

Policy Brief 1

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Changing Household Registration and Worker Welfare in China and Vietnam

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Summary

China and Vietnam are of the few countries that still implement household registration (*hukou* in Chinese and *ho khau* in Vietnamese). Regarded as one of the most important institutional mechanisms that underlie and sustain the profound rural–urban division in both countries, the systems record the mundane attributes of each individual of a household yet determine many of the vital aspects of the life, if not the fate, of citizens, particularly the rural-urban migrants. The change and continuity of these systems are closely associated with these countries' economic and social development, interacting with other processes such as industrialisation, liberalisation of the labour market, urbanisation, and rural development. Despite recent reforms, the household registration systems in both countries continue to shape migrant workers' ability to access welfare.

Introduction

Residence registration, which records citizen's basic information such as births, deaths, and marriages, is a common practice in many countries. However, the household registration systems in China and Vietnam closely tie citizens to fundamental rights such as land use, employment, education, and social service provision. This makes Vietnam and China two outstanding cases in which the household registration regulates citizens' internal migration in ways similar to international migration regimes. This policy brief details the changing household registration system in China and Vietnam, and how it continues to determine migrant labourers' access to public services and welfare despite successive waves of institutional reform.

China

The origin of hukou, as a technique of population registration and social control, could be traced back to the *baojia* system in 11th century. In China's early socialist period, it was also influenced by the Soviet passbook system, which was part of the Soviet socialist development model to promote urban industrialisation (Cheng & Selden, 1994). In 1958, the proclamation of hukou regulation (*Hukou dengji tiaoli*) demanded that all internal migration in China should be approved by the destination authorities, and each citizen was classified as either having agricultural hukou or non-agricultural hukou (usually referred to as rural and urban) and registered in one residential location (Chan & Xu, 1985). New-borns were subsequently classified in accordance with the hukou of their mothers.

After the Reform and Opening policy in 1978, the original hukou regulations became increasingly unfit for the purposes of market-oriented economic reform, which led to labour market liberalisation. The hukou system thus has experienced multiple waves of reforms since along with drastic increase in labour mobility. The number of migrants began to increase in the 1980s, and the 1990s has been referred to as the 'age of migration' (Liang, 2001). Hundreds of millions left their villages to pursue waged employment in private or foreign invested enterprises in the coastal areas. A new hukou category known as 'hukou with self-supplied food grain' (Chan & Zhang, 1999) was introduced in 1984 to refer to migrants who moved to towns for whose grain supply and other welfare the state was not fiscally responsible (Solinger, 1999). Although basic grain rationing has been gradually phased out, more than 20 citizen rights and entitlements are still tied to one's hukou registration, including employment, education, health care, social protection, and birth control, according to a report by The Development Research Centre of the State Council (DRC) (Huang, 2014).

At the early stages of market reform, changing one's household registration from one place to another could be achieved in principle was very difficult in practice. Migrants were required to go through complex procedures that involved obtaining an out-migration permit from the authorities of their place of departure. Such documents could only be obtained with proof of employment or university enrolment in the destination, which was equally difficult to obtain. Until recently, very few people migrated within the country without the

consent of the authorities, and those who did often struggled after forsaking essential social services without a local household registration.

There has been mounting public outcry against the unjust and obsolete household registration system in China. For example, a group of 13 Chinese newspapers from across the country published an identical front-page editorial in March 2010, calling for the abolition of the hukou system in a highly unusual, coordinated critique of the state policy. Editors from *The Economic Observer*, which initiated the joint editorial, and those from other participating media outlets, have been punished for their open dissent. They were subsequently ordered by the government to remove the editorial from their websites.

