

The case of Shanghai, China

by *ZHU Linchu and QIAN Zhi*

Contact:
ZHU Linchu and QIAN Zhi
The Development Research Centre of Shanghai
Municipal Government,
No. 200 People's Avenue,
Shanghai, 200003,
P. R. China
Tel. +86 21 63582710 Fax. +86 21 63216751
qianzhi@sina.com qianzhi99@citiz.net



I. INTRODUCTION: THE CITY

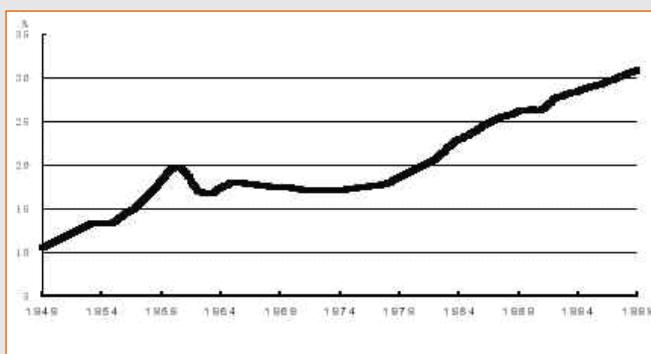
A. CHARACTERISTICS AND TRENDS IN THE URBAN DEVELOPMENT OF SHANGHAI

The pace of urbanisation in China since 1978, together with the implementation of the Economic Reform and Opening Up Policy and rapid economic growth, has been fairly fast. Cities - big, medium-sized and small - have all undergone a period of construction and redevelopment.

Shanghai, one of the largest cities in China, sits midway down China's coastline, where the country's longest river, the Yangtze, or Chang Jiang, pours into the sea. The city, at the mouth of the Yangtze River delta, has the East China Sea to its east, the Hangzhou Bay to the south, while behind it is the vast span of China's interior landmass. Shanghai's geographical location facilitates all forms of transport, with first-rate sea and river ports combined with the huge water transportation network, well-developed railways and roads, and two large international airports, which no other Chinese city has.

The total area of Shanghai at the end of 2001 was 6,340.5 km², covering 18 districts, one county, 144 *zhen*, 3 *xiang*, 99 sub-districts, 3,407 residents committees, and 2,699 village committees. Shanghai occupies 0.06 per cent of the national area and houses 1.31 per cent of the national population, producing 5.16 per cent of national income. Its GDP per capita has reached US\$4,510, which is 4.96 times the national average.

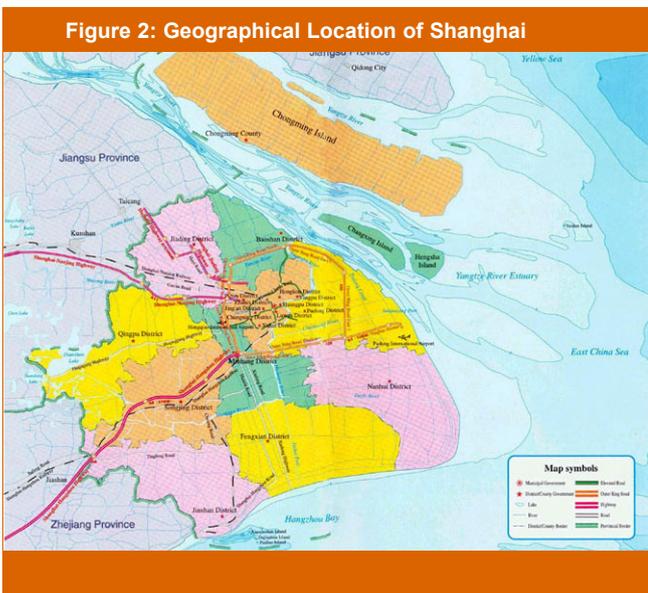
Figure 1: Urbanisation in China



1. Physical Geography

Shanghai has a typical North Asian subtropical monsoon climate, mild and moist, with four distinct seasons and plenty of sunshine and rain. Spring and autumn are relatively shorter than summer and winter. In 2001 the annual average temperature was 17.7C, there were 276 frost-free days, and annual precipitation was 1,594.3 mm.

The Shanghai area is criss-crossed by rivers and streams. The surface area of the water bodies in the city is 697 km², 11 per cent of the total area. The main rivers are the Yangtze, the Huangpu and the Suzhou. Shanghai sits on the flat silt plain of the Yangtze Delta, with a small number of hills, the average altitude being 4 metres above sea level.



2. Development History

The development curve of Shanghai is unique in the history of China's urban development. In 751 AD (the 10th year of the Tian Bao Reign of the Tang Dynasty), the jurisdictional set-up of Huating County came into being in what is now the Songjiang District, covering the land to the north of what is now Hongkou District, south of the coast, and east of the town of Xiasha. In 991 AD (the 2nd year of Chun Hua Reign of the Song Dynasty),

the Shanghai Zhen was established. In 1260 -1274 (in the Jing Ding Reign and Xian Chun Reign of the Song Dynasty), Shanghai Zhen had already become a very important seaport. In 1292 AD (the 29th year of the Zhi Yuan Reign of Yuan Dynasty), Shanghai City was formally established. During the 16th century, in the middle of the Ming Dynasty, Shanghai came to be known as a national cotton textile handicraft centre. In 1685 (the 24th year of the Kang Xi Reign of Qing Dynasty), the customs house was established. At this time Shanghai had become a city of two hundred thousand residents.

In the 80 years or so after 1843, especially after 1927 when Shanghai was designated as a Special City, municipal development was very rapid. 1934 saw Shanghai's population increase to 3.4 million, and the city was called the financial centre of the Far East, ranking fifth after London, New York, Tokyo and Berlin. At that time, the statistics showed that foreign trade and industrial output in Shanghai accounted for more than half of the China total. More than 80 per cent of the residents of Shanghai were born elsewhere. At the peak of foreign intervention, there were more than 150,000 expatriates living in Shanghai from nearly 40 countries including Great Britain, France, the United States, Japan, Germany, Russia, Italy, Poland, Czechoslovakia and India. Such a host of immigrants from the world as well as other parts of China greatly enriched the local culture of Shanghai and facilitated the intercourse between Shanghai and many other countries of the world.

