

## To what extent has the 1978 'Reform and Opening' exacerbated the rural-urban divide

Over the last 40 years, China has experienced exponential economic growth. With an expected GDP of \$20.88 trillion in 2024, it is the second largest economy in the world, after the USA (IMF, 2023), and a central 'driver of geopolitical change today' (Bekkevold, 2023). This is largely accredited to Deng Xiaoping's era of 'Reform and Opening' (R&O) in China, beginning in 1978, where he abandoned the deep-rooted socialist economic model, for an economy focused on market exchange and economic prosperity (Garnaut, 2018). China's socio-economic landscape had been in turmoil a result of the failed decade long Great Proletarian Cultural Revolution, led by Mao Zedong (Bridgham, 1967), paving the way for Deng's rehabilitation. R&O was launched officially in 1980, through the establishment of Special Economic Zones (SEZs) in 4 coastal cities (Figure 1): Shenzhen, Zhuhai, Shantou in Guangdong Province, Xiamen in Fujian Province (Lu et al., 2019). This attracted large amounts of Foreign Direct Investment, contributing to the largest and fastest scale urbanization in world history (Liang, Chen and Lu, 2022). At the same time, rural China was also facing widespread structural changes (Seeborg, Jin and Zhu, 2000). Though in general there was socio-economic benefits in these areas, the gap between rural regions and urban regions began to grow, with traditional industry being left behind in favour for the flourishing manufacturing and technology sectors in the cities. This, alongside the relaxation of *hukou* system, a 'system of population registration' (Cheng and Selden, 1994), has resulted in decades of rural-urban migration, in search for higher paying jobs (Seeborg, Jin and Zhu, 2000), ultimately creating a socio-economic divide between rural and urban regions across China. This is detrimental to the Chinese economy as the divide induces inequality, pushing China further into the 'middle income trap', which is hard to escape (Griffith, 2011). Without addressing the issue of inequality as a result of the rural-urban divide, the future trajectory of China's rise will be a bleak one.

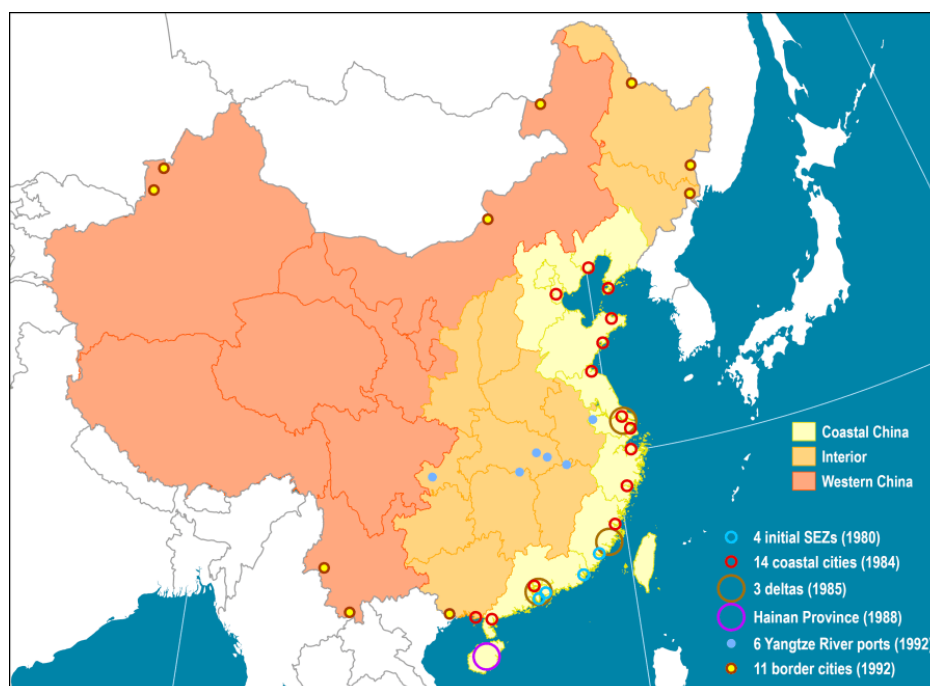


Figure 1: China's Special Economic Zones (Rodrigue, 2020)

The film *Sparrow Village* (2003), directed by Christine Choy, explores not only the economic, but the social issue that rural communities face across China. An unnamed 14 year old girl is the focus, describing her life alongside her classmates in the mountainous farming region of Southwest China. She dreams of becoming a teacher yet recognises that her parents won't have enough money to send her to school until 'our pigs get big and fat' (00:01:10), a common scenario for most of her school friends due to the low-wage, farming-reliant, rural economy. A father describes girls as being 'short changed' (00:21:18) due to many being forced to drop out to allow their brothers to study, and eventually support their family. The group also reveal their school routine, showing their weekly 3 hour walk to school (00:7:35), where they stay for the week in poor conditions. 'The economy of the village is stuck' (00:17:38), one father describes, due to many of their production jobs being replaced by machines, meaning many of the girls' mothers have to find work in the city where they stay for months on end. In a particularly poignant part of the film, the girls sing a song about their mothers and begin to cry. This moving moment reveals the deep emotional impacts on rural children as a result of urbanization. This part made me feel a mixture of emotions as I sympathised for the girls who felt separated from their mothers whilst also feeling privileged that I have been able to have access to an education. This documentary gave me further insight into the extent of the rural-urban divide, with it not only having economic and social, but emotional impacts in rural towns.

