

The case of Chengdu, China

by *Tian Jun*

Contact:
Tian Juan
He Jiang Ting,
East part of Bin jiang Road Chengdu
Sichuan Province
China
Tel. +86-28-86725897
Fax. +86-28-86661937
E-mail: fnr@mail.sc.cninfo.net



Source: CIA factbook

I INTRODUCTION: THE CITY

This report describes the social, economic and physical aspects of urban slums and poverty in the city of Chengdu, China. It does so by analysing the specific historical origins and present trends in urban poverty and slum formation in the city, as well as the macro-economic and political context of China. To better understand the evolution of poverty and slums, the report also provides the objective or "official" definitions and perceptions of poverty and slums as well as the subjective or perceived definitions of poverty and slums. Finally, the report provides insights into ongoing policies and practices for reducing or mitigating urban poverty and eliminating slums.

A. THE URBAN CONTEXT

1. National Overview

China is an ancient country with a long history. It is located in the eastern part of the Asian continent and on the western coast of the Pacific Ocean. It has a land-mass of about 9.6 million km², making it the third largest country in the world after Russia and Canada. China has 23 provinces, 5 autonomous regions, 4 centrally administered municipalities (or metropolitan zones) and 2 special administrative regions. China is the most populous country in the world. According to the 2000 national census, China's mainland population stood at 1.2 billion

accounting for approximately 22 per cent of the world's total. There are 56 ethnic groups in China with the Han people accounting for 91.6 per cent of the total.

The language used in China is Chinese, belonging to the Chinese-Tibetan family of languages. Many religions co-exist in China with over 100 million religious practitioners in Buddhism, Islam, Christianity and Taosim.

China has nearly 95 million hectares of arable land and about 134 million hectares of forests. It represents one of the most diverse eco-systems in the world with 32,000 types of plant species. Its hydropower, coal and rare earth reserves rank first in the world.

In 2001 China's gross domestic product was RMB 9,593.3 billion (US\$1,151 billion), up 7.3 per cent over the previous year. Nearly 2.3 million jobless people found jobs in 2001 and at the end of 2001 the country's registered urban unemployment rate was 3.6 per cent. In 2001, the country invested RMB 3,689.8 billion (US\$ 446 billion) in fixed capital assets, up 12.1 per cent over the previous year. Imports and exports totalled US\$ 509,8 billion in 2001, up 7.5 per cent over the previous year. In 2001, deposits in China's financial institutions amounted to RMB 14,361.7 billion (US\$1,735 billion), up 16 per cent over the previous year. In 2001, the per capita disposal income of China's urban residents was RMB 6,860 (US\$ 829), up 8.5 per cent over the previous year. In 2001, the per capita net income of rural residents was RMB 2,300 (US\$278), up 4.2 per cent over the previous year.

Population density is 130 people per km², but this is very unevenly distributed with about two-thirds of the population living on one-third of the landmass, concentrated along the coastal regions. The 2000 census revealed that 807.4 million people were living in rural areas and 455.9 million were living in cities, representing an increase of urban population of about 10 per cent since 1990. Urban areas in China consist of 40 major cities, 600 small to medium size cities and some 18,000 towns.

Since the mid-1980s, China has been pursuing a deliberate urbanisation policy as a means of stimulating both rural and urban economic development and productivity. Market reforms pursued since the 1980s in rural areas have released hundreds of millions of farmers from primary sector activity and thus the urbanisation policy aims to absorb this excess rural population. At the same time, market reforms in urban areas have resulted in two decades of rapid economic growth, creating tens of millions of new job opportunities and attractive places to live. The target of China's urbanisation policy is to raise the current urbanisation rate of about 36 per cent to 50 per cent in the coming years. The strategy is to focus on the development of towns and secondary cities so as to avoid congestion and over-crowding in China's larger cities. Rural-urban migration is therefore directed primarily at the 18,000 existing towns through the development of markets, infrastructure and services. In addition, it is estimated that up to 12,000 additional towns may be required to absorb rural-urban migration.

The previously strictly enforced "urban residency permits" have also been relaxed in 2001, further facilitating rural-urban migration and legitimising many who had already established themselves in cities in recent years. This policy, however, favours those with houses, incomes and economic prospects. Nevertheless, the residency control system is likely to be further loosened if not eliminated in the coming years as capital investments are made to improve the infrastructure and economy of towns.

2. History of Chengdu

Chengdu, known in the past as the land of abundance, has a history going back 2,300 years. Recent archaeological finds may push this date back considerably further. It is the political, economic and cultural centre of Western China. It has good transport facilities and advanced commerce. Since China adopted the "go-west" strategy at the end of last century, Chengdu has witnessed rapid economic development and has become a financial, educational, scientific, technological, commercial, trade, and communications hub. Machinery, electronics, metallurgy, pharmaceuticals, chemicals, foodstuffs and light textiles are the city's main industries. Its service sector consists mainly of

communications, transportation, finance, insurance, real estate, technical services and tourism (<http://www.chengdu.gov.cn>). The economic goal of Chengdu Municipal Government is to reach a per capita GDP of more than US\$ 5,000 by 2015, reaching the level of medium income countries in the world.¹

3. The City's Natural Conditions

Chengdu is located in the centre of the Southwest Region of China. It is situated in the middle of Sichuan Province in the West Sichuan Plain. It is located at 102°54'-104°53' E and 30°05' N-31°26'. The city area of Chengdu covers 208 km², with a population of about 10 million.

The topography of the Chengdu area includes a mountainous region, with an average elevation of 5,364 metres and a basin region with its lowest elevation at 387 metres. The basin consists mainly of flat lands with an average altitude of 500 metres above sea level as well as some hilly and terraced lands.

Chengdu lies in the subtropical zone with a humid monsoon climate with four seasons. The yearly average temperature is 16.4° C. The average temperature in January is 4.6-6.0°C and 24.5-27°C in July. The yearly average humidity is 82.3 per cent. The frost-free period averages 300 days or more a year. Annual average rainfall is 900-1300mm. The rainy season is from June to September with July having the most rainfall.²

4. Demography

Chengdu Municipality has 9 districts, 4 cities and 7 counties under its jurisdiction. The 1999 population of 2,427,200 living in the 6 Central Districts accounted for 24.2 per cent of the city's population of 10,035,600. This share has been increasing in the past years. During the period from 1997 to 1999, the average annual population increase in the Central Districts was 1.49 per cent. In 2000, the population of Chengdu totalled 10.13 million, ranking fourth after Beijing, Shanghai and Chongqing. Of this population, 3.36 million are natives of Chengdu. The female population is 4.97 million while the male population is for 5.16 million. Of the total population, 6.67 million are farmers and 3.46 millions are non-farmers. There are 3.17 million families, with an average family size of 3.2 people for the entire city area and 3 people in the city proper.

The recent birth rate experienced in the 6 Central Districts has been 7 to 8‰ and the death rate is 4.5 to 5.5‰, resulting in a natural increase rate of about 2.5‰. In 1998, the natural population increase of China as a whole was 9.53‰ (with a birth rate of 16.03‰ and a death rate of 6.50‰). The natural increase rate of Chengdu City (including rural areas) was 3.03‰ (with a birth rate of 9.17‰ and a death rate of 6.14‰) and that of the Central District was 2.61‰ (with a birth rate of

8.00‰ and a death rate of 5.39‰), which are low compared to the national average. The annual natural increase of population in the Central Districts is 5,000 to 6,000 people and the natural net immigration is about 30,000 people. Thus 80 to 85 per cent of the increase of population in the study area is attributable to net immigration.

Of the total urban population of about 3 million, there are 750,000 living between the 1st and the 2nd Ring Roads accounting for a quarter of the total. Within the Inner Ring Road and between the Inner and 1st Ring Road, there are 960,000, with 490,000 living in the former and 470,000 living in the latter. Although the distribution of population in each ring is not even, the size of population does not vary much. Accordingly, population density is highest in the inner area where it exceeds 360 inhabitants/ha.

In 2000, the population over 15 included 8.6 per cent students, 68.0 per cent employed and 23.4 per cent others. In 2010, the population of the six central districts is expected to increase from 3,090,000 to 3,500,000 (1.13 times); the population inside the First Ring Road is expected to decrease by 100,000, and the population outside the First Ring Road is expected to increase by 500,000, especially in the south-east and south.³

5. Economic Conditions in the City

Since the 1990s, machinery, electronics, pharmaceuticals, foodstuffs, construction, commerce and trade have contributed significantly to Chengdu's economic development. Electronics, biotechnology, new medicine manufacturing technology, new materials, finance, insurance, tourism and real estate are projected to expand rapidly.⁴ In 2010, GDP is expected to increase from RMB 62,500 million to RMB 143,000 million (2.29 times); per capita GDP from RMB 20,222 to RMB 40,850 (2.02 times).⁵

6. City Management and Governance

Chengdu's local government has a three-tier management system. The first-tier is the municipal government and its subordinate departments. It is in charge of the formulation of macro-policies and oversees their implementation by subordinate departments. The second-tier is that of district government and subordinate departments. This level is in charge of the implementation of the policies established by first-tier government. The third-tier government is that of neighbourhood committees, in charge of specific political, social and economic affairs.

In 2001, Chengdu Municipality collected revenues totalling RMB 6,181 million (US\$ 785 million) of which RMB 2,499 million were appropriated by central government, RMB 738 million were appropriated by the provincial government and RMB 2,940 million remained

with the local government. Tax revenues accounted for RMB 1,695 million and non-tax revenues for RMB 1,248 million. The main sources of revenue for Chengdu City, which excludes district and county authorities, include taxes on industrial activity and tariffs for utilities.

