

# A New Hukou Trend in China: Rush to Urban is Outdated

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**Abstract:** This article studies the domestic migration in China from rural residents' perspectives and analyzes their reluctance to migrate to urban areas actively for permanent residence. Despite the ambitious program of the Chinese authorities to settle down 100 million rural populations in urban areas by 2020, the plan has not been met with enthusiasm by rural people. For studying the reasons behind the rural residents' disinterest, the paper examines the recent changes in urban and rural residence status named *hukou* in China and their influences on the decisions of people's on the rural-to-urban migration. The paper argues that the changed socio-economic conditions in the past couple of decades that directly relate to the hukou status and the different regulations for cities at different levels contributed to the decision-making of rural residents regarding the rural-to-urban migration. The lack of interests of rural residents to move to cities permanently lies in the multiple factors that impede the realization of the ambitious new type of urbanization plan of China.

**Keywords:** Hukou, Urbanization, China, Migration.

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## I. INTRODUCTION

China's long-lasting household registration system (*hukou*, 户口) remains an essential part of daily life for millions of rural citizens who cannot enjoy the same rights as their urban country mates. The system has been rebuked by some scholars who emphasized the importance of change in the system through accommodation of rural residents' interests [1]. Despite many attempts to relax the hukou system, it is still a significant component of rural-urban income inequality [2], differential access to education and healthcare, and uneven spatial development [3]. Because of spatial disparity and the urban-bias system, many rural residents are heading to cities as migrants. According to the National Bureau of Statistics (NBS), there was a 241 million floating population in China in 2019<sup>1</sup>. However, many of the migrants who move to urban areas do not stay there permanently for various reasons and instead continue to live dual life between rural and urban areas.

The current hukou system allows Chinese citizens to change their location with a temporary permit but assigns them either rural or urban hukou in their permanent residence. The central government has substantiated the system by changing its two-tiered classification of socio-economic eligibility (*leibie* 类别) and residential location (*suozaidi* 所在地) to single urban-rural classification [4]. This dual-structure allowed rural households to live and work in urban areas but did not entitle them to public social benefits. Many problems, such as economic bubble, environmental damage, and social unrest, have been caused by this dual-structure urbanization [5]. In order to tackle the consequences of such urbanization, the central government initiated the new type of urbanization plan to help rural people to settle down in cities. The plan envisages abolishing entry restrictions in towns, small and medium level cities, and lowering criteria of large and super cities for rural residents who want to obtain urban hukou and eliminate the occupational classification of households [6]. However, obtaining urban hukou in large and megacities remains challenging for most rural citizens due to high entry requirements. The eligibility of rural migrants for local urban hukou varies every year based on local

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<sup>1</sup> Liudong renkou (流动人口) "floating population" is referred to a migrant population who is temporarily outside of where his permanent location of household registration, The National Bureau of Statistics of the PRC, "China Statistical Yearbook 2019", <http://www.stats.gov.cn/tjsj/ndsj/2017/indexeh.htm> (accessed 26 January 2019)

population control [7]. China's big cities such as Beijing, Shanghai, Guangzhou, and Tianjin have already adopted the so-called point-based system, which sets local criteria for the residence permit [8]. As a result, the permanent migration of rural households to urban areas still falls significantly below the desired level of urbanization of China.

The official regulations and legal measures are only one side of the coin in China's hukou problem, while the interest of people, farmers' interests, in particular, is another side. Understanding rural residents' interests and attitudes will give deep insights into the problem. Despite the high wages in cities and limited opportunities in rural areas, many farmers are not enthusiastic about making a permanent move to cities. Although the high cost of migration and living in urban areas play a specific role in the decision-making process of rural households regarding the rural-to-urban migration, they do not cover all constraints that prevent peasants from making a permanent migration [9]. This paper emphasizes that there is a set of factors that contribute to farmers' reluctance to make a permanent move to cities. The first factor stems from institutional regulation of entries to large cities, which are more attractive to rural migrants, while the lower level cities lack advantages for making a permanent move for rural households. Second and Third factors originate in the social benefits associated with Hukou status. This article seeks to elaborate on these factors that cause peasants' reluctance to migrate or settle down in urban areas. Thus, the article will investigate the constraints on China's urbanization from the farmers' perspective.

