

**An application of Sustainable Livelihoods Approach to a housing related
study in urban China: the case of Shanghai Lane, Wuhan**

Ying Chang

**School of Architecture, Planning and Landscape
Newcastle University**

Main supervisor: Dr Graham Tipple

A Thesis submitted to the Newcastle University in fulfillment for the
Degree of Doctor of Philosophy

May 2010

Abstract

A market-oriented housing reform has been operated in China for more than ten years and the pace of construction and property-led redevelopment that were triggered by the rapid economic development have been accelerated by the reinforced market-led real estate development. However, this approach has had significant effects on the poor households who mostly live in impoverished neighbourhoods that are the prime targets of redevelopment. This thesis has sought to identify a method that can better understand and evaluate the impacts of housing-related interventions on the livelihoods of poor households in cities. This thesis has presented a very first attempt to apply the Sustainable Livelihood Approach to the study of housing-related issues in urban China, starting from a municipal housing neighbourhood – Shanghai Lane in the city of Wuhan.

In a different manner to the Chinese top-down approach that usually focuses on quantitative data on a large scale to study outcomes of housing-related interventions, this thesis has conducted a holistic, context specific and in-depth livelihood analysis in the Shanghai Lane neighbourhood, using the Sustainable Livelihood Framework (SLF) developed on the basis of DFID's model in the urban context incorporating rights-based perspective. The investigation is around the vulnerability context occupants live in, their livelihood ownership, the strategies they have taken and the outcomes they have achieved. Additionally, this thesis has assessed the factor of power within SLF, from two perspectives: individual agency and power, and the structure of local governance and operation. The majority of data were generated by 76 face to face questionnaire surveys and 16 in-depth household interviews, with triangulation with secondary data, key informants interviews, and participatory observations.

This thesis found that the tenure choice of poor households was an outcome of their livelihood strategies based on their limited assets ownership. To stay in the existing

dwellings in Shanghai Lane contributed to both the income-generating and expenses-reducing strategies of poor households and maximizes their assets ownership. Their efforts to extend their living space and services enhanced their assets ownership, reduced their vulnerability in the short term, and gave support to their priorities in the medium term and led towards better livelihood outcomes in the long term.

In sum, this thesis suggests that policy makers should adopt the SLA as a common principle in housing-related interventions, which put poor people in the centre and assess the effects of any intervention on their livelihoods from a holistic view, incorporating a rights-based perspective. This thesis urges policy makers to employ SLF to reassess the costs and effects of rehabilitation of impoverished neighbourhoods and suggests upgrading as the main approach to replace the universal tendency of eviction and redevelopment. However, this pro-poor and bottom-up approach requires a series of reforms from national to local level and, in practice, the Community Committee and social planners at grassroots level play a crucial role in determining the outputs of projects. The methodology and indicators developed in this thesis have provided a platform for the broader use of SLA in housing related study in urban China.

Acknowledgements

It was as if I boarded a Polar Express and have completed a journey that I did not even expect at the start. Now, I stand here, with a piece of stone that I hope will contribute a little to the pyramid of academia, and a heart full of gratitude.

I am very grateful for all the generous help I have received throughout this journey.

First of all, sincere gratitude goes to ORS at Newcastle University and the School of Architecture, Planning and Landscape (SAPL), who are the main sponsors of my PhD study at Newcastle. Special thanks are owed to SAPL for its continuous help to sustain my life while I finish the thesis.

I want to thank Dr Graham Tipple, not only for his open mind, sharp eyes and warm smiles, but also for his emotional support all along my journey, and the faith he has brought me that has delivered me from the bottom so many times.

Sincere thanks also go to Ms Rose Gilroy, for her broad knowledge and deep thoughts, for the general sense of humanity in her way of thinking that has influenced and inspired my research and moreover, for her understanding, caring and support.

I also want to thank Mr Neil Farmer, my landlord, for his time, tireless efforts and patience to correct and teach me English. But he is far more than an English teacher and a landlord. He is a true friend, supporter, and my care giver when my parents are away.

This work, particularly, is dedicated to my parents, particularly to my mother who was laid-off in 1998, the year I went to university. Not until 2003 did my mother receive her one lump sum compensation fee for redundancy. During my five years spent in the university, she has tried different kinds of jobs, most of which are informal, to maintain

our family's livelihood and support my education. I always picture her riding her bicycle to her workplace in the cold winter, fighting with the wind. Her spirit and optimistic attitude in the face of difficulties has inspired me to conquer many hardships in my life. The experience of having been poor has motivated me to choose this topic on livelihoods and has driven me to complete this thesis.

I have met many enduring people in my research. It is a pity that this thesis does not have enough space to tell the stories of them all. This thesis is also a means for me to express my personal respect to the most long-suffering generation after New China was founded, my parents' generation. They are the generation who has been through starvation, the Cultural Revolution, the one-child policy and structural reconstruction. Their contribution to the stability of the boom in economic development should be credited.

Sincere gratitude also goes to the Henry Lester Trust Ltd who has sponsored part of my scholarship. The fieldwork was carried out through the sponsorship of the Universities' China Committee in London (UCCL). Sincere gratitude is also owed to Prof. Yunqing Zhou, Department of Sociology at Wuhan University, China for his support and sharing the findings of their household housing survey in 2002 and 2006.

I also want to express my sincere thanks to Qiwei Ye, Yi Huang, Urmi Sengupta, and Michael Majale, for their support for my research.

Last but not least, special thanks go to Prof. Fulong Wu and Ms Suzanne Speak for their precious time spent in reading my thesis and for their valuable suggestions on how to improve this thesis.

The end of one journey is always a start of another one. I hope I will walk further on this road with all the support and love I received in my bag.

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List of Acronyms and Abbreviations

CARE	the Cooperative for Assistance and Relief
CBO	Community Based Organization
COP	the Council of the Participatory Budget (Brazil)
DFID	the United Kingdom Department for International Development
EAH	Economically Affordable Housing
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
GHB	the Government Housing Bank of Thailand
GNP	Gross National Product
GSS2000	Global Strategy for Shelter to the Year 2000
HBE	Home Based Enterprise
HLS	Household Livelihoods Security
HPF	Housing Provident Fund
ILO	International Labour Organization
MLSA	Minimum Living Support Allowance
MLSS	Minimum Living Support Scheme
MoSS	Ministry of Social Security
NBS	National Bureau of Statistics of China
NGO	Non Government Organization
PIPs	Polities, Institutions and Processes
PPA	Participatory Poverty Appraisal
PPAs	Participatory Poverty Assessments
PPR	Persons Per Room
PRA	Participatory Rural Appraisal
RBAs	Rights-based Approaches
RSC	Re-employment Service Centre
SL	Sustainable Livelihoods
SLA	Sustainable Livelihoods Approach
SLF	Sustainable Livelihoods Framework
SQ	<i>Shequ jumin weiyuanhui</i> in pinyin (Residents' Committee/Community Committee)
UCDO	Urban Community Development Office (Thailand)
UNCHS(Habitat)	United Nations Centre for Human Settlements - Habitat
UNDP	the United Nations Development Programme

Chapter 1 Introduction

1.1 *Research background*¹

1.1.1 The goal of housing policy in China

It is beyond doubt that the Chinese government has made significant progress in housing provision since the late 1980s. At a time when almost all developing countries have been falling behind in housing provision, China has improved the amount of housing per person even though the population has doubled (Wu, 2002). By 2000, there were 25m² of urban housing space per person, close to a three-fold increase in two decades (Wang, 2003). Nearly three-quarters of urban-registered households own their dwelling (Friedmann, 2005:141).

In this context, China has a mission to provide adequate dwellings for everyone, often referred to as ‘*Comfortable Housing*’ (*xiao kang zhu zhai* in pinyin), as a major part of building up a comprehensively ‘well-off society’ (*xiao kang she hui* in pinyin) (Zhou, 2008). In 2003, the Ministry of Housing and Urban-Rural Development (MOHURD) established 21 indicators of ‘Comfortable Housing.’ Among these, the main goals for 2020 include an average living area of 35m² per person in cities and towns and 95 per cent of households having a fully-serviced dwelling. The lowest income urban households should have a mean living area of at least 20m². Also by 2020, 95 percent of urban households in cities and towns should have access to water and 85 per cent of urban households should have a gas supply. This is often summarised as ‘*One household one set (dwelling); one person one room.*’

It seems as if China has a much higher goal for 2020 than the Millennium Development Goals (MDGs). However, the vision of ‘comfortable housing’ is more like an indicator of progress of the economy and modernization than a realistic objective to set for the

¹ Some of the material in this chapter has been published as Chang, Y. and Tipple, G. (2009) ‘Realities of life and housing in a poor neighbourhood in urban China: livelihoods and vulnerabilities in Shanghai Lane, Wuhan’, *International Development Planning Review*, 31, (2), pp. 165-198.

real needs of residents, particularly those from poor households.

There seems to be an assumption that households in crowded and poorly serviced housing will automatically be better-off if they are moved to less crowded and better-serviced housing. In this thesis, however, the author argues that there is more to better housing than quantified physical improvements. By examining the housing conditions and livelihoods in a crowded and poorly serviced old city centre neighbourhood, this thesis demonstrates that improvements could be effective if they involved more than just more space and better servicing. Indeed, for some, those would not be the priority. While housing conditions leave much to be desired and involve quite complex coping strategies, the central location and low price of the current housing are both vital to the livelihoods of the residents. This thesis examines how the residents make the best of their housing conditions and proposes lighter-touch policy interventions which could be more helpful to residents than the demolition, relocation and rehousing package that is normal for neighbourhoods such as theirs.

1.1.2 Realities and problems

1.1.2.1 Neighbourhoods of poverty in China and their status

It is beyond doubt that the economic reforms have successfully led the majority out of hunger and the whole country towards an era of rapid development. However, the reforms are also leading to recognition that the polarisation between poor and rich is not just a phenomenon of a capitalist society which did not occur in a socialist society. Indeed, only recently have documents referred to the low-income group or 'weak social and economic groups' (*ruoshi qunti*) and 'poor urban residents' (*chengshi pingkun jumin*) (Feng et al., 2004). At the same time, in the international sphere, housing policy specialists are now being encouraged to refer to poor housing areas as 'slums' after several decades of avoiding the use of such a general term. UN-Habitat (2003) defines a slum as '... a contiguous settlement where the inhabitants are characterised as having

inadequate housing and basic services.’ ‘Slum’ (or its Mandarin equivalent *pinmin ku*, meaning ‘poor people’s cave’) is not a word that is used officially in China. Words such as ‘old residential area,’ ‘shanty town’ or ‘squatter settlements’ are used instead.

Despite the considerable achievement in housing provision in urban China, many poor neighbourhoods still exist in cities. Wang (2004) has identified four types of areas in which households living in poverty usually reside: urban villages (*chengzhongcun*); old poor neighbourhoods; work-unit dormitories, and construction sites (small scale and temporary compared with the other three).

Urban villages have emerged in recent years in both the inner areas and outskirts of cities in China. They differ from other housing areas in that the original villagers retain the right to build and extend the dwellings that they had when their farmland was requisitioned for urban expansion. Nowadays, they are the prime provider of cheap dwellings for rural migrants.

The old poor neighbourhoods, which form the focus of this study, were mostly built before the new Chinese government was established in 1949. They are the prime and dominant sources of public (municipal) rental housing in China since the control of all rental housing and ‘surplus’ rooms was taken over from private landlords by municipal governments in the years after 1949 (Logan et al., 1999; Logan and Bian, 1993). They are overcrowded because the government subdivided them to accommodate normally one household per room. Their poor condition is owing to a lack of maintenance caused by low rentals in earlier years and, later, because of privatisation, none of the work unit, district nor municipal administrations will take responsibility for them (Wang, 2004). They are traditional dwellings, deteriorating, old and poorly equipped, with small rooms and shared services. Some of them are historically important, for example, the *hutong* courtyard neighbourhoods in Beijing and the *lilong* neighbourhoods in Shanghai, but all are prime targets for redevelopment for high-value commercial uses.

Before the economic reforms, work-unit housing formed the other large proportion of public stock provided as a welfare measure. It was rented at much subsidised rates but then sold to the tenants in the 1990s as part of the housing reforms. Work unit housing has developed from bungalows to multi-storey brick and concrete and, later, to steel and concrete walk-ups. Logan et al. (1999) show that work-unit housing is of higher quality than municipal housing with substantially and significantly larger size and better service levels. In addition, the occupants have higher incomes than those in municipal housing.

The urban villages and older neighbourhoods are still the ideal places for renters to live for their price and location. There is mass of research showing that they are very concentrated in either municipal housing that is deteriorating rapidly (mainly intended for the urban poor households who have an urban *hukou*) or in ‘urban villages’ (*chengzhongcun*) (mainly for the rural migrants who do not have urban *hukou*) (Liu et al., 2008; Wu, 2007; Zhou and Zhu, 2007; Wang, 2004).

Most residents in these two types of neighbourhoods are poor renters. In their household survey in Nanjing, Liu et al. (2008) found that three quarters of urban-registered poverty households live in municipal housing and most poor migrant households live in private rental housing. In a survey in another major city, Wuhan, Zhou and Zhu (2007) found that nearly half of the lowest-income households live in municipal housing. Among more than one million migrants who work in Wuhan but do not have urban *hukou*, less than one per cent has purchased ownership and more than one third live in private rented dwellings. Similar data was found from Beijing and Shanghai where housing ownership is minimal among rural migrants (Wu, 2002).