Total local expenditures for 2001 accounted for RMB 3,759 million (US\$ 450 million). The main expenditure items included RMB 1,368 million on recurrent expenditures, RMB 725 million on economic development, RMB 494 million on urban development, RMB 422 million on social security, RMB 105 million on special projects, RMB 59 million on agriculture and RMB 333 million on other expenditures.

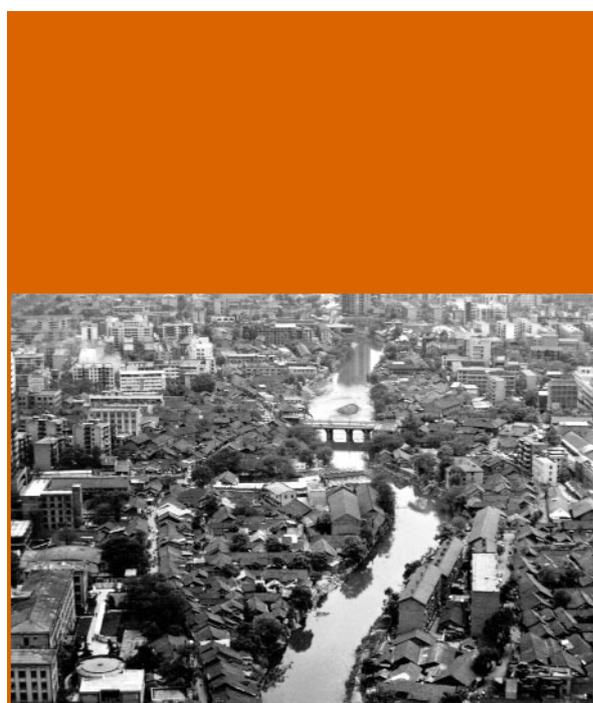


Photo 2. Overview of the riverbank before intervention



Photo 1 Overview of areas after intervention

II. SLUMS AND POVERTY

B. TYPES OF SLUMS

There have been three phases in the development of slums in Chengdu, each phase corresponding to specific social, economic and political circumstances, and each resulting in a different type of slum and living conditions.

1. Historic Slums of Chengdu

The first phase in the formation of slums corresponds to the period of the planned economy, from the 1950s to the early 1980s. The city of Chengdu was smaller and the Fu and Nan Rivers, surrounding the city clearly defined its boundaries. The residents of the city proper were in a state of "high employment rate, low income and low consumption levels". Work-age people were assigned jobs with "work units" by the government. The work units or state-owned enterprises were responsible for housing provision at a very low rent as well as for the welfare and social security of their respective employees. Housing, mostly in the form of apartments or flats was considered as a social benefit. At the same time, a strict residence registration system prevented rural-urban migration. Under these circumstances, the incidence of urban poverty was relatively low. Poverty-stricken people living in the city were made up of individuals with no assigned jobs, little or no income, no work ability and no family members to take care of them. Those not assigned to work units for special reasons benefited nonetheless from ad hoc government assistance.

1.1 Geographic Location and Housing Typology

These poverty-stricken people lived for the most part on the fringes of the city, along the banks of the Fu and Nan Rivers where, in 1949, some 2,000 households representing 10,000 people had already established themselves. Starting in the 1970s, a small number of rural migrants living on the outskirts of the city moved to the city proper. These migrants settled along the banks of the Fu and Nan Rivers. Located at the boundary between the city and the countryside, these areas provided a peri-urban transition space for rural migrants. Together with those already established, they formed the historic slums of Chengdu. The type of housing along the banks of these two rivers could be described as "*shanties*" comprising of one-storey houses. Although the basic incomes of the residents of these shanties were low, they were able to meet their basic needs such as food and clothing. While many of the houses built along the banks of the two rivers were illegal, their inhabitants were not subject to forced evictions. The main characteristics of these shanties were their poor sanitary environment, their location in low-

lying and flood-prone areas, high density of occupation and overcrowding, lack of infrastructure and services and the low quality of building materials. As the city expanded well beyond the Fu and Nan Rivers, these shanties became inner-city slums

1.2 Political Reasons for the Growth of the Inner-City Slums

The population of these slums increased in the late 1970s when a large number of young high school graduates, who had been sent to work in the countryside during the Cultural Revolution, returned to the city. As these people did not have houses or jobs, the government established small factories along the Fu and Nan Rivers and the city provided them with simply-built houses also along the riverbanks.

1.3 Social and Economic Profile of Inner-City Slum Residents

By 1995, more than 30,000 households totalling 100,000 residents lived along the banks of the two rivers. These households, for the most part, had lower levels of income and lower levels of education than the average city dweller. Together with the low quality of their housing, the majority of the inhabitants of the historic slums of Chengdu were perceived as the "weak group" of the city. Children living in these slums were perceived as disadvantaged in terms of their educational abilities as well as their employment and marriage prospects. Crime was perceived to be higher in the inner-city slums. Although the residents of these slums were by no means destitute, the combination of location, lower levels of income and education and their poor living environment contributed to their social exclusion.

For these and other reasons, Chengdu adopted special housing and resettlement policies and strategies for these slum dwellers. These programmes were implemented in the late 1990s, and as a result the historic shanties of Chengdu, together with other inner-city areas comprising of old and sub-standard single storey housing no longer exist. These other inner-city areas were also considered to be slums with, however, different social and economic characteristics. These slums were located in the old city centre and consisted of old and often shabby single-storey houses. Compared to the inhabitants of the shanties along the riverbanks, their inhabitants were not necessarily poor; they generally enjoyed higher levels of income and did not suffer from social exclusion. Their living conditions were simply sub-standard and they suffered from overcrowding. Characterised by very high densities with narrow lanes and footpaths, the inhabitants of these areas lacked proper sanitary facilities, often with ten households sharing a toilet, and they had little or no access to utilities. They were both the victims as well as the causes of poor environmental health and hygiene and of pollution.

2. Reform Policies in the 1980s

Starting in the late 1970s, the national government introduced major changes in macro-economic policy including market-oriented reforms. These reforms have accelerated throughout the 1990s. One of the main consequences of these reforms has been the economic restructuring of state-owned work units and enterprises. As a result, there have been a large number of laid-off workers. The financial crisis in Southeast Asia also seriously affected Sichuan Province and Chengdu. From 1988 to 2000, 212,000 employees were laid off, most of them working in state-owned industrial enterprises. These laid-off workers live, for the most part, in houses provided by their previous work units or enterprises. Many of these enterprises have become insolvent and are thus unable to reconstruct or rehabilitate these old housing units. Similarly, their inhabitants are not in a position to acquire new housing.

2.1 Geographic Location and Housing Typology

The eastern suburbs of Chengdu - the heavy industry zone of the city - typifies this situation. The predominant housing typology in this zone comprises walk up flats or row housing built prior to the 1970s. While these housing estates used to be admired by the residents of Chengdu owing to the high status accorded to industrial workers, they have since fallen far below prevailing housing and living standards. Throughout the 1990s, considerable investments have been made in residential property development in Chengdu. These new developments - of a high standard and with easy access to infrastructure, services, utilities and green space - have elevated the housing norms, relegating the older work unit housing to the status of slums. Most work unit type houses have shared bath and toilet facilities. Their location is deemed undesirable owing to their close proximity to factories and brown-field sites. Finally, they are in a poor state of maintenance.

2.2 Social and Economic Profile of the Inhabitants

Laid-off workers of state-owned enterprises form the new urban poor of Chengdu. Their level of poverty has risen suddenly and recently. Their level of education is, however, higher than the inhabitants of the historic slums located along the Fu and Nan Rivers. While their housing is dilapidated and no longer of acceptable standards for the majority of the city's population, they do have access to infrastructure, transport and basic services. Their access to social services such as medical care and education is guaranteed and they have reasonable access to cultural and recreational facilities. Most of them live between the second and outer ring road of the city, where there are also other social groups and people working in other sectors of the economy. For these reasons, the entire area cannot be considered as a slum, but it is often perceived as a slum by association. Laid-off workers are eligible for welfare. Lasting

improvements to their living conditions and their social integration, including housing, are however contingent upon efforts in training, re-employment and continued rapid economic development.

3. Urbanisation and the Emergence of the "Floating Population"

With the acceleration of urbanisation and rapid urban development in the 1990s, tens of thousands of rural labourers came to work in Chengdu. Often recruited on a temporary basis to work on construction sites, many of these labourers, known as the "floating population" live in rental housing provided by wealthier farmers on the borders of the city.

3.1 Geographical Location and Housing Typology

Many of these wealthier farmers, having benefited from the sale of land to accommodate urban expansion, and continuing to benefit from the proximity of urban markets, have built large houses which they rent to the so-called "floating population". While these houses are generally well-built and are very spacious, they are located outside the scope and coverage of municipal services and thus do not have generalised access to piped water supply and sewerage. It is estimated that there are approximately 1 million people falling in the category of "floating population". At the same time, the status of the "floating population" is difficult to determine. Some continue to have a home in their villages; others have moved "permanently" to the proximity of the city with their families; yet others have built makeshift housing in less well-controlled areas lying between urban and rural jurisdictions. Their living conditions do not qualify as slums per se, but are nonetheless of concern to the Municipality of Chengdu in terms of public health and the environment.

3.2 Social and Economic Profile of the "Floating Population"

The vast majority of the "floating population" is made up of rural migrants with low levels of education. Their income levels are low to very low as many of them are manual labourers. Others engage in petty trade. Their lifestyle and habits are quite different from those of urban dwellers. They are perceived as the major contributors to petty crime and prostitution. Most of the people who make up this "floating population" do not have urban residency and are therefore not covered by the social services, such as health and education, provided by the municipal authorities. Their present status as non-residents is also a cause for social exclusion. A small percentage of the more established "floating population" have recently been accorded residency status, however, their long-term status is being debated at all spheres of government and changes in policy are expected soon.