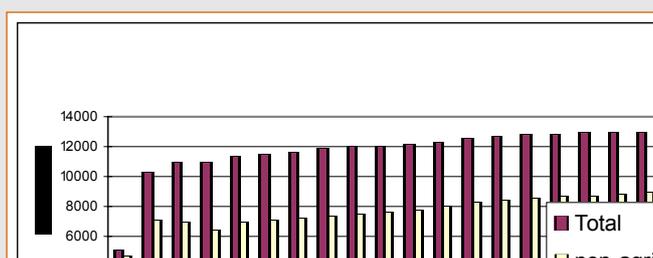
3. Population Structure and Demographic Changes

Shanghai is among the cities with the largest populations in the world. Its total registered population in 2001 was 13.3 million, which is 2.6 times larger than that of 1949, with a density of 2,093 people per km². The ratio of urban to rural population is 75.3:24.7. The male to female gender ratio is 50.4:49.6. The non-resident population has grown very rapidly with socio-economic expansion. According to the fifth census conducted in Shanghai, the city now has a non-resident population of 3.9 million.

Shanghai was the first Chinese city to experience negative natural population growth, starting in 1993. In 2001 the birth rate of residents was 4.3 per thousand and the death rate 7 per thousand, with the negative growth rate being minus 2.7 per thousand.

The fifth census also found that the proportion of residents with tertiary education accounted for 11.4 per cent of all those residents older 6, which is 4.3 per cent higher than in 1990. The proportion of residents with only primary education or less dropped by 11.1 per cent during the same period.

Figure 3 Population Change in Shanghai



4. Municipal Management System

Shanghai has a two-level government and three-level management system. That is to say, governments at the municipal and district/county levels. The municipal government takes care of city macro-planning, regulations, industrial sector management and market order maintenance. The district/county government is devoted to local construction, management and administration and law enforcement. The two levels of governments are co-ordinated and reinforce each other. In addition, the third arm is sub-district *zhen* and *xiang* administration that performs local community management, such as cleaning and sanitation, traffic order, neighbourhood safety and environmental protection.

The agency responsible for the city water supply is the water supply section under the municipal bureau of water affairs. Its responsibilities are municipal water use planning, water conservation, use of underground water, including mineral water, license issuing and day to day care, together with running water pipe construction and protection and supervision of private water facilities. The running water supply is entrusted to four municipal water companies in Minhang, Pudong, Shibei and Shinan.

The municipal power supply is managed by the Shanghai Power Company. SPC has four sub-companies for power distribution.

5. Economic Development Aspects of the 1990s

Shanghai's economic take-off and systemic transformation occurred to a large extent in the 1990s, when the Pudong New District development began, as the "dragon head" for the Yangtze River Basin development.

The main aspects of this process were:

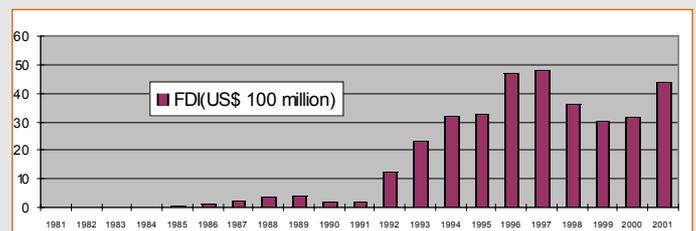
1. Stable and sustained economic growth. During the 1990s, Shanghai's economy experienced a two digit growth, with little fluctuation.

2. The steady development of a market economy. Thanks to the market reforms, the debt to assets ratio of the state owned enterprises (SOEs) dropped from 78 per cent to below 50 per cent. The number of businesses in

the non-state sector increased from 10,000 in 1990 to 170,000 in 2000.

3. The rapid expansion of the foreign investment sector. The opening up of the economy, with the Pudong development the leading the way, foreign direct investment (FDI) and foreign trade increased day by day, to make Shanghai the most open city in China. Foreign investment funds in the 1990s came to US\$45.6 billion, about the same as the GDP of India. There are now 250,000 businesses with foreign investments in Shanghai, among which 54 are foreign financial firms.

Figure 5: FDI in Shanghai



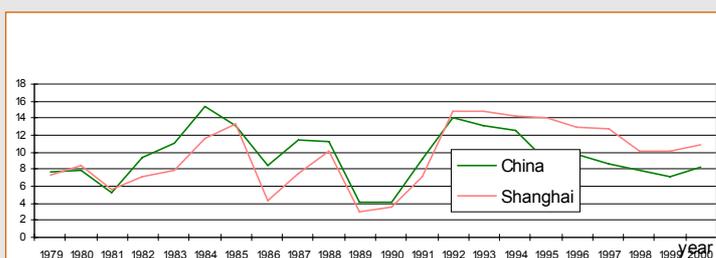
4. Since the 1980s, Shanghai has undertaken major infrastructure projects like the fast mass transit system, the expressway network connection with neighbouring areas, an international airport and international info-port. Ten major cultural constructions like the Oriental Pearl TV Tower were also built. The city's environment has made marked progress with a green belt circling the city and a number of fairly large green parks. The forestation rate of the city has gone up steadily. Several huge construction projects are under way at this moment, such as the deep water container port in Yangshan, the phase two construction of the Pudong international airport and the world's first commercial magnetic levitation railway line.

6. Future Developments

The early years of the 21st century have become a critical time for Shanghai to develop as an international centre of economy, finance, trade and ocean shipping.