However, their rental dwellings are all targets for eviction driven either by market forces (commercial purposes) or by city beautification programmes (political purposes). This causes the same vulnerability for them as for people living in poverty in other

developing countries. Redevelopment is the policy choice for the national government. For instance, the Shanghai municipal government launched the '365 plan,' which aimed to redevelop 365 hectares of old and dilapidated areas by 2000. This policy has been reinforced in 2002 by proposing a new round of urban redevelopment (He and Wu, 2007). Wu (2004) indicates that, from 1991 to 2000, Shanghai demolished 26 million m² of old housing and relocated 0.66 million households. During this period, home ownership increased significantly from 33.2 per cent to 70.4 per cent while the proportion of renters has dropped dramatically. However, Wu (2004) also mentioned that the poorer households usually have no choice but to be tenants of low-rent public housing after redevelopment.

The urban poor renters are very vulnerable in the market-oriented urban land development process for the following reasons:

1. The dwellings they live in are always prime targets for property-led redevelopment or city 'beautification' programmes. The pace of clearing the poverty neighbourhoods has been accelerated through a strengthening of market forces in land.
2. Renters are more likely to remain as renters in the medium term. More than four fifths of low income and lowest income households in the city of Wuhan feel that home ownership is unaffordable to them and likely to remain so (Zhou and Zhu, 2007).
3. Renters pay more for their housing. Wang (2004) has shown that households who rent from the private market, particularly rural migrants who are not entitled to housing as local residents, spend a much higher proportion of their income on housing than owners or renters of municipal housing.

In this research, municipal housing has been selected as the main subject owing to the reasons as follows:

1. Previous work-unit dormitories have better conditions than the existing

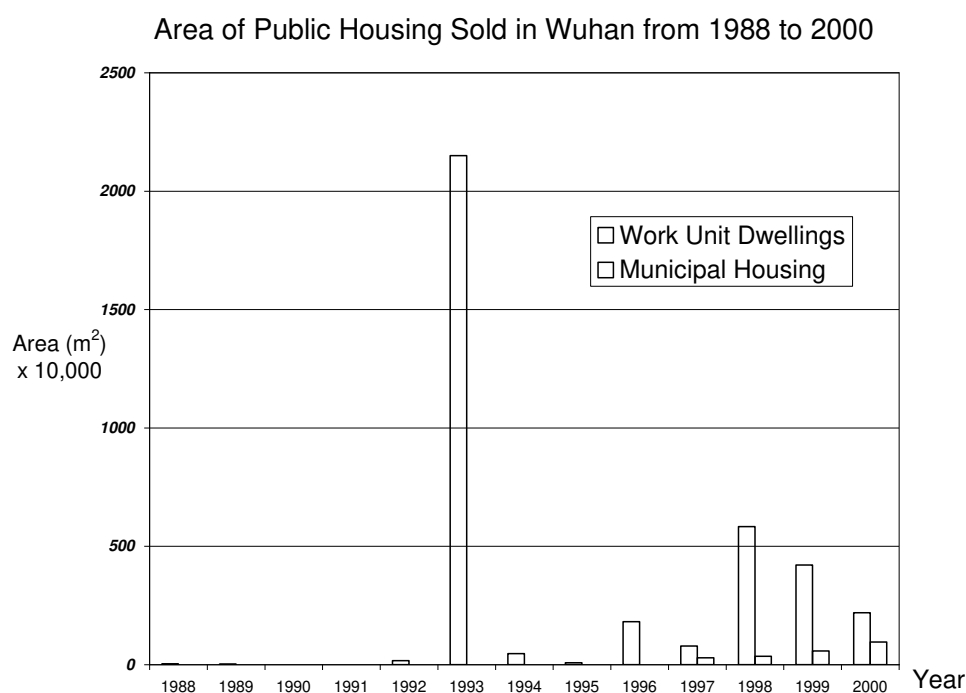
municipal housing and urban villages and the residents are better off;

2. The research on urban villages is fragmented at present and secondary documentation is not available owing to the sensitivity of this topic and the difficulty of accessibility for female researchers;
3. More Census data is available on municipal housing than on urban villages.

1.1.3 The problematic rental housing policy

A brief review of housing policy in China illustrates that hastily adopted policy, with top-down strategies, has often caused inefficiency in housing provision and brought unavoidable costs to the majority of the poor. Even before private renting was banned in 1957, nearly all the Chinese urban dwellers were renters of public housing owned by municipalities, collectives or work-units (UNCHS (Habitat), 1989). However, the amount of public housing has declined since the Chinese government began selling it off to tenants. From 1988 to 2000, enterprises and work-units in Wuhan have sold roughly 37 million square metres in total (see Figure 1). There have been two peaks in the sale of work-unit housing: in 1993 when the State Council began to urge local authorities and enterprises to sell all their housing stock and in 1998 when the State Council reinforced the market-oriented housing reform around the country.

Figure 1 Area of work unit housing and municipal housing sold in Wuhan from 1988 to 2000 (x 10,000 square metres)



Source: adapted from Wuhan Annals Editorial Office (2008)

During the same period, the proportion of municipal housing in the stock has been reduced dramatically from 77 per cent in 1993 to 29 per cent in 1999. By 2000, there were only 5.7 million square metres of living space in local government-owned municipal housing remaining in Wuhan (Wuhan Annals Editorial Office, 2008). Between 1997 and 2000, the local government and Real Estate Bureau² in Wuhan sold over 2 million square metres of municipal housing, increasing each year.

In 1993, the national government fostered the ‘Economically Affordable Housing’ (EAH) programme (*Jingji shiyong fang*) around the country but the costs proved to be out of reach for most low- to middle-income households (Duda et al., 2005). After reforms over more than 10 years, the Chinese government has officially admitted that solely relying on the market mechanism is inefficient for providing housing for people living on low incomes (China Daily Online, 2007).

² The Real Estate Bureau is a managing agency of the municipal government.

The year 2007 was a milestone in Chinese housing policy as a major shift was signalled when the State Council put increased emphasis upon investment for rental housing and included it alongside the EAH programme as one of the main approaches in housing provision (The Central People's Government of the People's Republic of China, 2007). Meanwhile, it has limited the area of low-rental housing to less than 50m² and EAH to less than 60m². In late 2008, the State Council launched a further RMB 4 (US\$ 0.57) trillion stimulus package with RMB 900³ (US\$128) billion-worth of welfare housing included as a priority (China Daily Online, 2008). More than RMB 200 (US\$28.6) billion of this will be direct investment from the central government and exclusively used for new low rental housing, while the other funds will be raised by local government through letting out land to developers to build 'Economically Affordable Housing' (MSN China Online, 2008). The aim of this massive welfare housing plan is to help about 13 million low-income households with less than 10 square metres of living area per capita to achieve better housing by 2011 (China Daily Online, 2008).

Following the State Council's clear enthusiasm to foster low-rental housing, local governments have started to promote renting and have adapted their policies accordingly. However, central and local government policies focused on new-build and the numbers of new dwellings, at the expense of making better use of the existing stock. Municipal governments continue to sell the existing municipal housing at scale at a relatively low price while they purchase a few units from the housing market at a relatively high price or gain a few of the newly-built EAH stock as a *quid pro quo* for the use of their land. The lack of resources for public rental housing is, therefore, almost unavoidable in this 'selling and buying (or building)' cycle and most municipal governments provide subsidies directly for low-income households to rent rooms from the market. However, rent increases in the market are partly a consequence of the reduced number of dwellings in the public housing stock and the increase in renters

³ In this thesis, all the currency in RMB, excluding those have been converted into dollars, is equivalent to 0.1 pound.

seeking dwellings in market. Thus, the subsidy has very limited contribution to the improvement of their living conditions.

1.2 *Trends towards impoverished neighbourhoods*

Obviously, any urban issues in China is complicated, owing to the scale of the size of cities, the size of population and in-migrants, the pace of urbanisation and modernisation, the complex institutional causes and rapidly adapted urban policy. Worse, the different social and economic causes collide together and made it hard for policy makers to make a decision that can balance all the drives and benefits well. The existing approach towards impoverished neighbourhoods in China is not friendly as they are old, deteriorating, in poor condition and do not meet the standard of human settlements, particularly when compared to the goal of ‘comfortable housing,’ and particularly when the land value is soaring. However, it has failed to understand the importance of sub-standard accommodation as the only tenure that poor households can afford and did not consider the impacts of housing-related interventions on the livelihoods of the urban poor households. In fact, coupled with the large number of migrants to cities, the economic restructuring and transition from work-unit based to citizenship-based social welfare system has generated an increasing number of urban poverty, who normally live in neighbourhoods with poorer conditions. Their tenure is very fragile in the face of property-led redevelopment agenda that most cities have adopted. This has caused the same vulnerability as most poor residents living in slums in other developing countries. However, the literature review on slums studies has revealed that:

First, the existence of slums is inevitable because it meets the needs of poor people. Additionally, cities need slums to keep cheap labour who only can afford cheap although may not cheerful accommodation (Swan, 2008; UN-HABITAT, 2002; Mumtaz, 2001).

Second, the more poor-friendly approach needs ‘good governance’: pro-poor,

enabling, partnership, and participatory (UN-Habitat, 2006; Garau et al., 2005; Hasan et al., 2005; UN-HABITAT, 2003; Taylor, 2000; UN-HABITAT, 1996; UN-HABITAT and ILO, 1995; UNCHS, 1990).

Third, there is a need to be more tolerant to sub-standard dwellings (Huchzermeyer, 2008; Meng and Hall, 2006; Angel, 2000).

Fourth, rehabilitation and upgrading has been suggested to replace clearance and whole-scale eviction (Swan, 2008; Wakely, 2008; Yap and Mehta, 2008; UN-Habitat, 1982).

UN-Habitat has adopted the enabling approach for two decades as the main approach to achieve the objective of adequate shelter for all (UN-Habitat, 2006). Enabling shelter strategies were first introduced to the international agenda in 1988, through the adoption of the Global Strategy for Shelter to the Year 2000. In Agenda 21 Chapter 7 of Promoting Sustainable Human Settlement Development, it has stressed the importance of enabling approach in housing provision for all.

It is universally acknowledged that poor housing is related to poverty. The promotion of the enabling approach took place in the same era when focus from income-based poverty shifted into capabilities-based poverty. This movement is navigated by Sen's capabilities approach and freedom approach which has been widely adopted in Human Development Report and development projects (UNDP, 2009). Sen's theory of Development as freedom (Sen, 1999) argued that poverty should be measured from the perspective of lack of endowments and capabilities rather than income, which has lead the focus from income to capabilities and rights/ freedoms in relation to access to assets and endowments. Sen's capabilities and freedoms approach has had great influence on development theory (Alsop and Heinsohn, 2005; Alkire, 2004; Narayan-Parker, 2002; Oakley, 2001). Consequently, words related to Sen's

development theory, for instance, participatory, enabling, and empowerment have become the main theme in poverty elimination projects, in which they share the common concept that puts people first, focuses on their capabilities and regards the enhancement of their capabilities as a main objective and principle.

However, there is a common shortcoming of most rights-based approaches: it is difficult to measure the level of implementation and progress, which causes difficulties in operationalisation, and in particular, in assessment and monitoring. Sen has admitted that he intends to avoid a specific list of capabilities (Sen, 2004). Although Nussbaum suggested an open-ended list of capabilities (Nussbaum, 2003; Nussbaum, 2000), it is mainly categories rather than specific indicators. Even Sen himself has confirmed, 'there are widespread doubts about the possibility of making actual empirical use of this richer but more complex procedure' [see the preface of Kuklys (2005)]. For instance, the level of empowerment is difficult to measure (Alkire and Chirkov, 2007; Alsop and Heinsohn, 2005; Narayan-Parker, 2005; Oakley, 2001; Fetterman et al., 1996). The difficulties in quantifying the measures and indicators means that the adoption of rights-based approaches will be more likely to remain at macro level, such as written in an agenda or White Paper, but difficult to be put into operation and monitored at micro level. In addition, without specific framework and indicators, there is a risk that the implementation of rights-based approaches might remain at superficial level and it is difficult to assess the efficiency of projects and the effects on the poor majority.

In the late 1990s, there is another approach, the Sustainable Livelihood Approach (SLA), firstly initiated by Chambers and Conway (1991), that has been favoured by different development agencies, including the United Kingdom Department for International Development (DFID), the Cooperative for Assistance and Relief (CARE), the Oxford Committee for Famine Relief (Oxfam), Food and Agriculture Organization of the United Nations (FAO) and the United Nations Development Programme (UNDP)

(Hussein, 2002; Meikle et al., 2001; Carney et al., 2000). The SLA has many attributes that are overlapped with the capabilities approach, participatory approach and enabling approach as it put people first, with a focus on their assets and strength, calls for participation of the poor households on the basis of partnership and address the issues of access and claims which determine their capabilities over control of resources and assets. The SLA has several advantages compared to other development approach. First, there is the holistic advantage. Besides capabilities and assets, the concept of sustainable livelihood also gives considerations to vulnerability, strategies, processes and outcomes, more importantly, the interactions and multi-effects between. Second, it is flexible and inclusive in the way that it can be incorporated with other rights-based approaches or employed with other tools in practice. Third, it can be applied at the micro level in poverty elimination projects and there are many practices that have illustrated lessons and demonstrations. Fourth, it addresses sustainability issues, which is another main trend in development besides Sen's human development approach.

Although SLA is deeply rooted in the rural context and was firstly used in food security projects, it has been employed to address issues in cities and has been widely used in household security, poverty elimination, environment and energy projects (Sanderson, 2009; Taylor and Maithya, 2007; Schütte, 2005; Hunte, 2004; Cannon et al., 2003; Pryer, 2003; Farrington et al., 2002; Hussein, 2002; Kamuzora and Toner, 2002; Satterthwaite and Tacoli, 2002; Norton and Foster, 2001; Ansell, 2000). However, it is noted that its application in housing related study is very limited.