Despite the suppression, collective resistance paid off. In July 2014, the State Council issued the *Opinions on Hukou Reform*, a milestone executive document of hukou institutional reform in China, which officially eliminated the distinction between local agricultural/non-agricultural

populations. However, hukou registration remains to define one's rights and eligibility for public services in a specific *locality* of current residence, since the availabilities and levels of those public services vary from place to place. The move came in tandem with the promulgation of China's first national urbanisation blueprint, *National New-type Urbanisation Plan 2014–2020* in March 2014 (Government of China, 2014). The plan specified a target of granting 100 million new urban hukou between 2015 and 2020 to enable migrant workers to settle in the cities where they work, pushing the urbanisation rate from 52.6% in 2012 to around 60% in 2020.

In 2019, National Development and Reform Commission further recommended to 'actively promote the settlement of agricultural migrants who were already employed in cities and towns' (see Table 1). Different 'tiers' of cities, judging by their populations, incorporated different rules for migrants' settlement. This institutional 'innovation' gives local governments more leverage to control labour mobility. For

Table 1. Recommendations for hukou regulations by different levels of urban permanent population in China.

Level of urban permanent population	Hukou regulation
Mega cities	Scoring system to obtain hukou
Tier I large cities (3-5million)	Fully liberalization the conditions for settlement
Tier II large cities (1-3 million)	Complete removal of restrictions on settlement
Townships (Below 1 million)	Fully open for settlement

Source: Government of China, 2019. http://www.xinhuanet.com/2019-04/10/c_1210104624.htm.

example, the point-based scheme, which is similar to some countries' immigration systems, was utilised by the largest cities in China to select the few eligible elite migrants and grant them local hukou, further marginalising the majority of underprivileged migrant labourers (Dong & Goodburn 2019). At the same time, while medium and small-sized cities have loosened their hukou restrictions, migrant workers prefer to go to larger cities with more jobs and better pay, yet still find themselves facing a hodgepodge of rigid local hukou qualifying rules. Consequently, many migrants working in the larger cities continue to circulate between urban and countryside homes (Chen & Fan 2016). Without full access to local social services, they have to fall back on their villages for welfare support, such as family care and the rural land. It is evident that the former institutional segregation between rural and urban populations has been increasingly transformed into a divide between regions and localities with varying levels of development and wealth.

Recently, the Office of the State Council has announced that China should make hukou booklets paperless by the end of 2022, alongside other important documents such as ID cards, social insurance cards (Zhao, 2022). Rather than decreasing the impact of hukou on social protection, digitalisation would further solidify and intensify the household registration regime, as it would make it easier to monitor and control labour mobility; decide on people's civil rights; and shape migrant workers' access to public services and welfare.

In conclusion, the household registration system has been a key component of

government policy in managing the population's economic and social lives, which has been long plagued by a rural and urban division. While the government has rolled out several hukou reform initiatives in the last ten years, these have not led to meaningful changes to the struggles of migrant workers. The hukou door remains closed to migrant workers in large cities where they are eager to stay for better employment and livelihood opportunities.

Vietnam

Influenced by the Chinese and the Soviet household registration systems, Vietnam's *ho khau* system was launched in 1964, with the initial aims to restrict 'counter revolutionaries and criminals' (Hardy, 2001); maintain internal security; and restrict migration. Every citizen was required to be registered at their permanent residence, and only authorised movements were allowed. Before the 1986 reform (*doi moi*), one's entitlements were closely linked with their household registration, without which it was difficult to access even living necessities such as food rations, land, housing, let alone extensive welfare such as education, health, and employment (World Bank Group & Vietnam Academy of Social Sciences, 2016).

Similar to China, Vietnam has seen waves of reform in the legal framework of the *ho khau* system since the *doi moi* reform as internal migration became central to the functioning of its marketised economy. Among others, the 2006 Law on Residence made significant changes, as it reduced four categories of registration (KT1: permanent residents, KT2: permanent residents in a different district but within the same province, KT3: long-term temporary, KT4: short-term temporary) into

two categories: temporary and permanent. It also further loosened the *ho khau* restrictions by lowering the bar for temporary migrants to apply for permanent *ho khau*. For example, in some cities, the continuous duration of residence required before one was eligible to apply for permanent residence was shortened from three to one year. However, later revisions of the law from 2011 to 2013 significantly tightened the requirements to obtain a permanent household registration. In addition to the changing discrepancies between policies and implementation, it remains difficult for temporary migrants to get permanent household registration in urban places where they work, especially in big cities with better public goods and services.

