

# AN OVERVIEW ON THE URBAN-RURAL INTERACTION IN THE PAST 50 YEARS IN CHINA

LU Qi<sup>1</sup>, ZHAN Jin-yan<sup>1</sup>, LEE Kang-won<sup>2</sup>

(*1. Institute of Geographic Science and Natural Resources Research, the Chinese Academy of Sciences, Beijing 100101, P. R. China; 2. Department of Geography, Seoul National University, Korea*)

**ABSTRACT:** China is a country with a long history of agricultural development, the tradition of bureaucratic administration and economic management systems for the social development. In its transition from traditional society to modern society during the past 50 years, the relations between rural areas and urban areas have been kept abnormal if considered from the point of view of the modernized countries. Today, China still has its more than 70 percent of population, but limited capital, lower technology and underdeveloped culture, in the rural areas. This unbalance forms not only the obstacles to China's modernization of social development, but also the barriers to the society, economy and environment sustainable development. This paper focuses on the discussion about the coordinate development of the relations between rural and urban in the past 50 years, and the authors hold that only has the abnormal relation between the two areas been corrected, could China's future development of national economy be successful.

**KEY WORDS:** urban-rural interaction; coordinate development of urban-rural relation; development of national economy

CLC number: F119.9 Document code: A Article ID: 1002-0063(2001)03-0193-08

## 1 INTRODUCTION

By definition, urbanization is the process of rural areas changing into urban areas in nature, for a society it is a naturally historical process of the transition from a traditional rural or agricultural society to a modernized urban society(GAO, 1991). In brief, it represents an essential change for a society from traditional mode of production, life style and ideology based on agricultural and rural activities to the modernized ways based on industrial or service and information production activities. Urbanization as a worldwide movement started from the British Industrial Revolution in 18 century, but its rapid development swept over the

world, particularly after the Second World War. Fig. 1 shows the worldwide trend of urbanization process in the past 200 years. From that, we find out that the urbanization of developed countries takes on the characteristics with logarithm trochoid, while the developing countries' way of urbanization is close to power trochoid.

As the general development rules, urbanization of the world has gone forward hand in hand with industrialization and has resulted in many changes in social structure, population structure, employment structure, output value structure in GNP. Fig. 2 ,Fig. 3 and Fig. 4 show us some examples of the structural changes in employment, output and population structures. As his-

Received date: 2001-09-10

Foundation item: Under the auspices of knowledge innovation project of Institute of Geographic Science and Natural Resources Research, the Chinese Academy of Sciences(CX10G-B00-01-03).

Biography: LU Qi (1953 -), male, a native of Hebei Province, professor. His research interests include rural development and land use.

torical trend, though there are some differences in the structures of the countries at different development level, the tendency is clear that, with the development of urbanization, less and less people work in agricultural sector and live in rural areas, more and more people work in industrial and service sectors and live in urban areas. Such phenomena have happened both to the developed countries and the developing countries, low-income countries and high-income countries. This urbanization trend will continue going when most of the population in the world could enjoy urbanized life style and the entire human civilization could enter the modernized and advanced urban civilization society(GAO, 1991).

## 2 URBANIZATION IN CHINA

China is one of the largest countries in the world and has a long history of civilization. Its urban development happened very early, in the Tang Dynasty (from A. D. 618 – 907), urban population was about 10 percent of the total population in China, but the urban population's share in the world was about 3 percent at that time. However, in 1949, when the share of the urban population in the world was 28.8 percent, but only 10.6 percent was for China, which was almost the same as that in Tang Dynasty. The urbanization in China was far behind the average urbanization level in the world.

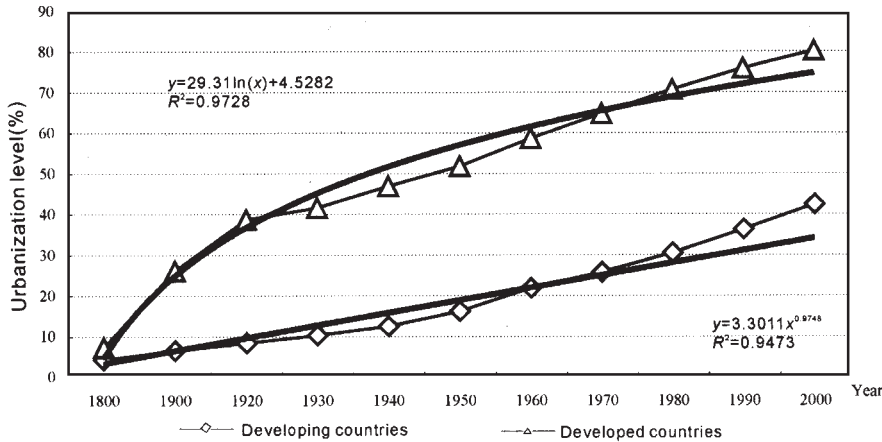


Fig. 1 Historical comparison of the urbanization level between developed countries and developing countries (%)

