequate jobs and housing for farmers turned urbanites, and investing in technology to remain competitive. If the government cannot help rural residents assimilate to urban life, further urbanization could also lead to the emergence of urban poverty and increased crime rates.

Chongqing’s residents credit Bo Xilai or as they call him “Chairman Bo” or “Comrade Bo” for the city’s urbanization successes. The former Communist Party secretary is now a disgraced politician who was expelled from the Communist Party in September for corruption, abuse of power and bribery. But in Chongqing, many locals still praise him for making the city safer by launching a massive crackdown on organized crime. An investigation into the crackdowns, which were initially praised, later revealed that he arrested many of his political adversaries in the process. Bo has yet to make an appearance following his detention in March, but is expected to stand trial in the coming months. Everywhere you go in Chongqing today—from the expansion of the city’s subway and construction of new bridges—is a reminder of Bo’s legacy.

As China faces its slowest annual growth in three years this year3, the central government hopes that urbanization initiatives similar to those in Chongqing can be implemented across the country to create a stronger domestic consumer market, according to Pu Yongjian, an economist and director of Chongqing University’s Sustainable Development Institute. The goal of such fervent urbanization is to turn farmers into urban workers and ultimately, into middle-class consumers living in modern high-rises ready to buy, buy, buy.

When I asked Professor Pu why urbanization in China

3 BBC, “China economic growth slows to 7.6% in second quarter,” July 2012 http://bbc.in/MnWID9
needs to happen so quickly, he laughed and said, “You mean, why can’t we just let it happen naturally like in the west? Because it’s China! The government needs to show that they are doing everything possible to improve people’s lives and show that people’s happiness is their number one priority. Maintaining a strong economy through urbanization is the best way to keep the people happy. Happy people equals stable society.” His statement certainly applied to lower and middle-class residents of Chongqing who saw new bridges, malls and skyscrapers as a shining beacon of Comrade Bo’s legacy.

**When Farms Become Factories**

On a smoggy and bone-chillingly cold day typical of Chongqing winters, Professor Pu drove me to his hometown of Huilongba. As we drove through Chongqing’s mountainous Beibei district (now famous for a sex scandal in which the district’s Communist Party Secretary was ousted), the stout professor with toad-like features and a penchant for science-fiction novel writing reminisced of growing up in the 1960s in rural Huilongba. He spoke fondly of running through mud roads after thunderstorms during Chongqing’s boiling summer months.

As a light rain drizzle fluttered above us, we pulled off the scenic highway onto a road peppered with fruit and vegetable vendors. After a couple of miles, we drove into a bustling gray-hued town. Huilongba’s crumbling roads, dingy one-story brick and cement buildings, and haphazard drivers putting around in rusty three-wheelers reminded me of most townships I had visited in China. Huilongba’s residents looked the part of urban dwellers. Ford and Volkswagen sedans lined the streets and locals walked about with stylish handbags and wool jackets. Most of them worked in or owned one of Huilongba’s 500 textile factories, Xu Xingquan, director of Huilongba’s economic development bureau told us as we sipped green tea from a paper cup in his office. Xu said much of the land was still functioning as farms more than a decade ago and most villagers couldn’t afford to send their kids to school. Since then, the local government has provided manufacturers with significant tax subsidies in an effort to create jobs and attract textile factories to the town.

One of the workers was 20-year-old Xie Xue-hong, who was covered from head to toe in cotton fuzz when we met. Since she began working four years ago, Xie has jumped from one textile factory to another and now earns US$800 a month, double that of the average college graduate’s starting salary. About a dozen dim fluorescent tubes lit up the musty warehouse half the size of a football field. Rows of thin pipes hung above us spraying mists of water every two minutes to minimize the cloud of cotton debris that clogged the air. The rusty 1970s weaving machines sounded like 100 jackhammers with pounding bang sounds that bounced off the room’s cement walls, magnifying the noise. For 12 hours a day, seven days a week, Xie Xuehong oversees 50 machines weaving white cloth. Her job is to weed out broken threads with a metal pick and keep cotton strands from bunching together.