Understanding the socio-economic impacts of R&O on the rural-urban divide is easiest through a thematic lens, with economic reform from 1978 forging a 'geo-specific gap in income, education, and healthcare' (Lu et al., 2019, p.4).

1978 saw increased productivity in both rural and urban regions of China, with both regions' income increasing more than 10-fold (Lu et al., 2019), and GDP per capita increasing 80 fold since 1978 (World Bank, 2021). In rural areas, increased agricultural productivity meant rural incomes rose faster than urban incomes in the mid 1980s (Seeborg, Jin and Zhu, 2000), easing the already expanding rural-urban divide. However, this was short-lived, as there became a surplus of rural labour, creating a now 200 million strong floating population (Gries, 2023). At the same time, government acceptance of industrial advancements and technological integration in domestic policy (Garnaut, 2018), transformed the urban landscape, with 60% of Chinese citizens living in urban cities (The BM1, 2021). This change in focus to stimulating high-tech sectors ultimately stunted growth in other sectors (Mazzocco, 2022), meaning that though income in both rural and urban areas increased, so did the income gap between the two (Lu et al., 2019). This can be seen in the Figure 2 as though both incomes have boomed, so has the ratio between the two. Nevertheless, the graph also shows some signs of the rural-urban income ratio lowering in the future meaning the government must intervene effectively in order to keep this prediction on track. Covid-19 has halted this progress, with 23% of rural people who have graduated poverty since 2013 suspecting they will fall back into poverty due to covid (Luo et al., 2020, p. 2946), revealing the strong prevalence of the rural-urban gap since the momentous economic shift of 1978.

