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1958

In 1958, the Chinese Communist Party announced the Great Leap Forward, a campaign that was supposed to run for the whole of the Second Five-Year Plan (1958–63). The stated goal was to overtake the United Kingdom's industrial output within fifteen years and catapult China into the pantheon of great nations. As people's communes were established in the countryside, rapidly accelerating the collectivisation process, the Chinese state made major investments in heavy industry. Although efforts were made to involve workers in enterprise management, the trade unions had emerged considerably weakened from the crackdown that followed the Hundred Flowers Movement, and many of the concessions won by the workers in previous years were rescinded. Most importantly, the campaign set ambitious and unrealistic targets for production, which put industrial workers under pressure. Although it would be strictly implemented only at the beginning of the following decade, the household registration (hukou) system was established at this time, and it remains in place to this day. This essay looks into the historical roots of the system, its rationale and its legacies.

Reorganising Chinese Labour: The Establishment of the Household Registration System

Jane HAYWARD

Formally established under Mao Zedong in 1958, the household registration system (户口, *hukou*) was the central mechanism for the organisation of labour and production underpinning China's development model. It harnessed China's large rural labour force to support urban livelihoods and industrial development at a time when comprehensive engagement with the international capitalist economy was not possible. As the reform era dawned in the late 1970s, the *hukou* system stayed in place as Chinese social relations transformed around it. While continuing to promote urban industrial development through the exploitation of rural labour, paradoxically, it evolved from an institution designed to shield China's economy from global capital to one whose very *modus operandi* was the making available of low-cost labour to international corporations.

The International Environment

Throughout the past few centuries, the nation-states of Western Europe developed and industrialised through colonial expansion, utilising cheap labour and resources from overseas territories. China after 1949 did not have this option. Colonialism and imperialism were anathema to everything the Chinese Communist Party (CCP) stood for (in theory at least)—and with good reason. A century earlier, following its defeat by British troops in the Opium Wars, the weak Qing Government had been strong-armed into opening Chinese markets on very poor terms for China. Postwar concessions to the victorious British included not just disadvantageous trading conditions, but also the ceding of portions of Chinese territory. Other capitalist powers soon got in on the game and, before long, Britain, France, Germany, Russia, the United States and, eventually, Japan were all happily ensconced in treaty ports around China's coasts—special concession areas and trading hubs where foreign occupiers were immune from Chinese law. Any material benefits to the

Chinese economy from these foreign commercial activities had little impact beyond the treaty ports.¹ Instead, large swathes of China's inland and rural population, already mired in poverty, suffered all the more under a government whose prior failings were exacerbated by its subjugation to foreign powers.² During World War II, after the other powers had left, China was under partial occupation by a militarist Japan intent on establishing hegemony throughout Asia.³ Little wonder the communists' eventual victory in 1949 hinged on a platform of virulent anti-imperialism. The incongruity of this stance should certainly be recognised, however. As Chris Bramall pointed out, 'it is one of the many ironies of the CCP "project" that a party committed to eliminating any imperial presence within China was nevertheless determined to preserve its own internal cohesion in Tibet, Qinghai, Xinjiang and Inner Mongolia.'⁴ Even so, the experience of 'semicolonialism' at the hands of foreign capitalist powers was pivotal in shaping the communists' development strategy going forward.

Moreover, engagement in foreign markets was largely off the table. In today's world, in which the ideological tenets of economic liberalism have resoundingly triumphed over alternatives, economic pundits routinely take for granted the connection between foreign trade and national economic growth. From the perspective of China's communists, however, given both recent experience and their analysis of China's situation rooted in Marxist principles, imperialist relations were inherent to global capitalism. Therefore, opening up a weak China to foreign markets would only have meant more of the same: the economic and political subordination of the country to predatory foreign capitalists on disadvantageous terms, the extraction and depletion of national resources and the inability of the country to develop in a way that benefited the majority of the Chinese people.⁵ In any case, in practical terms, the hostile Cold War environment of the early 1950s allowed few options in this respect. The United States, the newly crowned hegemon of the capitalist world order, which was then in the throes of anticommunist McCarthyism, pursued an aggressive containment policy towards China, including a trade embargo, military bases in Japan and South Korea and the deployment of the Seventh Fleet in the Taiwan Strait.⁶ Given all of the above, any prospects for the new People's Republic of China (PRC) to develop its economy through engagement with global capitalism were severely restricted⁷. Instead, China's leaders had to look internally, to the resources of their own domestic population. The *hukou* system became the strategy by which this was to be achieved.