Housing is universally regarded as one of the basic needs of human beings. However, it has functions that are beyond basic needs as it is equally a sort of asset and resource that people possess, which can be used to generate more income or buffer them from shocks and stresses. While in the urban context where the space is more compact and confined, the significance of housing to the livelihood of poor households is more

obvious, when there are less productive assets but income and consumption are more cash-flow based. While the settlements in rural area might be affected more by natural disasters, the security of tenure in cities is mainly affected by human activity, such as slums clearance and redevelopment. There is a lack of research on housing from the perspective of it as a prime livelihood asset and understanding of its contribution to the entire livelihood of the poor households in cities. In China, this issue is significant in the background when the tension between property-led regeneration and redevelopment and the benefits of ordinary people increases. Whose benefits should be put first? It has become a pressing issue for research when the urban poverty is growing significantly in China. This thesis, thus, intends to become a very first attempt to explore the methods to employ SLA in housing related study in urban China.

1.3 *Research Questions*

While China is confident to bring all its people to a comprehensively ‘well-off’ society in the future through a series of state-initiated approach, indicators, politics and finance, this research will argue an alternative people-centred pro-poor approach for policy-makers concerned with poor neighbourhoods. Although there is a body of research on the topic of redevelopment, regeneration, gentrification and their impact on urban poverty in China, there is no framework that can analyze the effects on the livelihoods of poor households from a comprehensive perspective. This thesis will suggest that, although the neighbourhoods are a long way from meeting the standards of ‘comfortable housing,’ their existence is crucial to the livelihood of poor households and any intervention related to housing should be based on the understanding of housing as a prime asset of household livelihood and its impacts on entire household livelihood outcomes in both the short and long term.

The emerging questions are two folds:

First, whether the Sustainable Livelihood Approach is applicable in understanding

housing related issues in urban China?

Second, is there a framework that can be employed to undertake in-depth livelihood analysis and provide suggestions for policy makers on housing related issues?

The aims of this research are firstly, to test the application of SLA in housing related study in the context of urban China and, second, to identify a framework that can help to analyse the livelihoods of poor households with a focus on housing as a prime livelihood asset, which can help policy makers to assess the impacts of any housing related interventions on the livelihoods of poor household and furthermore, to monitor projects that will help to enhance the overall livelihood assets, reduce their vulnerabilities and achieve better livelihood outcomes. It is particularly significant in contemporary urban China when large scale redevelopment is taking place at a rapid pace, which puts many homes of poor households under the threat of eviction. There is an urgent need to understand how property-led redevelopment would affect the life of urban poor households and cause their vulnerability. This thesis intends to help the policy makers to understand the reality and real needs of poor households and reduce the vulnerability of poor households in the face of redevelopment and, in the end, lead towards much more sustainable development outcomes of the existing generation and the next.

At a theoretical level, the aim of the research is

- To build up the theoretical foundation of applying Sustainable Livelihood Approach in housing related study, particularly in the context of urban China;
- To develop the methodology in application of the Sustainable Livelihood Framework in a housing-related study in urban China and adapt the framework, if necessary.

At case-level, in a more practical sense, the objectives of the study are:

- To explore the specific vulnerability context in urban China;
- To conduct a holistic livelihood analysis in a municipal neighbourhood in urban China;
- To profile the livelihood ownership, their livelihood strategies, and the outcomes they achieve;
- To guide policy makers, based on the findings from case study, on how to improve their attitudes, governance, and approach to poor neighbourhoods.

1.4 *Preview of chapters in this thesis*

Chapter 1 is a brief introduction of the research background, aims and objectives.

Chapter 2 generally outlines a bottom-up approach. It starts by pointing out the existence of impoverished neighbourhoods meeting the needs of urban poor households by reviewing the trend of urbanization, and the unfriendly attitudes toward poverty neighbourhoods and the impacts of whole scale evictions on poor households and their community. Further, Chapter 2 suggests the principles of positive political wills towards poverty neighbourhood and their residents, which should put the poor people and their real needs at the centre. In the end, Chapter 2 reviews universal approaches in upgrading poor dwellings.

Chapter 3 explains why the Sustainable Livelihood Approach (SLA) was chosen for this research. The concept of Sustainable Livelihood is first reviewed, followed by a study of its significance in development studies, the principles, strengths and advantages. In addition, the broad use of SLA among four international agencies will be compared, followed by a critical summary of the weaknesses of SLA. In the end, Chapter 3 points out the potential use of SLA in broader areas, with a focus on housing-related issues in the urban context.

Chapter 4 determines the methodology in this thesis. The research objectives and

principles have been specified first, followed by the review of selected frameworks that have been developed by different agencies who adopt SLA. An adapted framework is generated on the basis of DFID's SLF in the urban context. The general methods are discussed. Following the review of general methods that have been used by other agencies, the methodology of investigating each component of the research framework is developed in sequence. In the end, the methodology and data collection procedures are outlined and the draft of the questionnaire design for the survey is generated. Then, an explanation of why the case study area was chosen is given, along with the way in which the author approached the neighbourhood. Last, the method of sampling is recorded in addition to the revisions made to the questionnaire after a participatory pilot study.

Chapter 5 provides a picture of the vulnerability context for further investigation in the case study. The concept of the vulnerability context is reviewed, first, including the general vulnerability context in both rural and urban areas for poor households in developing countries. Further, the vulnerability context in cities is outlined by distinguishing between formal and informal poor households. The vulnerability in housing for poor households in China is highlighted. In the end, Chapter 5 yields a list of potential vulnerability in urban China.

Chapter 6 presents a detailed picture of livelihood ownership of residents in Shanghai Lane neighbourhood. As livelihood investigation is context specific, Chapter 6 starts with an introduction of the local context of the city of Wuhan, and the background of the case study settlement. The main part of Chapter 6 is the livelihood ownership portfolio in Shanghai Lane, from the aspects of human capital, physical capital, social capital and financial capital. Seventy six households are randomly selected for face to face questionnaire surveys coupled with 16 in-depth interviews. The data obtained from the survey is triangulated with secondary data in the documents and interviews, which yield a rich and comprehensive description of their asset capital state.

Chapter 7 summarises the livelihood strategies that poor households in Shanghai Lane normally take. The first part of Chapter 7 is a brief review of the concept of Livelihood Strategies and the general methods that the poor households in other developing countries have taken. Different from Chapter 6 in that it mainly uses quantitative data from the survey, Chapter 7 presents nine individual case studies of poor households living in Shanghai Lane, their household socio-economic background, and their coping strategies, followed by the summary of livelihood strategies which are affected by their limited assets ownership. Coping strategies regarding their physical capital are highlighted at both household level and community level. However, issues in upgrading emerge at the same time, which leads to the issue of power and governance that has restricted their capacity to pursue better livelihood outcomes.

Chapter 8, therefore, explores the factor of power within the livelihood framework, which affects two components of livelihoods: the agency and power that individuals possess and the policy and governance, both of which determine the access to assets. The first part of chapter 8 is a literature review that sets up the methodology for further investigation. The significant role of power in the livelihood framework is explained and the empowerment framework is explored, in line with a study on indicators and methodology in practice. Specific questions in interview are selected on the basis of OPHI's internationally comparable indicators on agency and power; however, differences in methodology are compared. The second part of chapter 8 presents the findings from investigation of fieldwork from the aspects of powerlessness and the operation of institutions.

Chapter 9 has three parts. The first part summarises the findings from the holistic livelihood strategies in previous chapters. Based on the livelihood analysis on residents in Shanghai Lane, the vulnerability context, assets ownership, agency and power, livelihood strategies, and issues in governance are reviewed. Comments regarding their

livelihood outcomes are given. The second part reviews the drawbacks and missing points in methodology and suggests distinguishing SLFs between assessment and empowerment projects. Two SLF models are adapted on the basis of DFID's SLF. Meanwhile, it highlights the key points for future research. The last part of chapter 9 stresses the suggestions for policy makers from national levels to the community level. In addition, it points out the significance of social planners and its prime role in future development planning.

In the **Epilogue** the author reassesses the significance of this thesis to issues emerging in 2010 urban China and suggests that policy makers adopt SLA in interventions related to housing as it puts people in the centre, understands their realities, what they have, their real needs, and calls for partnership across sectors. The contributions of this thesis are summarized and the broader use of the frameworks developed in this thesis are suggested.

Chapter 2 Upside down

A Time for Some Change

2.1 Introduction

This chapter has reviewed the involving approach towards impoverished neighbourhoods in developing countries. It has three main parts. The first part has argued the inevitability of existence of sub-standard neighbourhoods and its significance to poor households and has pointed out the advantages of adaptation instead of whole scale eviction. The second part has discussed the significance of 'good governance' in determining the destiny of impoverished neighbourhoods and illustrated the principles of 'good governance'. The last part has reviewed the key factors in good upgrading and has illustrated successful examples.

2.2 Why 'slums' are inevitable

2.2.1 Never-ending urbanization process and ever-lasting 'slums'

Urbanization is the result of three processes: natural population growth, rural to urban migration and the reclassification of rural areas as urban areas (Yap and Mehta, 2008). The Global Report 1996 (UN-HABITAT, 1996) has highlighted the rapid urbanization of the world and addressed the advantages of urbanization. The year of 2007 is seen as a global watershed as it is the first time in history that more than half of the population on the planet was living in urban areas. Coupled with the increase of urban population, some issues related to urban poverty have unavoidably emerged (UN-HABITAT, 1999), such as poor housing and living conditions, health problems, violence, social fragmentation, and pollution (UN-HABITAT, 1996). There is a general belief that governments should construct housing for all urban low-income groups. However, Swan (2008) has stated that, in the context of rapid urbanization in most regions of the world, it is unrealistic to assume that the state or the government could build a sufficient quantity of subsidized housing for all the low-income dwellers. The reasons are very simple: first, the cost is always beyond the capacity of most governments in both developing and developed countries; second, it is based on an assumption that low rates of natural population increase and low rates of in-migration to urban areas will occur at

the same time – but with very little likelihood this will happen in reality. In the case of China, although the natural population increase rate is rather low (see Table 11 and Table 12 on page 153) compared to other developing countries (see Wikipedia, 2009), the cities seem to maintain a rapid pace of urbanization processes (especially reclaiming peri-urban areas as urban areas). Although the recent Global Financial Crisis has affected the movements of migrants from rural areas to cities in the short term, a huge population of temporary migrants will still exist in China in the long term view.

A view commonly held by politicians is that there are enormous negative impacts that ‘slums’ bring to society: crime, environmental issues, and both health and safety. Swan (2008) has illustrated five reasons why evictions of poor people from impoverished neighbourhoods happen: increasing urbanization, large infrastructure projects, market forces, city “beautification” and ineffective laws. However, nowadays, the trend in the “slums issues” debate is to avoid whole-scale destruction and eviction of urban poor communities. More and more scholars agree that the demands of ‘slums’ are inevitable and reasonable (UN-HABITAT, 2002) and that the processes of dealing with them effectively and equitably is evolving. The fundamental cause is that the poor people only live in places they can afford and it is unrealistic to rely on the government to provide shelter for everyone (UN-HABITAT, 2002). Most governments who foster public low-rental housing programmes often refer to the successes of Hong Kong and Singapore in the 1960s and early 1970s, ignoring the fact that one was a ‘show-case’ colony and the other a city state with a population of only 4 million people (in contrast, most cities in China have massive populations; for example, the registered population of the city of Wuhan is 9 million) with one of the busiest seaports in the world, and with no rural areas, neither Hong Kong nor Singapore had the budgetary constraints experienced by most cities of the world (Wakely, 2008). Angel (2000) added that another reason why the case of Singapore is unique is because this island city has no internal rural-urban migrants.

Indeed, the Global Report 1996 (UN-HABITAT, 1996:8) has pointed to the trend of increases in international and national debt burdens after 1982 and the notable common effect of the debt problem in the decline of public spending on projects including those related to human settlements. Another fact is evolving urbanization and growing urban population. Under these circumstances, slums 'play a useful role in providing cheap (though not necessarily cheerful) housing for those who can not or, as likely, will not, want to spend any more on housing than they possible can' (Mumtaz, 2001). Another positive functioning of slums is they can secure cheap labour for cities. Swan (2008) has highlighted that the cheap labour force housed in slums has made enormous contributions to economic development and this should be highlighted and acknowledged by policy makers. Thus, there is a call for incorporation of informal settlements in systems of shelter delivery with careful consideration given to the fact that housing is an essential asset in poor people's livelihoods.

2.2.2 A choice between eviction or adaptation

2.2.2.1 Eviction

According to the data Fernandes (2006) has documented, the evictions reported in Asian countries in 2005 are six times higher than in 2004. It is obvious from Table 1 that impoverished neighbourhoods or slums in most Asian cities give way in the face of urban development either driven by the unfriendly attitudes in urban governance or by 're-development'. Examples are found in the environmental improvement in India and Bangladesh; the removal of hawkers in India, Indonesia and the Philippines, and the removal of illegal immigrants in Malaysia.