The strong-willed Xie, who stands at 4’11,” is positive she won’t be a factory worker for long. Like many migrants who enter the job force at a young age, Xie said she had no interest in school and figured she could save her parents some money by supporting herself and not attending college. Even with a junior high school degree, Xie said she’s set her mind on becoming an entrepreneur with her 24-year-old husband who works with her at the factory. With a combined monthly salary of US$1,600, the pair hopes they can save enough to open a hair salon or clothing store in Chongqing within the next three years. I was impressed by Xie’s tenacity and work ethic of striving toward her entrepreneurial dreams. She grew up in relatively poor conditions, but was by far the hardest working 20-year-old I had ever met. In her parents’ day, selling carrots and radishes at the Huilongba market were the only means to survive. Today, Chongqing’s construction boom...
has provided Xie’s father with a job as a cement mixer and her family with modern conveniences such as a television and laptop computer for her younger brother. Xie’s boundless optimism reflects that of many young rural-to-urban transplants who are working toward a life they can enjoy rather than toil through like their parents did.

Xie’s family is one of many to benefit from participating in the rural-to-urban transition. China has added 121 million non-agricultural jobs in its manufacturing and service sector over the past decade. Of those jobs, about 80 percent were held by workers transitioning from farm-related jobs. As Huilongba urbanized, Xie’s family was also provided with Chongqing city hukous (local resident permits that afford preferential benefits as opposed to non-hukou holders) to replace their rural hukous. Rural hukou holders have limited access to health care, education and other social services in their region. Chongqing has touted its hukou program as one of the most successful in the country. By 2011, the municipality had provided 3 million residents with urban residence permits. Urban hukou holders are provided with perks such as preferential admissions to local schools, home ownership and access to better health care facilities.

This is changing in Chongqing, which now allows rural hukou holders to buy homes in the city with the proof of a permanent job status in the city. Over the past two years, the government implemented a low-income housing scheme aimed at providing affordable homes, known as “gong zu fang” to the estimated 500,000 to 1 million migrant workers who arrive annually. Chongqing is expected to invest more than US$20 billion in public housing for the low-income residents over the next three years in one of the biggest pilot projects of its kind in China. The city has pledged to build 40-million square meters of subsidized housing for 2-million people. Today, renting a two-bedroom apartment in the suburbs costs as little as US$100 a month. With enough money saved, Xie hopes to apply for public housing in the city. The housing project gives residents an option of purchasing the home after five years. State media have touted the project as a “housing miracle” but critics like Professor Pu, say the public housing scheme is still not affordable enough for the neediest migrants and should be offered as rental only. He said, as long as people have the option of purchasing the homes, the project would attract affluent investors who find loopholes in the application process.

Like many of Chongqing’s urbanization experiments, land swaps have met their own set of challenges. The project, which began in 2008, was meant to accelerate urbanization by asking villagers to give up their rural hukou in exchange for land rights. Chongqing set up a land exchange institute (Dipiao Jiaoyu Suo) that functioned similar to carbon emissions trading. In most cases, villagers were approached by officials offering dipao, or land tickets, which were sold to urban developers who wanted to build on farmland far away from bustling urban centers. Chongqing has been the only region of its size to oper-

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ate the dipiao scheme in China. Initially, the scheme was aimed to help villagers buy a new home in a developed town along with giving them an urban hukou. But farmers who live closer to the city and rural migrant workers who earn a good living were reluctant to trade their land for a small apartment in the city.

In 2010, Chongqing government officials were so desperate to covert hukou holders, the Chongqing Education Committee and the Reform Office began targeting hundreds of vocational school students from rural areas. Colleges would force students to sign over their rural land rights for urban hukou or face academic consequences. The scheme died after students voiced their cases online, drumming up widespread outrage across the country—eventually forcing the government to change course and approach farmers directly.

Controversies over rural land rights and forced demolitions have made the headlines in recent years, hitting a nerve with migrants across the country. In early 2012, mass protests in the coastal fishing village of Wukan in Guangdong province lead to one death, worldwide media coverage, central government intervention and eventually compensation for local farmers. Although, Chongqing has since eased its campaign to transfer hukous, students at the Southwest University of Political Science and Law in northern Chongqing told me that their professors and school counselors still preach to them about the benefits of obtaining an urban hukou.

As China’s farms transform into factories and urban hubs, towns like Huilongba are met with sustainable development challenges such as a shortage of skilled laborers and moving up the manufacturing value chain to compete globally.

**Sustainable Development**

As China transitions from an agrarian society into an urban society, its manufacturing industry has transformed from labor-intensive jobs for manufacturing cheap goods to a high-tech industry with a demand for skilled laborers. Over the past five years, many low-tech, labor-intensive industries such as textiles have moved from China to Vietnam and other lower-wage countries and regions like Chongqing are feeling the setbacks. In towns like Huilongba, incomes are rising and the factory owners are investing in technology in order to remain competitive as they climb the manufacturing value chain.