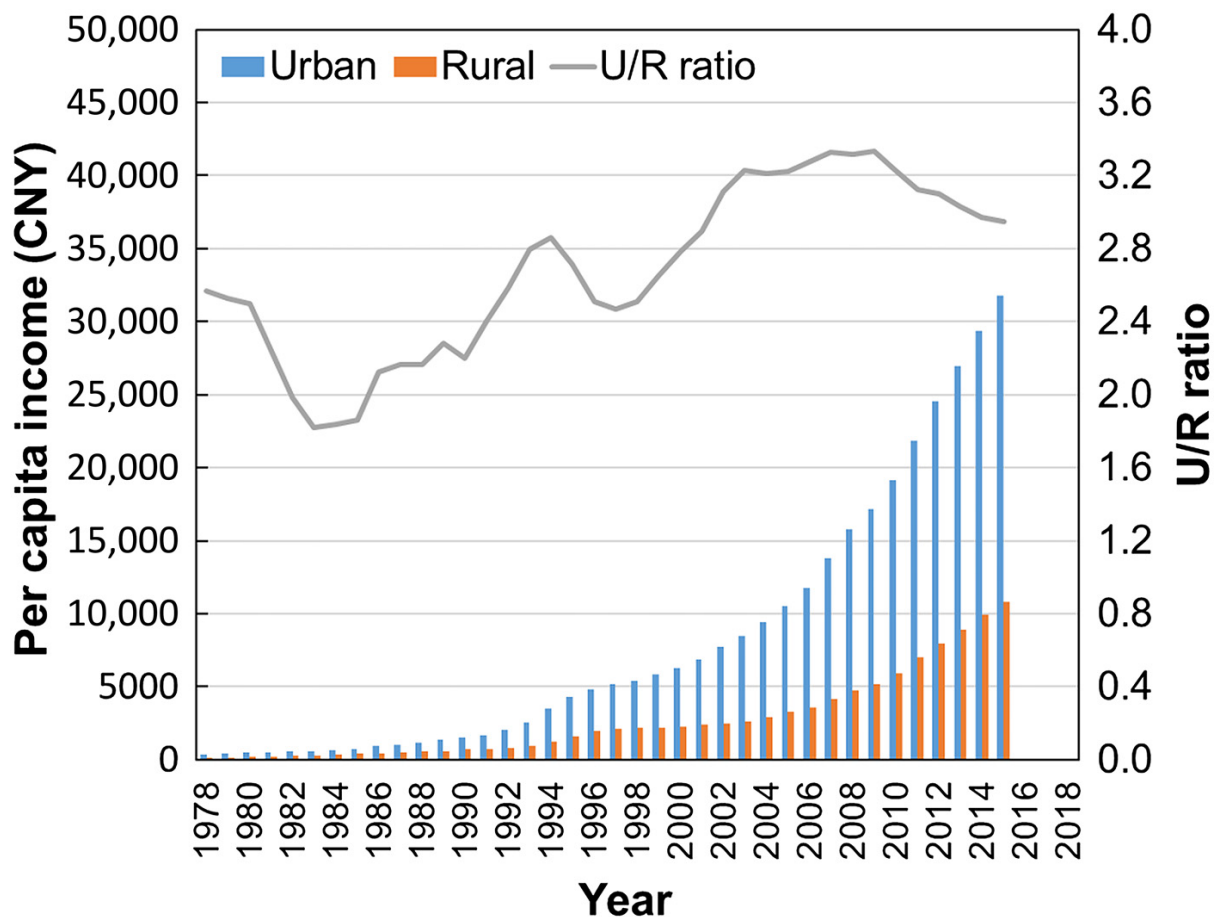


Figure 2: The rural-urban income gap 1978-2015 (Lu et al., 2019)

Education is incredibly important in China, with the motto “knowledge can change fate” (Wang, 2014, p. 445) deeply enshrined into Chinese beliefs. It is no surprise then that increased economic prosperity has had a direct impact on the development of education, with the number of years of schooling in urban areas increasing by 5 years in urban areas and 6 years in rural areas (Lu et al., 2019). Even so, urban residents are still in education for 3 years longer than rural students (Lu et al., 2019), revealing that though there have been improvement to overall in education levels due to economic development, the divide between urban and rural students is still prevalent, and in some areas, still widening (Wang, 2014). Lack of investment into rural education has impacted all levels of education, with many school grades having to be taught together due to lack of space (Figure 3) (Jinghao and Caiwen, 2018) and many rural students unable to attend top-ranking university due to inability to supply the foreign languages teachers needed to carry out the national *Gaokao* entrance exam (Wang, 2014). Lowered education levels are also be linked to the relaxing of the *hukou* system. As parents temporarily moved to cities for work, they had no choice but to enter into informal employment, meaning they were unable to acquire an urban *hukou* which is required in order to enrol their children into quality schools in the city (Mazzocco, 2022), also seen in Choy’s film (2003). It is evident that Reform and Opening has had a significant impact not only economically, but socially, with education being greatly impacted by the economic measures promoted by Deng.



Figure 3: A classroom in rural Southwest China's Yunnan Province which has had to be split in two (Jinghao and Caiwen, 2018)

Lastly, A key social implication of Reform and Opening has been increasing inequality in access to sufficient healthcare (Mazzocco, 2022). Though Lu et al. (2019) found the urban-rural divide in terms of health is narrowing, with major diseases for in both rural and urban populations decreasing, they also found that overall mortality was nearly twice that of urban residents (p. 4), proving there is still a disparity in rural/urban health. In a study exploring the causes of rural-urban health disparities, Feng, Chen and Rizzo (2009) found that most hospitals were in urban regions, making accessibility to sufficient healthcare for rural communities challenging. They conclude that though disparities have been declining over time, this is not due to improving health status, but less people in rural regions, due to them moving to the city. Another cause is the *hukou* system, due to more urbanized cities having stricter *hukou* conditions, excluding many of the 'floating' rural population from social welfare programmes and therefore efficient healthcare (Fang, Chen and Rizzo, 2009; Song and Smith, 2019). Ultimately, declining health and healthcare access across China is directly linked to an expanding economy, with urbanization increasing air pollution in urban areas whilst also closing rural communities off from modernised healthcare systems.

To conclude, clearly Deng's process of Reform and Opening from 1978 has significantly altered the China's and the global geo-economic landscape, propelling China to the forefront of the global economy. Nevertheless, alongside economic prosperity and social mobility, also comes a rise in inequality. This was especially the case in rural and urban areas, where a significant divide between the two regions has been created due to economic reforms. This is evident in disparities in income, education and healthcare, with rural areas almost being 'left behind' by the government in search for increased profits in urban areas. This divide was also explored through the film Sparrow Village in which the unheard voices of rural children revealed the social barriers of life as a girl with limited access to education, due to

rural employment fizzling out. This shows how Reform and Opening has exacerbated the rural-urban divide, causing generational inequality, evident in the fact that the divide is still apparent today (Mazzocco, 2022), especially since the COVID-19 pandemic (Lou et al., 2020). Overall, in order for China to reduce these disparities, and work its way out of the middle income trap, it must recognise the inequality within its borders through effective policies which directly rebuilds the imbalance between urban and rural regions.

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