

RES-167-25-0005 - Urban Poverty and Property Rights in China

Since the late 1990s, Chinese cities have seen a huge influx of low-skilled rural migrants. In addition, millions of workers have been laid-off by companies affected by industrial restructuring and enterprise reforms. In combination, these two events have resulted in dense urban districts that are particularly poor.

This project, led by Cardiff University, looks at the characteristics of specific poor neighbourhoods and how they are affected by the redistribution of property rights.

Key Findings

Causes of poverty concentration in specific urban areas:

- The overall level of poverty in the 25 neighbourhoods of the six cities surveyed was 22.4 per cent of the population. This figure is significantly higher than official figures, which are based only on data from registered households as opposed to unregistered households.
- Poverty rates are highest for laid-off and unemployed groups living in inner and 'old city' neighbourhoods.
- Rural migrants are concentrated in 'urban-villages' with poorer living conditions than other urban poor, and they have less access to public services and social welfare. However, because they will often sell their labour at a lower rate than their urban counterparts, they are better placed to survive their poverty.
- Even if other socio-economic features are adjusted for, simply living in one of China's poor urban areas increases the chance of a household experiencing poverty by 4.4 per cent.
- The underlying cause of poverty concentration is related to how a neighbourhood is developed. 'Old city' neighbourhoods have the highest poverty levels because they did not benefit from the housing sector reform in the 1990s. This means that the quality of housing remains very poor and these have become areas of last resort. This stands in contrast to the 'culture of poverty' theories in the West, which attribute poverty to underclass culture.

Changes in property rights and entitlement:

- The majority of farmers who have lost their land to development are experiencing significant poverty. They are awarded various compensations, but would benefit from the right to urban services. Clarification of precisely what they are entitled to in exchange for their land-rights would also improve the situation.
- Some farmers have been able to retain land rights to build and rent private housing to migrants. This rental income has helped them avoid poverty.

- ‘Urban-villages’ are supported by a unique scheme, whereby collective ownership is conferred to a particular geographical part of the city. In these circumstances, village co-owners have an incentive to build informal, dense and low standard accommodation for rent. This draws people already in poverty into the area.

The role of the State in poor neighbourhoods:

- The State’s role in generating poverty is significant. For example, among official urban residents, the State has removed the entitlement of a work-unit and instead established a less comprehensive living standard entitlement.
- The State’s affect on housing for rural migrants is particularly significant. It has outlawed densification of urban areas which constrains the expansion of low-cost housing, and has reduced existing supply by demolishing old housing areas.
- There is no single cause of poverty in China’s urban areas and attempts to alleviate poverty must be developed in response to a particular area. Policies focussed on neighbourhoods should address personal, housing and urban poverty as well as address access to services.

About the Study

Research was led by Professor Fulong Wu and Professor Chris Webster, University of Cardiff. Research included 1809 face to face interviews based on a questionnaire and 38 household interviews across 25 poor neighbourhoods in six Chinese cities.

Key Words

China, poverty, urban, property rights, development, land rights