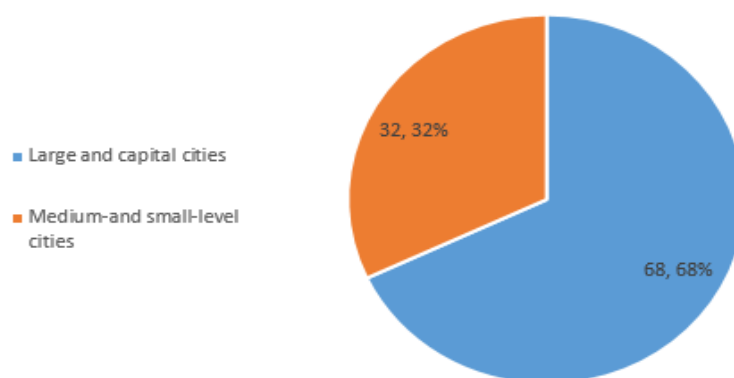
## II. GRADUAL REFORM OF HUKOU SYSTEM WITH SPATIAL SOLUTION

Since the beginning of the opening era in China, the reforms on the Hukou system followed a gradual path concentrating on local administrative areas rather than countrywide changes [10]. The emerging inconsistencies between liberal economy and old-style household registration system led to a balanced policy toward the rural residents that facilitated their migration and settlement in towns and small cities. Further, the new policies on the hukou system allowed rural people to reside in large cities temporarily. In general, the Chinese government pursued the hukou reforms in two directions. First, rural residents who migrate to urban areas are directed to towns, small-and medium-sized cities where rural migrants can easily convert their rural hukou status to the urban one. Second, large and super cities allow rural migrants to live and work in cities without urban welfare privileges. The reforms on the hukou system comprised the most facilitating elements on the residence regulations for towns and small cities regulated by the plan of the State Council on *Reforming the Household Registration System in Small Cities and Towns* [11]. However, the large cities that had been more attractive for rural residents remained their restrictions for migrants. Although the large cities reconsidered their restrictions with the new policy of 1997 that also further eliminated the legal constraints of settlement in towns and small cities, the most attractive and advantageous cities such as Beijing, Shanghai, etc. continued to favor the talented, education and wealthy migrants from rural areas [1]. Nevertheless, the policies toward the towns and small cities produced significant results in the beginning. The number of county-level and prefecture-level cities multiplied in China for around 40 percent from 1991 to 2001[12]. This trend of the rapid increase in the low level of the administrative unit did not last long and turned to a slow growth temp. The number of smaller cities (0.5-1 million) steadily fell at a slow pace per year. According to this statistical data of NBS, China's cities do not increase as they did at the beginning of reforms. On the contrary, the interests of rural residents continued in the same vein for moving to large cities. However, these cities had some specific criteria for rural residents who could obtain local hukou. Obtaining a local hukou for rural migrants became available in large cities with a regulation issued at the local administration level. Shortly, the so-called blue hukou policy of large cities came under criticism by the central government and later failed its effectiveness to attract the skilled rural residents. Therefore, the large cities' authorities had begun to suspend the blue hukou program during the last decade. Because of the failure of attracting talents, difficulties with population control, and bubble in the real estate market, many Chinese large cities started to abolish the blue hukou. Shanghai, Shenzhen, Wuhan, and Guangzhou were the first runners of the blue hukou abolishment campaign [13]. Nevertheless, China's major cities continued to attract distinguished rural households with other means as they introduced more schemes for attracting talented and highly educated rural residents while having high criteria for unskilled rural migrant workers to obtain local urban hukou.

The Plan and the Opinion issued by the SC proposed a new regulation for local governments of large cities to have minimum criteria for rural households who want to obtain a local urban hukou. This criterion includes having steady employment, the length of stay, tax pay record, and education level [14]. By granting privileges to large cities such as Beijing, Shanghai, and Guangzhou, the central government takes precautions to prevent a massive flow of migrants from rural areas to advanced cities. Such massive inflow to urban areas can cause urban slums and an unbearable burden on the municipal governments [5]. Thus, the Plan and the Opinion aims to resolve the growing migrant problem under control

with a combination of encouragement and restriction through redirecting the rural migrants to small and medium-level cities [6]. This balanced approach of the central government had a slight impact on the mismatch problem that occurred between the suggested and preferred migration routes of rural households. This mismatch between favorite regulations for permanent migration in specific urban areas and rural households' preference of urban areas is shown in the Floating Population Dynamic Monitoring Survey (FPDMS) data of 2010 (see Fig.1). According to the survey, the majority of interviewed rural migrants emphasized the large cities and capitals of provinces as their preference for permanent migration, while the percentage of rural residents preferring small and medium-sized cities is roughly about 33 percent which is less than twice of rural people who choose large cities as a permanent migration destination. This result shows an important of the impediment in the urbanization process in China that significantly influences the rural households' decision-making about their migration.