Table 1 Summary of evictions from January 2004-June 2005 in selected Asian countries

Country	Number of people evicted	Number of incidents	Responsible group	Reasons
India	854,250	24	17 by government 4 by private groups 1 by local government 2 by state government	Environmental improvement Removal of hawkers Park development Redevelopment Tourist development Caste
China	707,656	10	6 by government 4 by private groups	Shopping centres Infrastructure development Olympics
Philippines	43,488	7	4 by local government 3 by government	Infrastructure development Removal of vendors/hawkers Beautification
Indonesia	40,417	12	City government	Infrastructure development Redevelopment of land occupied by hawkers
Bangladesh	27,055	17	13 by government 4 by private groups	Environmental clean-up Building shopping complexes Land grab Infrastructure development
Japan	600	3	2 by private groups 1 by local government	Clearing up the area
Malaysia	200	4	Government	Removal of illegal immigrants Road development

Source: adapted from Fernandes (2006)

Plessis (2005) has listed another source of data regarding recent large-scale forced eviction around the world:

- in July 2000, nearly 1,000,000 people were evicted in Rainbow Town, Port Harcourt, Nigeria;
- in early 2004, around 150,000 people were evicted in New Delhi and 77,000 in Kolkata (Calcutta), India;

- in Beijing, China, an estimated 300,000 people lost their homes as a result of preparations for the 2008 Olympic Games;
- in 2003–2004 in Jakarta, as part of an effort to clear various areas of informal occupation, over 100,000 people were either evicted or threatened with eviction and
- in India's Narmada River Valley, the ongoing Narmada Sagar and Sardar Sarovar dam projects will, when finally completed, have displaced over 250,000 people.

Government plays a crucial role in the process of these evictions. Plessis (2005) has noted that the justification that most governments provide in relation to undertaking 'clearance' is to serve "the public good" or make a city more "efficient".

A wise government would avoid taking the removal of slums dwellers and rehousing them as a first choice of urban development agenda. Wakely (2008) states that the new development can cost between 10 and 15 times more than upgrading the conditions in the places where they already are.

Tipple and Speak (2009) reviewed the evictions activities driven by economic imperatives in developing countries and have pointed out the significant consequences of homelessness caused by eviction: '...eviction often creates homelessness, either in the very short term, before other properties are found, or in the longer term if too little is available at an affordable price' (Tipple and Speak, 2009:171). Plessis (2005) has pointed to the severe consequences of forced eviction for families and communities, and particularly for the poor households: property is often damaged or destroyed; productive assets are lost or rendered useless; social networks are broken up; livelihood strategies are compromised; access to essential facilities and services is lost; and often violence, including rape, physical assault and murder, are used to force people to comply.

Whole-scale eviction and resettlements have ignored the real needs of the poor people.

Swan (2008) has illustrated three essential needs for the housing of the urban poor people:

1. Central location

The location of the housing of the poorest and low-income groups is much more important than the quality of the dwelling (Payne, 2005). Without the advantages of central location, a household of five, as Swan (2008) stated, can easily spend 10 or 20 percent of their household income on bus fares. Worse, the price they also have to pay is that of their time, their precious asset to gain more livelihood opportunities and more income. To some of the poorest households who need to carry their food, goods or equipment to make a living, it is very tough if they have to commute very long distances and, in some cases, by bike or walking with their trolleys or carts.

2. Multiple use of space

Poor households need space to undertake income-generation activities at home. After a literature review of home-based income-generating activities, UN-Habitat and ILO (1995) has found home-based enterprises (HBEs) are a universal phenomenon in developing countries. The prominent positive effect is the increase in household income and it does not necessarily need high skills which most poor men and women are lacking. There is a highly significant correlation between the space used for business and the increase of income (UN-HABITAT and ILO, 1995). Renting is another common economic activity for income generation. Renting is more popular than active HBEs as it does not need investment in raw materials, skills or equipment. The other noticeable positive effect of income-generating at home is the improvement of housing. In India, the housing conditions of households with HBEs have been shown to be better than the overall conditions in general (UN-HABITAT and ILO, 1995:156).

3. Community and associations

Recent research by Narayan et al. (2000b) has confirmed the significant positive relationship between a flourishing associational life and economic development. In

both Tanzania and Indonesia, communities with higher social capital, as measured by memberships in functioning groups, have higher incomes. Their PPAs (Participatory Poverty Assessments) indicate that community-based organizations (CBOs) and networks are a key resource for the poor while NGOs have a very limited function. Informal neighbourhood and kinship networks provide economic and social support in the daily life in the communities.

However, the whole-scale evictions or resettlements to the edge of the city will force those resettled to lose the benefits brought by convenient transportation. While the price of land in urban areas remains high, the only way to make dwellings affordable is to limit the space. The current low-rental housing policy fostered by the Chinese government has restricted the space to 50 and 60 square metres of new low-rental housing. Such EAH, in which the real needs of urban poor households are ignored in the limited space allocated, restricts the possibilities of transforming the accommodation into workplaces with adequate storage space and other facilities that home-based enterprises need. In addition the demolition of the neighbourhood will diminish the solidarity of the community and the networks that the poor households need either for sharing information of livelihoods opportunities or for child care during work time, or for use of shared facilities that could cut down their domestic costs. The outcome is that urban development schemes will deprive the already depressed households of their physical capital, social capital, financial capital and human capital.

2.2.2.2 Adaptation and upgrading

Douglas (2002) has elaborated the definition of ‘adaptation’ so that the broader meanings it contains include refurbishment, rehabilitation, renovation, restoration and more. ‘Adaptation’ describes any interventions to a building/property that go over and above maintenance. Douglas (2002:495) has defined the term ‘adaptation’ in his glossary as follows:

‘In general terms, adaptation means the process of adjustment and alteration of a structure or building and/ or its environment to fit or suit new conditions. However,

more specifically, it is also considered as work accommodating a change in the use or size or performance of a building, which may include alterations, extensions, improvements, and other works modifying it in some way.’

Definitions

Douglas (2002) has stated the difference in usage between ‘refurbishment’ and ‘rehabilitation.’ ‘Refurbishment’ usually refers to upgrading the aesthetic and functional performance of the building to bring it up to a modern standard while ‘rehabilitation’ is usually restricted in its application to housing. While both words may include an element of modernization or some extension work, ‘rehabilitation’ may involve major structural alterations to the existing building as well. Rehabilitation can be applied to a single dwelling or a whole neighbourhood (UN-Habitat, 2006). Other words, such as restoration, renewal, renovation, and revitalization, do not restrict their application to housing, but have a broader application to buildings, or to whole neighbourhoods or an area. Renovation and restoration mainly refer to old buildings. Renovation means upgrading and repairing an old building to an acceptable condition while restoration suggests returning to the condition in which it existed at a particular time.

Renewal can refer to either an individual building or a whole neighbourhood. It may include substantial repairs and improvements in a facility or subsystem that returns it to performance levels approaching or exceeding those of a newly constructed facility (Douglas, 2002:499).

The fundamental distinction between ‘upgrading’ and ‘redevelopment’ is that ‘upgrading’ focuses on the adaptation on the basis of the existing layout while ‘redevelopment’ always includes clearance and rebuilding. ‘Upgrading’ brings minimal disturbance or displacement while ‘redevelopment’ always causes eviction of whole communities.

The narrow meaning of ‘upgrading’ refers to physical improvements in shelter and infrastructure. But in a broader sense, upgrading also means economic and social interventions that enable and complement such improvements (UN-Habitat, 2006).

According to Wakely (2008:9), upgrading has much more profound meanings than physical improvements:

‘Upgrading involves the progressive improvement of the physical, social and economic environment through selective investment initiatives. Improvement of infrastructure networks is typically a major component and may include water supply, drainage, sanitation, roads/footpaths, street lighting, domestic electricity networks and refuse disposal. Upgrading may also include technical and/or financial assistance for house improvement, income generation initiatives, the provision or improvement of community facilities and improved access to health care and education.’

Adaptation will be both economically and socially sustainable if resources are spent on improving existing sub-standard stock (Wakely, 2008). Adaptation of buildings will always be needed to combat deterioration and obsolescence so that the buildings can have a prolonged life expectancy before becoming redundant and eventually being demolished. Buildings for residential use have a relatively long life expectancy, if with few major interventions (i.e. adaptations) over their service life (Douglas, 2002:14). Tipple (1996) has drawn conclusions from the universal phenomenon of adaptations activity (extension of existing government-owned houses) in Bangladesh, Egypt, Ghana and Zimbabwe that there is considerable advantage from user-initiated adaptations for the sustainability of cities in developing countries. Tipple (1996) has illustrated the advantages of adaptations in the context of sustainable development as follows:

- Adaptation activities can supply more housing at comparatively little cost by making efficient use of existing finite resources; this is of fundamental importance (resources efficient).
- They can save or reduce the consumption of finite assets in the environment by making the most use of existing resources, such as serviced land, infrastructure and construction materials (environmental friendly).
- They can secure the advantages of remaining in places with a relatively central location which is essential to the livelihoods of poor households (an increase in

Physical Capital).

- They can retain and even strengthen the social network (increase in Social Capital).
- They can provide more space and rooms (increase in Physical Capital).
- They can increase the income by providing space for letting out rooms or running home-based enterprises (increase in Financial Capital).
- They can enhance the capabilities of both individual household and CBOs through empowerment and the participatory process (empowerment).
- They can attract investment from both existing residents and private and public developers and change the destiny of deteriorating neighbourhoods (reduced vulnerability).

UN-Habitat (1982) has illustrated the direct and indirect benefits yielded in rehabilitation projects. Direct benefits include rental income and capital appreciation; indirect benefits include:

- Improved new space and service facilities (increase in Physical Capital);
- Improved health and social attitudes (increase in Social Capital, Human Capital);
- Reduced risk of eviction (direct increase in Physical Capital, reduced vulnerability);
- Increased opportunities for capital formation (increase in Financial Capital);
- Saved cost of transportation and less disruption of social fabric (increase in Financial Capital).

2.2.3 Cost of adaptation and waivers of Building Standard

Leaving aside the general political attitude towards impoverished neighbourhoods, the choice between eviction and adaptation is determined by two factors: whether the cost of a rehabilitation project is more cost-effective than redevelopment, and if the indicators of the building code and standards allow the sub-standard housing to continue to exist.

The direct costs in any rehabilitation project, as UN-Habitat (1982) has argued, are inventories and surveys; planning and design; construction and (partial) demolition; administration; and finance. Another kind of cost, referred to as ‘opportunity cost’, compares the expected yield of the funds invested in something else with the yield of the funds invested in a rehabilitation project.

In the UN-Habitat group meeting on human settlements management (See UN-Habitat, 1982), with special reference to the rehabilitation of existing housing stock, experts compared the direct cost of rehabilitation to the cost of rebuilding (excluding the cost of demolition and temporary rehousing) in several cases in different countries. They found a tendency in some countries for rebuilding to be preferred if the cost of rehabilitation is more than one sixth (16.7%) the cost of rebuilding. The ratio is near to one half (50%) in some countries and is 75% in the UK.

Taking a case in the city of Delhi, in which the concept of opportunity cost was applied in the decision making regarding rehabilitation projects, the National Building Organization showed that an expenditure of Rs 100,000 on structural repairs of old buildings would provide shelter for 18.4 households for a period of 15 years, a total of 275 “household years”. The same investment on the construction of four two-bedroomed housing units (at Rs 25,000 each) would provide shelter to four households for 50 years – i.e. 200 “household years”. Thus, using the “household years” as an indicator in this case, rehabilitation project was more cost-effective than new construction.

There is no doubt that building and habitability standards vary from the West to the East, from the North to the South, among different countries and regions. Certainly, occupiers, landlords, developers and governments hold different viewpoints and have different expectation of standards of habitability, or, in other words, different levels of satisfaction. From the perspective of building maintenance, Wordsworth (2001: 56) has explained why the owner and provider’s view of what may be an acceptable standard often differs from that of the users, or indeed from other interested parties such as statutory housing or health and safety inspectors, or even the general public if they use

the building.

Angel (2000) has reviewed and summarised the indicators of quality of housing. They include indicators of physical structures, indicators of 'comfort', indicators of environmental standards, indicators of residential access and indicators of housing satisfaction. Myers et al. (1996) has clarified two attributes of indicators of housing conditions: one is the physical and economic characteristics of the housing stock and the other is the household *fit* characteristic, (comfort, or quality of life). The first attribute has a few quantitative dimensions, such as structure types, size of units (number of rooms or bedrooms), age of structures, adequacy of plumbing, presence of physical defects, and cost (rent level or value). The second attribute includes the level of crowding and the level of affordability (percentage of household income spent on the rent or mortgage).

In fact, occupiers, particularly poor households, are more tolerant of substandard dwellings. Huchzermeyer (2008) has found it is surprising that tenants without a window to the outside did not mind paying the same rent as others were paying for rooms with windows to the outside. They also did not complain about flat-rate rentals per m² irrespective of the floor (up to eight floors without lifts). Huchzermeyer (2008) has noted the importance of an adaptive standard and it could help to determine appropriate, non-displacing standards of habitability for slum upgrading.

Take the issue of crowding as a case. There is a general assumption that crowding, and especially overcrowding, affects people's physical and mental well-being (Myers et al., 1996). Internationally, indicators of overcrowding are persons per room (PPR) (Myers et al., 1996) and persons per bedroom⁴ (Meng and Hall, 2006).

⁴ Myers et al. (1996) has also noted a change of the crowding indicator in US since 2000 from PPR to households per housing unit.

To understand the complex concept of overcrowding, Myers et al. (1996) have provided the following illumination:

‘The crowding indicator, PPR, is objective, but the use of a particular PPR as an overcrowding standard is a subjective evaluation. Because they are subjective, overcrowding standards have changed over time, and the process by which they are established is rarely explicitly described.’