The goal of Shanghai's economic development is to achieve a GDP growth rate two to three percentage points higher than the national rate such that GDP per capita in 2007 will be US\$7,500. Meanwhile, a social support system aiming at all round human development will be achieved. The city's development focuses on the central area, new areas and the central townships of *Zhen*. With the further development of a better environment, the integration process

Figure 4: Economic Growth Speed: Shanghai v. National Average



of urban and rural development will be stepped up, with the urbanisation rate reaching 80 per cent. The residents will enjoy higher incomes and better quality of life, including an improved living environment.

B. HISTORY AND FUTURE OF THE OLD DOWNTOWN AREA

In China, the social structure has been such that the division between city and countryside has existed for many years because of the system of residential registration. The system made it difficult for the farming people to move into the urban areas, and as such the political conditions were not apt for the formation of "slums". However, together with economic reform, there has recently been a significant increase in unemployed workers and of farming people migrating to town. Some downtown areas and the city-countryside interface suffered from a gradual deterioration of living conditions, and some places began to look like "slums". Poor living conditions are concentrated in places where old neighbourhood "lane" houses and makeshift huts dominate. Such places are called *xia zhi jiao* (downside corners) in the local dialect, though no "slums" formed in the strict sense of the word.

1. The Formation of the Old Style Living Quarter Areas

The old style living quarters area in Shanghai consist mainly of "lilong" houses. In ancient times, Shanghai had the saying "five households make a neighbourhood (*lin*), and five lins make a community (*li*)". Long means a narrow road, the area where the narrow roads connect such houses is referred to as a *lilong*. Over the years, the term *lilong* has been used to refer to clusters of houses or neighbourhoods in Shanghai.

Lilong housing started in the mid-19th century, and was based on the traditional house style south of the Yangtze. Meanwhile, it was also influenced by the Western idea of "rows of houses". In 1853, (the 3rd year of the Reign *Xian Feng* of *Qing* Dynasty), to flee from the "Daggers Society" uprising Chinese landowners and other gentry families rushed into the concessions from the old Chinese city and the vicinities of Shanghai, to flee from the "Daggers Society" uprising. And the British developers took advantage of the sudden upsurge in demand for housing and built a number of wooden houses. By 1860, there were already almost 9,000 such wooden houses named *li* in the "*International Settlements*", setting the pattern for the early Shanghai *lilong* neighbourhoods.

After 1869 (the 8th year of the Reign of *Tong Zhi* of the *Qing* Dynasty), more and more of these wooden houses were demolished by the "municipal council" out of fear of fires. What followed were the old *Shikumen* style houses (the front door in the style of warehouses with stone slabs for door frames). These houses stand in a row, while each has an open air courtyard in the Chinese tradition. The stone slab door frames plus the thick back-lacquered doors give the houses their name *shi* (stone), *ku* (warehouse), *men* (door). Such *shikumen* houses became an immediate success and expanded fast. Some time after 1890 (the 26th year of the Reign of *Guang Xu* of *Qing* Dynasty), developers built many more such *shikumen* houses.

By 1919 a new style *shikumen* was in vogue, accommodating the needs of nuclear families with different levels of income, mostly in the western part of the concession area. From 1910 to 1930, while the new style *shikumen* houses continued to be built, new Cantonese *shikumen* *lilong* houses appeared. These houses tended to be less tall than the typical *shikumen* and looked more like the Cantonese city houses.

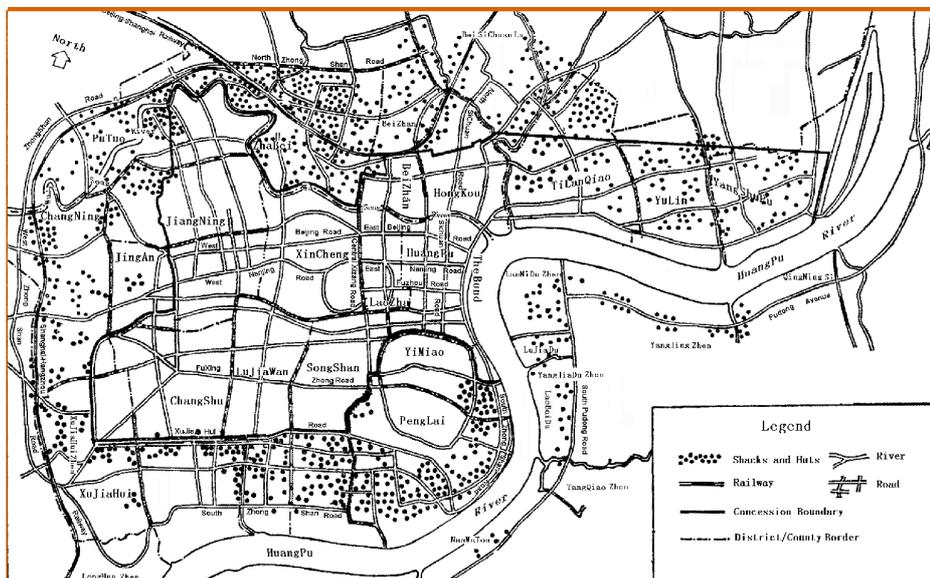


Figure 6: The Distribution Map of Shacks and Huts in Shanghai in 1949

Facilitated by easy domestic and international transport and a massive inflow of foreign capital, industry and commerce expanded and demanded more land. Land prices kept increasing. Old style *shikumen* houses with courtyards and large rooms took too much precious space. As a result the new style *shikumen* were developed. The new style *shikumen* had only one major room on each floor and was equipped with some modern facilities, which was perfect for nuclear families. The boom years for the construction of new style *shikumen lilong* houses were 1919 to 1938, and these

of the rivers and streams, near the bus terminals and around the railway stations as well as in the vacant lots around the factories. As things got worse, the growth of *pengwu* huts and shacks kept its momentum. By 1949 there were 23.6 million m² of housing, with a living space per capita of 3.9 m². Apartments accounted for 4.2 per cent at 1 million m², houses with gardens 9.5 per cent at 2.2 million m², new style *lilong* houses 19.9 per cent, at 4.7 million m², old style *lilong* houses 52.7 per cent, at 12.4 million m², and shacks and huts 13.7 per cent, at 3.2 million m².



