Urban Policy in Centralized Economies: China

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The proper shape of Chinese cities has been a matter of intense policy discussion since 1949. There have been some constants: since the early 1950s government leaders have in principle consistently promoted small over large urban centers, tried to narrow the income gap between city and village, and sought to provide a secure floor of basic needs—health, education, housing, and essential food supplies—for everyone.

There have also been significant changes. Restriction of the growth of cities of any size was emphasized more in 1962–76 than before or since. Production rather than consumption was emphasized more before 1978. And housing, which is defined as a consumption good, was downplayed before 1978.

The task of this chapter is to trace the constants and fluctuations in Chinese urban policy since 1949 and to assess the net impact of these policies on city size and stability, productive urban employment, and adequate urban services.

City Size and Stability

Post-1949 Chinese policy called for restricting the rate of urban growth in general, but policymakers were concerned particularly with the growth of such large coastal cities as Shanghai. The coastal cities, many of which blossomed after contact with foreign powers in the nineteenth century, epitomized to many Chinese what was wrong with the old social order. As centers of sin and decadent bourgeois habits, they violated the new spartan socialist ethic. Because they concentrated wealth on the coast, those cities also fostered a regional inequality that the new leaders wanted to alleviate. And, given the tensions with the United States in the 1950s, large coastal cities were seen as vulnerable to military attack and as improper bases for vital industries. Starting in the 1950s investment funds were siphoned from coastal cities and reinvested in the interior. Factories and even some universities were dispersed from the east coast and reestablished further inland. New railroad lines were built to serve interior cities and to provide an effectively linked interior urban network (Kirkby 1985; Lardy 1978; Leung 1980).

Also, from the late 1950s through 1976, Chinese planners tried to limit the growth of cities of any size. In the mid-1950s Chinese cities continued to be plagued by persistent unemployment, and national planners increasingly came to feel that providing schools, parks, housing, and other amenities for new urban residents consumed scarce resources that could be better invested in industry and long-term economic growth. By 1958 a tough new migration law was passed that forbade people to enter cities unless they had a residence permit. The permit could be obtained only by persons who had secured a state job, and even then the employee's spouse and children could not accompany the new employee but had to remain in the countryside.

A number of measures helped make this antimigration law effective. Industries and work units came under government control and were prohibited from bidding freely for labor. All new positions had to be approved and allocated by the government labor bureau. Also, the structure of cities became increasingly cellular, with each local cell or neighborhood centered around a police station. The system remains largely the same today; each local police station registers every household allowed to live in the neighborhood. Periodically police

and local neighborhood officers conduct residency checks to root out those who lack a valid residence permit.

Finally, the system of rationed goods provided restraints against urban residence by anyone missed by the police. Until recently, Chinese cities had one of the longest lists of rationed goods in the world, typically including such basic necessities as grain, meat, cooking oil, bean curd, sugar, laundry soap, cotton cloth, coal, kindling, toilet paper, bicycles, sewing machines, major pieces of furniture, and, occasionally, other items that were temporarily in short supply. With strict restraints on private markets, black market prices were so high as to make it extremely difficult for a person to live in the city without proper registration for any length of time.

Without these kinds of extreme administrative measures, cities would likely have grown much more rapidly, given the large gap in incomes and services between city and countryside. Despite pro-peasant verbiage, the gap between urban and rural incomes remained considerable throughout the first three decades of socialist rule. The new leaders raised the prices paid to farmers, and rural taxes declined, but at the same time rural resources were siphoned off through the high prices farmers had to pay for industrial goods (Xue 1981, pp. 177–85). The government gave little in return, spending only a little over 10 percent of its total investment on agriculture ("Commentator" 1979).

The results of these policies are obscured by the hidden consumption urban residents enjoy over rural residents in subsidized housing, food, medical benefits, and other social services, all of which have increased over the years. One set of national account statistics, however, shows that per capita consumption for the nonagricultural population compared with the agricultural population continued to climb through the 1970s and declined only with new agricultural policies in the 1980s (State Statistical Bureau 1985b, p. 552):

Consumption ratio, nonagricultural to agricultural population	
1952	2.4:1
1957	2.6:1
1965	2.4:1
1975	2.6:1
1978	2.9:1
1984	2.2:1

Thus, despite its origins in a peasant revolution, China seems to have suffered some of the same problems of urban bias found in many other developing societies. Even in 1984, when conditions had improved for the rural population, the urban-rural consumption gap remained as large as or larger than that in India, Pakistan, the Philippines, and Thailand (Lipton 1977, p. 430).[1] Throughout the past three decades, then, there have been many reasons for peasants to want to desert village for urban life. If that desire was to be curtailed, it had to be done through administrative measures which denied peasants the benefits of urban life.

Chinese statistics on urban growth were previously clouded by changes in the definitions of cities—in the inclusion or exclusion of farmers living in or adjacent to towns, and in the size of towns counted as urban. We have made some progress in sorting out these changes, however, and the general trends are now clear (see Chan and Xu 1985; Kirkby 1985). In the 1950s city growth was very rapid, nearly 8 percent a year. In the 1960s and early 1970s, when strict migration controls were in effect, urban growth slowed to a mere 2 percent a year. But since 1977, with the relaxation of urban controls and the promotion of small towns, urban growth has accelerated to over 5 percent a year (Chan and Xu 1985; State Statistical Bureau 1984).