4. Summary

Since the 1950s, there have been three distinct types of slums in Chengdu, each corresponding to a specific phase in economic development and policy change. The first slums of Chengdu were formed on the banks of the Fu and Nan Rivers. Originally established on the fringe of the city, they later became inner city slums with the growth of the city. Their inhabitants were made up of a mix of rural migrants, people who were not integrated within work units or state-owned enterprises, and by returning youth sent to the countryside during the Cultural Revolution. These slums were eradicated in the late 1990s, together with other inner city areas comprised of sub-standard housing, as their inhabitants benefited from favourable housing and relocation policies and strategies.

The second phase in slum formation in Chengdu came as a result of ongoing economic reforms starting in the late 1980s. These reforms have caused many state-owned enterprises, particularly in the industrial sector, to lay off workers. These laid off workers constitute the new urban poor and their housing conditions have become sub-standard and are now considered slums. Located in the suburbs of Chengdu, the improvement of their living conditions is contingent upon new sources of employment. Last but not least, rapid urbanisation and urban development have created a new category of peri-urban dwellers known as the "floating population". Their housing conditions do not merit classification as slums, but their long-term social, economic and living conditions are of direct concern to the Municipality.

C. OFFICIAL DEFINITIONS OF SLUMS

The official definition of slums refers to those shanties located in low-lying areas; they are recognised in official documents and the media. The habitat of the "floating population" located at the fringe of the urban area are also recognised in official documents and the media.

D. UNOFFICIAL DEFINITION OF SLUMS

1. Popular Understandings of Slums

There are four unofficial definitions of slums as perceived by the general public and by symbolic association. The first definition is by street association. For example, Liuyin Street was considered to be a slum because it had many low-lying shanties. A second definition or perception of a slum is by neighbourhood association. In Chengdu, people who live in the city's west-

ern and southern parts are generally the rich and those who live in its eastern and northern parts are generally the poor. A third definition of slums is by housing typology association where traditionally people owning or living in one-storey houses were considered poor and living in slum conditions. Despite the fact that most of these one-storey houses represent traditional forms of housing, such housing was considered undesirable as early as in the 1960s owing to dampness, lack of heating or adequate ventilation, lack of piped water supply and sanitation and the sharing of bath facilities. Finally, a fourth definition is by professional association where people engaged in manual labour were considered low in social status and thus living in slums.

In summary, a certain housing typology or living quarter has become the symbol of a slum either by its physical characteristics or by the social-economic status of its residents.

These comments are illustrated by interviews with non-slum residents in Chengdu, presented below:

Shi Baiyu, female, 34, is an accountant, with a monthly salary of RMB 1,500 (US\$181)

"Does Chengdu have slums? I have never heard of them. But I know the habitat of the rich. Slums must be where the poor live. In Chengdu, there is not a big gap between the rich and poor. The poor have their own way of meeting out a living."

Wang Hongzhang, male, 50, is a private business owner, with a monthly salary of RMB 6,000 (US\$725)

"The poor have an area where they live. So do the rich. But we cannot separate the two areas, for this can cause social dissatisfaction. In addition, the next generation's growth can be ruined in slums where people do not receive good education."

Sun Ping, male, 45, is a government official.

"There should be the same standard for Chengdu's urban planning. But there should be different grades in the city's construction. The urban poor, ordinary residents and farmers should not be artificially separated from each other in the city."

In summary it can be seen that Chengdu's residents have a clearer perception and definition of poverty than of slums.

2. Slum Residents' Opinions of their Own Status

First interviewee: *"The living conditions are very bad. There are no auxiliary facilities nearby."*

Second interviewee: *"Social order is bad. It is not safe to live here. But we have no way out because we have no ability to change it."*

Third interviewee: *"I often tell my husband that we can only live this way during our lifetime. But we feel sorry for ruining the children. Living here will have an unfavourable effect on our children's marriage and employment opportunities."*

Whenever people ask where they live, the children do not dare to answer. They have an inferiority complex and are afraid that people look down upon them because they live in a slum."

E. POVERTY

1. Definition Of Terms

"Poverty" refers to a phenomenon whereby social, economic and other processes fail to meet the requirements of socially accepted standards for a portion of the population. It can be divided into absolute, relative, restricted and generalised poverty. "Absolute poverty" implies that basic living standards cannot be guaranteed, food and clothing is inadequate and simple reproduction cannot be maintained or is barely maintained. "Relative poverty" means that food and clothing are adequate, simple reproduction can be maintained but the basic living standards of those affected are lower than the prevailing socially accepted level and their ability to expand reproduction is limited. "Restricted poverty" refers to the state of poverty in the economic sense, while "generalised poverty" includes the state of poverty in the cultural and spiritual sense. This report refers to "generalised poverty" within the overall category of "relative poverty".

For the purposes of this report, "poverty-stricken people" refers to the group of people living in the state of poverty and "slums" refers to the living quarters where there is a concentration of poverty-stricken people.

2. Methods Used to Define Poverty

The poverty line in this report refers to the sum of the food poverty line and non-food poverty line. The food poverty line is defined as the minimum expenditure required, in accordance with the prevailing basic food list and food prices, to meet a person's demand for fulfilling daily nutritional requirements defined as 2,100 calories per day. The non-food poverty line is defined as the minimum expenditure required, using the regression method, to meet non-food expenditures of the population whose income is equal to the food poverty line.

The term "poverty-stricken people" in this report refers to those people whose income that falls below the poverty line and whose consumption is 1.5 times lower than the average, and people's consumption that is lower than the poverty line and whose income is 1.5 times lower than the average.

3. Poverty Trends in Chengdu

Starting in 1997, Chengdu formulated a policy of "the lowest living standards guarantee line" consisting of minimum revenue of RMB 178 (US\$24) per month,

compared with the national standards of between RMB 130 (US\$16) and RMB150 (US\$18).

In recent years, there has been mounting employment pressure in Chengdu, which has given rise to the new habitat of the poor in the city's eastern suburbs. With the acceleration in the city's economic restructuring and the reform of the state-owned enterprises, unemployment is becoming a more serious problem. In the first nine months of 2001, Chengdu had 785,467 unemployed people, 35,584 of whom were newly registered unemployed people.

The city's "floating population" living on the fringe of the city are mainly rural migrants. They come to Chengdu to work as manual labourers and to engage in petty trade and there are few reliable figures on their income and true economic status.

4. Scale and Characteristics of Chengdu's Poor Population

It is estimated that around 100,000 people, or about 3 per cent of the urban population, currently qualify for and benefit from the lowest living standards guarantee. There is however a larger number of people who have a per capita monthly income of around RMB 200 (US\$24). This does not include the "floating population" living in the city's border regions. Those who generally fall under this category include:

- People who have no ability to work, no source of income and nobody to care for them;
- Jobless and laid-off workers, people who have long suffered from disease, wounds and handicaps, some retirees, people who are waiting for new jobs after their enterprises ceased to operate, employees whose income is low and family burden is heavy;
- People who fail in market competition, such as bankrupt self-employed people, people who are set free from prison, relatives of criminals, people who are broke because of gambling and drug abuse, people who lose their work ability and source of income because of traffic accidents, natural calamity or disease.
- Farmers who come to work in the city.

F. OFFICIAL DEFINITIONS OF POVERTY

Poverty refers to a phenomenon in which income and consumption do not reach the city's lowest living standards guarantee level. The official definition of poor people in government policies is people whose income is below the city's lowest living standards guarantee level, the socially disadvantaged and the urban poor.

With the passage of time, however, the definition of poverty changes. In the mid-1980s and the early 1990s, poverty-stricken people meant those who lived in one-storey houses characterised by possessing no television sets and whose family income was lower than the average level. Slums were mainly located in the low-lying areas of the banks of the two rivers, formerly located on the border of the city but which subsequently became the city centre. After the 1990s, poverty-stricken people meant those who had lost their jobs, were jobless or the migrant population. After the 1990s, the location of slums moved from the city centre to the outer fringe of the urban area.

Laid-off, poor employees: The title appears in official documents and the media. In 1997, the Asian financial crisis led to a local economic slowdown, resulting in the rise of unemployment. The rise in unemployment led to the birth of new, low-income group called "laid-off employees." More than 1,000 of the "laid-off employees" lived below the city's lowest living standards guarantee line of RMB140 (US\$17) a month. They were called "laid-off poor employees" and regarded as the new urban poor.

SUMMARY: The "lowest living standard guarantee line" has become the official policy and bottom line in the definition of urban poverty.

G. UNOFFICIAL DEFINITIONS OF POVERTY

1. Popular Understandings of Poverty

Yan Jun, female, 24, corporate employee with a monthly salary of RMB 1,200 yuan (US\$145):

"Poverty must refer to the phenomenon in which both the income and consumption levels are lower than the city's average level. All forms of consumption except clothing, food, shelter and travel should be considered as luxury items. According to my perception, Chengdu's poverty-stricken people refers to those "door planks" who used to live in the shanties by the Fu and Nan Rivers. Now they include the laid-off workers and the jobless."

Zheng Xianwei, male, 38, correspondent of a television station with a monthly salary of RMB 3,000 (US\$362):

"If it were not for this interview, I would hardly believe the existence of such poor people in the city. To me, the definition of poverty varies from time to time. In the late 1980s, living in a shabby, one-story house without a television set and a home electrical appliance meant poverty. Now poor people may live in a building with a television set. But their basic income is below the city's lowest living standards guarantee line."