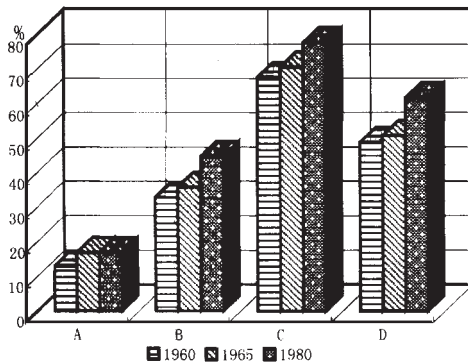


Fig. 2 Urbanization level in the world

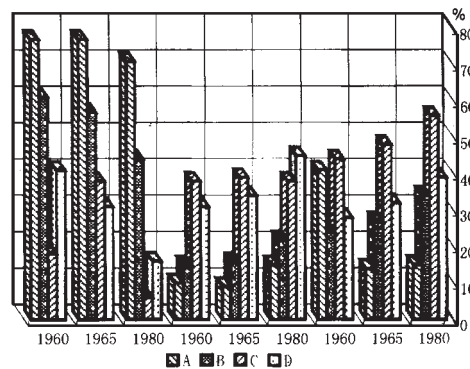


Fig. 3 Employment structure in the world

Note: A stands for low income countries; B stands for moderate income countries; C stands for industrial countries market economy; D stands for industrial countries of non-market economy

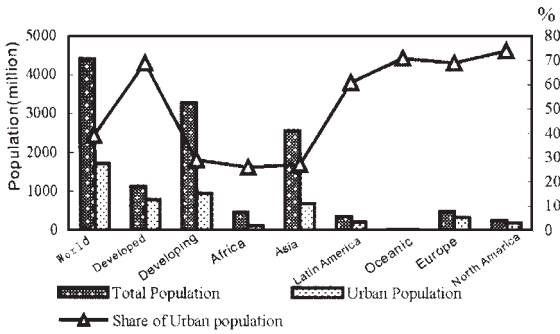


Fig. 4 Share of urban population in the total population in the world, 1980

The beginning modernization in China could be traced back to 150 years ago when the Opium War and subsequent Westernization Movement took place. For the modernization, industrialization was considered by the Chinese elite at that time as the most important thing which focused mainly on technology progress but more or less neglected the institutional and cultural improvements of the society. This thought has more or less influenced afterwards Chinese generations and the later urbanization process.

More than 100 years passed and China ended her semi-colonial and semi-feudal turmoil and civil wars, the modernization process restarted in the 1950s when the Communists were in power. That's why we consider the Communists were in power 50 years ago as the beginning modernization in China in modern sense.

China is a country with a long history of agricultural development, the tradition of bureaucratic administration and economic management systems for the social development. In its transition from traditional so-

ciety to modern society during the past 50 years, the relations between rural areas and urban areas have been kept abnormal if considered from the point of view of the modernized countries. Today, China still has its more than 70 percent of population, but limited capital, lower technology and underdeveloped culture, in the rural areas. This unbalance forms not only the obstacles to China's modernization of social development, but also the main causes for the environmental degradation and barriers to the society, economy and environment sustainable development. Only is the abnormal relation between the two areas corrected, could China's future development of national economy be successful. So, to change the traditional abnormal urban-rural relation and build sound urban-rural interaction is the very important thing for China to do in the new century.

### 3 THE CHARACTERISTICS OF THE URBANIZATION IN CHINA

Urbanization is a symbol of modernization, the general trend in the world and has its own particular properties due to its certain social and economic structures, even geographical conditions as well. The following tables indicate the characteristics of the urbanization in China.

From Fig. 5, Fig. 6, we can get two conclusions: 1) the beginning of modern urbanization in China was late compared to that of the world in general and the developed and even some developing countries; 2) except that of U. S. A., Japan and the former Soviet Union, China's urbanization rate was comparatively high within the 40 years of urbanization process.