Figure: View of the City

houses spread in the downtown districts of Jingan, Luwan, Xuhui and Changning.

Almost at the same time, war and famine drove large numbers of impoverished peasants to Shanghai to seek jobs. They were too poor to afford to rent houses. Instead, they built make-shift huts, often with bamboo mats, called *pengwu*, and shacks to protect them against sun and rain, by the roadside, along the banks

2. The Reconstruction of the Old Areas in Shanghai

The reconstruction of old areas seems to be an eternal theme of city construction. The municipal government of Shanghai has paid great attention to it. While Shanghai continuously built more new housing, the reconstruction of old areas was vigorously carried out. Shanghai's achievements in the reconstruction of old areas and alleviation of poor housing won prizes, including the 1995 UN Prize for Human Settlements and the 1996 UN Prize for the Exemplary 100.

During the second half of the 20th century, according to municipal housing and land administration data, 40.3 million m² old buildings were demolished, of which 27.9 million m² were housing. Of the old housing demolished, 4.9 million m² were shacks and huts, accounting for 17.6 per cent of the total. The history of the reconstruction can be divided into three stages.

Figure 7 Composition of Building of Shanghai in Main Year

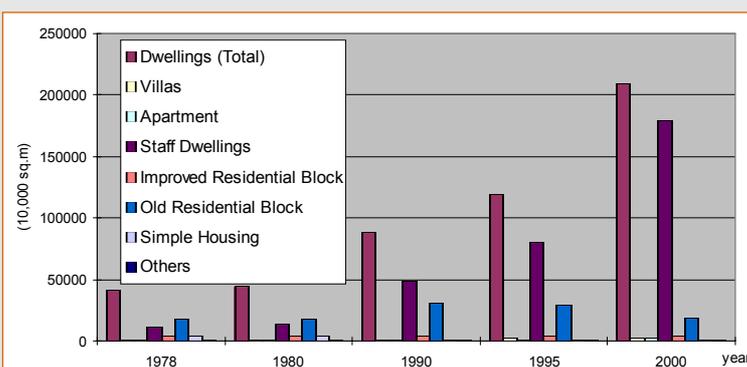


Table 1 1991 - 2000 Housing Removed in Shanghai

Year	number of households	Housing space
1991	8,021	296.9
1992	38,240	1,419.0
1993	86,582	3,648.8
1994	92,784	3,815.4
1995	74,645	3,179.0
1996	86,492	3,843.3
1997	69,518	3,628.5
1998	81,091	3,466.4
1999	49,953	2,239.1
2000	68,293	2,883.5
Total	655,619	28,419.8

Source: Shanghai Statistics Bureau, 2001

1. 1949-1977

This period featured the improvement of the dire living conditions on a smaller scale. In the early 1950s, the municipal government worked hard at improving the road conditions, providing fire escapes, setting up running water, repairing the ramshackle huts in the areas where shacks and huts were concentrated. In the 1960s, selective work was done on improving a number of shacks and huts concentrated in areas such as Fangua Long in Zhabei district and Mingyuan Cun in Yangpu district

2. 1978-1991

This period marked the beginning of the mass reconstruction of the old areas. The process started in the early 1980s with a number of old houses in Long No. 303 and around Penglai Road. Then a few years later, the municipal government planned to reconstruct the old houses in 23 areas with a total residential area of 410 hectares in more than 300 neighbourhoods and more than 3.3 million m² of old housing were to be removed. The best known were Jiugeng Li, Yaoshui Long, Shimin Cun, and West Lingjia Zhai. 5.7 million m² old and ramshackle housing were demolished, among them 1.2 million m² of shacks and huts.

3. 1991-2000

This stage witnessed a brand new development. The Shanghai Government promised in 1991 to demolish and reconstruct 3.6 million m² of ramshackle housing and huts in the next 10 years. The goal to achieve was 10 m² of living space per capita and 70 per cent of the

housing would be complete with private kitchens and bathrooms. By 2000, more than 5 million m² of shacks and huts had been removed, benefiting more than 650,000 families. Newly built housing had a total floor space of more than 100 million m². Living space per person increased from 6.7 m² in 1991 to 11.8 m² in 2000. Housing with a private kitchen and bathroom rose from 36 per cent in 1991 to 79 per cent in 2001. One big project was the "Two Bays and One Long" project, highly representative of the effort.

Entering the new century, a new round of reconstruction has begun, focussing on removing the old housing in old style lilong areas and worse, especially the grade two old style lilong and those houses without modern sanitation facilities. The total area removed will be more than 20 million m².

3. Major Approaches in the Reconstruction of Old Areas in Shanghai

For half a century, the approaches to reconstruction in the old areas of Shanghai has gone through many changes corresponding to the changes in China's economic system. The major modes and their specific characteristics are as follows:

3.1. Government "Bankrolls" All

Until the 1980s, this was the sole mode used, in which funds for the reconstruction of the old areas and free distribution of new housing to the residents all came from the government. The municipal budget had to set aside an amount of funds for this purpose, and received no returns in general. As is obvious, this constituted a severe constraint in the reconstruction efforts, and the municipal budget also suffered shortages.

3.2. Residents Co-operation with Public Assistance

In those old areas where privately owned housing, mostly huts and shacks, dominated, the local residents voluntarily joined efforts to come up with some funds while some public institutions provided the rest of the funds of the project. The new housing that resulted from the reconstruction project would then be resold to the original residents at a discount and money returned to those public institutions involved. This was a mode that utilised funds from the private sector while public institutions "paid" and got housing for their employees. This mode was used in eight downtown districts in 1991-1995 resulting in about 2 million m² of new housing.