China's simple urban growth rates, then, have been distinctive only in the 1960s and early 1970s. Both before and since, China has been similar to other developing societies. Table 6-1 captures part of this comparison: during the past two decades, which include both pre-1977 and post-1977 trends, cities in China grew more slowly than in most developing countries, but the post-1977 return to growth rates of over 5 percent brought China's urban growth rates back into line with those of most low-income developing countries.

China has been more consistently distinctive in the distribution of urban growth among cities of different sizes. Much like India, which also has a large internal market and a long history of cities scattered throughout the country as much for administrative as for trade purposes, China began the modern era with several large cities rather than a single primate city that dominated the urban landscape.[2] Even after Western contact, cities of different sizes were spread relatively evenly across the national landscape, with only a slight tilt toward the large coastal cities favored by foreign traders (Berry and Horton 1970, pp. 67–75; Skinner 1977).

The policies of removing even that small tilt toward large coastal cities was in many ways successful. The largest city, Shanghai, with a population of 6 million in 1949, accounted for only 11 percent of the total urban population in China. In subsequent years, Shanghai grew slowly, and its share of total urban population declined steadily until it accounted for only 5 percent of total urban population in the 1960s and 3 percent in the 1980s (table 6-1).

This pattern was repeated, by and large, for other large cities. A comparison of 1953 and 1983 census results shows how smaller cities tended to catch up with larger cities (State Statistical Bureau 1983; Ullman 1961):[3]

Table 6-1. *Urbanization in Selected Countries*

Country or group	Urban population: As percentage of total population, 1960	Urban population: As percentage of total population, 1980	Urban population: Average annual growth rate, 1970–80	Percentage of urban population: In cities of over 500,000, 1980	Percentage of urban population: In largest city, 1960	Percentage of urban population: In largest city, 1980
China[a]	18	21	2.7	53	5	3
India	18	22	3.3	39	7	6
Pakistan	22	28	4.3	51	20	21
Indonesia	15	20	4.0	50	20	23
Low-income countries[b]	11	19	5.4	40	25	28
Middle-income countries[b]	33	45	4.0	48	28	29

a. 1964 and 1982.
b. Averages are weighted by population. The low-income average excludes China and India.
Sources: China, State Statistical Bureau (1985a), pp. 54, 58, 90, 549; World Bank (1982), table 20.

1953 population	Annual growth, 1953–83 (percent)	Number of cities
2,000,000 and over	1.8	4
1,000,000–1,999,999	2.1	5
500,000–999,999	2.5	15
200,000–499,999	3.1	29
100,000–199,999	4.5	42
50,000–99,999	4.8	41

In line with these growth rates, the overall rank size distribution of cities began to more closely approximate the even spread of cities of different sizes that had characterized China before Western contact in the nineteenth century. And, as the policymakers intended, cities in the interior grew more than cities along the coast (Goldstein 1985, p. 35; Kirkby 1985, ch. 5).

We should not overstate the trends, however, nor assume that the issue of China's future direction is settled. The shifts to the interior and toward smaller cities were modest and there were important exceptions—for example, the 3.5 percent annual growth rate of the second largest city, Beijing.[4]

In addition, there were many restraints on the growth of the smallest places, those with less than 20,000 population. Despite protestations of support for small industry in rural towns, central planners tended to favor larger industry. And the hostility to private marketing meant that much of the informal activity that provided the base for small market towns was lost. Chinese scholars now complain that many small market towns stagnated (see, for example, Fei 1984). In official statistics, most of these small places even lost their urban classification after 1953, making it nearly impossible to trace their precise development in the intervening years. It is only in the past few years that these places have been allowed to reinvigorate their private markets, to open more industry on their own, and to be recertified as urban in official statistics.[5] All of this helps to explain why the proportion of China's urban population in places with more than 500,000 persons is so high in relation to that in other developing countries (table 6-1). The figure is in part a definitional fluke stemming from the exclusion of many small places, but it also correctly suggests that it was mostly the middle-level cities that functioned as centers of administration and of state-owned industry which prospered in the middle years of the new Chinese social order.

Officially, the current policy is to promote the growth of the smaller rural market towns which were discriminated against previously, but there is a continuing academic debate within China about whether this is the wisest course. Some argue that a poor country like China cannot afford to support inefficient small towns (see Kirkby 1985, pp. 230–42). And even if official policy continues to promote small towns in principle, the unusually high costs of raw materials, energy, and transport faced by producers in these places make their viability uncertain. All this may account for the high business failure rate reported in some sources (Fei 1984). Much as in other developing societies, failure to pay attention to—or an inability to deal with—the many indirect policy consequences of taxation, public investment, and controlled prices may be what distorts well-intentioned but eventually unsuccessful programs of small-town development (Linn 1983).