The Communist Understanding of Class

For any communist, the exploitative class relations at the heart of capitalism are the root of all social injustice. The problem lies with the concentration of private ownership of the means of production in the hands of a few, which compels those without property to sell their labour to the private owner, the capitalist, for a wage. Under this system, labour itself is a commodity. Thus, the goods produced by this labour belong not to those who produced them, but to the private capitalist, who pays the labourers only a fraction of what the product is worth and sells it for a profit, accumulating private wealth in the process. In this exchange, the labourers always lose out, making back less than the value of what they produced. The commodification of labour under private ownership is thus a form of exploitation, tending towards ever greater inequality as the private capitalist seeks to make greater profits by keeping wages as low as possible. It was literally unthinkable, therefore, for the CCP to organise the national economy according to the principles of private property or commodified labour.

Yet, as far as the communists were concerned, class inequality in China was not just an ideological matter or a moral issue of social justice; it was an existential question of national security. Global capitalism was, after all, always expansionist—always on the lookout for new territories and markets. Those within China able to benefit from commercial activities, particularly those who had done well under the previous imperialist occupiers, or those whose private wealth or property might somehow blossom as the new communist polity sought to establish itself, would always be susceptible to the lure of foreign trade, so it was presumed. Moreover, the Communists' recently vanquished rivals, the US-backed, pro-capitalist Nationalists, with whom they had fought a gruelling civil war throughout the 1930s and 1940s, were a continuing source of concern. Having fled to Taiwan after 1949 and now under American military protection, they harboured plans to invade and join forces with their capitalist allies on the mainland. Anyone accumulating individual wealth or property was therefore viewed with suspicion as a potential collaborator with the imperialist enemy, threatening to drag China back to its underdeveloped, semicolonial past.

China's *Hukou* System

All of this formed the backdrop of the fledgling communist state's Herculean task to rebuild a strong nation-state and a flourishing economy while, at the same time, both keeping social inequalities in check and keeping out the foreign powers which encircled them. Facing this dilemma, the *hukou* system became the solution. Under this system, agricultural labour was organised on the basis of large collective farms, or communes, and urban workers were organised into collective work units. Every member of the population was registered to their respective commune or work unit and, along with this registration, classified as either a peasant (*agricultural*, 农业) or an urbanite (*non-agricultural*, 非农业).

The public goods, facilities and infrastructure to which Chinese people had access were determined by these classifications. For urban dwellers, the state provided housing, food, health care, social security, schooling and other facilities, all of which were allocated on the basis of work unit registration. For those registered with agricultural *hukou*, however, the state did not provide such amenities; these were instead provided by the rural collectives themselves or by the production teams into which the rural workers were organised.⁸ Moreover, mobility around the country was restricted under this system. The rationale behind this was to prevent China's rural population from converging on the cities, placing a strain on urban infrastructure and supplies. The goal was to preserve the bulk of state resources for the urban workforce to promote industrial development. Under the large-scale collective farms in the countryside, meanwhile, the abundance of agricultural labour could be managed and organised and grain could easily be extracted at cheap cost and transferred to cities.

Under the *hukou* system, labour was not commodified and class exploitation was impossible, supposedly, since peasants and urbanites were, nominally at least, the collective owners of the means of production. The produce extracted from the countryside was utilised for the collective project of nation-building, rather than marketised for private gain. This 'non-exploitative' social structure—hailed in state discourse as the worker-peasant alliance—underpinned the Chinese socialist state ideologically and was the overarching form of social organisation. Ironically, however, given the Communist Party's ideological foundations, the *hukou* system

in fact rested on the structural subordination of the countryside to the cities. It was a mechanism of mass exploitation on a national scale, designed to uphold urban living standards on the backs of the peasant masses. According to the well-known agricultural economist Wen Tiejun, the *hukou* system under Mao constituted a form of national self-exploitation tantamount to internal colonisation.⁹ According to Vivienne Shue, insofar as it segmented the population into different peoples of unequal status administered under different regulations, the *hukou* system is best understood not as a form of nation-state governance, but as a manifestation of imperial rule.¹⁰