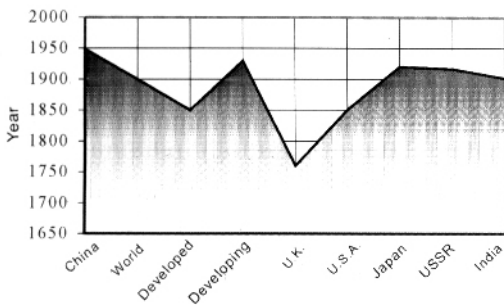


Fig. 5 Beginning year of urbanization

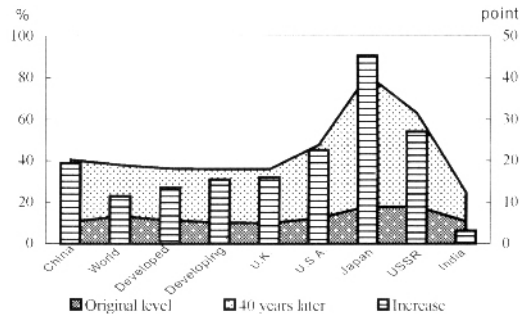


Fig. 6 Urbanization process in 40 years

From Fig. 7, we can see the obvious undulation of the urbanization process in China in the past 50 years. There is a very sharp contrast, between the highest development period and the lowest development period. This undulation clearly expresses the influence of the political and policy changes on the urbanization process, especially during the period of 1966 – 1976.

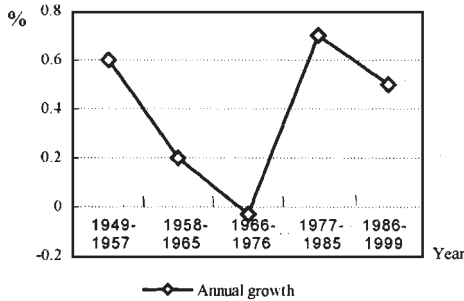


Fig. 7 Urbanization rate in the different periods in the recent 50 years (urban population)

Many researches on China's urbanization have indicated that the key obstacle to the urbanization is the abnormal relation between urban and rural areas, industrial and agricultural sectors, compared to the general rules in the urbanization of the west. This abnormal relation has been twisted by the industrialization bias strategy, the accompanied institutions and the household registration control which isolated the rural and urban residents and the state monopoly for purchase and marketing system and so on, has not only hindered the successful progress of urbanization, but also stagnated the progress of national economy and the social improvements.

#### 4 THE BASIC CAUSES FOR THE TWISTED URBAN-RURAL RELATION IN CHINA AND THE ACCOMPANIED GUARANTEE MEASURES

There have appeared many explanations for the twisted relation and urbanization by administrative officials and various scholars since the implementation of the Reform and Open Policies in 1978.

Most of the Chinese scholars hold that the heavy industry bias strategy and policies have played a significant role in the formation of the twisted relation. The

strategy and the concerned policies were based on the industrialization imperative and China's international relations at the beginning of the 1950s. The development priority of heavy industry did shape China's urbanization and the special relation between urban and rural.

Some think that along with the restarting of modernization, China was in nature a traditionally agricultural country with limited capital accumulation and less developed agricultural productivity, urban economy accounted for nearly 60 percent of the social output in 1949 and 51 percent in 1952 (Statistical Bureau of China, 1990b). So the capital demands, food and raw rural materials for the industrialization had to be drawn from agricultural sector.

Because of the less developed agricultural productivity, China could not produce enough food to meet the demands of increasing urban or industrial population, while its advantage of rich labor forces in rural areas could not be brought into play.

We think that all those explanations are reasonable. But there still something needed to be further explained. Our explanations are: 1) there were not enough ideological improvements in the society like the Renaissance in the west, which might well train the social elite and the people in general; 2) it might be the lack of ideological improvements, particularly in the modernization sense, the modernization has been considered merely as industrialization in China for a long time, it seems that only realize industrialization, has China been modernized. Many other aspects of modernization have also been neglected, though there have been some improvements. Take urbanization the key part of modernization for example, according to the experiences in the developed countries, the urbanization has been accompanied by the following advances as democratic politics, revolutionized industries, freed economy, internationalized market, modernized society and urbanized population (GAO, 1991). Most of them had been completely neglected during the period of 30 years around from 1949 – 1978. The modernization has been not correctly understood, even today, misunderstanding of modernization still exists to some extent.