If the small-town policy is unsuccessful, large cities could be flooded with new migrants. Already, with the return to family-based farming, a third of the agricultural labor force has abandoned simple grain production. In addition, the reduction of the number of goods rationed in cities and the opening of urban free markets have decreased the number of administrative tools for keeping peasants out of cities. Indeed, a few cities have

already begun to issue temporary residence permits to peasants (Solinger 1985). These permits continue to deny peasants the many subsidized rations, housing, and other services offered to normal urban residents, but they do attempt to regularize some of the inevitable movement into cities.

China, then, has followed a distinctive course in urban development, but its course has been neither a simple one nor one which is certain to remain constant in the future. This is a time of transition in which there is likely to be frequent fine-tuning to try to meet evolving and sometimes unanticipated economic conditions.

Useful and Productive Employment

China's new socialist leaders wanted able-bodied members of society to have secure, productive jobs. A worker's future career was no longer to be endangered by the whim of fickle private employers but rather was to be guaranteed by the state. No longer was labor to be wasted on bourgeois consumption; it was to be invested in productive activities that led to rapid growth of industry and the provision of basic staples for everyone regardless of income. The pursuit of these goals has been successful, and the result is a pattern of urban employment that is very different from that found elsewhere. Nevertheless, some of the problems of unemployment and poor services encountered elsewhere have also emerged in China.

Secure Employment

Urban employment has increased sharply over the past three decades. This is seen imperfectly but distinctly in surveys of families of workers employed in state and urban collective enterprises. Judging from the inverse of the number of dependents in these families, the employed population has almost doubled since the 1950s (State Statistical Bureau 1985b, p. 561):[6]

	Percent of nonagricultural population employed
1957	30
1964	29
1978	49
1984	58

Several factors contributed to this trend. One was the policy of excluding peasants who might have come to seek nonexistent jobs and of purging cities of those without proper employment. For example, in 1957 and 1962 there were drives to send peasants and "vagrants" back to their former home villages or to state farms where they could be usefully employed. In 1962 alone 20 million people returned to the countryside (Hu 1982).

A second factor was the increasing employment of women. Though this change is not immediately obvious in the table above, female employment apparently began to increase in the late 1950s and became almost universal by the late 1960s. By the 1980s the vast majority of women in their twenties and thirties worked outside the home—not in part-time jobs, as in many other societies, but in full-time jobs that kept them busy eight hours a day, five and a half to six days a week.

The 1982 census results for working-age men (16–59) and women (16–54) in cities (mostly over 100,000 population) and towns (mostly under 100,000 population) suggest the pattern. The employed population of both males and females was extremely high (State Statistical Bureau 1985a, tables 40, 58):

	Employed males (percent)	*Employed females (percent)*
Cities	94	84
Towns	92	78

A third factor, which is related to increased female employment, is the sharp drop in the urban total fertility rate, from a high of 6.2 children in 1963 to a low of 1.1 in 1980 (Coale 1984, p. 59). By the 1980s urban fertility was extremely low, and there were far fewer children for each family to support. Women were freed for full-time labor, and the number of unemployed dependents declined.

Finally, the most recent rise in employment is tied to efforts to create new employment opportunities (see "New Solutions," below).

While employment increased, associated security and fringe benefits also increased steadily for the majority of the urban population. By 1957 the state (including central, provincial, city, and county authorities) had begun to take over most major industries. In that year the state already employed 68 percent of the nonagricultural work force, and by 1982 that proportion had risen to 77 percent. Also during this period the private work force of artisans, peddlers, and other individual workers declined steadily, and by 1982 it constituted only 1 percent of the nonagricultural work force.[7] Those who joined state-owned work units enjoyed many benefits, such as health insurance, which paid virtually all their medical expenses and half the expenses for their dependents as well. A pension system provided an average 70 percent (now 75 percent) of preretirement pay. A hardship allowance took care of those whose family dropped below a certain poverty floor. There was disability insurance, lengthy sick leave, and many supplements that took care of special clothing and transport needs. Finally, it was

virtually impossible for anyone to be laid off from jobs in the state sector, and life for workers was far more secure than it had been in the past. These conditions still obtain today. Workers in a similar sector in other developing societies are sometimes referred to as the aristocrats of the labor force. In China these aristocrats are more numerous and probably enjoy more wide-ranging benefits than in most other developing societies.

Informal Sector

In spite of these advances, not all workers made it into the well-paid, secure state sector. Another sector of collective enterprises, run by neighborhoods, towns, and even larger state enterprises, has persisted to a degree that seems remarkable in a socialist state. These collective enterprises tend to be smaller labor-intensive units and to have lower wages, less security, and fewer benefits than the average state enterprise. The contrast between the two sectors is reminiscent of the distinction between formal and informal workers in other developing countries.

Current statistics show that the average income for workers in the collective sector in China is only 78 percent of that of workers in the primary, state sector (State Statistical Bureau 1985b, p. 558). The common absence of pension, medical, and disability benefits for collective workers increases the gap. Also, in ways analogous to the situation in other developing countries, the secondary, collective sector attracts a disproportionate share of women; some are older women with less education, but some are younger. In 1984 women were only 32 percent of the state work force but constituted 48 percent of the collective work force (State Statistical Bureau 1985b, pp. 230–32).