The *Hukou* System in Historical Context

This *hukou* system, which took shape during the 1950s, in fact had a lengthy institutional history. Household registration of some kind had long been a practice of Chinese imperial dynasties for the administration of tax collection and for purposes of military conscription and social control.¹¹ One aspect of the last, the *baojia* (保甲) system developed during the Warring States period (third–fifth centuries BCE), involved the organisation of households into collectively administered groups with mutual responsibilities towards the state—effectively a surveillance mechanism whereby neighbours were expected to report on one another’s suspicious activities to avoid collective punishment. Such a system re-emerged in various forms under the Song, Yuan, Ming and Qing dynasties. In the twentieth century, the Nationalist government of 1927–49 deployed a similar system to root out its enemies—particularly members of the CCP. From the late 1930s, the Communist Party also adopted the system in rural areas under its control to guard against anti-revolutionary activities and infiltration by Nationalists or the Japanese.¹² After the victorious communists entered the cities in 1949, they took over the urban *hukou* records kept by the Nationalists, drawing on these to flush out any remaining enemies or ‘questionable persons’ lurking in the cities.¹³ Restrictions on population movement were not a priority at this stage. On the contrary, the PRC’s first *de facto* constitution, the Common Program issued in September 1949, guaranteed freedom of residence and migration. In fact, the free flow of people between city and countryside during the formative years of the PRC facilitated economic recovery after decades of war.¹⁴

As the 1950s progressed, the focus of household registration shifted from the identification of enemies to national control of people and resources. With the Soviet influence on the PRC increasingly apparent, Chinese economic policy came to reflect the Stalinist prioritisation of heavy industry as well as the ideological pre-eminence of the urban workforce over the 'backward' peasantry. The Soviet *propiska*, an urban residency permit used to regulate the size of cities and restrict access for those from the countryside, served as an early model for restricting rural–urban migration.¹⁵ Through a series of regulations, the Chinese state gradually asserted control over housing and migration, and grain purchasing, marketing and allocation through rationing, guaranteeing low-priced food for urban residents. A nationwide registration system regulating population movement across both cities and countryside appeared in 1955.¹⁶ This early *hukou* system continued to be porous, however. As the state prioritised industrialisation, urban job opportunities burgeoned, attracting an influx of workers from the countryside, who often brought their families with them, despite misgivings from planning officials. Various regulations, such as guarantees for home leave, were promulgated in an attempt to keep such movements in check.¹⁷

In 1958, the *hukou* was established in its fullest form with the passing of the Regulations on Household Registration in the PRC. This extended registration to include members of the People's Liberation Army, so covering every Chinese citizen.¹⁸ Yet, these regulations coincided with the fervent industrialisation push of the Great Leap Forward, a nationwide project which, of course, led to a further explosion of job opportunities in cities. While this was accompanied by the decentralisation of economic management intended to energise the grassroots, the central government lost its grip on the movement of labour just as it was attempting to tighten its fist.¹⁹ Thus, paradoxically, at the moment the *hukou* took on its fullest form, '[t]he rush of millions of people into the cities in the years 1958–60 ... constituted the most rapid burst of urbanization in the first three decades of the People's Republic, perhaps in any comparable period in human history'.²⁰ It was not until 1960 that China's leaders acknowledged the disaster and famine the Great Leap Forward had wrought on the countryside—in no small part as a result of the redirecting of massive amounts of labour out of agriculture and into industrial construction projects during the harvest seasons. From this point, the *hukou* system came to be strictly

enforced, with large-scale state-led 'downsizing' programs put in place to shift migrant labourers out of the cities and back into the villages.²¹

The *Hukou* System of the Reform Era

The market reforms introduced after 1978 transformed the nature of the Chinese economy and urban–rural relations. The rural communes were dismantled and agricultural production was reorganised on a household basis. Special economic zones (SEZs) were set up on the southern and eastern coasts to attract investment from foreign companies, connecting China with the global capitalist economy. In rural areas, local cadres established town-and-village enterprises producing goods for export. With rural families now managing their own household plots, any extra hands were encouraged to seek off-farm work, as long as they remained within their own localities. A rural labour market began to emerge in the countryside, and a trickle of rural–urban migration began as some moved further afield to seek employment in the SEZs.²²