Meng and Hall (2006) have illustrated overcrowding by taking the example of Lima, a metropolis with almost one third of Peru’s population. Here the definition of overcrowding given by the participant group is different from the official indicator of overcrowding. 1.5 persons per room or 2 persons per bedroom is a general standard in developed countries (Meng and Hall, 2006). The average ratio of PPR is 2. However, the participants among households in Lima regard 1.5 PPR or 2 persons per bedroom as not crowded in comparison with 1.5-2 PPR or 2-3 persons per bedroom as somewhat crowded; 2-2.5 PPR or 3-4 persons per bedroom as overcrowded, and 2.5 PPR or 4 persons per bedroom as seriously overcrowded.

Affordability is a crucial factor in determining the level of standards. As Wordsworth (2001: 56) cited: ‘It is important to distinguish between the ability to pay and the willingness to do so. To create maintenance activity both must exist.’ Affordability is the primary measure of housing need in developed countries. Meng and Hall (2006) have compared the different measures used to assess affordability in Canada, Australia, the United States, and Britain, calling attention to the general absence of research on indicators of affordability to assess housing quality in developing countries.

Huchzermeyer (2008) has criticised the official standard of habitability and building design in Kenya as being restricted by the application of western standards, which exceed what the poor households can afford (the minimum standard is two habitable rooms). Angel (2000) has indicated that the consequence of unaffordable standards is either that it forces households to pay more for housing against their will, or it forces

them to live illegally.

Affordability also affects the housing supply sector. In a review ten years after the South African Department of Housing released its white paper on housing, Tomlinson (2006) has noted a drawback of removing the private sector from its central role as developer and expecting under-resourced local authorities to become the main supplier. This has in effect slowed down the delivery process enormously. Tomlinson (2006) has pointed out the main factors as being the failure of private developers, caused by acceptable standards being higher than could be provided within the subsidy limits, and the quality demanded as set out in the minimum standards within the National Housing Code.

Angel (2000: 270) argues that almost all sensible governments in other countries have had to stop, willingly or grudgingly, their unrealistic attempts to replace their substandard housing with good quality housing, and to focus instead on the gradual rehabilitation, renewal, and preservation of their housing stock. One might say that in the closing years of the twentieth century, we witnessed a silent revolution of lowered expectations.

Meng and Hall (2006) argued that housing quality is rather more complex than normative definition of housing quality standards. They have urged a 'meaningful' concept with broader social and economic meaning, with both quantitative and qualitative dimensions, but meanwhile, more context-specific and more participative in derivation. Meng and Hall (2006) developed an adaptive approach from available data in which housing conditions for all households are evaluated and ordered based on their current situation. There are two points that should be highlighted in this adaptive participatory approach: context specific and adjustable. The indicators are determined by local norms and expectations and the definition of quality is adjusted relative to changing local norms and expectations. Hence, housing quality can be consistently re-evaluated and the households with the greatest needs can be redefined in response to

the changing definition of quality.

Angel (2000) has summarised four possible approaches to the standards problem:

- (1) Use of police powers to demolish housing unfit for human habitation;
- (2) Provision of adequate public subsidies to raise all housing to a socially acceptable minimum standard of decency;
- (3) Allowance of different housing standards for different income groups and
- (4) Toleration of the continued existence of illegal sub-standard housing.

Angel (2000) asserts that the first approach will not solve the problem of substandard housing. He points out that Singapore is the only example where the state has successfully replaced slums and squatter settlements with high-rise public housing with adequate standards. Angel (2000) assumes it is unrealistic for other countries to adopt the same approach because Singapore is unique in being an island city-state with no rural to urban migration at all. The second approach is to set a long-term goal to increase housing quality; however, Angel (2000) has made clear that this must be fulfilled in combination with a decrease in affordability as is indicated in a third approach, that of allowing different housing standards for different income groups.

Additionally, most governments that are determined to take the full responsibility for housing provision normally make a projected number of housing provisions based on the quantitative data about demand side obtained in recent Census and survey. However, this has ignored the demand of housing being affected by unpredictable factors. For instance, in China, the global financial crunch has created a tide of rural migrants moving back to their home towns (China Daily Online, 2009b). The loss of cheap labour to cities will affect the whole economy of cities, particularly metropolitan cities. In some places, the consequences are even more obvious and severe than others. Meanwhile, the decrease in the population of temporary migrants will affect the rental market and will eventually affect the housing market. The demand side of both markets will change accordingly and the real-estate economy will adapt itself. The

policy-makers will need to give consideration to the flexibility and resilience of the housing market when they plan their budgets at city-scale. To invest in the existing deteriorating stocks is inevitably more economically sustainable and cost-effective for most governments.

2.3 *What kind of politics do we need*

As mentioned in last section, government plays a crucial role in determining the conditions of life for impoverished neighbourhoods and households living in them, for instance, the standard of selecting objectives for city ‘beautification’ programme. The Global Report 1996 (UN-HABITAT, 1996) has pointed to the importance of the recognition of ‘good governance’ at city and national level to enable fulfilment of the potential cities have and thereby to solve the problems caused by rapid urbanization. ‘Good governance’ is supposed to be able to concentrate different resources, maximize the economic and social gains and minimize destruction and the pollution of the environment. Taylor (2000:199) has compared the different definitions of ‘good governance’ given by UNDP, the World Bank, and UN-Habitat:

UNDP:

“...good governance is, among other things, participatory, transparent, and accountable. It is also effective and equitable. And it promotes the rule of law.”

The World Bank:

“...good governance implies inclusion and representation of all groups in the urban society... and accountability, integrity and transparency of local government actions... in defining and pursuing shared goals.”

UN-Habitat suggests the emergence of a new approach to good urban governance based on a shift from direct provision of goods and services by government to an enabling approach, which includes three principle strategies: decentralizing responsibilities and resources to local authorities; encouraging the participation of civil society, and using

partnerships to achieve common objectives.

2.3.1 Enabling

‘Good governance is an enabling tool, which ensures that cities carry out their functions with maximum effectiveness.’ (Taylor, 2000: 198)

The evolution of housing policy (UNCHS, 1990: 21) has shown the start to the general adoption of an ‘enabling approach’ from the late 1980s through to the early 1990s, and this was crystallized in the “Global Strategy for Shelter to the Year 2000”(GSS 2000) (UNCHS, 1990) in 1988. Since the 1980s, there have been changes in the concept of what governments should do to improve housing conditions. There are three distinct concepts of the role of government in housing programmes: state provision; the ‘enabling’ approach, and that of ‘leaving such provision to the market’ (UN-HABITAT, 1996: 337). However, the UN-Habitat has clarified in the Global Report 1996 that there has been a universal misunderstanding about the enabling approach. Such an approach does not imply less intervention but calls for an intervention with changed attitudes and the intention to help those whose housing needs and priorities are not to be met by the ‘market’ (UN-HABITAT, 1996: 363); or in other words, a government that will understand the priorities of the poor and disadvantaged households and will put careful consideration of their real needs and priorities to the fore during the process of planning and development decisions making – a pro-poor government, a “poor friendly” government.

2.3.2 Pro-poor

Garau et al. (2005: 36) summarized ‘Good Urban Governance’ as ‘involving organizations of the urban poor as equal partners in urban political and economic life, including budgeting decisions, financing practices, and the participatory upgrading, planning, and design of basic public services.’ Garau et al. (2005) have shown successful examples of how a national government-led initiative can provide a supportive environment for good urban governance. In the case of Thailand, the

problem was that the poorest groups benefited very little from the economic success. Meanwhile, the deterioration of housing stocks is a common issue; particularly those in central locations where the occupants of poor neighbourhoods are facing eviction as a consequence of the increases in land value. The Urban Community Development Office (UCDO) was set up in 1992 intending to reduce urban poverty. The model developed by UCDO has two crucial dynamics. One is a consultancy board composed of senior government officials, academics, and community representatives. The other is the initial funding of \$50 million provided by government, which is used to provide community-based savings and loan groups for income generation, revolving funds, housing improvement, and other housing-related costs (such as allowing communities threatened with eviction to purchase slum land or land elsewhere and develop housing there). After a few years' of effort, the networks based on community organizations were able to negotiate with city or provincial authorities, influence development planning, or simply work together on shared problems of housing, livelihoods, or access to basic services. As a result of decentralization, the right to manage loans was retained in the hands of community-based networks; thus the decision-making process is closer to individual communities, in networks that are able to respond rapidly and flexibly to opportunities identified by network members.

Another case of good governance is in Porto Alegre, a city in Brazil. The dilemma faced by the new Mayor was that there were no resources for making improvements in infrastructure and housing of low-income population. A local property tax reform was put in place as an immediate solution. But the real revolution is that the citizens and neighbourhood associations have become the decision maker instead of the municipality as to how to use the resources. The only roles of the municipality are to inform, to facilitate the process, to execute decisions – and to be held accountable if implementation does not match the decisions made. The Lima example has become a demonstration of participatory budgeting and has been replicated by many cities in Brazil as well as other places in Latin America and all over the world.

Hasan et al (2005) have highlighted the importance and potential of the role local government can play in the implementation of MDGs and poverty reduction if a more “pro-poor” approach is adopted during the process of development and planning. The attitude and capacity of local government clearly influences every aspect of the livelihoods of poor households.

Local government agencies, or the local offices of higher levels of government, determine whether citizens’ rights are protected and citizen entitlements are met. Their rules and procedures determine whether urban poor households can send their children to school and can afford to keep them there; whether they can obtain treatment when ill or injured; whether they are connected to water, sanitation and drainage networks; whether their neighbourhoods have street lights and electricity; whether they can vote and have access to politicians and civil servants; whether they are protected from violence and crime (and corruption) by a just rule of law; whether they can set up a small enterprise and get a loan to help them do so; whether they can influence development projects. (*Hasan et al., 2005: 3*)

The Editorial of *Environment and Urbanization* (2000) has specified six areas where local government has the potential to develop to a more pro-poor governance:

- access to land for housing;
- the provision of basic infrastructure and services;
- serving and supporting a prosperous economy;
- ‘pro-poor’ orientations within economic policies;
- access to justice;
- local political systems which poor and disadvantaged groups can influence.

After a review of how housing policy in European countries has adapted to incorporate the Vancouver Declaration on Human Settlements at Habitat I in 1976, UN-Habitat (1996) has suggested the ways for government to intervene to improve the housing conditions: first of all, government should ensure sufficient supplies of inexpensive

land and capital for housing; secondly, government should promote diversity of forms of housing type and tenure – especially forms of housing tenure that are less costly than owner-occupation but where the occupier has secure tenure; thirdly, there is a need for autonomous local authorities.

2.3.2.1 Inexpensive land

The GSS (paragraph 93) notes that:

‘the greatest failure of governments in the housing sector has been the incapacity to stimulate a supply of sufficient affordable and officially recognized serviced land to meet low-income housing needs.’

Urban land has high value, particularly in areas near an employment pool with a central location and accessibility. As the urban land price, formal land market and land development processes are mainly driven by the interests of the middle- and upper-class, very little formal land is affordable and available to low-income households. A large proportion of people are excluded from formal land and housing markets with an average of between 15 and 70 per cent of urban population affected in developing countries (UN-Habitat, 2006).

UN-Habitat (1996) made the criticism that most public housing projects have failed to meet the real needs and priorities of the groups at which the projects were targeted by being either too expensive for the poor households or in the wrong location or with wrong plot sizes and site lay-outs. Angel (2000) has stated the crucial factor that determines affordable housing is affordable land.

Angel (2000) has analyzed the factors that affect the supply of urban land for housing: the property rights regime, infrastructure development, the regulatory regime, and the competition from other land uses. UN-Habitat (2006) has illustrated the experiences in several countries of alternative ways to provide urban land for housing for low-income households.

2.3.3 Diversity

2.3.3.1 Diversity in housing options

The Wuhan Household Survey 2006 (Zhou and Zhu, 2007) showed that home ownership is still the desire of the majority of low-income households. However, this is coupled with the fact that they can not afford it. To possess a home of their own is a universal desire of human beings. In his study about rental housing in three cities in Latin America, Gilbert (1993) has drawn conclusions as to why the ownership is so highly cherished: it increases ‘peace of mind.’ Ownership can increase the sense of security, feeling of independence and self-esteem, which in turn increases the sense of well-being. Economically, ownership can release people from rent payments and provides an asset that their children can inherit (Gilbert, 1993). However, Gilbert (1993) has argued there is a significant difference between the general desire for ownership and the practicalities of becoming an owner. He points out the significant diversity in the forms of ownership people prefer.

Renting is still a universal phenomenon around the world and is always in great demand. UN-Habitat (2006) has stated that a survey of 21 developing country cities revealed that tenants made up more than 30 per cent of the population in 16 developing countries and more than 50 percent in eight. Affordability is one of the main reasons why poor households have to choose renting. On the other hand, Gilbert (2008) illustrates there is a large demand for rental housing among, for example, students, longer-term visitors, and temporary workers who all need rental accommodation. Recent internal migrants, foreign arrivals, and older people cashing in on the high value of their property to live out their years in rented accommodation add to demand as well as divorced and separated partners, and young single adults and couples. UN-Habitat (2006) noted that a supply of cheap rental housing is essential for maintaining a cheap labour force.

However, renting is universally an indispensable part in the housing provision system and housing market although most governments have neglected and even sought to

disparage renting in seeking to encourage ownership. It is a matter of record that official support to the rental market has been disappointing (UN-HABITAT, 1996: 352). In his recent viewpoint provided in IDPR, Gilbert (2008: iv) has affirmed the significance of renting as a vital housing option stating that ‘a healthy housing system offers a wider range of decent shelter options at affordable prices than a sick one’. He has appealed to the governments in poorer countries to offer ‘a wide range of housing options with different modalities, prices, qualities and locations’ (Gilbert, 2008, vii).