In other ways, however, the formal-informal distinction in China is unlike that in other developing countries. In China the secondary sector is smaller. It contains only one-fourth of the nonagricultural labor force, as compared with one-half in many other developing societies.[8] In China workers in the secondary sector are not much poorer than the primary labor force. They make four-fifths as much as those in the state sector, whereas in other countries informal workers make less than one-half the wage of workers in the formal sector. Further, the age, sex, and educational differences between the two sectors in China seem modest in comparison to those in other countries (Whyte and Parish 1984, p. 32). The most striking characteristic, however, is that employment in the second sector remains relatively secure in China. Employees are seldom laid off, just as they are not laid off in the state sector. Thus, in spite of certain similarities, the degree of dualism between modern formal employment and traditional informal employment seems much more muted in China than elsewhere.

Services

The distinction between urban work in China and elsewhere is also seen in the types of job pursued. In many developing societies menial service jobs such as washing cars, shining shoes, peddling trinkets, and working as household help have been saturated by peasants in search of nonexistent jobs in the cities. These are exactly the kinds of bourgeois nonproductive activity that Chinese leaders set out to eliminate in the 1950s. The change in the composition of the labor force since then shows how successful they have been.

Today in developing societies the distribution of the nonagricultural labor force tends to mimic that of developed economies such as the United States (see table 6-2). The United States has come to have a large proportion of its labor force in retail trade, restaurants, hotels, government, education, and other services late in its economic development, whereas the average developing society, with a large sector of informal service workers and a large government bureaucracy, has tended to leapfrog the gradual evolutionary process. No matter what the maturation process, however, most developed economies today, like the United States, have over half their labor forces in information and service activities.

Socialist societies, in contrast, have tended to emphasize "productive" work in manufacturing, mining, and construction and have downplayed such "consumption" activities as finance, retail trade, and restaurants. Even government has shrunk as a proportion of the labor force, which is surprising given the increased administrative needs of centrally planned economies. China has rapidly adopted the socialist program. By the late 1970s China's labor force had been remodeled into the productive mold that China's leaders desired. By 1982 over half its nonagricultural labor force was in manufacturing and mining, while only about a third was in finance, retail trade, government, and other service activities.

This emphasis on production instead of bourgeois consumption had substantial costs. Because of the pre-1978 emphasis on heavy producer industries rather than light consumer industries, supplies of consumer goods remained minimal. Although production of radios, watches, vacuum bottles, and bicycles increased greatly, many consumer goods such as televisions, clothing, food, and books remained severely restricted in both number and variety. As demand outpaced supply, many of these goods, including bicycles, some foods, and the better watches, had to be rationed by cumbersome pro-

Table 6-2. *Nonagricultural Labor Force, by Economic Activity and Type of Economy*
(percent)

Economic activity	Market economies		Socialist economies	
	United States	Developing economies[a]	China	Eastern Europe[b]
Manufacturing and mining	28	27	52	46
Construction	5	8	8	10
Transport and public utilities	8	9	8	11
Finance	5	2	1	1
Trade, restaurants, and hotels	21	21	11	10
Government and other services	33	33	21	22

Note: All data are for about 1970 except those for China, which are for 1982. Figures may not add to totals because of rounding.
a. Twelve societies with 1970 per capita GNP of less than $1,200, ranging from the poorest, India, to the richest, Argentina.
b. German Democratic Republic, Hungary, Poland, and Romania.
Sources: China, State Statistical Bureau (1985a), table 54; United States, U.S. Bureau of the Census (1976), table 597; other countries, United Nations (1973), table 10, and United Nations (1974), table 40.

cedures. Any increase in unrationed goods, or a change in the variety of goods, often drew a crowd of potential buyers to a store.

Consumer supplies and services were often distributed through cumbersome channels. Gone were the peddlers and artisans who had served Chinese neighborhoods. Consumers now had to go to centralized stores and service centers that might be some distance from their residences. And because of the sharp decline in the number of restaurants, tailor shops, bicycle repair shops, barber shops, and so forth, consumers not only had to shop all over town to find what they needed, but they also had to wait in long lines once there. Food market lines formed before and after work and especially on Sundays, when more people had the day off. This situation was particularly difficult for the increasing number of dual-career families who had no adult at home during the week.

By the end of the 1970s bad conditions were beginning to lead to many complaints in the press, including the cry that families spent so much time searching for supplies on their day off that they worked harder on Sunday than during the rest of the week. The time spent scouring for basic supplies and services left little time for recreation or other joint family activities. The goal of involving people in productive work was coming into direct conflict with the goal of improving the quality of life for families in cities. Chinese press reports suggest that because of the difficulties with supplies and services, many people began to perceive the quality of life in cities as deteriorating in the 1970s.

Youth Unemployment

An additional problem caused by the emphasis on production and heavy industry was increasing youth unemployment. State investment went largely into heavy industry, which generated only 94 jobs per 1,000 yuan investment, whereas a similar investment in light industry could have generated roughly 257 jobs. Thus, the state was doing little to maximize new employment opportunities (Zhao 1980). By the early 1960s newly expanded urban secondary schools were beginning to graduate more than 2 million new job seekers every year. At the same time, retirement rates were low within the young labor force that had flooded the growing state economy during the 1950s. The result was an employment crisis for educated youths that could be solved only by sending urban youths to the countryside, and during 1966–76, 17 million youths were sent to rural areas. This makeshift solution to the employment program proved problematic. Many youths who could not cope with rural living conditions slipped back into the city, where they could not legally get a job or proper urban rations.