The category of most preferred cities includes coastal cities in eastern China, the provincial municipalities, and provincial capitals in both homes and other provinces. Contrary to the policy suggestions, the rural residents, both farmers and migrant workers, are not enthusiastic about settling down in towns, small and middle-level cities, as the FPDMS data reveals. The reason for rural households' preference is closely related to the economic unattractiveness of small and medium-level cities. Relying only on orderly urbanization is not sufficient to encourage the farmers to make a permanent move to small and medium-sized cities and bring down the increasing number of rural migrants in a few super urban areas. Despite lowering entry criteria in large and super cities for rural residents, those urban areas remain difficult for poor and unskilled migrant workers. In contrast, small and medium-sized cities cannot attract the floating population due to their scarce economic opportunities.



**Fig. 1: Rural residents' preferences for permanent migration<sup>2</sup>**

Recent studies conducted by Chinese institutions have also supported this finding. These studies stress that the number of rural residents who want to move to urban areas based on permanent migration. One of them is the annual data of the floating population surveys conducted by the National Health and Family Planning Commission that shows the rural migrants' opinion about the permanent migration to urban areas. This survey data covers 2010-2012 years and embraces a comprehensive delineation of the rural migrants' opinion about permanent from different angles (See Table 1).

**TABLE 1: Rural migrants' intention to obtain urban hukou and settle down in cities**

Questions	Yes	No	Haven't decided	Year of survey
Do you want to transfer your hukou to urban, if there are no other conditions?	50%	24.3%	25.7%	2012
Do you want to obtain urban hukou?	35.4%	38.7%	25.8%	2011
Do you want to change your rural hukou to urban hukou?	21.8%	78.2%		2010
Will you transfer your hukou if you are required to give up your land?	11.8%	85.1%	3.1%	2010

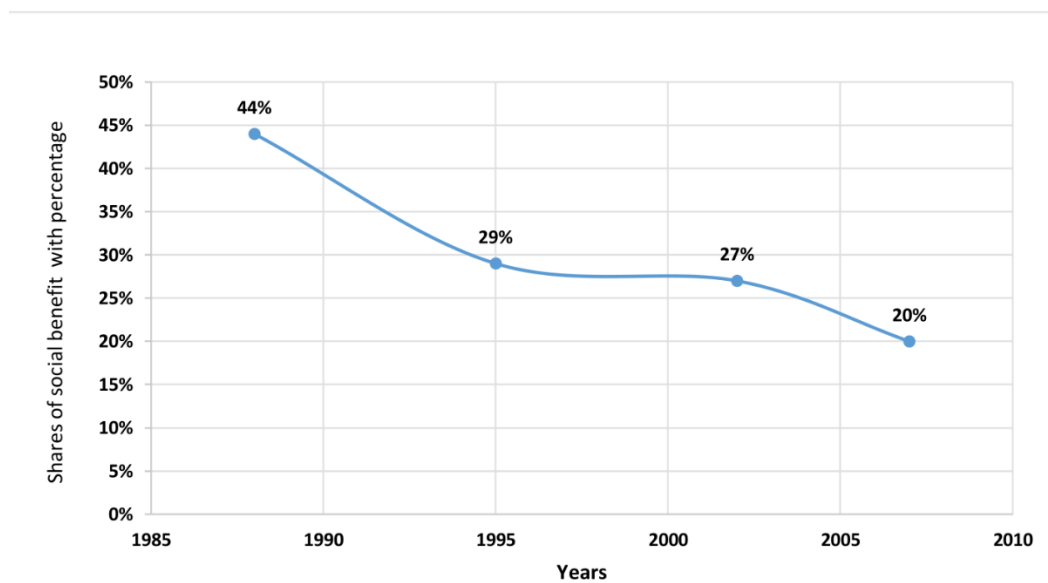
<sup>2</sup> National Health and Family Planning Commission, "Floating Population Dynamic Monitoring Survey" (2010)