Consequently, temporarily registered migrants continue to face stark inequalities induced by the *ho khau* system as detailed in a report jointly written by the World Bank and the Institute of Sociology of the Vietnam Academy of Social Sciences (2016). Temporarily registered migrants overwhelmingly work in the private sectors, especially in foreign invested firms. More importantly, they continue to face substantial barriers in terms of accessing public services, including employment at the public sector, children's health insurance and schooling, and other social services. They also face greater difficulties in accessing social protection compared to those with permanent registration. For example, it is in practice very rare for temporary migrants to be eligible for inclusion in the official list of 'poor households' as receivers of subsidies and social transfers, so that they are deprived of much of the very social

protection that they need.

Through the recent reforms, the *ho khau* has become less restrictive compared to before and to the Chinese *hukou* system. Governmental efforts, media coverage and public debates all point to the necessity of further loosening the restrictions, which would truly guarantee citizens' 'freedom to reside' within their own countries. The two possible reform directions include making it easier for people to obtain permanent registration and reduce the gap of service access between permanent and temporary residents. The government has taken important steps towards this reform, notably the 2016 Law on Civil Status, which was aimed at establishing a nation-wide population and residence database, managing the basic information of citizens. A corresponding citizen identification card system has also been established, making certain things easier for people, such as registering one's births and marriages where they live, regardless of their residence status (Khoi, 2018).

More recently, the National Assembly passed the Residence Law 2020 (effective from July 2021), according to which 'paper' household registration books and temporary residence books will no longer be used starting from January 2023. Instead, the management of citizens' residence will be digitalised through the aforementioned infrastructures such as the National Database of Population, Database on Residence and Personal Identification Numbers. Similar to China, this does not mean an end to the *ho khau* system. Rather, it is a step forward in enhancing the controlling mechanisms of *ho khau*, as online systems make it easier to record and monitor citizen's residence status. In the meantime,

the requirement of minimal continuous residing time has been revoked in all cities, including Hanoi and Ho Chi Minh City, which means that temporary residents no longer need to reside for two or three years before they can apply for permanent residence (Huong, 2021).

In short, the Law on Residence 2020 removed many regulations related to the household registration, reducing the difference between temporary and

permanent residents at the same time reaffirming the system's role as a mechanism of population control. Further effects of the law need to be assessed by future research, especially regarding its implementation on the ground, and its impacts on migrant workers' ability to access public service and social protection in places where they work and live.

Conclusion

Both *hukou* in China and *ho khau* in Vietnam have had profound impacts on rural-urban migrants' lives for the past few decades, contributing to the rural-urban divide and sustaining the economic and social inequalities between temporary and permanent residents. Such impacts are likely to continue despite waves of reforms in both countries. The continuity of household registration system makes sure that the production costs in urban centres remain low, as both local governments and enterprises seek to minimise the responsibility for the reproduction costs of migrant labour. This keeps them attractive to foreign capital. Whereas Vietnam's *ho khau* reforms have been much more thorough in terms of removing barriers for temporary migrants to obtain permanent residence and access public services and social protection, China's *hukou* system has evolved into a tenacious but subtle hierarchy to serve multiple strategic concerns such as rising wages, rural land reform, urbanisation, and ultimately to preserve certain regional and elite interests. In both countries, however, it remains impossible to obtain a permanent household registration wherever one goes, which is a major impediment for migrant workers who tend to change jobs frequently. Consequently, the lack of access to local welfare in urban centres usually compels them to hold on to the resources derived from their rural villages, such as family care and rural land. Therefore, without a fundamental revoke of the household registration system and the underlying rights attached to it, migrant workers' ability to access welfare in urban areas will continue to be curtailed in these two 'global factories of the world'.

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