Gilbert (2008) has clarified the need for more flexibility in housing provision options as a response to the varied forms of housing demand. It should be noted that, although China seems to embrace the low-rental housing as the main approach of housing policy, it does not mean all the provision is based on large scale new construction. UN-Habitat (1996) has illustrated that, when governments intend to stimulate rental housing production, the measures they have taken are various, including rent decontrol, relaxing planning standards, promoting the building of extra rooms and fiscal incentives to landlords.

2.3.3.2 Diversity in housing standards

Another kind of diversity that is needed is, as Angel (2000) has affirmed, the acceptance of different housing standards for different income groups, and the tolerance of the continued existence of illegal sub-standard housing. As Angel (2000: 161) cited:

‘People who readily accept the reality that poor households drive less costly cars and wear less costly clothes than wealthier households will nevertheless balk at accepting the idea that legally required standards of housing quality should be lower in poor neighbourhoods than in wealthier ones.’

As discussed in section 2.2.3 on page 32, there are appeals to lower the demands of building standards from both the supply and demand sides.

2.3.4 Obstacles

Hasan et al.(2005) have stated three obstacles for local government to implement good governance with pro-poor approach: first of all, the desire of local government to make ‘our city globally competitive’ or ‘a world city’ and the hidden greed to make profits through clearing valuable land sites which has powerful vested interests; secondly, the reluctance of professionals (in the development and planning departments) to work with urban poor groups – partly because they are not trained to do so and also partly because they may feel it is a diminishment of status if their ‘colleagues’ or ‘partners’ are poor; thirdly, there remains the distance between the international development assistance agencies, such as the World Bank, and the real groups they intend to help: the individuals, households and communities facing deprivation. The institutions and processes have decided that the large flow of funding and technical assistance offered by international agencies are owned and managed by national governments. Only through very limited channels can low-income groups gain direct access to it. All in all, as Hasan et al.(2005: 13) have concluded:

‘it is easy for governments and international agencies to say they want participatory governance, but it is less easy to change their structures and their relationships with poorer groups to allow this to happen.’

2.4 *How good urban upgrading takes place*

2.4.1 Enabling approach

The enabling approach calls for policy shifts away from provision of housing by the government to assisted self-help solutions such as sites-and-services and upgrading schemes (UN-Habitat, 2006).

Angel (2000) has argued and illustrated how an enabling approach can be applied and should be fostered in every housing policy regime –the property rights regime, the housing finance regime, housing subsidies, residential infrastructure, and the regulatory regime. UN-Habitat (2006) has reviewed the experience of the implementation of enabling approaches to shelter strategies in the last two decades. They point to three

areas where reform is required for effective implementation of enabling shelter strategies: decentralization, participation and partnerships.

2.4.2 Partnership

UN-Habitat (2006) has affirmed that establishing partnerships between the various stakeholders in the shelter sector is a crucial principle of the enabling approach. They have pointed out the overlapping of responsibilities. The lack of a well-defined mandate often causes disorganized and ineffective implementation of development interventions, and inefficient use of available resources. The enabling approach needs partnerships from various stakeholders in the shelter sector, including the local authorities, both the formal and informal private sector, NGOs, CBOs, poor people themselves, and also women, youth, the elderly, people with disabilities and other vulnerable and disadvantaged groups.

2.4.3 Participatory approach

The Habitat Agenda (United Nations, 1996, paragraph 68) calls on governments to

‘employ broad-based participatory and consultative mechanisms that involve representatives from public, private, non-governmental, cooperative and community sectors, including representatives of groups that are considered to be living in poverty, at all levels in the policy development process.’

UN-Habitat (2006) has highlighted four areas in which poor people are able to participate in decision-making in relation to housing:

1. Participation in national policy-making
2. Managing the institutions that provide infrastructure and services
3. Participating in all stages of project design, implementation and monitoring of shelter programmes, e.g., in rehabilitation, resettlement, sites-and-services and upgrading schemes and
4. Grassroots participation in the wider political process.

The *Environment and urbanization* issue of April 2004 focusing on participatory governance showed how local government allowing more participation brought tangible benefits to poorer groups. The case below is a good example.

The participatory budgeting model initiated in Porto Alegre, Brazil (see page 40) has spread to over 100 Brazilian cities and to other places in Latin America, the Caribbean, Africa and Asia. Cabannes (2004) has analyzed 25 experiments in participatory budgeting in Brazil, Latin America and Europe and has shown that it is a productive approach towards participatory governance. Cabannes (2004) has categorized the seven main features seen as common to all participatory budgeting experiments. These may be stated as follows:

1. The form of participation

It may be either in direct democracy or through community participation. There are two forms of participation: every individual participates directly or indirectly through selected delegates and leaders.

2. The final budget decision maker

Ultimately it is the municipal council who is responsible for approving the budget. In some cases, the executive and legislative branches retain all the power though there is consultation of citizens at superficial level. However there are also some deliberative cases, in which the decisions of participatory budgeting councillors who were elected by citizens to represent them are supported by the municipal council. In these cases the representatives have real power for decision making.

3. The structure of decision making

There are two types of institutions through which the decision making proceeds. In the Brazilian model, the Council of the Participatory Budget (COP) is the central body in decision-making, the allocation of resources, and other administration functioning. The councillors of COP are elected by the delegates of citizens. In another form of participatory budgeting found widely elsewhere in the world the political structure of participatory budgeting is based on pre-existing local

frameworks. The COP has a clear and central point for participation – the budget. In contrast, other frameworks based on the pre-existing political and social structure do not have the same local networks with budgets as the centre of their participation.

4. The process of implementation

There are a range of forms of the process from controlling public bidding to final monitoring of the implementation of the works. It varies from control by the executive branch to control by the “neighbours”.

5. Priorities of initiatives

The priority for the majority is to improve living standards at neighbourhood levels.

6. The proportion of control of public resource

How much of the total budget is placed under discussion with participation from all sectors? This ranges from less than 1 per cent to 100 per cent.

7. The degree of formalization

It can vary from informality to regulation through decrees, laws and regulations at municipal and / or national level. Cabannes (2004) has found that most cases stay at a level between a ‘movement’ and an ‘institution.’

However, UN-Habitat (2006) has mentioned some limitations and risks of participatory budgeting. One is that desire from the public side may lead to over budgeting. The other is the proposal of unrealistic and unachievable budgets – the more enthusiastic representatives are more likely to win public votes but such triumphs cannot guarantee the successful implementation of the project.

2.4.4 Housing Finance

The Global Report on Human Settlements 2005 has addressed the significance of housing financing in shelter provision systems. UN-Habitat (2006) has illustrated some of the measures and programmes that have been put into practice to give the poor and other vulnerable and disadvantaged groups better access to housing finance. In

summary, there are three ways financial assistance is channelled to poor households comprising formal, community-based and informal channels.

1. Government and formal sector initiatives to increase housing finance

The Government Housing Bank of Thailand (GHB) is exceptional among government banks and state-owned housing finance institutions in developing countries for its success and efficiency in providing affordable housing finance for lower income groups. GHB provide higher deposit interest rates than commercial banks and lower lending rates without any subsidy from the Government. Only for the re-financing loans to mortgage borrowers, GHB charge higher interest rates, so this is a cross-subsidy. GHB does not have many branches. This makes possible savings on administrative costs. The commercial banks have found it necessary to lower their own rates to compete with the rates offered by GHB. In addition to providing loans to individuals to purchase homes GHB also provides loans to developers for the construction of low-cost rental apartments. This radical improvement of the housing finance sector, underpinned by economic growth, has triggered a boom in Bangkok.

However, in most other developing countries, very few government and state-owned banks have functioned in the same way as GHB. Thus, private commercial banks and financial institutions are the primary choice but they serve mainly the middle- and higher-income groups. However, the National Urban Reconstruction and Housing Agency (NURCHA) in Nigeria has shown a way to entice commercial banks to participate in low-income housing projects and home loans by acting as guarantor to take the risk of unpaid loans provided by the commercial banks for housing projects as well as rental projects.

In most developing countries, the high interest rates and formal collateral requirements exclude the poor households from the formal mortgage and loans market. UN-Habitat (2006) has illustrated three successful cases in which these issues have been addressed. The first case is the Urban Community Development Office (UCDO) in Thailand,

which was set up by Thai Government in 1992 with an initial funding of US\$50 million. The aim of this funding is to provide low-interest loans to communities who can prove they have the capacity to manage savings and loans. Two other cases are two NGOs in India and El Salvador. The VSSU, based in West Bengal, India, offers a variety of collateral and guarantee schemes. They can provide guaranteed and character-based lending to individuals and loans to members in groups. They also accept variable loan repayment performance. The other NGO known as FUSAI provides micro-enterprise, house improvement and construction loans. Unlike the VSSU, FUSAI does not accept a group 'co-signing' for its members but adopts the established bonds of kinship of friendship as collateral.

2. Community initiatives in housing finance

Although the call for Government and formal sector initiatives to increase housing finance will help in providing affordable housing finance for lower income groups, for the poor households, particularly the poorest, the bulk of housing finance still comes from their own individual savings. It is unrealistic for all households to access formal mortgage or loans. Community savings and loans scheme provide an alternative way to increase the availability of housing finance. UN-Habitat (2006) has demonstrated from various examples in developing countries such as Kenya and South Africa that shorter-term credit offered by many savings and credit co-operatives work better for the benefits of the poor than formal longer-term loans. In addition, they found that the form of community-based rotating savings and credit organizations is a universal phenomenon worldwide.

2.4.5 Subsidy

Angel (2000) has emphasized that housing subsidies and housing-related taxes are essential in housing policy. This is one of the fundamental supports needed to make the housing sector work efficiently and equitably and to overcome market and policy failures. Angel (2000) specifies four kinds of subsidy on the supply side: Government

agencies that construct public housing, private sector developers and builders that construct subsidized private housing, intermediary NGOs that build or rehabilitate houses in poor neighbourhoods, and individual households or groups of households (e.g. cooperatives) engaged in building or improving their dwellings. Angel (2000) has argued that in an enabling policy environment, the aims of housing subsidy policy should focus on efficiency and equity, and providing the feedback necessary to be adopted if they fail to meet their goals.

The current housing policy in China is mainly to foster EAHs and low-rental housing. The construction of EAHs and low-rental housing are mainly completed by the private sector with land transfer fee being exempted (subsidy on the supply side). On the other hand, the lowest-income households receive allowances in cash directly from the local government to rent 'decent' housing (subsidy on the demand side), which rely on substantial housing subsidies being included in government budgets. Angel (2000) has indicated that the evidence from the United States suggests that subsidized low-cost housing did not increase the housing stock as a whole, because it displaced an equivalent amount of non-subsidised housing (which is similar to what is happening in China). In addition, Angel (2000) argued that developers gain more benefits than low-income households. In contrast, rehabilitation (or new construction) of low-income housing projects implemented by NGOs provide assurances to maintain low rents. This benefits the targeted groups more and is more cost-effective (particularly when choosing rehabilitation that is generally cheaper than new construction).

Angel (2000) has argued that, compared with the subsidies to the supply side, the subsidies targeting the demand-side have the advantage that they do not distort the housing supply and there is evidence that housing allowances and rent supplements provided to low-income households do not lead to rent inflation. However, Angel (2000) has also noted that this approach does not lead to the productive supply side responses. Other disadvantages, as Angel (2000) has pointed out, is that there is evidence that such

supplements fail to reach those housed in the worst conditions and they have very limited effect on the improvements of housing conditions. In addition, because housing allowances have very limited influence on housing supply, there is an unavoidable likelihood that rents will climb uncontrollably.

2.4.6 Institution and management skills

The rehabilitation of existing housing stock produced in the expert group meeting on human settlements management in New Delhi (see UN-Habitat, 1982) is one of the first UN-Habitat publications with special reference to the rehabilitation issues. Although being published as early as in 1982, some concepts still illuminate relevant issues in contemporary society.

Based on the arguments of distinction between inner-city areas and slum areas, UN-Habitat (1982) has emphasized that the immediate concern of planners regarding impoverished neighbourhoods in inner-city areas is to identify the administrative and legislative constraints that prevent existing financial resources from being directed towards the maintenance and upkeep of the housing stock. Slums, as defined in this report, refer to economically depressed neighbourhoods where there is an absence of access to employment opportunities and economic activities. Consequently, the main concern for slum areas is to promote their economic recovery.

UN-Habitat (1982) has reemphasized that the two main challenges in handling the rehabilitation of the existing housing stock are the importance of adapting existing institutions in line with the need for management skills. The following paragraphs identify the main findings drawn from UN-Habitat's (1982) report.

1. Adaptation of institutions at national level

In most countries, urban planning regulations and standards target only new developments excluding the regulations for works of rehabilitation. The first task for adaptation is to make available resources and inputs exclusively for use in rehabilitation. World wide, the ultimate responsibility for rehabilitation at the national level rests with the Ministry of Housing Building and Physical Planning. However, owing to the complex nature of rehabilitation, co-operation of other ministries is

needed, such as the ministry of economy, ministry of finance and ministry of interior. Inter-ministerial consultation and participation of institutions at lower levels will be necessary. In addition, since costly rehabilitation is often as a consequence of lack of maintenance, there is a need to adapt the legislation at national level to make maintenance fiscally attractive for landlords and owner-occupiers. Furthermore, UN-Habitat (1982) suggests that there is a need to set up a separate institution with a clear mandate for the rehabilitation of existing inner-city housing stock. This institution should promote participation, manage surveys and coordinate and secure the cooperation with other sectors and agencies.