To the question of transferring their hukou to urban in case of no other option, only half of the respondents said yes, while another half either had no decision or negatively replied. This option shows a limited attraction to urban hukou. The question of whether rural residents would give up their contract land for urban household status or not sheds light on the changing value of rural hukou under current circumstances that are supported by other studies. The percentage of respondents replying yes to surrounding land in return of urban household status made only 11.8%, but the majority of all respondents opposed such an option. In general, the number of rural residents willing to obtain urban hukou falls behind the unwilling migrants for roughly 3%. In sum, the number of rural residents who want to make a permanent migration to urban areas is still insufficient, while the majority of the rural population is reluctant to give up their land-use rights. The reluctant attitude of farmers towards permanent migration has been begotten for several reasons. The most common reason among them is the increased value of rural land. As the price of land grew, the reluctance of rural households towards the rural-to-urban permanent migration increased in a parallel manner. Overall, the recent development in the regulations in the rural-to-urban migration in China has negatively influenced the intention of rural residents to make a permanent migration because of mismatch between rural people's preference of urban areas and the cities offered to them with significant facilitation for permanent migration. As a result, the differential regulations of the hukou system in various urban areas created a common practice of short-term migration for rural households between urban and rural destinations rather than produced significant results of permanent migration from rural to urban areas.

### III. DECLINING URBAN HUKOU BENEFITS

As China started to enter the market economy era, the urban-bias welfare system that enjoyed enormous privileges under full-employment and comprehensive social benefits policy in the command economy has begun to get trembling. The previous method of tight control of internal migration and full-package of social benefits for urban residents made the urban hukou a dream-end for the Chinese rural residents [15]. The welfare system of urban China was the responsibility of SOEs, while rural social welfare was undertaken by the rural communes [16]. This differential management of the social welfare system created a significant gap between two different types of hukou holders. However, the strength and worth of urban hukou have faced a dramatic fall after severe government reduction in the economy and rationalization of labor management. The reformation of the SOEs in the 1990s directly accelerated the diminishing of urban social welfare benefits as it was the vital provider of all kinds of social benefits. The transition from the paternalist role of the SOEs to profit-making enterprises with significant rights of management reduced their inputs into the welfare of the urban residents [17]. As a result, the previous system of full employment and iron rice bowl social guarantee seemed inconsistent with the market economy principles and thus underwent a significant reformation. The social benefits such as full employment, healthcare, pension, and others were abandoned in the market economy time. In the new economic system, these welfare schemes were distributed to various institutions and reduced significantly. For increasing the competitiveness and efficiency of the SOEs, the urban welfare benefits had shared among government, employers and employees based on payroll-tax and contributions. Housing, as one of the critical social benefits of the urban population, had been privatized during the process of transformation [18]. For other types of social benefits such as a pension, healthcare, etc. the government introduced two mechanisms of taxation and contribution that shared the risks with individuals. For those who were left with no guarantee of employment and other social benefits associated with the labor market and old-age pensions, the Chinese government established the Minimum Living Standard Assurance (MLSA) to prevent those urban residents from rolling into absolute poverty. As a result of restricting the old full-employment system and reformation of socialist welfare, the number of recipients of the MLSA for ten-fold under less secured and uncertain market economy [19]. The reforms mentioned above all contributed to the degradation and decline of urban social benefits compared to the old welfare system. The impacts of these changes can be summarized in two categories. First, the purported social benefits that urban households used to receive decline significantly as the SOEs obtained rights to manage their workforce, lay-off laborers, and reduce expenditure. Moreover, the abandonment of a fixed price system in the market had also influenced the living standard of urban households in China because of high inflation and uncertainties. Second, restructuring the welfare system into a shared-risks pooling from payroll-tax and contribution had also put a specific burden on urban households. Under the new welfare system, individuals, along with employers and the government, became responsible for contributing a particular amount from their wages to the social accounts. This change further exacerbated the already declining socio-economic conditions of urban households.