Lu Hongyu, male, 32, enterprise manager with a yearly income of RMB 500,000 (US\$60,386):

"The urban poor refers to employees of the co-operatives by the Fu and Nan Rivers, childless people, jobless people and people released from the prison upon completion of their sentence. But now the proportion of those people in the poor population seems to have dwindled. Instead, they are replaced with the newly laid-off and jobless people. Because the gap between the rich and the poor is widening, the existence of a large number of poor people will test the stability of society. So helping the poor to make ends meet is a very important issue."

In summary, the perception of poverty has evolved over time from a definition predominantly characterised by absolute poverty, caused primarily by the inability to work or to be cared for, to a definition characterised by relative poverty, caused primarily by level of income or loss of employment.

2. The Poor's Opinion of their Poverty

In the survey conducted among 60 households, 24 per cent of think that poverty means if the per capita average income is below RMB 200 (US\$24). Twenty per cent of the residents think that the threshold should be RMB 400 (US\$48). Eighteen per cent think that the threshold should be RMB 600 (US\$72).

Twenty-five per cent of the residents think that poverty means living in a house with less than 20 m² of floor space. Twenty per cent think that poverty means living in a house with less than 20 m² of floor space.

In summary, the poor have different understandings and perceptions of poverty based both on their the living conditions and their income.

3. Social, Economic and Political Advantages for the Urban Poor and Slums Dwellers

Social, Economic and Political Advantages for the Urban Poor and Slums Dwellers

Politically, everybody is equal, enjoys the same rights, and has the right to vote and to stand for election. Economically, the urban poor benefit from the lowest living standards guarantee. The government tries to create employment opportunities for them. For example, the Chengdu Hongguang Factory has created more than 1,000 jobs for the urban poor. Socially, the urban poor and those living in slums benefit from the policy of low-rent housing.

H. INFORMATION AND STATISTICS ABOUT THE CITY'S SLUMS

1. The Population of the Low-Lying Shanties in the City Centre

The low-lying shanties were located on both sides of the Fu and Nan Rivers. The number of residents reached 100,000 by 1995 and accounted for 3 per cent of the city's total population.

1.1. Sources of Drinking Water

In 1989, piped water supply was available to 92 per cent of Chengdu city's residents (Page 56, Chengdu Chronology-Public Facilities Chronology, compiled by the Chengdu Local Chronology Compiling Committee). But the 30,000 households living in the slums on the banks of the Fu and Nan Rivers were not included in the city's water supply system. Their drinking water had to be carried to their homes. Water for other purposes came from underground water and the rivers. By the late 1980s, due to the silting and pollution of both the Fu and Nan Rivers, the inhabitants witnessed a rapid decline in their basic sanitation conditions. In the early 1990s, the Chengdu Municipal Government undertook a massive effort to improve water quality and launched a mammoth project to harness the Fu and Nan Rivers. At present, tap water is available to all residents living within the city's Third Ring Road.⁶

After 1997, the number of laid-off, poor employees rose quickly. But because they live within the Third Ring Road, they have no problem in accessing the drinking water supply. The price of the drinking water supply is, however, expected to increase in the near future, partly in response to environmental planning and management. When this occurs, meetings will be held with the general public as well as those living on limited incomes to determine a fair pricing system.

1.2 Power

Electricity metering was the exception rather than the rule. While inhabitants of the slums had access to electricity, the power supply was erratic and insufficient. Most households had no television sets or refrigerators. Even if they had these electrical appliances, they could not rely on their use owing to insufficient power supply.

1.3 Fuel

There was no supply of natural gas in the slums and residents relied on the use of coal or firewood as the principle sources of fuel.

1.4 Transportation

The narrowest streets in the slums were three metres wide, while the widest one was seven to eight metres. In some sections, vehicles could not pass at all. On the

whole, access was poor and in many parts, roads were poorly paved.

1.5 Medical Care

Medical care was insufficient. Residents in slums would not see doctors if they could endure their suffering. Many households became poorer because of disease. In the survey, we found that 60.6 per cent of the residents had clinics nearby. The rest had no clinics nearby.

1.6 Personal Privacy

The personal privacy of slum residents was very low due to the density of occupation, the proximity of neighbours, limited living space and the sharing of bath and toilet facilities and standpipes for drinking water supply. The combined effect of overcrowding and lack of privacy led frequently to disputes between neighbours.

1.7 Housing

The houses were mainly unsafe, damp, shabby houses and low-lying shanties. It was common for three generations to live under one roof, causing extreme over-crowding and a total lack of privacy. The average household area was 26 m².

1.8 Sanitation

There were no safe sanitary conditions in the low-lying shanties in the city centre. There were no sewers, and wastewater was discharged on the surface. The river courses were silted and the low-lying areas were prone to mosquito and fly infestation. Various water-borne diseases were rampant owing to the proximity of the slums to the rivers and most houses were very humid. Rubbish was ubiquitous and was discharged into rivers arbitrarily. Nonetheless, residents washed their clothes in the rivers.

1.9 Education

Poverty, in China, is always associated with low levels of education. This is also true among Chengdu's urban poor. Surveys show that of the people aged 15 and above whose income and consumption levels are below the city's average, 28 per cent are illiterate or semi-illiterate, 23 per cent only completed primary school and 25 per cent only completed junior high school. Only 9 per cent were comprised of high school graduates and no college graduates were found among the urban poor.

School-age children living in slums have the right to receive education since nine-year compulsory education is available in Chengdu. But they generally attend nearby primary schools where facilities and teaching quality are poorer than most other schools.

1.10 Incidence Of Crime

The incidence of crime is higher in slums. The residents of the low-lying shanties in the city centre typically included people released from prison upon completion

of their sentences for having committed such crimes as theft. According to the survey, prevalence of crime is closely related to the living environment. For example, the incidence of crime was higher in the former Liuyin Street than elsewhere. Former residents in the Liuyin Street admitted that they each knew of 10 to 20 crimes committed in their neighbourhood.

1.11 Land Use and Land Occupation

More than 60 per cent of the houses in Chengdu's slums belonged to the individuals residing in them. Of the remaining 40 percent, all had secure tenure but many owners of the shanties did not have legally recognised property rights.

1.12 Summary

Residents in the low-lying shanties in the city centre had no piped water supply, no direct access to public transport, poor access to medical care and poor sanitary conditions. Their houses were not safe, representing additional health and security hazards and the incidence of crime was higher than in other areas. The educational level of their residents was generally lower than the average.

2. Living Conditions of the "Floating Population"

2.1 Drinking Water

Some areas inhabited by the floating population are not included in the city's piped water supply system and rely on underground water. In the rest of the areas, several households share a water tap. In recent years, Chengdu has been active in monitoring underground water resources to prevent underground water pollution and excessive exploitation. The city has formulated a draft policy on managing underground water and the city's water conservation office investigates and monitors underground water resources to prevent underground water pollution and over exploitation.⁷

2.2 Power

All households have access to electricity but generally several households share one electricity meter.

2.3 Fuel

Some households have access to natural gas. Most households use coal or coal gas.

2.4 Transportation

The outer areas of the city all have access to the city's advanced public transportation network.

2.5 Medical Care

The status of the "floating population" implies that they are not covered by the city's medical and social insurance schemes, they tend to use private medical treatment.

2.6 Sanitation

Because most of the border regions fall in the grey area between urban and rural jurisdictions and owing to the constant flux of the migrant population, sanitation is generally very poor characterised by higher incidences of disease, especially during the wet summer months.

2.7 Housing

Most of the "floating population" live in rental accommodation. They rent rooms or houses built by farmers in the suburbs. Others have built sheds in the interstices between the urban and rural jurisdictions where there is less control.

2.8 Education

The overall educational level of the "floating population" is low. More than 36 per cent of them are illiterate or are primary school graduates. More than 46 per cent are junior high school graduates. Many of their children are school dropouts because their status severely limits their access to the city's school system. Also many cannot afford the expensive education fees.

2.9 Incidence of Crime

In recent years, Chengdu's crime rate has been on the rise. One reason is that the many of the "floating population" are unaware of laws, rules and regulations and are also more prone to committing petty crimes. However, many criminals are attracted by and prey on this population as easy victims for profiteering, theft and gambling. They pose a great threat to social and economic order and to the migrant population.

2.10 Guaranteed Land Use and Land Occupation

The "floating population" by definition have no guaranteed land tenure. Those living on the fringe of the city usually rent their accommodation or build sheds and shacks on uncontrolled land. Others live in the inner city and can be considered as homeless and tend to sleep in public spaces such as bus and railway stations.

2.11 Summary

The "floating population" tends to live on the fringes of the city either by renting their accommodation from farmers or by constructing sheds and shacks on uncontrolled or unused land. They usually access water from wells or shared taps and share other people's electricity supply and metering. They have good access to public transport but poor access to medical care and education. Their sanitary conditions are poor and they suffer from higher incidences of crime. A small percentage is homeless, choosing to sleep in the inner city in such public places as bus and train stations.

3. Statistics on the City's Poverty Status

At the end of 2001, there were 53,900 registered urban unemployed people in Chengdu, accounting for 1.7 per cent of the city's total urban population. It is estimated that at the end of 2002, the figure will rise to 90,000, accounting for 3 per cent of the city's total urban population. More than 60 per cent of the unemployed people have been jobless for more than half a year. About 1,260 people, who account for less than 1 per cent of the city's urban population, live below the city's lowest living standards guarantee line of RMB140 (US\$17) a month.⁸

According to figures released in 2001 by the Chengdu Municipal Government, there are eight categories of Chengdu urban residents' income, as follows: (The table not only reflects the income of Chengdu's poor and soon to be poor people but also compares the income gap between them and other social groups)

The above figures do not include the "exceptionally poor population", namely the new urban poor group. But judging from the income and consumption levels of the group of people with the lowest income, the category immediately above represents a high-risk group and potentially forms part of the urban poor. If their income cannot be raised or if no welfare system is offered to them, they could easily fall into the lowest category as a result of any macro-economic slowdown or disaster.

cial assets was RMB 4,298 (US\$519), accounting for only one-twelfth of the national average.