3.3. "Tripartite Combination" of Government, the Collectives and Individuals

This mode asked the government, the collectives (work-units or *dan wei*) and the individuals each to make their own contribution to the reconstruction project. The government mainly provided favours in terms of preferential policies and the *dan wei* came up with funds as an investment from their development and renovation budget, and the residents paid money for the purchase of the new housing. This mode provided effective motivations for the three parties to join efforts, though its projects were not sufficient.

3.4. Real Estate Development

This mode is the regular practice of real estate development on a commercial basis, using land differentials. Since 1992, the real estate industry in Shanghai has made significant progress. The developers acquire funds on their own, and make use of the land differentials in demolishing old houses in order to build new houses for sale, which works very well.

For example, Luwan district applied this mode in the "Xiesan" project. In the late 1990s, the government came up with a "bridging" policy by encouraging the developers to use the vacant commercial housing sitting idle to house those residents whose shacks and huts were to be reconstructed by the developers. Later, another policy called "demolish for green" was practised by the government, whereby the shacks and huts are demolished to make room for green lawns and small public parks, and the residents were put into the vacant commercial housing.

3.5. Municipal Infrastructure Construction

The municipal infrastructure projects involve many areas of shacks and huts and old houses. One good example is the construction of the south-north elevated

express highway that went mostly along the Chengdu Road. The houses along the Chengdu Road crossing Zhabei, Huangpu and Luwan were mostly degree two old *shikumen lilong*, which had been thoroughly reconstructed. The data of the municipal administration of land and housing showed that in 1997 and 1998 such infrastructure construction helped the removal of 1.9 million m² of old houses, 27.8 per cent of the total reconstruction in the same period.

4. The New Round of Old Area Reconstruction in Shanghai

The new round of reconstruction faces more severe challenges and heavier tasks. A survey by the municipal administration of land and housing REF showed that by the end of 2000, Shanghai had a total floor space of 249.35 million m². Of this, housing occupied 62 per cent, at 215.9 million m², and the non-residential buildings accounted for the rest. Of the housing, 2 million m² were apartments, 2.5 million m² houses with gardens, 186.9 million m² housing the *dan wei* provided for their employees, 4.3 million m² were new style *lilong* and 20.1 million m² were old *lilong* and worse housing. In the central part of the city, including Pudong New District there were still 16.3 million m² of old houses: 5.3 million m² of degree one old *lilong* and 2.2 million m² of shacks (13.6 per cent). There are three distribution patterns (see Table 2):

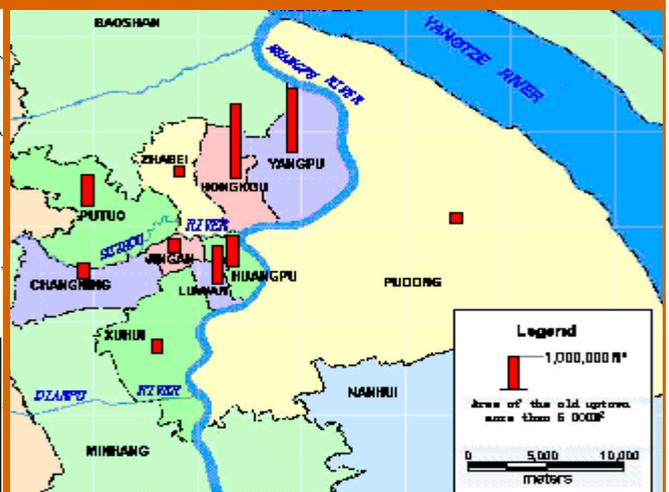
- the whole block at 5.1 million m² (31.5 per cent)
- concentrated at 9.3 million m² (56.9 per cent)
- scattered at 1.9 million m² (11.6 per cent)

The whole block pattern mostly occurred in Huangpu, Zhabei, Pudong, Jingan, Putuo, Hongkou, Yangpu and Changning districts. The concentrations of 5,000 m² and above occurred in the 10 districts of Yangpu, Hongkou,

Figure 8: Distribution Map of Whole Blocks of Old Houses



Figure 9: Distribution Map of Old Houses Concentrations of 5,000 m² and above



Source: Unknown

Table 2. Distribution Patterns of Old lilong Houses (10,000 m²)

Distribution Pattern	Degree One Old lilong	Degree Two Old lilong	Shacks	Total
Whole Block	155.9	311.2	47	514.2
Concentration	318.7	483.5	128.2	930.4
Scattered	52.3	90.2	46.7	189.2
Total	527	884.9	221.8	1633.8

Source: Shanghai municipal administration of housing and land

Zhabei, Luwan, Huangpu, Putuo, Changning, Jingan, Pudong and Xuhui.

C. DISADVANTAGED GROUPS IN THE OLD AREAS AND THE WAY TO HELP THEM

In recent years Shanghai has kept the provision of basic living support and job security to the disadvantaged groups of the society at the top of its agenda. This is done in accordance with the requirements of building a socialist market economic system and the principle of "people first". Achievements have been made and lessons learned, though more has to be done to find better methods.

1. Characteristics of the Disadvantaged Groups in the Old Areas of Shanghai

With the aim of establishing a socialist market economic system, the economic restructuring and reform of the State Owned Enterprises (SOEs) is taking place. This has led to the increase of redundancy, downsizing and unemployment. And so the disadvantaged groups in Shanghai have grown. These groups mostly live in the old areas of Shanghai.

1.1. Family Characteristics of the Disadvantaged Groups

A survey of 400 poor families found that 49.1 per cent were male and 50.9 per cent female. Their difficulties tend to peak when they are between 41 and 50 years old. Families mostly have 2 to 4 members, accounting for 85.3 per cent of the total. Those families with only two members are a single parent and child, or old couples. The standard three-member family tends to be a couple with one child.