By the start of 1979, when the program of sending youths to the countryside began to be phased out, there were 5 million to 12 million unemployed youths in the cities, or 5 to 11 percent of the nonagricultural labor force.[9] Thus, China was encountering a problem common to developing-country cities: the rapid expansion of the educational system up to the middle school (high school) level produced a new group of educated youths with high aspirations. They hoped to get the same type of good jobs that their older siblings and neighbors had obtained, but because the value of education had decreased, those jobs were not available to them. And because of China's investment policies, jobs available in larger cities were very scarce. The result was widespread frustration and disillusionment and an outbreak of petty crime that alarmed many parents and central leaders (see Whyte and Parish 1984, ch. 8).

New Solutions

The problems with youths and with consumer goods and services helped bring about a reversal in several economic and educational policies after 1978. State investment shifted slightly from heavy industry to light industry, which not only produced more consumer goods but also provided more jobs. Total investment, which was roughly 36 percent of net material product in 1978, was reduced to release funds for current income and for an increase in consumption to promote the growth of job-producing light industry. Collective enterprises supervised by neighborhoods and towns were encouraged—employment in this sector rose from 22 percent of the nonagricultural labor force to 26 percent. And more people were allowed to go into business on their own: the share of self-employed persons in the nonagricultural labor force rose from 1 percent in 1978 to 3 percent in 1984 (State Statistical Bureau 1985b, p. 214). Peasants were permitted to come into the middle of cities to sell their goods in newly reopened peasant free markets, and the variety of goods available to consumers increased. Some full-scale middle schools that were turning out graduates without job-related skills were closed, and more technical schools to train students in such skills were opened.

The results of the changes have been a significant drop in unemployment and a considerable increase in consumer goods and services. Not everyone has gotten a state job. Two-fifths of those employed over the past few years have been employed outside the state sector, many in neighborhood collective enterprises or in individual activities that they started themselves, thus receiving more variable income and fewer fringe benefits than they might wish (State Statistical Bureau 1984, p. 130). Some employees ended up in temporary jobs without a secure future. Nevertheless, by the end of 1981 outright unemployment had declined to only 2.4 percent of the nonagricultural labor force, and the remaining unemployed were mostly those who had graduated from middle school during the previous year (State Statistical Bureau 1985a, table 68; *Zhongguo Baike Nianjian* 1984, pp. 619–20).

Supplies and services also increased. With more emphasis on light industry, state stores began to carry more clothing, bicycles, tape recorders, and other consumer goods. Neighborhoods began to have more collective restaurants, laundries, bicycle repair stalls, and other service centers that catered to everyday needs. Peasant stalls on designated streets increased the variety and freshness of eggs, fish, peanuts, vegetables, and other goods available to urban residents. Many items were still rationed, and shortages continued to occur for some items, but the supply was considerably improved over earlier years. With more colorful clothing available and more artisans and service activities in the streets, cities began to take on a livelier appearance.

Health Care and Housing

The ambivalent attitude of many of China's leaders toward urban services has been noted. Leaders have been in agreement that urban dwellers should be supplied with such basic human needs as grain, essential cotton clothing, and an initial ten years or more of education. It is widely accepted that these should be available to everyone on a relatively equal basis. There has been less agreement on social services and supplies beyond the basic needs. The volume of goods and services supplied and the degree of insistence on equal distribution of those goods and services have shifted with the political winds.

Health Care

In China, as in other socialist states, health care has been consistently defined as a basic human need and a human right, but the degree of insistence on equal distribution of the services, particularly to the countryside, has varied. Throughout, provision of ample medical care has had a high priority. As a result, medical services have grown steadily. By the 1970s the number of persons for each doctor, nurse, or hospital bed was much lower in China than in other developing societies, as the table shows (n.a. signifies not available).[10]

	Population per service unit		
Service unit	*China*	*Low-income countries*	*Middle-income countries*
Western doctor	2,470	9,900	4,310
Doctor, any type	1,172	n.a.	n.a.
Nurse	2,306	8,790	1,860
Hospital bed	503	1,730	570

With this wide distribution of services, the reported infant mortality rate in China dropped to only 49 per 1,000 live births—less than half that of India—and the life expectancy at birth rose to age 68, eight years more than in the average middle-income developing country and eighteen years more than in the average low-income developing country (see note 10 for data sources). Health care in cities was even better than these national averages suggest.

Cities are particularly well served by this system. In large cities provision of care is three-tiered. Large work units and many neighborhoods have a first aid station staffed by nurses and paramedics to treat minor injuries.

People with more serious illnesses go to the local hospital that is assigned to their neighborhood or work unit. If the hospital evaluates a problem as being more serious, it can send the patient to a city or provincial hospital for specialized care. The system is not without its problems. Since those employed in the state sector receive essentially free medical care, the patient load is high at local hospitals. Emergency cases with raging fevers and other signs of trauma can be taken immediately, but others may have to line up early in the morning to take a number for an appointment that day. Complaints arise because of the lack of choice of doctor and the few minutes of attention the doctor provides. Another problem is that medicines are sometimes in short supply in relation to demand.[11] But, overall, the system seems to have worked well in supplying basic care, either free or at low cost, compared with the care available in most developing-country cities.