By contrast, 20 per cent of the families with the highest income possessed assets of RMB 146,615 (US\$17,707). With such meagre financial assets, it is very difficult for the urban poor people to afford their children's education, to buy houses, support older members of the family, pay medical costs and visit relatives and friends. In the year 2000, the per capita expenditure of the urban poor was RMB 2,320 (US\$280), 51 per cent lower than the national average. Expenditure on food was RMB 1,173 (US\$142), 11 percentage points higher than the national average.

To make ends meet, the urban poor spend much less than the national average on consumer goods. For example, their expenditure on clothing was RMB 166 (US\$20), or 33 per cent of the national average. Their expenditure on medical care was RMB 141 (US\$17), or 44 per cent of the national average. Their expenditure on transport and communications was RMB 125 (US\$15), or 32 per cent of the national average. Their expenditure on entertainment, education and culture was RMB 258 (US\$31), or for 41 per cent of the national average. Their expenditure on housing was RMB 281 (US\$34), or 27 per cent of the national average.

Table 1. Urban Income Categories

	Lowest income households	Lower income households	Low income households	Under-average income households	Medium income households	Households with above-average income	High income households	Highest income households
Annual per capita income (RMB)	2197.86	2690.14	3837.36	5317.92	7120.97	9192.94	12462.97	17780.62
Per capita disposal income (RMB)	2156.57	2654.34	3794.42	5274.37	7072.01	9144.97	12409.96	17731.18
Per capita income for living expenses (RMB)	2104.53	2590.70	3581.53	4973.44	6714.78	8484.27	11340.07	15826.93

Source: 10 Page 148-Page 149, 2001 Chengdu Statistics Yearbook compiled by Chengdu Statistics Bureau and published by China Statistics Press

According to a sample investigation done by the State Statistics Bureau among 17,000 urban families, in the year 2000, the per capita disposable income of the five per cent of the poor families investigated was RMB 2,325 (US\$281), 36.9 per cent of the national average. According to the State Statistics Bureau, by the end of June 1999, the average family's financial assets among urban residents had reached RMB 52,895 (US\$6,388), compared with RMB 1,338 (US\$162) in 1984 when China initiated its urban economic reform policy.

But the distribution of financial assets remains uneven. 20 per cent of the families with the lowest income owned only 1.5 per cent of the total financial assets. Their per capita household possession of finan-

Judging from the above, we can come to the conclusion that in Chengdu, a less developed city in a less developed country, the existence of poor people may be due to elements other than economic development. These elements include the imperfection of the social distribution and social insurance systems. Therefore, it is more important for the government to promote effective policies to help the poor people.

III. SLUMS: THE PEOPLE

1. Who Lives in the Slums

Slum dwellers include jobless people, people who have suffered from long illnesses, injuries or are hand-capped, some retirees, people waiting for new jobs owing to the collapse of their enterprises', low-paid employees with heavy family burdens and people who receive relief funds (Qian Shimin 1994). They fall into four major categories: people who have no source of income, no work ability, no people to care for them or whose family members cannot afford to care for them.

2. The Aspirations of Slum Residents, and Barriers to their Aspirations

A survey conducted among 40 households living in slums revealed three main aspirations. The first aspiration is for a stable lifestyle with a stable income (17.5 per cent of the respondents to the survey). The second aspiration is for bigger houses with a better living environment (30 per cent of the respondents). The third aspiration is for their children to attend better schools (15 per cent of the respondents). Other aspirations include that their children will be able to find better jobs, their houses would not become dangerous, social order would be better, they had money when they were sick or wanted to travel.

80 per cent of the residents identify the main barriers to their aspirations as being lack of money. A small number of the respondents attribute them to their low educational level and old age.

In summary, improving slum residents' occupational skills and their access to better paying jobs is the preferred method to help them realise their aspirations.

3. The Main Features of Slum Households, Including Women-headed Households

Generally speaking, women account for a high proportion of the city's poor population as they have more limited employment opportunities, lower incomes, lower educational levels, less skills and many of them lose their spouses when they are old (women's life expectancy is higher than men's). The main categories of women-headed households are widows and households where the woman is older than the man and earns more money than the man. Women heading households tend to be employed in the service sector, and their housing is generally of a lower standard. Their main concern is illness within the family, inability to meet school fees and inability to afford to visit or receive family when festivals and holidays approach. They worry about mounting medical, educational and housing costs.

The survey among 60 households revealed that:

- Living area: 68.3 per cent have a per capita living space of 5 to 10 m².
- Duration of living in slums: 20 per cent have lived in their present housing for less than 20 years, 10 per cent between 20 and 30 years, 16.7 per cent between 30 and 40 years, 43.3 per cent between 40 and 50 years, and 10 per cent for more than 50 years.
- Young people and older people tend to have higher incomes than the other age groups. This is attributable to the wider range of jobs available or acceptable to the young and to the pensions and subsidies, which retired people are entitled to as well as assistance from their children. Female-headed households tend to have a more stable income than male-headed households.
- Slum residents are mainly childless old people and families with three people with a child attending school.

4. A Typical Life History for a Slum Dweller Near the Fu and Nan Rivers

79-year-old Xiang Zhiming lived in a shanty house in No. 57 Xiaheba Street near to the Beimen Bridge on the upper reaches of the Fu River, for nearly 40 years. During this period, his son Xiang Rongcheng and daughter successively came into the world, grew up and got married. By 1995 when the six-member Xiang family moved into their new apartment, they had been living in a poorly equipped 50 m² single storey house for quite a long time. Xiang Zhiming described his dwelling as a shack prone to water leakage and easily damaged by strong winds. All the residents in the Xiaheba area shared similar living conditions. Their houses were built with wooden columns, tiled roofs and lime-and-mud walls. The walls would deteriorate over time, making the houses prone to mice and vermin infestation. As the houses were not sound proofed there was no personal privacy. Yet such houses were not the worst ones in this area. 30 households lived in a row of houses projecting over the river, which were often swept away by floods in rainy seasons. So if it rained heavily, all the households in the block would get together to monitor water levels. Once the waters rose to the level of these houses, all the residents would be evacuated. After the rain stopped, all the families had to deal with the mess brought about by the flood, resulting in great hardships, suffering and economic loss.

In addition, an embarrassing problem had long troubled the citizens here. Every morning it took 500 households (12,000 people) a long time to line up and share the only two public toilets on a street.

Another big problem was water and environmental pollution. Prior to the 1960s, the people in this area took water directly from the Fu River for drinking and domestic use. They washed and cleaned clothes in the river water and the waste from the toilets was drained into the river, causing direct pollution to the river. After the 1960s, drinking water supply facilities were installed in this area. However, there was only one public tap, supplying drinking water once every morning and evening. The residents had to pay 1.2 fen RMB for a barrel of water. They continued to wash clothes and bowls in the river or took water back from the river for daily use. In the 1970s, the water in the river grew dirtier due to increasing population. By the 1980s, every house in the area was equipped with a drinking water supply and the people's awareness of the environment became even poorer. They poured all their waste into the river, gradually making it a stinking ditch.

Xiang Zhiming was a typical migrant settling in the poor urban area of Chengdu. He was a peasant before the 1940s when he came to Chengdu from the countryside of Suining, a city 200 km from Chengdu. After arriving in Chengdu, he was engaged in a cotton yarn retailing business for several years. A few years later, he became unemployed and was unable to find any job. In 1957, he was assigned by the local govern-

ment to work in a metal products company. Most of his neighbours had similar personal experiences to his. They were from the countryside and rented houses in the shantytowns in the city. Some of them made a living on their own by setting up small businesses, and others were employed with the help of the local government in post offices or animal slaughterhouses.

Table 3. Income Distribution

Household type	Age	Per capita income				
		Under RMB100 (US\$12)	RMB100-200 (US\$ 12-24)	RMB200-300 (US\$ 24-36)	RMB 300-400 (US\$ 36-48)	More than RMB400 (US\$ 48)
Men as family heads	Below 30					
	30-40					1.7%
	40-50	1.7%	6.7%		1.7%	
	50-60		8.3%	6.7%	5%	3.3%
	60-70		3.3%	3.3%		
	Over 70		18.3%	3.3%	5%	3.3%
Women as family heads	Below 30					
	30-40					1.7%
	40-50		1.7%	1.7%		
	50-60		3.3%			
	60-70	1.7%	1.7%	1.7%	1.7%	
	Over 70	5%	1.7%	5%	1.7%	

Source: Based on a survey among 60 households living in slums by the author

Table 2. Educational Levels of Slum Residents by Age and Sex

Household type	Age	Educational level: Illiterate	Primary school	Junior high school	Senior high school	Above senior high school
Men as family heads Below 30	Below 30					
	30-40					1.7%
	40-50		1.7%	10%		
	50-60		5%	6.7%	3.3%	
	60-70	1.7%	5%	1.7%	1.7%	
	Over 70	10%	11.7%	3.3%		
Women as family heads Below 30	Below 30					
	30-40				1.7%	
	40-50		1.7%	1.7%		
	50-60		1.7%	3.3%		
	60-70	1.7%	1.7%			
	Over 70	13.3%	3.3%	5%		1.7%

Source: based on a survey among 60 households by the author

Table 4. Family size

Household type	Age	1 person	2 people	3-4 people	5-6 people	More than 6 people
Men as family heads	Below 30					
	30-40			1.7%		
	40-50		1.7%	10%	1.7%	
	50-60	3.3%	5%	5%		1.7%
	60-70	1.7%	1.7%	3.3%	1.7%	
	Over 70	3.3%	13.3%	1.7%	1.7%	10%
Women as family heads	Below 30					
	30-40			1.7%		
	40-50			1.7%		
	50-60			3.3%		1.7%
	60-70			1.7%		
	Over 70	8.3%	1.7%	6.7%		5%

Source: Survey of 60 Slum families carried out by author

J. THE COST OF LIVING IN SLUMS

The main expenses for a family in a slum consist of transportation fees, expenditure on food, children's educational costs, rent and housing maintenance fees, fees for water and other utilities.