1.2. Employment and Income

In the families surveyed, one wage earner on average supports 2.8 people. (see Table 3). For the standard three member families, there was only one wage earner. Their jobs tend to be temporary (17 per cent)

Table 3. Number of Employed Members of Disadvantaged Families

Number of Employed Family Members	Per cent
0	50.3
1	38.3
2	11
3	1.3

Figure 10: Average Monthly Income of the Disadvantaged Families

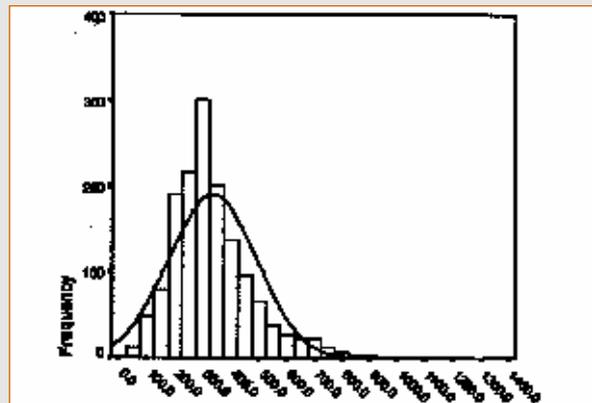
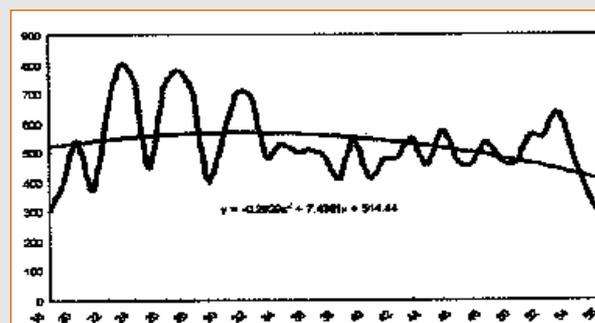


Table 4. Income Sources of Disadvantaged Families

Source of Income	Average Income per Person (Yuan, RMB)/(US\$)
Fixed Support	64.61/7.81
Poverty Assistance	4.56/0.55
Relatives/Friends	25.52/3.09
Payment from Work	112.34/13.58
Rent Collected	0.85/0.10

Source: Unknown

Figure 11: Co-efficiency Between Age and Monthly Income



Source: Unknown

and in cleaning, security, family help and green protection (13.2 per cent). Monthly income per person is about \$330 yuan RMB (US\$39.9).

Different age groups have different income averages,

but the fluctuations, subjected to the informants' composition, tend to be bigger among younger people. Those older than 34 show fewer fluctuations

1.3. Consumption and Impact of Illness on Disadvantaged Groups

Those families with a monthly living expenditure about \$1,107 yuan RMB (US\$133.9) tend to break even (see Table 5). Expenditure on telecommunications and utilities is usually controlled at a low level. However, medical costs take a sizeable chunk of their incomes. Table 5 indicates that families with member(s) with serious diseases tend to spend far more money than those without.

Table 5: Monthly Living Expenses of Disadvantaged Groups

Expenditure Item	Average expense (Yuan, RMB)/(US\$)
Food	527/63.7
Clothing	22/2.7
Medical care	203/24.5
Transport	33/4.0
Post and telecommunications	28/3.4
Rent	19/2.3
Housing management fees	3/0.4
Water	18/2.2
Electricity	44/5.3
Fuel	36/4.4
Total	1,107/133.9

Table 6: Impact of Serious Diseases on the Expenditure of Disadvantaged Families

Family Type	Monthly expenditure per person (Yuan, RMB)/(US\$)	Per cent
Without member(s) with serious disease	352/42.56	85.5
With member(s) with serious disease	551/66.63	14.4
Total	381/46.07	99.9

Source: Unknown

1.4. Attitude and Expectations of Disadvantaged Groups for Poverty Alleviation

Those surveyed expressed their hope that once they are given the opportunity to become economically better off, they will be able to leave poverty behind. In other words, their confidence in a better life depends on job prospects. In terms of the specific ways through which they expect to get out of poverty, the answers vary. About 39.4 per cent of informants think their own family members have to make efforts. About 28.6 per cent of them believe in social assistance and poverty alleviation benefits. 27.4 per cent would depend mostly on help from relatives and friends. About 1.6 per cent of them place their hope in the work unit (*dan wei*) that employs them or used to employ them. (*Dan wei*, or work unit, refers to any institution or entity in the state sector, or subdivisions of that institution or entity. In the era of the planned economy, a *dan wei* covered almost all its employees requirements: job, education, medical care, entertainment, fringe benefits, funeral. It is a unique phenomenon that can be described as coverage from cradle to grave. With Chinese market reform, the *dan wei* system is gradually phasing out, though some people continue to hold onto the idea of *dan wei* support.) Only 0.7 per cent of informants want to appeal to the government at a higher level for alleviation.

Mr. Lin of Hongkou District:

"Our three-generation family lives in a small apartment with a floor space of less than 50 m². My parents, both over 70, live on their combined pensions of less than \$1,000 yuan RMB (US\$121) per month. Three years ago, my wife and I both lost our jobs and lived on unemployment support of about \$600 yuan RMB (US\$72) per month while we had to support our daughter in school. Last year, the neighbourhood committee and friends helped us to find jobs, photography work for me and a cleaning job for my wife. Our daughter has enrolled in a technical training school. Our life has thus been improved. Still, we hope to improve our housing by moving into a new apartment."

Ms. Wang from the Zhabei District:

"My husband is disabled and I have diabetes. And we have to support our son who is still below working age. Our efforts alone would not be able to lift us out of poverty. Therefore, social assistance and help from relatives and friends are necessary. We are glad, though, that the low rent policy of the government has made it possible for us to be without housing difficulties."

2. Channels for the Alleviation of Poverty for the Disadvantaged Groups in Old Areas of Shanghai

In recent years, Shanghai has stepped up its efforts at providing social assistance and social security and has adopted a series of effective measures in helping the disadvantaged groups.