Different from the command economy period, several kinds of social benefits, including their financing and implementation, had been transferred to local governments in the market economy era in China. The devaluation of power and decentralization of the fiscal system left the urban households to bear the most of their expenses alone. Based on the study of China's social benefits at the household level exported from the CHIP data 1988, 2002, and 2007, Gao et al. gauged the share of social benefits in the household final income [20]. The result shows considerable variations of the share of social benefits in the final household income of three groups of households; urban and rural residents, and rural migrant workers. The welfare package includes social insurance, in-kind benefits, and public assistance. Contrary to the 1980s, when Chinese urban households had enormous social benefits, the early 2000s has been accompanied by a decline in the size of the urban welfare state due to the economic shift in the country and the reconstruction of SOEs (see Fig.2). As a consequence of some retrenchment policies, the size of social benefits in the household income shrunk from 44% to 20% during the two decades between 1988 and 2007. Since the 1990s, the share of social benefit in urban households' final income had fallen below one-third and continued in the way tendency across the observed period.



**Fig. 2: The size of social benefits in the household's income<sup>3</sup>**

Despite the significant share of social benefits of urban residents compared to most of the countries' welfare state, the Chinese urban households experienced a continuous decline of their social benefits during the whole market economy period. The social benefits of urban Chinese citizens measured in their final income shrunk from 44 percent in 1988 to 29 percent in 1995 and kept declining to 27 percent and 20 percent in 2002 and 2007, respectively. This downturn trend of the social benefit of urban residents developed along with the restructuring of the SOEs and transformation of the Chinese economy from planning to market economy system. The social benefits provided by the full employment policy and comprehensive coverage of social benefits associated with the former economy system became unavailable in the new economic system because of its impediments to economic growth and heavy burden on the work units. As a result, the burden of the welfare state was reformed by shifting this responsibility to the government, employees, and employers.

Nevertheless, there is some noticeable difference between the entitlements of urban and rural households; the latter has passed its heyday after the decisive market reforms in the 1990s. Since then, the urban-rural gap has been continuously narrowing. The recent development of the social welfare system has contributed to the emergence of a partial rural-urban harmonization. With the urban-rural cohesion in the social welfare system, many local governments at the provincial level conduct a pilot project to coordinate various welfare schemes. Facilitating the access to social benefits for rural residents, these local governments tried to eliminate the rigid segregation in various kinds of welfare benefits in urban and rural areas. Sichuan province was among the several localities that actively pursued the urban-rural harmonization policy to abolish the stratification of citizens based on their type of household registration. According to the new policy, rural households could choose specific welfare schemes on their own based on preferences and could change their rural hukou

<sup>3</sup> Drawn based on Gao et al. 2013



to urban type. However, such unprecedented access to urban social benefits, according to the survey of the local bureau of statistics, could not encourage the permanent migration among the rural citizens in the province as the 90 percent rural households of Sichuan refused a chance to obtain local urban household status [21]. The most common reason among them is the increased value of rural land. As the price of land grew, so did the reluctance of rural households towards the rural-to-urban permanent migration. Other reasons include high urban living and devaluated urban hukou. Overall, the recent development in the socio-economic sector of China has negatively influenced the intention of rural residents to make a permanent migration and create a common practice of short-term migration for farmers between urban and rural destinations.

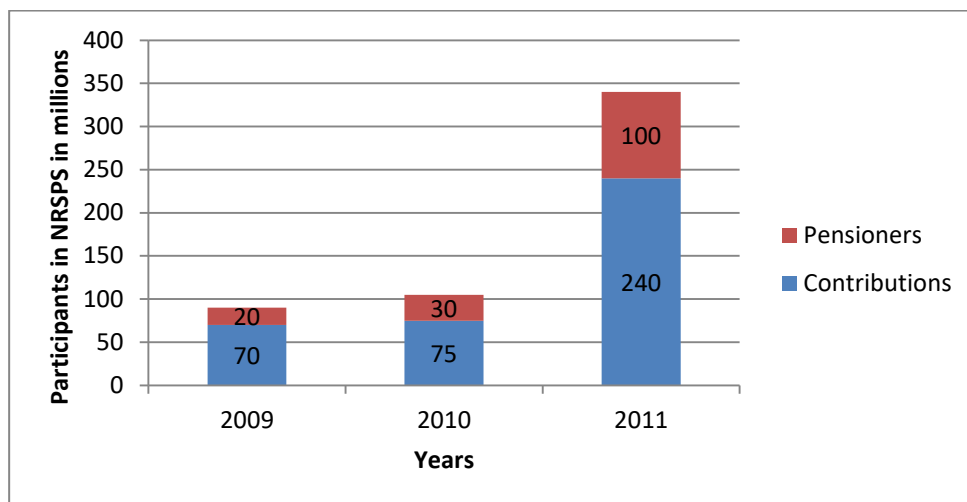
#### IV. CHANGING THE VALUE OF RURAL HUKOU