In order to guarantee the first important aim, i. e.

industrialization, Chinese government issued and practiced the following negative measures which have resulted in profound impacts on China's modernization process including urbanization process:

1) Household Registration Institution To prevent migration from rural areas to urban areas which could increase the food and welfare burden for government, in December 1956, the former premier Zhou Enlai issued State Council instructions on the prevention of the rural residents' unchecked movement from countryside to urban areas.

In January of 1958, adopted by the 91st meeting of the Standing Committee, the National People's Congress, the Household Registration Regulations of the People's Republic of China was issued and practiced. The registration institution closed the door of urban areas to peasants and blocked the labor force as an economic factor to freely move between urban and rural areas.

2) People's Commune Institution As a natural process, the rural laborers may freely move between urban and rural areas according to their own expectation of economic benefit. But the People's Commune Institution generally practiced in China in 1958 worked as an instrument to fix peasants in rural areas and made the pushing force vanished.

3) The Policies of State Monopoly for Purchase and Marketing of Grain and Major Agricultural Products These policies were the important parts of the planned economy system; the state has obtained not only the raw agricultural materials but also the funds for the demand of industrialization by their policies. Based on some uncompleted materials, we can show that from 1952 – 1986, the state obtained 582.4 billion yuan(RMB) from agriculture by price scissors, if added the tax paid by agriculture, the total obtained amount by state was 686.8 billion yuan(LIU, 2000). Some writers argued that it is by price scissors that Chinese peasant annually provided the state with more than 30 billion yuan before 1979. If calculated from 1949, the total is about 900 billion yuan; it is the price scissors established the primary base of Chinese industrial modernization.

With these institutions the originally existed free and natural exchange relation between urban and rural

was twisted, urban rural gap appeared, the typical dual structure of society and the isolated developments relation between rural and urban were formed.

The impacts by this twisted urban and rural relation on China's social and economic prospers have been great. We mainly discuss following impacts on rural China by the above institutional measures:

1) Factor Exchanges between the Two Areas Have Been Blocked According some theories of economics, through free and fast factor exchanges, various resources (both natural resources and social resources) could be more beneficially and efficiently used by society and such kind of free and quick exchanges could push the coordinate development of society. The formation of the twisted relation between the two areas closed this free exchange. And by the urban or industrial bias policies, a great deal of resources has been pulled out of the originally poor rural areas.

2) The Gap between Rural and Urban Has Been Widened In China, rural population in total has been between 70 to 80 percent or so (82 percent in 1949, 75 per cent in 1998) of the national population in total. But from the figures and tables below, it can be clearly seen that the differences of per capita income, consumption level, retail sales, Gini co-efficient and the social welfares between urban area and rural area have not been lessened, but widened since the 1950s.

Fig. 8 shows that per capita income of residents in China has been improved greatly in the past 50 years, especially after 1980s, such kind of increasing trend is more obvious. On contrary, the gap of per capita income between rural and urban residents, however, has been widened obviously. The consumption comparison in Fig. 9 shows the same gap enlargement trends.

The ratio of urban-rural total retail sales of consumer goods from 1952 – 1999 and the Gini coefficient of urban-rural areas from 1957 – 1999 in Fig. 10 and Fig. 11 present almost the same changing locus, which again indicate us the enlargement trend of urban-rural gap in China.

Some materials indicate that in 1962, the urban deposit at year-end was 3140 million yuan, 970 million yuan for rural area, which accounted for 23.6 percent

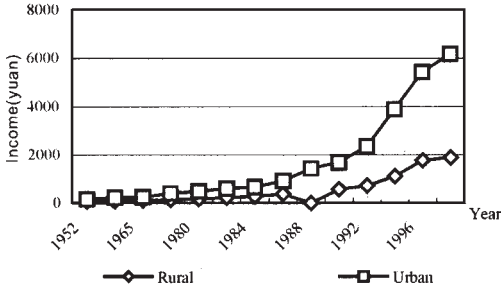


Fig. 8 Per capita income comparison of rural and urban residents in the past 50 years