According to the survey among 60 households living in slums, 38.3 per cent of the respondents indicated that more than 90 per cent of their family income was spent on food, and 64.9 per cent indicated that more than 70 per cent of their family income was spent on food. These figures indicate that the residents of slums in Chengdu have very little disposable income after meeting their basic needs.

1. Distance to Work, Time and Money

See **Table 5**

2. Tap Water Price

Before 1997: RMB 0.15-0.2 (about US\$0.02) per cubic metre. Now: RMB 0.75 (US\$0.09) per cubic metre

3. Cost of Housing Rental

Low-lying shanties in the city centre: Most of them are owners of their housing and some of them live in state-owned houses. The cost of renting state-owned houses ranges from RMB 2 to 20 (US\$0.24 to US\$2.4) a month. The cost of rental accommodation for migrant people living on the city's border regions averages RMB 100 (US\$ 12) per month.

4. Health Problems among Slum Residents

Because they lived by rivers where it was humid, slum residents were prone to rheumatism, typhoid fever, skin diseases, rickets, trachitis and pneumonectasis. 50 per cent of them were constantly ill or their physical conditions were limited. Lack of health and education are

deemed to be the key contributing factors to the vicious circle of poverty in low-income families, with adverse effects on marriage, family and employment.

5. Access to Housing Finance

Slum residents can benefit from the government's low rental policies and subsidies.

6. Social Discrimination

Between 20 and 30 per cent of the population living in slums have a criminal record and tend to be treated as social outcasts. Residents of slum areas also tend to be less secure financially and to live in areas where the incidence of crime is higher than the average. The combination of these two factors results in higher degrees of social discrimination and lower levels of self-esteem.

7. Slum Residents' Assets

The assets of slum residents include personal income, government subsidies, social donations and assistance from relatives and friends. Low-income families often rely on the assistance of relatives and friends. For many families whose income and expenditure is lower than acceptable standards, such assistance can be critical.

IV. SLUMS AND POVERTY: THE POLIS

K. POLICIES AND ACTIONS TAKEN TO IMPROVE SLUMS AND ALLEVIATE POVERTY

1. National Level Human Settlements Improvements

Since 1996, China has invested heavily in promoting employment, eradicating poverty and setting up a social security system. On the basis of the National Labour Law, China has further accelerated the establishment and promotion of the legal and regulatory system for employment. In recent years, a series of laws and regulations have been formulated such as the "Law for Vocational Education", the "Law for Protecting Women's Rights and Interests" and the "Law for Protecting People with Disabilities", which ensure equal rights and access to employment, job selection, professional training and education and to social security. The Chinese government has ratified the "Employment Policy Convention" and the "Convention on Minimum Age for Employment" established by the International Labour Organisation. Through implementing positive employ-

Table 5. Distance to Work, Time and Money

Mode of Transport	Time			Note
	Within 20 minutes	20-40 minutes	Over 40 minutes	
By bike	7.6%	28.3%	18.4%	
By bus		5%	5%	Monthly bus ticket costs 40 yuan (US\$4.8)
On foot	8.3%	13.4%	5%	

Note: 9% of interviewees were jobless

ment policies, the scale of employment has been continuously expanded and the occupational structure gradually improved. There were 712 million employed people in the whole country in 2000, an increase of 27.47 million compared to 1995, and the rate of unemployment registered in the cities and towns remained at about 3 per cent.

In order to address the unemployment resulting from the process of economic reform and adjustment, the Chinese Government has adopted a set of policies and measures to guide and help the unemployed to re-enter the workforce. The government has established Re-employment Service Centres, which provide laid off workers with basic livelihoods through the provision of basic living expenses, social insurance subsidies such as pensions, health care and other unemployment benefits, vocational counselling and re-employment training. With the efforts of various social circles, more than 10 million laid-off workers have been re-employed and most laid-off workers' basic livelihoods have been guaranteed.

The state has formulated a statutory system including the "Provisions for Labour Protection for Female Employees", "Provisions on the Scope of Prohibited Labour for Women" and "Measures for Birth Insurance for Employees (for trial implementation)" to safeguard women's rights to work and their interests and to promote their employment. Furthermore, women's employment has been effectively promoted through measures such as developing new lines of business suitable for women, expanding access to employment, launching vocational counselling and training, and devoting major efforts to improving the access by women in the rural areas to technological skills. In 1999, female employees accounted for 47 per cent of the total workforce in China.

For the employment of people with disabilities, the Chinese government has established guidelines for generating employment through multiple-channels, at multiple-levels and in multiple forms, and encourages them to find jobs for themselves. By providing some preferential policies in terms of tax reductions and exemptions, the government has encouraged the private sector to hire people with disabilities. Meanwhile, government agencies, organisations, public enterprises and institutions are required by law to hire a certain percentage of disabled people. As a result of these policies and measures, the number of people with disabilities employed has increased continuously. In 1998, 3,482 million working age people with disabilities were employed in cities and towns, reaching an employment rate of 75 per cent.

The Chinese Government has laid much emphasis on creating conditions of equal competition and protecting the interests of the disadvantaged groups in the process of establishing the market economy system. The reform on the workers' pensions in town and township enter-

prises has been accelerated, and the various pensions have been gradually initiated in the rural areas. The scope of unemployment insurance has been expanded, and the unemployment relief and efforts for re-employment are closely co-ordinated. Medical insurance, compensation for job-related injuries and on-site insurance systems have been reformed. By adhering to the policy of subsistence relief coupled with the support to their productive activities, all social sectors have been mobilised for implementing a comprehensive welfare and social safety net system. The legal rights and interests of special groups such as women, the under-aged, the elderly, and people with disabilities are being actively promoted and protected. Welfare grants and subsidies and standards for compensation are indexed to economic growth and to rising standards and cost of living. Since 1996, laws and regulations on unifying pension systems of employees in cities and towns and on unemployment and medical insurance are reducing the inequalities between cities and towns and are helping to harmonise the social security system with continuing market reforms.⁹

2. Policy Initiatives by the Chengdu Municipal Government to Reduce Poverty

In 1997, the State Council's policy on Urban Residents' Lowest Living Standards Guarantee System went into operation, stipulating that the system had to be available in all the cities and townships nation-wide by the end of 1999. Chengdu started implementing the lowest living standards guarantee system in 1997. The system assisted 4,500 people in 1997. The figure has since risen to 81,500. In 1997, the system allocated RMB 980,000 (US\$118,357) to poor people in need. In 2000, this amount rose to RMB 29 million (US\$3.5 million). Chengdu started the rural lowest living standards guarantee system in 1998. The system covered all the cities and counties under Chengdu's jurisdiction. At present, the system assists 27,195 people in the countryside.

In order to help laid-off employees - the new group of urban poor people who emerged in the late 1990s - the Chengdu Municipal Government has taken measures to establish and improve the city's unemployment and medical insurance system and the lowest urban living standards guarantee system to ensure the basic living expenses for laid-off employees. In addition, the government is increasing employment opportunities to help laid-off people find new jobs. By the end of 2001, 920,000 people had joined the unemployment insurance scheme in Chengdu contributing RMB 180 million (US\$22 million) in unemployment insurance fees. By the end of 2001, 27,000 jobless people had received unemployment funds totalling RMB 50 million (US\$6 million). The remaining RMB 130 million (US\$16 million)

have been used to ensure the jobless people's basic living standards. From 1997 to 2001, the city issued RMB 430 million (US\$52 million) in unemployment insurance benefits. At the same time, a concerted effort has been made to create new jobs and employment opportunities for laid-off workers. These efforts include training the people concerned and incentives to enterprises. From 1998 to 2000, 212,000 employees of state-owned enterprises lost their jobs in Chengdu. 172,000 have since found new jobs with the assistance of the Municipal Government, resulting in a re-employment rate of 61.1 per cent.

Starting in the second half of 2001 and focusing on the poor living conditions of the residents in the old city centre's single-storey houses, the Chengdu Municipal Government began implementing a large-scale reconstruction program for the dilapidated and old houses in the city. The streets full of dilapidated and old houses were demolished, and the residents living in the streets were relocated in new well-equipped living quarters constructed by the local government. In the second half of 2001, the city government started to initiate a new "low-rent housing program." The households whose living conditions are below the poverty line standards specified by the city government, can apply for the apartments. The applicants are allowed to look for the apartments appropriate to their needs with the government paying their rent. In 2001, less than 500 households filed an application with the city government and were provided with appropriate houses. The city government has planned to provide 1,000 households with new "low-rent apartments" in 2002.

The Chengdu Municipal Government has also established a medical insurance system and a supplementary hospitalisation and outpatient medical insurance system covering 1.3 million people. It paid RMB 494 million (US\$60 million) and RMB 33 million (US\$ 4 million) respectively in social medical insurance fees and supplementary medical insurance fees. Laid-off employees are henceforth covered by the same pension and insurance entitlements as employed people. Chengdu has also adopted insurance and medical coverage policies for self-employed people. These insurance schemes and welfare systems are funded in part by the budget of all three tiers of government and in part by government lotteries. (Chengdu's Report on Establishment and Improvement of the Social Insurance System" made on June 17, 2002 by Chengdu Mayor Li Chuncheng).