Figure 12. The Shanghai Social Assistance System for Disadvantaged Groups

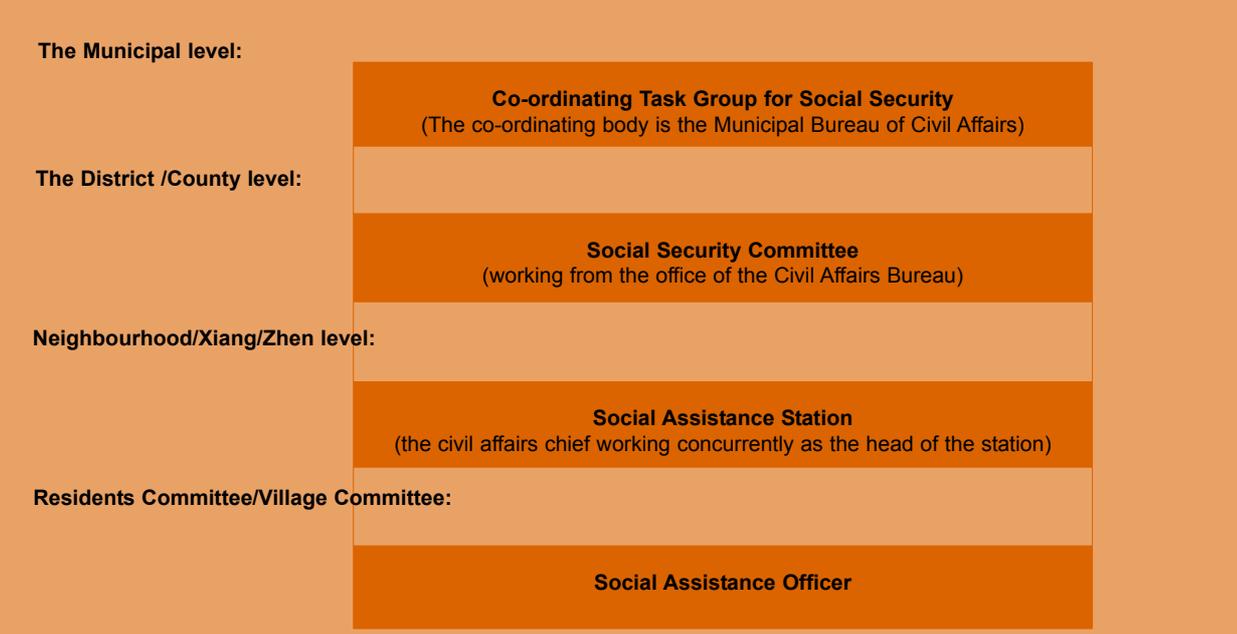


Figure 13. Social Assistance Mechanism



2.1. A Continuously Improving System of Social Assistance

Since 1999 the social assistance system has undergone a major readjustment. The government sponsored social security system now covers all eligible citizens. The low-level social security support provided by the work units has now become the responsibility of the municipal government, which has established and improved a two levels of government, three levels of management and four levels of services provision system (Figure 12).

3.2.2. All-Round Social Assistance

All round social assistance means the transition from simple living stipends to assistance in living expenses, medical care, education and housing, in a four-in-one manner. Specifically, it means assistance to ensure basic and necessary food and clothing for those qualified for minimum social security. Those qualified for medical assistance tend to have family members who suffer from severe or even incurable diseases. Their medical costs put them in danger of losing their minimum living support. Therefore, medical cost subsidies or other assistance are given and charity hospitals set up where patient registration fees are waived and the

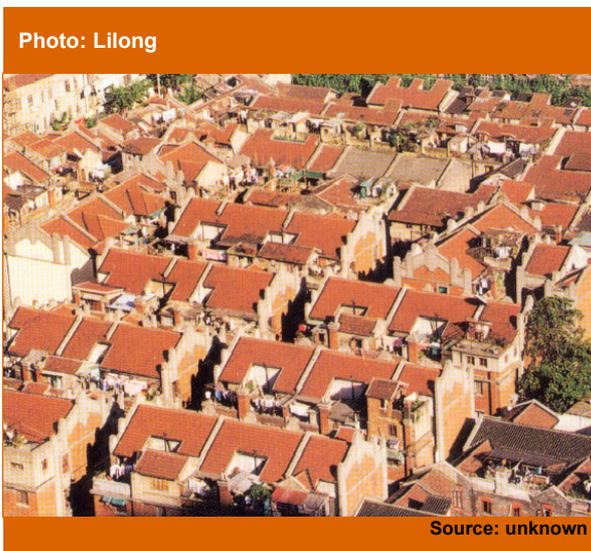
consulting fees, hospitalisation costs and medicine costs are charged at a reduced level. Those disadvantaged families with children in the compulsory education age enjoy educational subsidies. Those disadvantaged families with no housing or serious housing difficulties receive support to alleviate their housing problems. In 2000 alone, 98,000 such families were granted waivers or partial waivers on their rents. A trial project is under way to provide these families with low cost housing. It is estimated that about 8,000 such families benefit from low rent housing.

3.2.3. Job Opportunities for Disadvantaged Groups

For those with exceptional difficulties, job opportunities like public facilities service work, temporary labour export, and household business, are provided, plus job training and probationary practice. By the end of 2000, more than 50,000 public services jobs were provided.

In addition, a "40/50 program" is carried out to help those disadvantaged people aged 40 (for women) and 50 (for men) by creating jobs for them. The municipal Bureau of Labour and Social Security provides funds and detailed regulations. The district and county governments are responsible for studies, conducting public bidding and utilising social support (from companies that are interested in accommodating such workers). More than 250 projects have completed public bidding, which will lead to 25,000 job opportunities.

What is more, a new form of "informal business organisation" has been created in Shanghai, whereby some regular requirements are waived. The free job-finding system is set up by the district and county governments and at lower levels (*Xiang and Zhen*). People without jobs can go there and receive free services like business start-up consultations, management advice and social security applications.