Hou Weifang, owner of the Chongqing Yuanbo Textile Company where Xie works, opened an auto-parts manufacturing factory, after the textile market slumped during the 2007-2008 financial crisis. Hou said he chose to enter the auto parts industry considering a higher return on investment with his small warehouse factory about a third the size of a football field. Young migrant workers, all men, earn US$0.03 for every ten brake rotors they process on the motorized sander and polisher—averaging about US$300 to US$400 per month. Dirt-covered walls prop up the factory’s concrete structure providing little warmth during the workers’ 10-hour winter days. Hou said as labor costs and overhead continue to rise, his auto parts business with low-end business with low-end equipment could also see the same fate as his fledgling textile factory.

For small business owners like Hou the future may be murky, but his employees remain chirpy about their job prospects. For someone who spent his days surrounded by the piercing drone of machines under rows of dim, fluorescent bulbs, 25-year-old Guo Yibo radiated a surprisingly cheerful disposition. His job as a rotor polisher was his 10th or perhaps 20th job since he started working at the age of 16; he’d lost count. Like Xie, he also lost interest in school at a young age. Guo was grinning from ear to ear as he excitedly walked me around the factory from the workroom to the courtyard littered with rusty auto parts. The rural Chongqing native was your typical young migrant worker who worked in cities along the Pearl River Delta in search of better opportunities. From working as a real estate agent to assembly line worker at a circuit board company in Guangzhou, Guo jumped from one job to the next in search of more pay and more adventure. Despite lower wages in Chongqing, Guo moved back four months ago to be closer to his family and girlfriend who live an hour away. He had no clue what he wanted to do and was already tired of his rotor-manufacturing gig after five months.

Without a vocational education or a high school degree, Guo couldn’t get skilled jobs at big companies like Foxconn or Hewlett Packard, which offered upward mobility and a better working environment such as air conditioning and well-lit work stations. Guo was stressed about the future and like other migrants I had met, was not sure how to help himself. He worried about his future and often dwelled on money, relationship or career woes. “I feel powerless because I don’t have any valuable skills and whenever I leave a company, I’m easily replaced. Companies don’t value migrant workers because we are everywhere. I don’t know what I want to do with my life so I don’t feel a sense of stability so sometimes I feel aimless,” said Guo—still with a perky smile. I wasn’t sure if he was smiling to hide his sadness or frustration, but he didn’t look at all frazzled about the future. Assimilation into the urban workforce and society remain a challenge for young migrants like Guo as China’s disparity gap widens. Young migrants like Guo find themselves thrust into cities seeking better opportunities and living alongside young urbanites. Questions of self-worth, aimlessness and a lack of upward mobility are common themes that have lead to rising depression rates among young migrants. After exploring research with students at Sichuan University, a study of more


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than 1,000 migrant workers in central China showed that 23.7 percent of them showed signs of depression, higher than that of the average population, and their low socio-economic status was one the causes of their depression. A migrant worker’s ability to assimilate in the city was affected by their time of residence in the city, satisfaction with career, and social support while living in the city. As urban areas absorb more rural residents, challenges such as preventing depression will only gain more traction.

The sustainability of urbanized areas will also depend on the ability local industries to remain competitive. Industrial towns like Huilongba are already investing in modern facilities. Director Xu said some of the factories are readying to purchase textile machines with twice the output of older models in an effort to create higher-quality fabrics for export to North America and Europe. Upon completion, Huilongba’s textiles are then shipped to the coastal province of Zhejiang to be dyed and, in the past, were exported to developing countries. Xu said some companies hope to begin exporting to developed nations in the coming year that have high-quality fabrics with silk and cotton blends. Xu said he’s optimistic that although wages are rising—the goods that China can offer in terms of quality, technology and efficiency will remain attractive to manufacturers.

Chongqing’s model of state-backed funds for public infrastructure projects, subsidies for public housing and environmental project such as natural gas taxis, and massive transfer of rural to urban hukous has shown the central government promise for growing the country’s middle class, boosting internal consumption, and stimulating a languid economy. With these initiatives in mind, officials must also learn from Chongqing’s hurdles and mistakes. If local governments aim to implement land swap initiatives to help urbanize rural residents, they must make a conscious decision to understand the sense of security and emotional familial bonds that tie villagers to their land beyond the attraction of an urban hukou and or new high-rise apartment. Officials may tout Huilongba as a success story in urbanization, but the true definition of its success will be reflected in the town’s ability to grow sustainably and compete with new technology and automation. Successful urbanization in Chongqing will rely on the government’s ability to provide residents with adequate housing, employment, training opportunities and resources for upward mobility in order to prevent urban crime and poverty. China will only be able to attract foreign investment and compete globally if it takes measures to invest in its workforce. This means local governments must take active measures to help young migrants assimilate into their urban environment as they transition from rural to urban life. Measures must be taken to reform the primary and secondary education system including trade schools and colleges. Graduates will only become valuable high-skill workers able to function effectively in a sophisticated urban environment if their education prepares them to work in engineering, research and development and technical industries. That’s a challenge that Chongqing has yet to tackle.
Hannah Armstrong (2012-2014) W. AFRICA