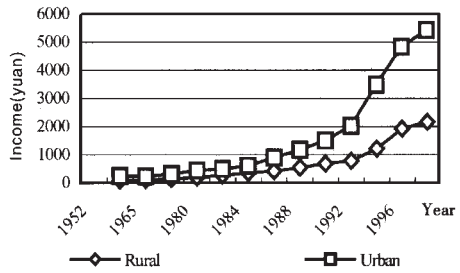


Fig. 9. Consumption comparison of rural and urban residents in the past 50 years

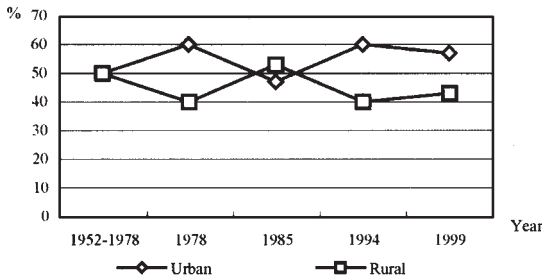


Fig. 10 The ratio of urban and rural total retail sales of consumer goods from 1952 to 1999(%)

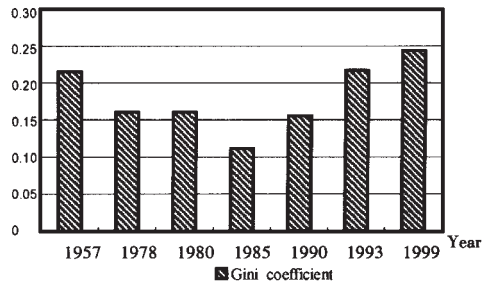


Fig. 11 Gini coefficient of urban-rural areas from 1957 to 1999 in China.

of the total remaining sum, the shares for rural were 19.8 per cent in 1965, 18.9 per cent in 1970, 23.4 per cent in 1975 and 26.4 per cent in 1978(LIU, 2000). But, Table 1 shows the continuous declining of the deposits shares in rural China from 1993 to 1998. It must be pointed out that the rural population has been kept 75 to 80 per cent during this period.

Though the difference of urban-rural infant death rate has been greatly improved, the doctor in the possession among 10000 persons in rural still has been kept unchanged and thus the difference between rural and urban has been enlarged(see Fig. 12 and Fig. 13).

3) Development Economics has found the law from the development experience in the developed countries

Table 1 Urban and rural deposits in China (unit: 100 million yuan)

	Urban-rural total deposits	Urban deposits	Rural deposits	Share of the rural deposits in the total(%)
1993	15203.5	11627.3	3576.2	23.5
1994	21518.8	16703.0	4816.0	22.3
1995	29662.3	23467.0	6195.6	20.9
1996	38520.8	30850.0	7670.6	19.9
1997	46279.8	37147.6	9132.2	19.7
1998	53407.5	42966.4	10441.0	19.5
1999	5962.3			

Source: Rearranged by Economic Daily, Sept. 2, 1999

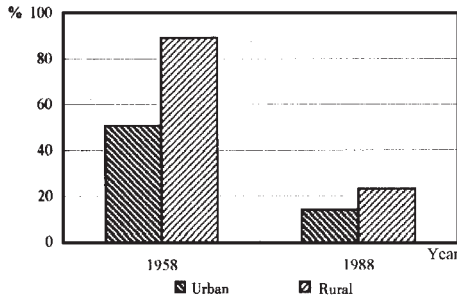


Fig. 12 Urban and rural infant death rate

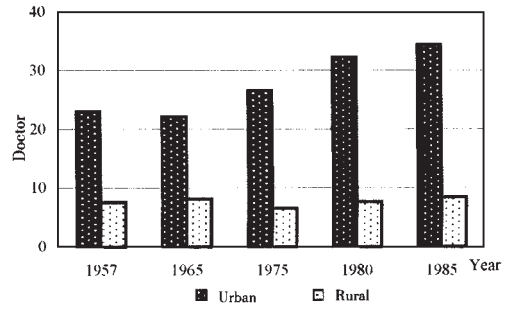


Fig. 13 The doctor in the possession among 10 000 persons

that the rural population and the labors continuously decreased in the process of industrialization hand in hand with urbanization (see Table 2), the same thing also happened in China, the annual reduction of its rural laborers even the fastest compared to that of U. K., U. S. A. and Japan ( see Fig. 14). But the annual decrease rate of rural population is only 0.26 and the annual increase rate of urban population is about 0.35 to 0.40.

In conclusion the decrease of rural population and agricultural labors' share in the total social labors is a

worldwide rule, it has been also happened in China. Though the decreasing rate was slow in the period of highly planned economic development period, it has been accelerating in the past 20 years.