In large cities, preventive public health activities are also well organized. The city periodically organizes, through the cellular neighborhood and work-unit structures, inoculation campaigns to ensure that everyone is protected against disease. Neighborhoods and work units also help publicize the need for sanitation and for the eradication of pests and vermin. Cities organize the daily collection of human sewage from homes and public latrines as well as the daily sweeping of major streets. Neighborhoods help organize the sweeping of inner streets, garbage collection, and the seasonal cleaning of houses. For seasonal cleanings the neighborhood may distribute fumigating agents and then have everyone gather for a movie while fumigating is taking place. Neighborhood leaders may also inspect each house or apartment to make sure that it has been properly cleaned and leave a small colored sticker on the front door to indicate that the house has passed inspection. These public sanitation activities are less thorough in small towns and cities, but they help make China's large cities much cleaner than many other developing-country cities.

The conditions listed above, when combined with subsidized food supplies and ample nutritional support, dramatically improved urban health. The rural pattern is more mixed. Nationwide, in 1975 the average life expectancy for city dwellers was 72 years, while the figure for people in the countryside was only 57 years. In part, the fifteen-year gap documents the extraordinarily good urban health care and prevention system rather than the neglect of the countryside, but it is an astonishing gap, nevertheless, and one matched by few other developing countries. The gap is reflected also in rates of nutritional stunting as measured by the percentage of children less than 90 percent of the average height of their age group. In cities the 1979 rate was only 3 percent, while in villages it was 13 percent. The causes of these differences rest heavily on food supplies and public sanitation—conditions that are difficult to change in widely scattered villages. But to some extent the differences are also attributable to state expenditure patterns that favor urban consumption and state medical expenditures (which, on a per capita basis, are almost ten times greater in cities than in villages), and to a similar bias toward cities in the supply of doctors, nurses, and facilities (Jamison and others 1984, pp. 11, 32, 93). In health, as in overall income, it has been difficult to remove some of the tilt toward cities, and China again repeats some of the patterns found in other developing societies.

Housing

Housing has been subject to sharp fluctuations in policy. In the early 1950s there was an attempt to clean out major slum areas and erect new apartment buildings in their place. But by the mid-1950s housing was declared a consumption good, undeserving of major new investment. It was not until after 1976 that planners once again chose to provide major resources for housing the urban population.

The consequences stand out sharply in statistics on floor space per capita. From a high of 4.5 square meters per capita in the early 1950s, urban floor space declined steadily until it reached a low of 3.6 square meters in 1978. Only with massive urban building in recent years did housing reach a new per capita high of 4.6 square meters in 1983 (*Zhongguo Baike Nianjian* 1984, p. 622; Zhou 1979).[12]

By some indicators, urban housing was not all that terrible even in the middle 1970s. The stringent limitations on migration averted the growth of shanty towns crammed with peasants seeking urban work. And according to one set of statistics, based on some of the more prosperous regions of south China, Chinese urban housing was as good as or better than housing in many other cities of the developing world (Whyte and Parish 1984, p. 78). These statistics imply that Chinese urban dwellers were no more likely than people in other developing-country cities to be crammed three to a room and they were somewhat more likely to have electric lighting and a kitchen, although that kitchen might have to be shared with others in the same building. Nine-tenths lived in brick and concrete structures instead of makeshift wood and tin shantytowns.

Nevertheless, there were many serious problems with housing in the 1970s. The press compained that 35 percent of all urban families lived in overcrowded conditions, that 20 percent lived in slums, and that 5 to 6 percent had no proper housing at all ("Summary" 1979; Zhou and Lin 1980). Not only were individual families

crowded, but they also often had to share toilet and kitchen facilities with other residents in the same building. This sharing was and continues to be a frequent source of tension between families, with one family complaining that the other is leaving garbage scattered about in the kitchen or is monopolizing precious bathing and toilet facilities. Indeed, one account of crime in Shanghai claims that such disputes between neighbors continue to occupy an inordinate amount of police attention (Zhao 1984).

Another difficulty with public housing, common to many socialist societies, is that rents are set too low to cover yearly upkeep as well as building costs (*Zhongguo Baike Nianjian* 1981, p. 541). Rent was only 1.4 percent of 1984 urban family budgets, and expenditures for rent, electricity, water, and cooking and heating fuels totaled only 4.2 percent, considerably less than the 10 percent typical of other developing societies (Lluch and others 1977, p. 40; State Statistical Bureau 1985b, p. 567). As a consequence of the low rents and the inadequacy of state budgets to make up the difference, many existing buildings deteriorated (*Zhongguo Baike Nianjian* 1981, p. 541). One press source estimated that "more than 50 percent of the houses in the urban areas of China are in a bad state of repair and need maintenance, of which more than 10 percent are in dangerous condition" (Zhou and Lin 1980).