In the latter half of the 1980s, work units in the cities began to move workers on to temporary contracts. Many were laid off—a traumatic social and cultural disruption after decades of having their employment and lifetime security guaranteed by the state (see the essays by Ching Kwan Lee, Hurst and Solinger in the present volume). Labour was becoming commodified on a national scale. In 1992, Deng Xiaoping undertook his historic Southern Tour—a promotional stunt to galvanise activities in the SEZs. As more investment poured in, rural–urban migration accelerated and, before long, millions of rural migrants were flooding from the countryside into the cities to join with the newly 'freed-up' urban workforce. According to Lin Chun, '[f]rom 1991 to 2013 there was a huge increase of 269 million in the urban workforce, 85 percent of which was accounted for by rural immigration.'²³

Through all of this, the *hukou* system stayed in place. Local officials turned a blind eye to rural migrants' illegitimate status in the cities, as the massive influx of cheap labour fuelled China's new export-led growth model. But the state still had no obligation to provide for them—not housing, social security, health care, schooling for their children or pensions. What amenities they had remained back in the countryside, attached to their local *hukou* registration. Thus, the social reproduction of a large portion of the urban labour force took place in the countryside, at villagers' expense. The countryside served as a vast social safety net,

with the expectation that migrant labourers would eventually return there when no longer required. Since neither city governments nor incoming corporations had to stump up the costs for work-related benefits, wages could be driven lower. Thus, the *hukou* system now constituted a new form of mass exploitation—the exploitation of rural migrant labour in the interests of both Chinese cities and global capital.²⁴ The *hukou* system now operated both to facilitate the production of the largest proletariat in world history and to make it readily available to global capital. The irony.

The *Hukou* System Today

The incapacity of major cities to incorporate rural migrants has been manifest, over the past two decades, in the appearance of urban villages. These are former farming villages that have been engulfed by urban expansion. Instead of being steamrollered and built over, they have been protected on account of their status as rural *hukou* localities, so they remain standing, incongruously, inside the city. Having lost their farmland, the villagers in these locations have sought to replace their agricultural income through building extra rooms to rent out. The city's failure to provide suitable accommodation for the millions of incoming rural migrants has ensured a steady supply of willing tenants for these new village landlords. Serious overcrowding has resulted, with local residents often outnumbered ten to one or more. With their limited infrastructure and often shoddily constructed buildings, urban villages increasingly came to resemble the slums of Latin America—havens for the urban underclass.

Despite the *hukou* system's longevity, Chinese policymakers have long been experimenting with reforming it, sometimes leading commentators to assume it is on the brink of being abolished. From the early 2000s, for example, some cities launched measures to unify the divided urban and rural categories into a single 'resident hukou' (居民户口), while, since 2010, certain cities in Guangdong began to experiment with a points-based system, awarding *hukou* to migrants who met certain criteria.²⁵ A turning point came in March 2014 when the central government published the *National New-Type Urbanisation Plan 2016–20*. This was closely followed by a circular from the State Council, one of China's highest legislative bodies, proclaiming the elimination of the urban–rural distinction for residence permits and the relaxation of restrictions permitting movement to small and medium-sized cities, with the goal of allowing 100 million rural migrants to permanently settle in cities.²⁶ On the surface, such

measures appeared, finally, to award recognition to the rural workforce for their pivotal role in China's state-building and rapid economic growth, rewarding them with full inclusion in the modernity they helped create—the civilisation of urban life. A closer look, however, suggests otherwise. Despite the formal elimination of the urban–rural distinction for most Chinese urban centres, the *hukou* continues to determine the hierarchical status of a large swathe of Chinese people, based on local versus non-local distinctions.²⁷

Behind the *hukou* reforms lie plans to limit the size of the largest cities—those with a population of more than five million—the epicentres of Chinese capital and modernity. In many such cities, low-paid rural migrants are the least welcome. Thus, the Chinese state is implementing all manner of measures to keep out the poorest and least-educated migrant workers, via the *hukou* reforms, and by other means, including restricting access to schooling for migrant children (see Friedman's essay in the present volume), moving manufacturing industries out of the cities, as well as the aforementioned points-based scheme.²⁸ Urban villages have also become targets, with a recent 'clean-up' campaign by state officials in Beijing evicting thousands of migrants from their homes with no warning.²⁹ Systemic bias against China's low-cost workforce is not going away. And nor is the *hukou*. Once again, it is simply changing shape.