In addition to those repelling factors that push rural residents from urban areas because of decreasing advantages of the urban social welfare system, other factors favor the rural hukou over urban hukou. These pull factors are conditioned by recent changes in the economy that led to a new social policy line aiming to build a harmonious society, ensure social and political stability and develop domestic consumption [22]. For these reasons, the central government expanded social security coverage to rural households. Moreover, the government abolished the tax for agriculture and provided subsidies for grain in 2006 [23]. This tax-free reform has had a considerable positive impact on poverty alleviation in rural areas [24]. In the following years, the central government introduced more social insurance programs such as the Minimum Living Standard Scheme, Rural Cooperative Medical Insurance, and the New Rural Social Pension Program. These factors influenced the rural residents' decision-making on permanent migration and changed the pro-urban trend of permanent migration in China.

To counter the negative consequences of market reforms in rural areas, the Chinese government introduced the “*basic scheme of rural pensions at the county level*” (BSRP) through the Ministry of Civil Affairs in the early 1990s. The scheme combined three contribution channels from the government, rural collectives, and individuals. Due to spatial imbalances, contribution failure of individuals, and local governments, the scheme could not cover the sufficient number of beneficiaries. The coverage of the rural pension scheme could only reach around 10% of the total rural elderly population in China [22].

Failure of the BSRP and increase of collective protests of farmers against rural poverty and insufficient compensation for land requisition have forced the central government to introduce new social insurance programs for rural households [25]. The new rural social security scheme of the “*New Rural Social Pension Scheme*” (NRSPPS) was introduced in 2009 with a deadline to cover all rural areas by 2020 [26]. This scheme differs from the previous one with more supportive public financing and unprecedented expansion, covering more than 300 million participants within three years. The number of pensioners increased from 30 million rural residents to 100 million in one year from 2010 to 2011. Besides, the number of contributions also increase three times during the same period (see Fig.3). The expansion of the NRSPPS had some underpinnings consisting of secure financial means, spatial development differentials, and political will [27]. The pooling of the scheme is being provided 80% by the central government and the rest contribution from local government. There is no fixed rate for pooling; however, the scheme is functioning through accommodating both local and central interests. The level of subsidies from the central government varies based on the level of economic development of the locality [26].

Furthermore, the central government has set a goal for the unification of the rural and urban healthcare system through expanding fund-raising channels and adjusting a proper legislative basis [28]. On social citizenship study, Shi conceptualized the recent institutional change in social security and the hukou system and analyzed the evolution of social security and social citizenship by studying four major cities of China such as Chengdu, Beijing, Hangzhou, and Guangzhou between 2008 and 2011 [29]. The initial steps of rural-urban harmonization have been taken by local governments through the establishment of rural social schemes to narrow the urban-rural gap. Two cities of China, Chengdu, and Chongqing, were chosen to launch pilot schemes for promoting pertinent policies for urban-rural harmonization. These policies included the unification of hukou categories into one single residence category and the coordination of social security systems. Within a locality, all residents gained equal access to social benefits. Under this plan, rural households could enjoy the same rights as their urban country mates; however, those entitlements are not transferable to other localities and remain within the region. Such institutional fragmentation obstructs the expansion of urban-rural harmonization policies, but significantly decrease the stratification in social benefits between rural and urban areas.