In the 1970s, there were additional complaints from professionals and administrators forced to share the space standards and amenities of persons in blue-collar jobs. Other complaints stemmed from inability to choose one's house or neighbors (or to move away from contentious neighbors) when housing was allocated through bureaucratic channels (Whyte and Parish 1984, pp. 76–85).

Since 1978 some of these problems have been alleviated. Floor space has increased, particularly for professionals and administrators. And in new buildings with a toilet and kitchen for each apartment there is less reason for friction among neighbors.

Some problems remain, however. One study in Beijing complains that, despite a massive building program in that city, the percentage of families living in severely overcrowded housing remained unchanged through 1982 (Liu 1984). "Severely overcrowded" is defined as a per capita living space of less than 2 square meters, no room of one's own after marriage, or three generations in the same room. Even while average floor space in Beijing increased from 4.6 to 5.7 square meters in four years, the percentage of severely overcrowded households remained at 14 percent.

Several reasons, in addition to a growing number of marriage-age youths, contributed to this problem. One was the increasing tendency for housing to be built not by centralized city housing authorities but by work units (factories, schools, and bureaus). Nationwide, in 1983, 58 percent of housing was owned by work units, 26 percent by city housing authorities, and 17 percent by private individuals (*Zhongguo Baike Nianjian* 1984, p. 623). With the emphasis on work unit housing, richer worker units with housing that was relatively good to begin with provided even better new housing. Poor work units built little housing, as did most private individuals living in their old family homes. It was a situation of the rich getting richer while the poor stayed poor, at least in their housing.

Another contributing factor was low rent, which had two unforeseen consequences: rents provided insufficient money for new building or maintenance, and since rent was less than 2 percent of a family's budget, it placed no restraint on overuse. Families with more space than they needed felt no compulsion to move to smaller quarters, and local housing authorities were powerless to get them out in favor of larger families who desperately needed more space (Liu 1984, p. 28).

Some issues with housing remain, then. If rents continue to be low, they will provide little income for new building or for repair, and they will fail to ration scarce housing resources. If work units continue to build much of the new housing, some of the old inequalities will remain. And, as in the past, bureaucratic allocation of most housing will limit choices in both housing and neighbors.

Conclusion

China's history since 1949 illustrates both the potential and the disadvantages of urban development in a centrally planned economy. With much greater control over economic resources than in the average market economy, the government was able to shift investment funds to promote the development of medium over large and interior over coastal cities. All of this helped reduce regional inequalities. In addition, the control over jobs and rationed consumer supplies meant that for a time the government was able to limit severely the growth of all cities, and funds that might have been spent on an elaborate urban infrastructure for waves of new migrants was spent instead on rapid industrial growth.

As in other centrally planned economies, the government has been able to put the urban population to work. Most able-bodied women and more than half the urban population have jobs. Few of those jobs are part-time or likely to be lost tomorrow; they are primarily full-time jobs that promise to last for a full career. In these ways Chinese cities have avoided some of the problems of employment instability that have afflicted other developing-country cities.

There have been policy mistakes, however, that have created in China some of the same problems found in other societies. It was a mistake to downplay the role of light industry and consumer services. Some developing-country cities may have too many people in informal service activities, but China illustrates the problems of the opposite extreme. With so little opportunity for light industrial growth and with bureaucratic restraints on small, individualistic enterprises, problems of youth unemployment began to appear. The unemployment problem was exacerbated by the rapid expansion of employment for women. Some jobs were created during the 1960s and 1970s, but since those jobs were taken almost as frequently by women as by men, the need to create additional openings was greater than in other developing societies. Furthermore, the rapid expansion of secondary school education, as in many other developing societies, contributed to a growing corps of unemployed educated persons. China avoided this problem at the university level but not at the secondary level. The unemployed youths were particularly frustrated because the same level of education had guaranteed good jobs just a decade before, when education was less common. This is a frustration shared with many youths in developing societies, but it was perhaps felt more acutely because of the socialist promise of secure jobs and rapid development. That frustration contributed to the outbreak of petty crime in the 1970s and continues to fuel the social alienation of some youths today. As we have already noted, the slighting of light industry and services, as well as the minimal investment in housing, also helped create a perception among many urbanites that the quality of urban life in the 1970s was declining and the socialist promise was going unrealized.

In brief, China's experience in virtually eliminating small informal service activities illustrates the necessity for these types of activities in developing cities. Hackenberg (1980) argues that because of high population growth rates and the difficulty of centralized provision of essential urban services, the informal service sector in poor societies is essential and should be embraced rather than shunned. Although they reject the extreme version of this position, China's leaders seem to be reluctantly moving in this direction. Smaller and more makeshift work arrangements, organized ad hoc by neighborhoods and individuals, with lower rates of pay and security, are now approved as a way of providing both employment and essential urban services.

China's experience also illustrates the difficulty of eliminating the gap between city and countryside. In many ways China seems to have worked much harder at eliminating this gap than have other societies. Through the encouragement of bootstrap operations, villagers have been induced to help build an infrastructure of waterworks, roads, level fields, schools, public health care, and administration that is the envy of many other societies. The government has tried to help directly by raising prices for agricultural products. But a closer examination shows that before the 1980s the chimera of rapid industrial growth helped shape government investments and industrial prices in such a way that agriculture grew less rapidly than might have been expected. And when it comes to state-subsidized services, including housing, health care, education, and cheap food, it is still the urban sector that has reaped the most benefits. These characteristics that China shares with many other developing societies illustrate the continuing problems of urban and industrial bias even in a society that has overtly renounced this route to development.