2. Adaptation of building codes

The regulations for new buildings are unachievable in old housing if rehabilitation is to be affordable and economically viable. Particularly in developing countries, building codes have to be revised according to available economic and financial resources. Waivers of the standards and regulations for rehabilitation projects should be taken into consideration with high priority. However, only with initiatives from national legislation can provincial or municipal agencies adapt the building codes.

3. Adaptation of tenure

The transfer of ownership to tenants will facilitate rehabilitation in many ways. In the areas where the property rights or rights of use are ambiguous, co-operative ownership or right of use is necessary.

4. Adaptation of finance and credit system

There is a need to adapt the saving and credit system specifically for low- and lowest-income households when rehabilitation projects take place.

In addition to the adaptation at institutional level, UN-Habitat (1982) argued rehabilitation in practice demands greater input in terms of management resources, skills and experiences than new construction. Effective management in practice is vital in cost control and professional skills are essential to avoid high cost. Professional skills required in a successful rehabilitation projects include experience in quantitative survey, budgeting, and programming. On site, quick decision making, good skills in

managing co-ordinated documentation systems, and day to day liaison with residents, are crucial in determining the quality and cost of the project.

2.5 Summary

This chapter has reviewed more friendly approaches to impoverished neighbourhoods. The existence of cheap but not ‘cheerful’ dwellings to meet the demands of poor households is the main reason why the issue of sub-standard dwellings continues to remain worldwide, particularly in the background of rapid urbanization and growing migrant population. Poor households in cities need central locations, multiple uses of space and community and associations. While the whole-scale evictions cause many disadvantages to urban poor households, the approach of adaptations and upgrading is more cost effective and, more importantly, it contributes to the entire household livelihoods. Good governance that adopts enabling and pro-poor approach is essential in determining the decisions on impoverished neighbourhoods and livelihood of poor households. This chapter has urged the policy makers to understand the need for diversity in housing options and the waiving of building standards, which will contribute to the promotion of upgrading and the reduction of evictions. In addition, the last part of this chapter has reviewed the general methods in upgrading projects in developing countries, regarding the enabling and participatory approaches, housing finance, institution and management skills.

Chapter 3 Magic or not?

The Sustainable Livelihoods Approach

3.1 Introduction

In the last chapter, a bottom-up, enabling and more sustainable approach was called for. Such an approach will allow fuller consideration of the real needs of poor people and the long-term benefits for future generations. In this chapter, the Sustainable Livelihood Approach (SLA) is introduced and reviewed to explore its potential for employment in answering the main research questions in this research. First the concept of Sustainable Livelihood (SL), and its contribution to development discourse will be introduced along with the advantages of using SLA. This will be followed by an exploration of its broad use through a comparative review of four main agencies that have adopted SLA. The weaknesses of using SLA have been summarised from the review of its use in four main agencies. Finally, there is a broader discussion of the use of SLA that confirms the potential to use it in housing related studies in urban China.

3.2 One Concept

There are multilateral agencies and NGOs in development using the Sustainable Livelihoods (SL) approach in practices. Prominent amongst these are the United Kingdom Department for International Development (DFID), the Cooperative for Assistance and Relief (CARE), the Oxford Committee for Famine Relief (Oxfam) and the United Nations Development Programme (UNDP) (Hussein, 2002; Meikle et al., 2001; Carney et al., 2000). Although these agencies focus on different areas and consequently have developed diverse frameworks, they have the same conceptual origin in SL as when the term was first defined by Chambers and Conway (1991) as follows:

“A livelihood comprises people, their capabilities and their means of living, including food, income and assets. Tangible assets are resources and stores, and intangible assets are claims and access.

A livelihood is environmentally sustainable when it maintains or enhances the local and global assets in which livelihoods depend, and has net beneficial effects on other livelihoods. A livelihood is socially sustainable which can cope with and recover from stress and shocks, and provide for future generations.”

The concept above suggested a measure of ‘net sustainable livelihoods,’ which has

specified the main components/attributes of SLA as: the vulnerability context (*stress and shocks*), tangible assets capitals (such as *food, income, resources, and stores*) and intangible assets (such as *people, capabilities, claims and access*), and outcomes (*environmentally and socially sustainable*). Meanwhile, it is noticeable that the core concept has addressed broad issues from micro (*local*) to macro (*global*) level. Coping strategies are the means that people with vulnerability have adopted or will adopt in pursuit of better livelihoods outcomes.

The two words “Sustainable livelihoods” were put together initially without an explicit definition (Chambers, 2009). Ashley and Carney (1999) have explained the variety of interpretations and employment of the term ‘sustainable livelihoods’ first and foremost as a tool. As such, the Sustainable Livelihoods Framework (SLF) specified in DFID’s *Sustainable Livelihoods Guidance Sheets*, it may be used as a checklist of issues and a way of structuring analysis. Second, it can provide an operational objective to improve the sustainability of livelihoods and as a set of principles that can be applied in almost any situation. Third, as an approach to development, it combines the first two attributes. Thus, SLA, as Farrington et al. (2002) have pointed out, can be discussed at three different levels: as a set of underlying development **principles**, an analytical **framework (tool)** or as an overall development **objective**.

3.3 *The significance of SLA in development discourse*

3.3.1 Human Development

Since the 1990s, there has been a substantial change in the nature of public discussion and debate about successes and failures in the process of development. Development was usually defined principally in terms of economic growth; as countries experience increased growth their productive capacity expands and they ‘develop.’ The most familiar indicator of development is gross national product (GNP). Redclift (1987) has illustrated that the use of GNP as a measure of development is inadequate. The first failure is that much of what people produce is for their own consumption, such as income from the informal sector, is not represented in GNP figures. Secondly, using GNP as an instrument for measuring economic development shows a lack of attention to demographic profiles. Per capita figures for economic growth tell us very little about the relationship between income, wealth and patterns of income distribution even

among people of the same class. It may, for example, disguise the number of dependants within families and the number of single parents and elderly people without dependants. Thirdly, GNP is also inadequate as a measure of how production is deployed. More importantly, GNP figures also fail to distinguish between groups of people, especially social classes, within a country. Last but not least, from the environmental perspective, GNP is a particularly inadequate indicator as it treats sustainable and unsustainable production alike even though some productive activity is associated with the costs of economic growth, for example, through pollution control.

One milestone in human development discourse is Amartya Sen's theory of development as an expansion of capabilities (Sen, 1999) and the development of the Human Development Index, which serves as an alternative focal point to the traditional concentration on GNP, GDP (Gross Domestic Product), and other standard measures of economic development (Anand and Sen, 2000; Anand and Sen, 1996). The Human Development Reports, which have been published every year since 1990, have employed Sen's capabilities approach as a conceptual framework to measure poverty (in human lives) rather than incomes (in economic performance) (UNDP, 2009; Fukuda-Parr, 2003). Over time these reports have developed a distinct development paradigm – the human development approach (UNDP, 2009).

3.3.2 Sustainability

Sustainability rests on three pillars: environmental, economic, and social sustainability (UNCHS (Habitat), 1994). The term 'sustainable development' was used at the time of the Cocoyoc declaration on environment and development in the early 1970s (Redclift, 1987). Sustainable development, defined by the Brundtland Commission, is 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (Brundtland, 1987:43), more profoundly:

'The concept of sustainable development does imply limits – not absolute limits but limitations imposed by the present state of technology and social organisation on environmental resources and by the ability of the biosphere to absorb the effects of human activities. But technology and social organisation can be both managed and improved to make way for a new era of economic growth. The commission believes that widespread poverty is no longer inevitable. Poverty is not only an evil in itself, but sustainable development requires meeting the basic needs of all: the extending to all of

the opportunity to fulfil their aspirations for a better life. A world in which poverty is endemic will always be prone to ecological and other catastrophes.’ (Brundtland, 1987:8)

Overall, the concept of sustainable development expresses a comprehensive aim: to meet the basic needs of the poor (which should be given priority), in line with the recognition of the limitations in technology and social organisation on environmental resources. However, Neefjes (2000) states that there are globally diverse views to understand in translating the term of ‘sustainable development’. Redclift (2000) also stresses the complexities and contradictions of the definition of sustainable development. He considers one of the reasons for so many contradictory approaches to sustainable development is that the objectives of sustainability are identified differently in different cultures and determined by people with different interests. As UNCHS (Habitat) (1994) has remarked,

sustainable development involves avoiding exclusion, increasing democracy, and increasing transparency of government and spending. Social issues include support for the informal sector; valuing employment for itself and what it contributes to the psychological well-being of the worker; encouraging functioning neighbourhoods, and support for the poorest groups to prevent the creation of an under class caught in a no-home, no-job cycle.

The achievement of sustainable development involves the efforts of all citizens of a country; this indicates that democracy is a precondition of sustainable development. People should be involved in the planning of improvements which affect their everyday lives; with responsibilities to ensure such improvements are maintained and operated in an efficient manner.

Although the concept of sustainable development has become intensely associated with notions of ‘environment’ and ‘environmentalism’ (Neefjes, 2000), this does not indicate that social and economic dimensions are less significant. Conversely, they are intricately related to each other. For example, endemic poverty is linked to ecological catastrophes (Neefjes, 2000). Also, UNCHS (Habitat) (1994) has stressed the importance of social development to economic development: ‘social development is just as much a component of economic development as it is a welfare issue. Unless society is at peace, economic development can be stifled at source or destroyed.’

3.4 Strengths and advantages of SLA

Chambers and Conway (1991)'s concept of 'sustainable livelihoods' has responded to both initiatives (see above) in development movements firstly by putting people at the centre with a focus on people's assets and their priorities in line with an analysis of their vulnerability (deprivations), and secondly, by asserting that all the dimensions of sustainability are important to SLA (DFID, 1999a). Sanderson (2009) has drawn attention to two ways that SLA is significant in development discourse: first, 'Whose reality counts?' (Chambers, 1997). We need to know for whom reality counts. People have been placed at the centre of SLA in addressing meaningful development interventions. Second, SLA has drawn together the development approach with a broader perception of vulnerability, needs, assets, disasters, development, governance and rights based approaches. After having reviewed the conceptual roots of SLA, Ashley and Carney (1999) have pointed out that SLA has drawn on three decades of changing views of poverty. This is reflected in the principles proposed in the adoption of participatory approaches, highlighting the importance of assets, and a focus on community-level institutions and processes.

The main principles of SLA are addressed as follows.

Both Oxfam (Hussein, 2002:38) and DFID (Ashley and Carney, 1999:7) have drawn up the core SL principles as:

1. People-centred

The challenging question raised by Chambers (1997; 1995) is 'Whose reality counts? The reality of the few in centres of power? Or the reality of the many poor at the periphery?'. Chambers (1997) has illustrated the complexity and diversity of the realities of life of poor people and argued that the understanding of these differences and their implications are yielding a new paradigm and a new and hopeful agenda, which puts the reality of the poor first and makes it important. DFID (1999a: section 1.3) has made explicit the meaning of 'people-centred' at a practical level:

- it starts with an analysis of people's livelihoods and how these have been changing over time;
- it fully involves people and respects their views;

- it focuses on the impact of different policy and institutional arrangements upon people/households and upon the dimensions of poverty they define (rather than on resources or overall output *per se*);
- it stresses the importance of influencing these policies and institutional arrangements so that they promote the agenda of the poor (a key step is political participation by poor people themselves).

2. Participatory

‘Poor people themselves must be key actors in identifying and addressing livelihood priorities. Outsiders need processes that enable them to listen and respond to the poor’ (Ashley and Carney, 1999:7). ‘The livelihoods approach will not be effective unless made operational in a participatory manner by people who are skilled in social analysis and who share an overall commitment to poverty elimination’ (DFID, 1999a: section1.5). Chambers (1997) reviewed the evolving history and applications of rapid rural appraisal (RRA) and participatory rural appraisal (PRA), all of which have nowadays been mainly taken up in the form of participatory poverty assessments (PPAs). DFID (1999a) has stressed that the approach of PPAs has strong links with the sustainable livelihoods. Oxfam states that PPAs should be their starting point when seeking direction in their assistance projects (Hussein, 2002). Chambers (1997) stressed that participatory methods have powerful applications as alternatives to questionnaire surveys, and for policy appraisal and insights, and addressed the advantages of PRA as follows:

‘The PRA experience has led to insights and discoveries: that local people have largely unexpected capabilities for appraisal, analysis and planning, that the behaviour and attitudes of outsiders are critical in facilitation; that diagramming and visual sharing are popular and powerful in expressing and analysing complexity; and that sequences of PRA methods can be strong’ (Chambers, 1997:130).

Chambers (1995:204) argues:

‘More participatory management in developing organizations, including multilateral and bilateral agencies, NGOs both Northern and Southern, research institutes, training colleges and institutes, government departments in headquarters and in the field, and universities, entails the adopting of participatory personal styles and interactions.’

3. Multi-level

Ashley and Carney (1999) stressed that SLA needs collaboration between sectors since no single discipline or expert can understand all aspects of livelihoods. They state that one of the strengths of SLA is that it can be used as a common language for communicating in collaborative teamwork across different sectors. DFID (1999a: section 1.5) considers that SLA can help to understand the interactions between different sectors and to develop inter-sectoral links within sector programmes that can maximise the impact on livelihoods. Meanwhile, it will help the public institutions to recognise the many different players who are involved in the development process and the significance of opening up the dialogue among different sectors, innovating and incorporating best practice.