D. PROBLEMS AND SOLUTIONS IN RECONSTRUCTION AND ALLEVIATION

1. Existing Problems

After an intensive input of efforts and funds for a sustained period, old area reconstruction has been achieved. However, a number of problems came up and still exist, despite the obvious achievements.

1.1. The Costs of Reconstruction are Higher and Higher

20 years of reconstruction efforts have led to a drastic decrease in old houses, shacks and huts in the old areas of the city proper where the population density was not the worst. What remains to be reconstructed are the areas that present extreme difficulties and the costs grow higher and higher. Reconstruction costs in terms of relocation of the existing residents were about \$5,000 yuan RMB (US\$604.6) per m² between 1991 and 1995. The next five years saw the cost going up to \$7,000 yuan RMB (US\$846.4). At present, the cost has reached \$8,000 yuan RMB (US\$967.3) while in those districts like Jingan, Huangpu, Luwan and Xuhui, it has reached \$10,000 yuan RMB (US\$1209) per m². The costs in the old areas are expected to continue to rise as a result of rising price indices and the readjustment of relocation policies.

1.2. Density Problems

The high costs of reconstruction have significantly constrained its size and quality. The developers are forced to increase density to achieve profitability. As a result, the newly built areas suffer from densely built tall buildings like a trees in forest, and the population density remains high, exceeding the optimal limits of a city. This could well lead to problems like the deterioration of the quality of life, and traffic jams - common ills of big cities.

1.3. Relocation Problems

Relocation in the reconstruction of old areas in Shanghai is done in a number of ways, including returning residents to the original area, relocating them in another area, and through monetary compensation. With the large scale of reconstruction and the use of vacant and idle commercial housing, those areas that remain good "candidates" for reconstruction projects are getting scarce. This is especially so because the building of low cost housing for relocation is not possible any more in the downtown areas where land prices reached very high levels in the booming housing market. The first two means of physical relocation will soon disappear.

1.4. Funding Shortages

Fund raising efforts face a lack of interest on the part of the participating parties as they confront an imbalance of input and output. What is more, the total funds available for alleviating the situation of the disadvantaged groups is limited while the expenses for their support continue to grow with increases in their population. This discrepancy is acutely illustrated by the projects aiming to preserve the valuable historical look of exteriors in those areas. For instance, the "new heaven and earth" project was invested in by Hong Kong developers with about one billion yuan RMB (US\$0.12 billion), in the downtown area with rows of shikumen houses. The facade is preserved while the inside is turned into modern coffee houses, barbecues restaurants and art galleries, which are prohibitively costly at US\$2,000 dollars per m². This is obviously not a good model for repetition.

1.5. Not All People Think Alike

Most people living in the area tend to be positive and support the idea of reconstruction. For example, Mr. Yang Gengming (63) is a retired worker, whose family lives in an old area that awaits reconstruction and development in the Shanghai Steel New Village neighbourhood in Pudong New District. When Mr. Yang learned that his place was chosen for reconstruction in the planning for the World Exposition 2010, he rode his bicycle 7,000 km across China on a World Expo promotion journey. Support for reconstruction and for the World Exposition 2010 in Shanghai was unmistakably seen in his own action.

However, reallocation involves a considerable number of people, and compensation to each and every one of them is not always seen as completely fair. Therefore, grievances about unequal treatment handicap to some degree the implementation of old area reconstruction plans. Some households delay moving out in order to press for higher compensations, which sets bad examples for other households and generates more grievances. One house owner Mr. Li, said, "I am determined to stick out to the last so that I can bargain with the developer for a high compensation." Mr. Li is not alone in his attitude.

2. Proposals for Solutions

2.1 Further Streamline the Administration System

To attain the goal set by UN-Habitat for a "City without Slums", Shanghai has to combine the two tasks of old area reconstruction and the alleviation of the disadvantaged groups, by integrating four aspects - living assistance, medical help, educational support and housing assistance. The systems of social assistance and old area reconstruction have to be further streamlined to become one system with a centralised authority, high

work efficiency and modern means of enforcement so that the government can do a better job.

2.2. Better Management of Financial Resources

First the government has to increase budget support. The two tasks of social assistance and reconstruction of old areas are by nature the government's responsibility. Therefore, the various levels of government are obliged to put in more funds. The government, using its forecast of socio-economic development, must plan ahead for the needs of funds in these two aspects in the coming years and accordingly set aside budgets for them. Meanwhile, a reserve fund for social assistance and reconstruction of old areas is necessary in the event of unexpected costs and deficits.

Secondly, money raising and the operation of social funds need to be better regulated. The "Shanghai Fund for Old Area Reconstruction", "Shanghai Fund for Social Assistance" and "Shanghai Fund for Poverty Alleviation", are to be set up while the relevant regulations for managing and supervising their operation are to be worked out to ensure the effective functioning of these social funds.

2.3. More Supportive Policies

The official recognition of old areas for reconstruction has to go together with the criteria for minimum living support assistance. The buildings in these old areas are to be differentiated as "priority demolishing", "priority reconstruction and preservation" and "non-priority demolishing". For the first category, a preferential policy is granted like the waiver or reduction of land lease fees and the workhouse demolishing fees. The second category applies to streets or blocks where some of the traditional appearance is to be preserved and so efforts are to be rewarded. Anyway, the existing policies and regulations are to be sorted out and streamlined to make them simpler and more effective. ■

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GLOSSARY

<i>Zhen</i>	Administrative level - neighbourhood
<i>Xiang</i>	Administrative level - neighbourhood
<i>Xia zhi jiao</i>	"Downside corners" - euphemism for slums
<i>Lilong</i>	Old-style housing
<i>Shikumen</i>	A traditional style of housing
<i>Shikumen lilong</i>	Another old style of housing
<i>Pengwu</i>	Makeshift huts, often with bamboo mats
<i>Dan wei</i>	Work units

ACRONYMS

GDP	Gross Domestic Product
SPC	Shanghai Power Company
SOE	State Owned Enterprises
FDI	Foreign Direct Investment