Chengdu has also adopted measures to reduce or exempt fees to be paid by the urban poor including rent, utilities and education. Last but not least, the Chengdu Municipal Government has mobilised people from different walks of life to assist poor people. In festivals and holidays, where the urban poor feel particularly excluded, solidarity networks mobilise relief funds as well as material goods.

3. Policies of the Chengdu Municipal Government to Improve Slums

The first action in this regard is implementing relevant government policies pertaining to employment guarantees, help for weak groups and gradual elimination of poverty to the maximum.

To help eradicate urban poverty, the Chengdu Municipal Government decided to transform the slums in the city centre starting in 1992. The Fu and Nan Rivers Revitalization Project, which was the Municipal Government's flagship project, resulted in a public investment of RMB 2.7 billion (US\$326 million) in comprehensive inner-city renewal and the environmental remedies for both rivers. The project involved major investments in air and water quality, urban greening, urban transportation, water supply and sanitation. The project involved the relocation of more than 1,000 work units and 30,000 households (representing 100,000 people) living in slums that have been in existence for more than half a century. Further to extensive consultations with the slum residents, three basic options were implemented. The first option involved a cash settlement for residents to provide alternative accommodation. These residents received a cash settlement based on the equivalent market value of their housing. The second option involved a one-time subsidy for residents wishing to purchase their new housing. 35 per cent of the residents chose this option whereby they could purchase new housing at a price RMB 800 (US\$96) per m² compared to the prevailing market price of RMB 1,400 (US\$169) per m². The third option involved families with no savings and very low incomes and thus no ability to purchase housing. These families were provided with rental housing at RMB 1.2 (14 US cents) per m².

After relocation, households had an average of 60 m² of new housing compared to 20 to 25 m² in the past. Most of the new property owners paid less than RMB 10,000 (US\$1,208) to acquire their new houses. In addition to this one-time subsidy which, in economic terms is the equivalent of an equity grant, the municipal government provided free transport and other forms of special assistance for their relocation.

The former residents of the slums relocated to 24 residential estates replete with water and sanitation facilities, public lighting and security, gardens and green space and all utilities including water, gas, electricity and telephones. Per capita living space rose by 1.4 times and the relocation of the slum dwellers helped reduce congestion in the city centre.

Poverty in the city centre produced great pressure for the city as it bred crime, caused traffic jams and flooding. To eradicate poverty in the city centre, the Chengdu Municipal Government decided to transform the slums in its centre in 1992. In the Fu and Nan Rivers Comprehensive Revitalisation Project, which was the

Chengdu Municipal Government's Primary Project, the Chengdu Municipal Government invested RMB 2.7 billion yuan (US\$326 million) to harness the Fu and Nan Rivers, the birthplace of the slums. The project relocated more than 1,000 work units and 30,000 households with a population of 100,000 people, bidding farewell to slums in the city centre that had existed for more than half a century. The Ministry of Construction of the People's Republic of China spoke highly of the Fu and Nan Rivers Comprehensive Revitalisation Project in the Human Settlement Development Report of the People's Republic of China (1996-2000). According to the Report, "*Chengdu cleared the river courses, blocked waste water, improved water quality, relocated more than 1,200 small factories and enterprises, demolished ramshackle houses and sheds by the Fu and Nan Rivers, built gardens and green spaces by the two rivers, built some new residential quarters in the Fu and Nan Rivers Comprehensive Revitalisation Project from 1993 to 1997.*"

The slums in the city's centre consisted mainly of sheds whose owners had no property rights. When their sheds were demolished and new houses were built for them, between 30 and 35 per cent of the owners gained full property rights for the new houses. If they had money, the owners could pay RMB 800 (US\$96) for each square metre of the new houses and the houses would become their private property (the cost of the new houses was RMB1,400 (US\$169) per square metre). If they could not afford to buy new houses, they could benefit from the government's cheap rent policy to rent a square metre of the house with RMB 1.2 (14 US cents).

After they were relocated, the average household had an average of 60 m² of new houses in 1997, compared with 20 to 25 m² in the past. Paying RMB 10,000 (US\$1,208) at a maximum, a household could get the property rights of the new house. In line with the cost of RMB 1,400 (US\$169) per square metre, a household's former house could sold for between RMB 30,000 to 40,000 (US\$3,623-4,830). As a matter of fact, the government paid tens of thousands of yuan in subsidies for each new house. "*While demolishing private houses, the government offered owners of the private houses the same area in new houses and gave them property rights. If the owners' old house's size was inadequate for the exchange of new houses, they could pay for the additional area in line with government policies.*"

When moving to new houses, former shanty residents used vehicles provided by the government free of charge to transport their belongings. After bidding farewell to the shanties, former shanty residents moved into new and spacious buildings. The government built schools in their residential quarters reached directly by buses.

The residents in the shanty area with a length of 16 km and an area of 4 km² moved into 24 residential quarters with good auxiliary facilities. Their per capita living space rose by 1.4 times. Their removal mitigated the population pressure in the city centre.

L. THE IMPACTS OF THESE ENDEAVOURS

1. Physical and Spatial Impact

The relocation of the inner city slums had a major impact on the physical and spatial development of the city. The low-lying areas they previously occupied were used for widening the rivers' courses to prevent future flooding, for the creation of public parks and green spaces and for improvements to infrastructure. The relocation of over 1,000 small enterprises that formed part of the slum area removed one of the principal sources of air, water and noise pollution and the area they previously occupied has also been transformed into green spaces and improved infrastructure. Simultaneous investments in environmental protection, most notably in sewerage treatment and emissions control, have completely changed the physiognomy of the city centre, turning Chengdu into a clean and green city and restoring its riparian heritage.

2. Social and Economic Impacts

Economically, the transformation of Chengdu has resulted in renewed foreign and domestic investments in real estate, tourism, high-tech industries and services, helping to diversify its economic base.

The relocation of the inner city slums has had two major impacts on the social front. Firstly, it has changed the citizen's perceptions of the inner city from a dirty, crime ridden and poor area into a pleasant and vibrant urban core. Secondly, the subsidy system used ensured that the former residents of the slums could afford housing in mixed income neighbourhoods with good access to health and educational facilities and public transport, thus obviating the creation of low-income neighbourhoods that tend to turn into urban ghettos exclusively occupied by the urban poor.

In line with the development trends of the city's poor people, the Chengdu Municipal Government has formulated the following objectives:

- a. Use of preferential policies in taxation and funds to stimulate the establishment of labour-intensive industries, small and medium-sized enterprises and expansion of the service sector to provide more and more varied employment opportunities;
- b. Offering professional training and counselling for laid-off workers to re-enter the work force;
- c. Improving the social and medical insurance systems to help exceptionally poor people;
- d. Establishing the social welfare fund.¹⁰

M SUCCESS STORIES AND BEST PRACTICES

From 1988 to 1997, the Chengdu Municipal Government, working closely with community and non-governmental organisations, launched a massive campaign to transform the slums on both sides of the Fu and Nan Rivers. The campaign succeeded in eradicating slums in the inner city and in the physical transformation and environmental improvement of the city and its two rivers. The campaign involved a public investment of US\$ 141 million, which in turn led to investments by the private and social sectors of over US\$ 180 million. It was recognised internationally, receiving three major international awards. These awards highlighted the following achievements:

- The relocation of 100,000 people from 30,000 households living in shanties to 24 residential quarters, representing major improvements to their living conditions, responding to the second highest priority identified by the urban poor (housing) and removing the social stigma and exclusion they were previously subject to owing to their habitat. Many of these slum dwellers moved in groups, thus ensuring a sense of community while integrating new mixed income communities not exclusively inhabited by the urban poor;
- The former slums in the city centre were replaced with 25 hectares of green land and more than 10 hectares of clean water, improving the overall living environment of the city;
- The relocation of enterprises forming part of the slum areas allowed for more rational land use, transport and communications and significant improvements to air and water quality;
- The participatory and consultative processes used, and the transparency in decision-making and the allocation of resources have strengthened the trust and relationship between the municipal government and its citizens.

1. Testimony from a Former Inhabitant

The Xiangs are beneficiaries of the local government project for renovating the communities. The family moved into a much larger new apartment located in a newly-built living quarter by the Second Ring Road, due to the implementation of the Fu-Nan Rivers Comprehensive Revitalisation Project initiated in 1993. In addition, the local government provided the family with a 20 m² low-rent apartment at a cost of RMB 74 per month, in which the Xiangs' eldest son Xiang Rongcheng is living. All these apartments with a separate toilet each are equipped with water, natural gas and electricity

All of Mr. Xiang's neighbours have moved to the same residential quarter. Together with his former neighbours, Mr. Xiang launched the community's management office and has been the office's chief for six years. The office is in charge of the community's public security, family planning, public lighting facilities, etc, and provides places for the old people.

There is a kindergarten, a primary school, a middle school and a hospital in the living area. The 1,000 m² Shiren Park near the residential quarter is open to the citizens free of charge.