China has begun to correct many of these difficulties. The government has induced a rapid rise in peasant incomes by further raising rural purchase prices and by removing many administrative constraints on farmer's activities. The promotion of small market towns and new collective enterprises is among the measures which have helped increase peasant incomes. As a result, some individual farmers have reaped rewards unimaginable even to the highest-paid urbanite. On a national basis as well, farmers have finally begun to narrow the gap between average rural and urban incomes.

Some of these policies still hang in the balance. Whether small market towns will indeed prosper and absorb much of the excess rural labor force remains uncertain. Investments in local transport, small trucks, cheap gasoline, and cheap electricity may have been delayed too long. Without these measures, farmers are likely to find economic activities in small towns unviable and clamor to go to large and medium-size cities.

Already, as a result of the increasing role of peasant free markets in cities, the reduction in the number of rationed goods, the undertaking of new construction that requires unskilled labor, and the general relaxation of administrative control, the number of quasi-legal migrants in cities is rising. Increasing foreign trade may also create more pressure for major port cities such as Shanghai to grow in ways that they have not in the past. Thus, while much of the basic structure may remain in place, we may again see a rapid growth of large cities that will make China more similar to other developing countries. Only close attention to the details of prices, taxes, and investment will provide either observers or Chinese planners a clue as to which way this set of development forces will tilt.

Notes

1. The comparative data are mostly for the 1960s, and the ratios for these countries range from a low of 1.1 to a high of 2.2. With the addition of Chinese urban subsidies, which in one

source are said to have totaled 164 yuan per capita in 1981, the true 1984 Chinese urban-rural ratio could approach 3:1. This would make the comparison with other countries even more striking—although public expenditures and subsidies will have some urban bias in the other countries as well [see *Beijing Review*, no. 43 (1982), p. 7].

2. A primate urban structure is one in which much of the total urban population is in the largest city.

3. Sex ratios provide an additional indicator of the faster growth of small places. Chinese cities (mostly over 100,000 population) have 108 males for each 100 females, only slightly higher than the ratio for rural areas of 104, which suggests that a modest number of males have entered cities. In contrast, towns (mostly of 10,000–100,000 population) have ratios of 116, implying much more migration. In the 30–34 age group, which includes many new male laborers moving from the countryside, the ratios are 112 for large cities, 106 for rural areas, and 129 for towns (State Statistical Bureau 1985a, tables 35–37). Thirteen million peasants took work in towns and cities in the decade 1966–76. These peasants were probably moving to towns even while 17 million youths were being expelled from larger cities (see Hu 1982).

4. Among cities with over 100,000 population, the regression slope of city size on city rank (both logged) flattened only slightly, from -0.95 to -0.88, between 1953 and 1982 (raw data from State Statistical Bureau 1983; Ullman 1961).

5. Between the 1953 and 1982 censuses, the number of designated urban centers was almost halved, from about 5,500 to 2,990. Many places regained their urban designation in 1983, and 10,000 places were eventually to be designated urban, in line with their new economic role (Goldstein 1985, p. 67). These changing designations probably had only modest effects on the growth rates reported above. Some of the reduction in centers occurred before the 1966–76 slowdown in growth, and the 1978–82 upturn in growth occurred before new towns were designated.

6. The results in this table are similar to the results of the 1982 census, which showed that 56 percent of the population in cities and 53 percent of that in towns were employed (State Statistical Bureau 1985a, tables 40, 58).

7. State Statistical Bureau 1984, pp. 45, 111. By 1984 the proportions in state, collective, and private enterprises were 71, 26, and 3 (State Statistical Bureau 1985b).

8. The comparisons here and below are based on Mazumdar (1976).

9. The low figure, which ignores urban youths still legally assigned to agricultural jobs in the countryside, is from Hu (1982). The higher figure, which includes urban youths who still were in the countryside but were scheduled to return legally to the city in 1979–80, is implicit in *Zhongguo Baike Nianjian* (1981), pp. 627–28. There is a third and even higher estimate that may erroneously include all urban youths ever consigned to the countryside, regardless of their current residence and job status. This estimate, 20 million unemployed at the start of 1979, comes from a purported speech by Li Xiannian to the National People's Congress (Li 1979).

10. World Bank (1980a); World Bank (1980b); *Zhongguo Baike Nianjian* (1980); Foreign Broadcast Information Service (FBIS), April 30, 1980, p. 19. "Doctor, any type" includes Chinese herbal doctors and secondary-school-trained equivalents of the Russian *feldsher*, but no "barefoot" paramedics. The data for China are for 1979; data for developing market economies are for about 1978.

11. Evidence on how minimal costs to the user lead to overusage comes not only from interviews but also from Chinese drug use studies and government attempts to contain costs (see Jamison and others 1984, pp. 67, 99).

12. The floor space figure excludes kitchen, lavatory, and public corridors.

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