**Fig. 3: Expansion of the New Rural Social Pension Scheme in 2009-2011<sup>4</sup>**

Despite the various changes that occurred in the economy since the implementation of market reforms, farmland remains to be the primary source of income and the fundamental rights of farmers in China. In the command economy era, the rights for land use were practiced through the communes as an institutional setting of collective ownership [30]. Nowadays, farmlands in rural areas are distributed to farmers based on contract land (承包地) through what each household receives some plots for agriculture. Rural hukou status is significant pre-condition for farmers to be eligible for land use rights and be entitled to some benefits such as homestead (宅基地), etc. However, when farmers make a permanent migration to urban areas, they lose rural land use rights, and return land is subsequently reallocated by collective among the remaining households [31]. Such frequent land reallocation has been a threat to rural households' income since the implementation of the Household Responsibility System. The land plots in rural areas play a significant role in the socio-economic conditions of rural residents. According to Huang et al., land reallocation in rural China is also a collective response to the insufficient social security system that fails to meet farmers' basic needs [32]. Through land reallocations, peasants supplement the inadequate social security system for rural residents. According to their findings, the probability of reallocation is lower, where welfare provisions cover the basic needs.

Besides covering the basic needs of farmers, land reallocation mechanism in rural China also limits the duration of out-migration of rural migrant workers for employment. China's land allocation system is conducted to respond to the demographic changes in rural areas and efficiently use land. Despite the enactment of the Rural Land Contract Law (RLCL) in 2003 that secured land use rights of farmers and permitted land transfer between households, in practice farmers cannot secure land use rights while migrating to cities for a long time; nevertheless, it has strengthened the subjective well-being of rural households [33]. According to one study on the correlation between land reallocation and rural-to-urban migration, land reallocations increase the migration propensity but decrease the length of stay of migrants in urban areas [34]. Such land tenure insecurity creates many short-term migration patterns and high risks for land expropriation for out-migrated farmers. Although RLCL could not wholly prevent land reallocation in rural areas, it reduced the transaction costs of land transfer between households. By 2013 26% of rural household land has been leased out to collective or private enterprises, while some households just transferred their land to other households [31]. This change in land transfer procedure could only increase the interest of rural residents in temporary migration for employment.

Furthermore, the rural-to-urban migration in China is not an individual decision rather a family-based choice to reduce the dependence on agriculture, diversify the family income and increase input into farmland [34]. Households with small farmland have more incentive to migrate to urban areas because of their labor surplus and insufficient income from small plots. For tackling these difficulties, rural households send their employable family members to cities for employment. However, rural-to-urban migration is not only limited to small-sized household farmland; however, medium and big rural households are also inclined to migrate to cities for employment due to different reasons. The migrant family members contribute to their family budget back in the village with the remittances from urban areas [35]. In the long-term, family

<sup>4</sup> National Bureau of Statistics of China, *China statistical yearbook 2011*, Beijing, National Bureau of Statistics of China, 2013 in Andrea Vilela

ties obstruct rural migrant workers from settling down in cities permanently. Besides their social and economic links with the village, many of married rural migrants have their children back in the rural area with their grandparents. This practice is prevalent for the majority of rural migrants who live and work in cities for years.

## V. CONCLUSION

The article sought to show the reasons behind the reluctance of rural households to make a permanent rural-to-urban migration despite their exhausting temporary employment migrations to urban areas. The study of factors that contribute to the rural residents' decision-making about the rural-to-urban permanent migration revealed three determinants that influence the overall rural-to-urban migration process. These factors have shaped the farmers' preference to pursue temporary migration rather than to make a permanent move to urban areas. These factors paradoxically affect rural households' decision-making about rural-urban migration. The finding shows that such reasoning has been shaped by a combination of profit-maximizing and risk-avoiding deliberations. Rural households prefer to maximize their profit by exploiting both urban and rural economic opportunities and simultaneously keep their rural hukou. Such a paradoxical strategy of rural households is a result of uncertainty about the perspective of household status. However, in the planned-economy era, one thing was crystal clear about hukou; state-backed urban household status is undoubtedly superior to rural hukou, and therefore rural households used all possible means to obtain urban hukou. However, since the beginning of market reforms, people have begun to experience specific changes in the social benefits system. The new phenomenon has been accompanied by the increasing value of rural hukou and the declining value of urban hukou from a long-run perspective. Under such uncertain circumstances, most of the rural households abstain from making an easy decision to migrate to urban China permanently and tend to keep their land and other assets in rural areas.