2. Lessons Learned

Alleviating Urban Poverty and Eradicating Urban Slums

Effective strategies for eradicating urban poverty and slums must be based on a thorough understanding of the underlying reasons for their emergence and continued existence. In the case of Chengdu, urban poverty emerged over time for different reasons and is undergoing rapid change, affecting different groups and with different social and economic consequences. The eradication of a large and historical inner city slum involving 100,000 urban poor and the alleviation of their poverty were successfully carried out through an affordable housing policy. This policy, involving a one-time equity grant, enabled slum dwellers to simultaneously improve their housing, living and health conditions, their access to social services, and to eliminate much of the social stigma and exclusion linked to their previous location and living conditions. The subsidies and grants allowed for the smooth and rapid relocation of the slums, without which parallel and subsequent improvements to urban infrastructure, transport and the environment would have been hampered and delayed. These improvements, realised in record time, led in turn to over US\$ 180 million in capital investments in real estate development alone.

The participatory approach adopted in the slum relocation initiative, involving the residents themselves as well as other social groups and the public at large, was a key contributing factor to the success of the endeavour. Public meetings and consultations raised the awareness of citizens of the need to simultaneously address the issues of slums, urban poverty, urban renewal and environmental improvement. Similarly, the adoption of new policies and practices to ensure transparency in the use and allocation of public funds and in public-private partnerships in real estate and infrastructure development led to more effective and efficient implementation and to a better investment climate in Chengdu. This underlines the critical importance and contribution of transparent and accountable urban governance and participatory planning in eradicating urban poverty, stimulating economic growth and in improving the living conditions of the urban poor.

At the same time, however, the emergence of new forms of urban poverty resulting from economic reform and adjustment, requires different sets of policies and approaches. In the case of Chengdu, the rapid emergence of newly laid-off workers in the industrial sector has led to the adoption and implementation of a concerted set of policies dealing with unemployment and medical insurance, social welfare and training of laid-off employees for re-entry into the workforce. While this new category of urban poor do not live in slums per se, their economic conditions and location in the eastern suburbs have changed public perception of that area as a "pocket of urban poverty". Besides ongoing efforts to ensure that these people are able to meet their basic needs and to assist them in finding new jobs, efforts are required to raise people's awareness of these issues and trends and to avoid the transformation of the affected areas into slums.

Surveys conducted for this report have shown that those living above the poverty line and not presently benefiting from social welfare measures are at risk. They could easily fall into the category of the very poor as a result of economic slowdown, natural or human-made disasters or personal and family-related misfortunes. While this group will also benefit from ongoing reforms and measures in medical and unemployment insurance, pensions and other laws guaranteeing equal opportunities for employment, careful monitoring of trends and risks is required.

Finally, the issue of migrant workers will require more harmonised approaches to economic development, social services and welfare. While many migrant workers witness an increase in cash income by coming to work in the city or on the fringe of the city, they represent the most recent trend in urbanisation. Most of them inhabit the "grey area" that falls between urban and rural jurisdictions, calling for a concerted approach to rural and urban development policies.

3. Social, Political and Economic Group Participation

In the implementation of the Fu and Nan Rivers Revitalisation Project, political, economic and civil society groups participated in the fund-raising, organisation, relocation and publicity of the project.

Long-term Partners:

Chengdu Women's Union (women); Chengdu Young Volunteers' Association (youth); Sichuan University Environmental Protection Volunteers' Association (non-government organization); 24 sub-district offices and 188 neighbourhood committees (community organisations) (the first page of the Report on the Fu and Nan Rivers Comprehensive Revitalisation Project by Vice-Mayor Di Tingguo February 22, 1994), real estate development firms; Chengdu Planning and Design Institute;

Chinese Academy of Social Sciences; Urban Science Research Society (research institutes); Chengdu Senior Citizens' Photography Association (professional organization); Chengdu Buddhist Association; Chengdu Taoist Association (religious organisations); Soong Ching-ling Foundation Chongqing Office (foundation); Chengdu Evening News; Chengdu Commercial Daily; Chengdu Television Station; West China Urban News; Xinhua News Agency Sichuan Branch (media); and the US-based Water Protection Association.

4. Financial and Material Support for the Project from People from other Walks of Life

In the implementation of the project, Chengdu residents spontaneously organised nearly 100 large-scale activities serving the project free of charge. They included the clearing of mud in the Fu and Nan Rivers to boost the smooth operation of the project. Within four years, more than 3 million people donated about US\$5 million worth of funds and materials.

The city's renovation project for dilapidated and old houses is under way, involving more than 10,000 residents with poor living conditions. The project is scheduled to be completed in 2004. Furthermore, a project has already started in the past year to improve the living conditions of slums along the Sha River. The Sha River lies between the second and third ring roads, and became a new slum area after the completion of the Fu & Nan Rivers Revitalisation Project. ■

NOTES & REFERENCES

- ¹ Chengdu Leading Office for the 10th Five-Year Plan. (N.d.) *Thought on Chengdu's 10th Five-Year Plan and Research on Major Issues. Long-Term Prospective for 2015*. Page 21 Chengdu Development Planning Committee
- ² No Author (July 2001) *Study for Public Transportation Improvement in Chengdu City in The People's Republic of China*. Final Report Main Text, Part 1 page 5-1 to 5-11. Published by ALMEC Corporation CHODAI Co.,Ltd. Japan
- ³ No Author, (July 2001), *Study for Public Transportation Improvement in Chengdu City in The People's Republic of China*, Final Report Main Text, Part 1 Published by ALMEC Corporation CHODAI Co., Ltd. Japan
- ⁴ Chengdu Leading Office for the 10th Five-Year Plan, No Date, Inner Environment for Chengdu's Economic Development, In: *Thought on Chengdu's 10th Five-Year Plan and Research on Major Issues..* Chengdu Development Planning Committee.
- ⁵ No Author, (July 2001), *Study for Public Transportation Improvement in Chengdu City in The People's Republic of China*, Final Report Main Text, Part 1 Published by ALMEC Corporation CHODAI Co.,Ltd. Japan
- ⁶ Chengdu Local Chronology Compiling Committee, (N. d.), *Chengdu Chronology-Public Facilities Chronology*, page 56
- ⁷ Chengdu Local Chronology Compiling Committee, (N.d.), *Chengdu Chronology-Public Facilities Chronology*, page 100- page 101
- ⁸ Li Chuncheng, Mayor of Chengdu, Refer to "Chengdu's Report on Establishment and Improvement of the Social Insurance System" made on June 17, 2002 by Chengdu Mayor and 2001 Chengdu Statistics Yearbook compiled by Chengdu Statistics Bureau and published by China Statistics Press
- ⁹ Development of Human Settlements In the People's Republic of China (1996-2000) 4.3
- ¹⁰ (refer to "Chengdu's Report on Establishment and Improvement of the Social Insurance System" made on June 17, 2002 by Chengdu Mayor Li Chuncheng)

BIBLIOGRAPHY

"Chengdu Fu and Nan Rivers Comprehensive Revitalization Project" on the 14th page of the 4th issue of "Human Settlements" journal of the Human Settlements Office of the Ministry of Construction of the People's Republic of China

Chengdu Leading Office for the 10th Five-Year Plan, No Date, Inner Environment for Chengdu's Economic Development, In: *Thought on Chengdu's 10th Five-Year Plan and Research on Major Issues..* Chengdu Development Planning Committee

Chengdu Leading Office for the 10th Five-Year Plan. (N.d.) *Thought on Chengdu's 10th Five-Year Plan and Research on Major Issues. Long-Term Prospective for 2015*. Page 21 Chengdu Development Planning Committee

Chengdu Local Chronology Compiling Committee, (N. d.), *Chengdu Chronology-Public Facilities Chronology*, page 56

Chengdu Local Chronology Compiling Committee, (N.d.), *Chengdu Chronology-Public Facilities Chronology*, page 100- page 101

Chengdu Mayor Li Chuncheng (2002), "Chengdu's Report on Establishment and Improvement of the Social Insurance System" made on June 17, 2002 which was issued as the 38th document in 1992 by the Chengdu Urban and Rural Construction Management Committee).

Development of Human Settlements In the People's Republic of China (1996-2000) 4.3

Li Chuncheng, Mayor of Chengdu, Refer to "Chengdu's Report on Establishment and Improvement of the Social Insurance System" made on June 17, 2002 by Chengdu Mayor and 2001 Chengdu Statistics Yearbook compiled by Chengdu Statistics Bureau and published by China Statistics Press

No Author (July 2001) *Study for Public Transportation Improvement in Chengdu City in The People's Republic of China*. Final Report Main Text, Part 1 page 2-3 to 2-5. Published by ALMEC Corporation CHODAI Co.,Ltd. Japan

No Author (July 2001) *Study for Public Transportation Improvement in Chengdu City in The People's Republic of China*. Final Report Main Text, Part 1 page 5-1 to 5-11. Published by ALMEC Corporation CHODAI Co.,Ltd. Japan

No Author, (July 2001), *Study for Public Transportation Improvement in Chengdu City in The People's Republic of China*, Final Report Main Text, Part 1 Published by ALMEC Corporation CHODAI Co., Ltd. Japan

No Author, N.d., Chapter II, Population and Labor, In: *Fifty Years in Chengdu. Information on Employment at the End of Each Year*, Statistics Press

No Author, N.d., *Chengdu's Employment in 2001 and Prospective for 2002*. In: *Chengdu Economic Book*

Report about the "Fu&Nan Rives Comprehensive Revitalization Project" made by vice mayor of Chengdu Di Tingguo February 22th, 1994

The 199th document of the Chengdu Urban and Rural Construction Management Committee issued in 1992. The document was entitled "Report on the Implementation of the Fu and Nan Rivers Comprehensive Revitalization Project

Other background information and data can be found in Documents No. 101, 5 and 17 of the Chengdu Municipal Government. *Chengdu's Economic Perspective in 2002 - Chengdu's Economic Blue Book*, Author: He Hong -- Vice chief editor of Chengdu Weekly -- English special of Chengdu Daily