Topic: State-building and security in the Sahel Region

Hannah is a recent graduate of London’s School of Oriental and African Studies with an M.A. Distinction in International Studies and Diplomacy. She previously worked as a freelance foreign correspondent, reporting on politics, economic development, and security from Morocco, Mauritania, Niger, and Haiti. Her work has appeared in the Financial Times, Foreign Policy, the Christian Science Monitor, and Monocle Magazine, among others. Fluent in French and proficient in Moroccan Colloquial and Modern Standard Arabic, she served as a Fulbright Scholar in Morocco, where she researched tensions between Islamist feminism and liberal feminism in civil society. She holds a B.A in Political Philosophy from New College of Florida.

Amelia Frank-Vitale (2012-2014) MEXICO

Topic: Unauthorized migrants en route

Amelia is looking at the intersections among the war on drugs, organized crime groups, party politics, and the varieties of violence faced by Central American migrants who are passing through Mexico in hopes of reaching the United States. Amelia graduated from Yale in 2005 with a degree in Anthropology. A former union organizer, she completed a master’s degree in Ethics, Peace, and Global Affairs at American University in 2011.

Jori Lewis (2011-2013) SENEGAL

Topic: Food scarcity and its relationship to global security, global markets and democracy in Africa.

Based in Senegal, Jori is exploring the complex food problems facing people in sub-Saharan Africa. As a freelance journalist, Jori reported and produced magazine stories and radio features from the United States and Africa. She has a B.A. in Anthropology and a M.A. in Social Sciences from the University of Chicago, and received a M.J. from UC Berkeley Graduated School of Journalism, graduate journalism degree from UC Berkeley.

Shannon Sims (2012-2014) BRAZIL

Topic: Stakeholder involvement in the governance of South Atlantic Coastal Forest, the Mata Atlantica

Shannon is a 2011 graduate of The University of Texas School of Law. Shannon holds a B.A. in International Relations with Politics concentration from Pomona College in 2005 and attended Istanbul Bilgi University, Istanbul, Turkey with University of the Aegean, Mytiline, Greece, in 2004. Following the BP Oil Spill in April 2010, she was nominated for an environmental law internship with the United States Coast Guard District 8 Legal Division in New Orleans, where she helped draft unique legal regulations defining the role of the Coast Guard during a drilling moratorium. In 2009, through the Rapoport Fellowship from the Rapoport Center for International Human Rights and Justice at the University of Texas School of Law, Shannon completed a legal clerkship with the Attorney General’s Office of the Ministry of the Environment of Brazil (IBAMA). She researched concessions management in environmentally protected areas along the coast, and documented small Brazilian fishing communities.

Chi-Chi Zhang (2012-2014) CHINA

Topic: China’s next generation and its role in the country’s political, economic and social development.

Based in southwestern China, Chi-Chi will be working in an urbanizing landscape impacted by incredible social change, mass migration, and a growing yet potentially problematic economy. As a producer for CNN in Beijing, Chi-Chi covered ethnic dilation in Inner Mongolia, traveled to the North Korean border for Kim Jong-il’s death and documented Tibetan unrest in Sichuan Province. She previously worked as a correspondent for the Associated Press in Beijing, covering events such as the lead-up to the 2008 Summer Olympics, the Xinjiang riots and China’s 60th anniversary. A Utah native who moved back to China in 2005, she has also lived in Hong Kong and Shanghai. Follow her on Twitter @chi2zhang.

Neri Zilber (2011-2013) ISRAEL

Topic: Israel’s complicated and diverse society and even more complicated political system.

Neri is a writer on international politics—mainly Middle Eastern—and was based in New York City. He was previously a researcher and analyst specializing on the Middle East at the US Library of Congress, the Washington Institute for Near East Policy, and the World Jewish Congress. Raised and educated in Israel, Singapore, Spain, and the United States, he holds a bachelor’s degree from the School of Foreign Service, Georgetown University and a master’s degree from the Department of War Studies, King’s College London.