The first factor to be considered is that despite the increasing interest of rural migrant workers every year to migrate to large and super cities in China, the urbanization plan has mainly focused on the opening of small and medium-sized cities and towns. Although the recent reforms have lowered the entry criteria of advanced cities and institutionalized the migration procedure, they remain to be exclusively available for talented and highly educated rural residents. In contrast, unskilled rural migrant workers are still ineligible for their entry requirements. On the other hand, the preferred urban areas by the urbanization plan such as towns, small and medium-level cities are only interested in a limited number of rural households. Because of their limited economic resources and scarce employment opportunities, rural households are less enthusiastic about making a permanent move to those urban areas. This economic limitedness of those cities is closely associated with the inorganic economic growth of those cities. The study found that the majority of townships and small cities have begun to be on the increase since the 1990s and during the early 2000s because of administrative redefinition and taking over previous adjacent rural areas. Such administrative urban expansion was not caused by real economic growth and subsequently did not affect rural households' welfare profoundly. Therefore, the limited economic order of these urban areas is not enough to persuade rural residents to give up their land-use rights and make a permanent rural-to-urban migration. Moreover, under such circumstances, rural households consider rural household status superior to urban hukou. This phenomenon of hukou change is very dominant among farmers when they are required to give up their land use rights in return for obtaining urban household status.

While the value of rural hukou increased, the urban hukou has devalued. Unlike the command economy, China's market economic model does not provide life-term welfare prerogatives to urban households. While the gap in terms of social benefits between urban and rural households becomes narrow, urban hukou appears to be less attractive to farmers. Although there is still an economic distance between urban and rural residents in their access to public goods and services, the trend affects the interests of rural residents in urban hukou negatively. Thus, the urban hukou, which stood for dozens of social and economic benefits in the previous economic model is in decline now. The transfer of a particular share of urban welfare risks on individuals through payroll-tax and contribution became a significant concern for the unskilled rural migrants who are less competitive in the labor market in urban areas. Therefore, for many rural households, urban hukou does not represent previous privileges anymore. This change in benefits makes rural residents cautious about giving up their guaranteed benefits associated with their rural hukou. Such an adverse trend of development in households' social benefits has vigorously affected the rural residents' perception of rural-to-urban migration. On the other hand, recent reforms of rural-to-urban hukou change in Chengdu, Hangzhou, Beijing, and Guangzhou had shown certain limitations of the rural-urban harmonization policy that discouraged rural households from transferring their household status to urban type. However, these reforms conducted by local governments have been localized and did not guarantee the same rights to rural households beyond their provinces. Due to the protectionist policies of local governments, the



schemes and entitlements provided in one locality are not transferable to other localities. These limitations of China's cities play a push factor role for rural households and discourage them from taking up urban hukou.

The third factor relates to the recent improvement of the welfare state in rural areas and land policy in China. However, the latter factor has two adverse effects on rural households. Firstly, it is essential to know that frequent land reallocation practice in rural areas influences farmers and ties them to rural areas, and thus, create short-term out-migrations. Therefore, rural households intentionally leave some family members in rural areas to avoid land lost during the next land reallocation. Such out-migration for employment in urban areas affects rural households at a different rate. The small and big farmland households are less inclined to migrate to cities due to shortage of resources and labor subsequently, while the medium-sized farmland households are the most motivated farmers who strive to cities for employment in order to reduce costs back in the village and increase input capital in agriculture. At the same time, rural households also intend to keep their land-use rights active because of the increased monetary value of land in the market. Recently strengthened supervision of land acquisition by local and central governments and rapid expansion of urban areas encouraged rural households to secure their land-use rights for proper compensation.

The value of rural hukou has been in its rise during the last decade. The share of social benefits in rural households' final income has got doubled since 2007. Also, the new social policy of the central government towards rural China produced several programs such as the MLSS in 2007 and the NRSPS in 2009. These programs lifted many rural residents out of poverty and drew the attention of the central government to the problems of rural governance [36]. As a result, the rural hukou appreciated and improved the social status of rural households. Such improvement of social identity in the society reflects itself on the preference of farmers' decisions about the hukou change. Nevertheless, this recent improvement of the social security system in rural areas could not create a sufficient safety net for farmers; therefore, rural households are more careful in deciding on changing hukou, on giving up their land use rights in particular. At the current stage, the declining value of urban hukou, improving the welfare of rural areas, and increasing the value of rural land destroys the previous economic hierarchy between rural and urban hukou and thus creates uncertainty for rural households. This uncertainty holds rural households back from making the permanent migration to cities.

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