### 5 CONCLUSIONS AND SUGGESTIONS

There have been many changes in China since the Reform in 1978. As for the urbanization in future, the following things need to be mentioned.

- (1) Based on the lessons from the past experi-

Table 2 Share of agricultural laborers in total social laborers in the world (%) (ROZMAN, 1998)

	Beginning of 19th century	1880s	End of 19th century	1920s	1960s	End of 1970s	1980s
U. K.	35		10			2.5	
U. S. A.	70		40		10		
Japan		80		54			16

- Note: 1. During the past 170 years around, the annual decreases in U. K is 0.19.
- 2. Durint the past 16- years around, the annual decrease in U. S. A is 0.37.
- 3. During the past 100 years around, the annual decrease in Japan is 0.64.

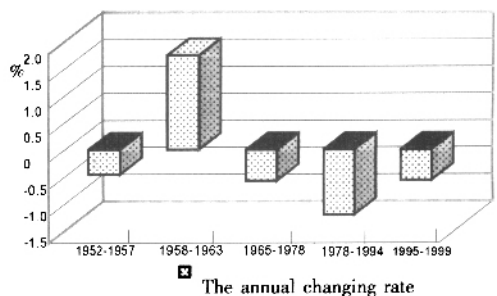
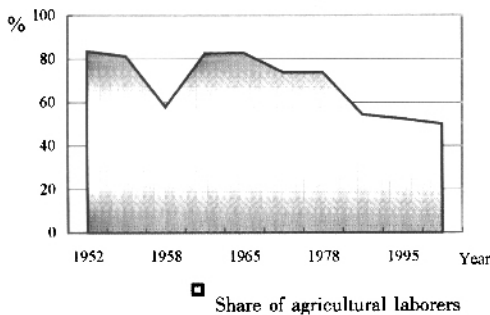


Fig. 14 The change of agricultural laborer's share in the total social labors in China (Statical Bureau of China, 1990a; 1999)

- Notes : 1. From 1952 to 1994, the annual decrease rate in China is 0.69, from 1952 - 1999 the rate is 0.71. Compared with that of U. K., U. S. A. and Japan the rate in China is the fastest.
- 2. The decrease rate in the different periods : 0.46 from 1952 - 1957; 0.58 from 1964 - 1978; 1.21 from 1978 - 1994; 0.57 from 1995 - 1999.

ences to renovate the urbanization ideas for further progress of the Reform and import the effective and newly established urbanization concepts from the developed countries and some developing countries successful in urbanization. The narrowed understanding of industrialization has to be given up.

(2) According to advanced ideas and practices to establish new management institutions to adjust and coordinate the twisted urban-rural relation. The acceleration of abolishment of the Household Registration Institution is particularly needed.

(3) Meanwhile, the R & D researches on urban-rural interaction should be strengthened and the overall development strategy and afterwards planning for the sound urban – rural interaction should be set up. The governments at different levels are responsible for such actions.

(4) The adjustment of industrial structure ought to be strengthened for the accelerating establishment of more and more industrial and service sectors with strong and sustainable capacity of absorbing labor force both from rural areas and urban areas. The most important thing is to create employment opportunities.

(5) With much further understanding of the rela-

tion between modernization, urbanization and industrialization, the Government of China has to form a new and effective mechanistic and management systems which could create and guarantee more convenient exchanges for the various factors between urban and rural areas.

#### REFERENCES

- GAO Pei-yi, 1991. *A Comparative study on Urbanization both in China and Abroad*[M]. Tianjin: Nankai University Press, 2 – 3, 33. (in Chinese)
- LIU Ying-jie, 2000. *The Relation between Rural and Urban in China and the Peasant Workers*[M]. Beijing: China Social Sciences Press, 87. (in Chinese)
- ROZMAN Gilbet, 1998. *The Modernization of China* [M]. Nanjing: Jiangsu People's Press, 23 – 30. (in Chinese)
- Statistical Bureau of China, 1990a. *Comprehensive statistical Data and Materials on 40 years of New China*[Z]. Beijing: Statistical Press of China. (in Chinese)
- Statistical Bureau of China, 1990b. *Statistical Yearbook of China, 1949 – 1989*[Z]. Beijing: Statistical Press of China. (in Chinese)
- Statistical Bureau of China, 1999. *Comprehensive Statistical Data and Materials on 50 years of New China*[Z]. Beijing: Statistical Press of China. (in Chinese)