4. Contributing in partnership

In Oxfam's mission statement, as cited in Hussein (2002:37), "Oxfam works with others to overcome poverty and suffering"; Ashley and Carney (1999:39) stated that DFID staff can draw on the lessons and materials of other donors using SLA, and vice versa. They (1999) described how the means to share SLA could be either by sharing the framework or the principles, but emphasise that the sharing of SL principles is more important than sharing the framework.

5. Sustainability

Sustainability is undoubtedly the key of this approach as indicated in Chambers and Conway's (1991) definition about sustainable livelihoods. Sustainability is the means and goal of the livelihoods approach. Oxfam (Hussein, 2002:37) has also stated the sustainable nature of their livelihoods approach: 'Oxfam...intends to make a lasting difference to poverty and suffering.' DFID (1999a) stresses that sustainability is significant in their livelihoods framework as it implies that progress in poverty reduction is lasting, rather than fleeting. Different agencies have defined the meaning of sustainability so that it meets their diverse focuses in development missions. DFID (1999a) stresses that sustainability rests on four dimensions: environmental, economic, social and institutional. The four dimensions of sustainability in Oxfam's SLA are: economic (markets, credit); social (networks, gender equity); institutional (capacity building, access to services and technology, political freedom) and ecological (quality and availability of environmental

resources.) The UNDP defines the sustainability of livelihood as a function of how men and women utilise asset portfolios in the short- and long-term. Sustainable Livelihoods in UNDP projects means:

- the ability to cope with and recover from shocks and stresses;
- to be economically effective;
- to be ecologically sound and
- to be socially equitable.

6. Holistic and dynamic

Rather than a fixed and exact model, SLA provides a way of thinking about livelihoods with a comprehensive perspective. With acknowledgement of the significance of various components of livelihoods (vulnerability, assets, and outcomes), SLA recognises the ‘multiple’ influences of different livelihood factors on people and interaction between different factors (DFID, 1999a). The application of SLA is a dynamic process as it pays attention to the change of livelihood outcomes and calls ongoing investigation that support positive patterns of change and mitigate negative patterns (DFID, 1999a).

3.5 *Various Frameworks (SLF)s– a comparative review*

Although SLA can be used as only a set of principles, an analytical tool or an overall development objective, Farrington et al. (2002) emphasise that its functioning as an analytical framework resides at the core of the SL approach. As introduced on page 57, there are several agencies that have adopted SLA. However, they may start from different places and attempt to reach their goals by different means. In the following sections, agencies that have adopted SLA will be introduced and compared briefly. The aim of this review is to show the broad and various uses of SLA, which may give insights for further discussion in later chapters. However, it should be emphasized that, as Ashley and Carney (1999) stated, SL principles are more important than the frameworks, and ‘use of the framework on its own, without the principles, will not necessarily enhance development activity’ (Ashley and Carney, 1999:8).

A significant event in SLA’s history was an inter-agency meeting in Siena, Italy, in 2000,

which drew five agencies together: DFID, FAO, the International Fund for Agricultural Development (IFAD), UNDP and the World Food Programme (WFP). The agencies found that they share many common principles of SLA: the goal of sustainable development, people-centred, participatory approaches, macro-micro linkages, and holistic understanding of livelihood constraints. However, with wide-ranging backgrounds and foci, different development authorities have developed their own frameworks to understand and make operational the SLA concept. Accordingly they have defined various elements within their own frameworks. Hussein (2002) has compared the diverse approaches that have arisen as different agencies adopted SLA. The following sections are a thorough review of selected leading agencies: DFID, FAO, UNDP, Oxfam and CARE.

3.5.1 History, entry point, and main focus

3.5.1.1 Department for International Development (DFID)

DFID adopted SLA in its 1997 White Paper as a means of implementing its mission of poverty elimination in poorer countries. The conceptual root of DFID's SLA is Chambers and Conway's (1991) definition. The initial developing of DFID's SLA started from former Natural Resources and Environment Division. DFID has invested considerable input in developing SLA by setting up the Sustainable Livelihoods Support Office (SLSO) and Livelihoods Connect – a web-based learning platform for SLA. In 1999, DFID developed a basic SLF which is widely used and adapted within different departments of DFID and within other agencies such as CARE and FAO. SLF was an important approach in DFID's practices from 1998 to 2002 until a shift occurred to secure transformation at a national scale and provide greater support from domestic budgetary processes as a consequence of DFID's restructuring in 2002-2003 (Clark and Carney, 2009). DFID has stressed its emphasis on all the main SL principles stated in the last section and practised them in its various projects. One main contribution DFID's SLF has made is that it has brought forward the concept of 'policies, institutions and processes' (PIPs), which is considered to be an efficient way of describing the governance environment that mediates people's access to assets and their ability to develop livelihoods strategies.

3.5.1.2 Food and Agriculture Organization of the United Nations

(FAO)

In 1996, FAO adopted the SLA in its Strategic Framework for 2000-2015 which has specified eradication of food insecurity and rural poverty as its foremost priority (Hussein, 2002). SL principles are stressed in Strategic Objective A.1: ‘Sustainable rural livelihoods and more equitable access to resources’ (Hussein, 2002:18) and also has impacted on other strategic objectives. FAO focuses on the intrinsic principles of cross-sectoral interaction and partnerships within SLA. Participatory methods have also played an important role in various FAO’s field programmes.

In 2001, as an outcome at the inter-agency forum with DFID, UNDP and WFP, FAO developed their framework on the basis of DFID’s SLF as a tool to profile vulnerable groups.

3.5.1.3 United Nations Development Programme (UNDP)

UNDP adopted SLA in 1995 starting by employing it to promote sustainable human development and poverty reduction (concerning the concept of human development, please see page 58 of this chapter). It has been widely used in the Poverty and Environment Initiative projects. But following the closure of the global SL programme in late 2000, SLA is no longer one of the core means that UNDP employs to combat poverty. But it is still used in UNDP’s environment projects and in broad sectors and areas in planning, education, environmental work, governance and gender. It is noticeable that UNDP has applied SLA in urban settings. UNDP’s practices of SLA have shown that SLA is important at field level for poverty reduction interventions and it can also be applied in UNDP programmes at the central and country level. UNDP focus on the following SLA principles in development: people-centred, participatory and holistic approaches. It is noticeable that unlike other agencies, UNDP has not applied a specific SLF (Carney et al., 2000).

3.5.1.4 The Cooperative for Assistance and Relief (CARE)

CARE is in fact one of the first agencies to apply the SLA. CARE adopted an explicitly “sustainable” Livelihood Approach in 1994 (Carney et al., 2000). The conceptual root of CARE’s SLA is also Chambers and Conway (1991) definition of livelihoods. However, instead of the term ‘sustainable livelihoods,’ CARE has invented its own

term of ‘household livelihoods security’ sharing the same concept of SL. This is the main point that distinguished CARE from other agencies. CARE’s evolving history with the Livelihood Approach started in the 1980s with a focus on household food security. This shifted to a focus on nutritional security in the early 1990s and then developed towards the concept of household livelihood security in the 1990s. CARE has set out five fundamental principles in implementing all its projects. They are:

- 1) Significant scope: CARE work on problems that are broad in scope and common to a ‘significant’ number of people, or in other words, working for the majority of people who are affected by poverty.
- 2) Fundamental change: CARE aims to reduce the level of poverty by the means of ‘capital formation’ – capital enhancing, which is called by CARE ‘fundamental change’ in basic needs.
- 3) Working with poor people: CARE targets poor people in developing countries.
- 4) Participation: CARE asks for the full participation of the target group and partnerships throughout all the processes of the projects from design and implementation to evaluation.
- 5) Replicability: CARE encourages projects to be duplicated elsewhere in similar conditions given similar resource allocations. In other words, a demonstration project can be developed into a mode that can be applied more generally.

There are three noticeable characteristics in CARE’s Livelihood Approach:

1. Operation in both rural and urban settings

Unlike other agencies whose SL projects are mainly in rural areas, CARE has employed the Livelihood Approach in a broad range of its relief and development work in both rural and urban settings.

2. Household Livelihood Security (HLS) framework

Unlike other agencies that work mainly at central or country level, CARE has developed its own HLS approach with a focus on individuals and families at household level. The HLS approach has four principles which are strongly related to SLA: people-centred – with a starting point of understanding needs and how to access resources for vulnerable households; holistic; linking of disasters with development, and micro and macro interventions. An HLS model was adapted from an earlier HLS framework. More details about this model will be discussed in the next section.

3. Focus on Rights Based Approaches (RBAs)

Recently, CARE has stressed its interest in incorporating RBAs within the Livelihood Approach as both address the importance of PIPs and RBAs can effectively complement SLA. CARE consider the integration of these two approaches will help to address the issues of accountability and social justice, which could provide additional entry points for CARE's projects but can not be covered by the Livelihood Approach alone. As Hussein (2002:32) remarked, CARE includes four key elements of RBAs:

- 1) Participatory governance and the right to participate;
- 2) Promoting inclusive social and economic development;
- 3) Mutual accountability in respect of rights and responsibilities and
- 4) A holistic perspective focusing on understanding root causes, removing constraints and creating opportunities and choices for livelihood improvement.

3.5.1.5 Oxfam GB

Oxfam GB (often referred to simply as Oxfam) has adopted an SLA since the early 1990s and applied it in its development and emergency relief projects. It has influenced the development of DFID's SLA. Like CARE, Oxfam also has integrated SLA with RBAs, seeking to realise the right to sustainable livelihoods alongside rights to health, education, life and security and equity. Oxfam considers 'Right to Sustainable Livelihood' as one of its main strategic aims. Oxfam's global livelihoods programmes focus on food, income and employment security and works at local, national, regional and international levels. Oxfam's SLA has a strong focus on markets and trade. Its approach to securing food, income and employment is to improve access and/or power in markets that will affect the livelihoods of poor producers and to improve wages and the employment conditions for women. Oxfam's SLF is based on DFID's SLF but Oxfam encourage staff and partners to adapt it in different contexts.

3.5.2 A brief comparison

3.5.2.1 Assets

Livelihoods assets are a key component of SLF. The major SLFs are all assets-based approaches. For this reason the concept of assets will be reviewed at this point.

Chambers and Conway (1991), in their initial definition of SL, simply differentiate assets as either tangible or intangible: ‘Tangible assets are resources and stores, and intangible assets are claims and access’. Since then the concept of assets has been developed by various authors.

Box 1 Comparison of assets by various authorities

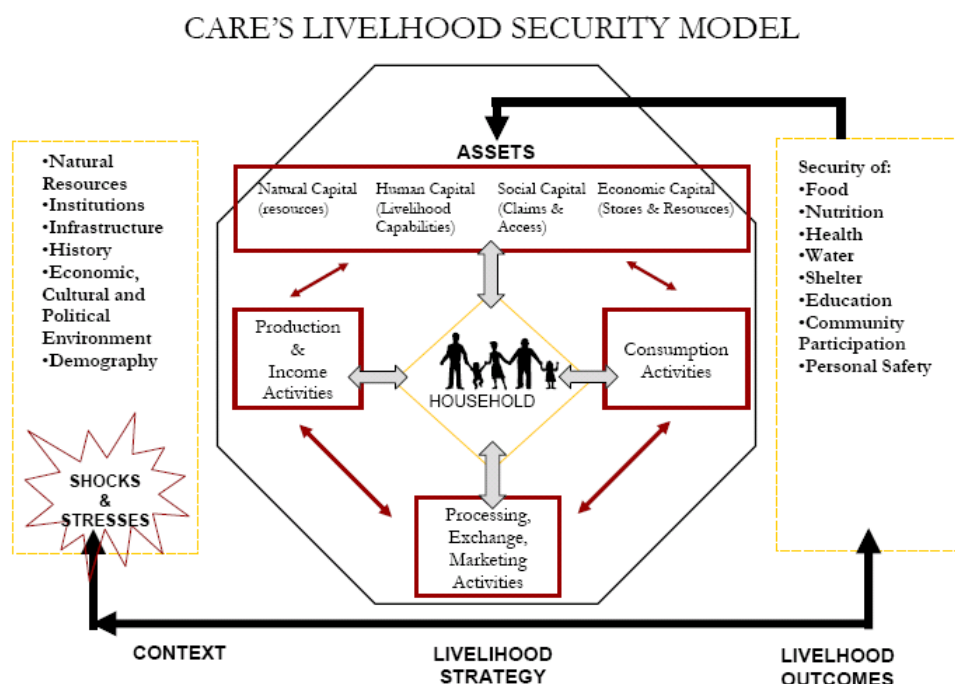
Chambers	UNDP	Oxfam, DFID	CARE	Moser
<p>Tangible assets:</p> <ul style="list-style-type: none"> • stores e.g. food, jewellery • resources <p>Intangible assets:</p> <ul style="list-style-type: none"> • claims-made for material, moral or practical support, • opportunity in practice to obtain resources 	<ul style="list-style-type: none"> • Human • Social • Natural • Physical • Economic • Political 	<ul style="list-style-type: none"> • Natural capital • Human capital • Financial capital • Physical capital • Social capital 	<ul style="list-style-type: none"> • Human • Social • economic 	<ul style="list-style-type: none"> • Labour • Economic and social infrastructure • Housing • Household relations • Social capital

Source: Farrington, Ramasut and Walker (2002)

In their review of the use of SL among different agencies, Carney et al.(2000) concluded that all the agencies including DFID, FAO, CARE, World Bank and Oxfam, have adopted assets-based approaches. Moser’s (1998) Asset Vulnerability Framework is another important assets-based framework, which is more assets-centred and has influenced other assets-based livelihood frameworks. Greater discussion on Moser ’s (1998) Asset Vulnerability Framework will be found in Chapter 4.

CARE’s livelihood model (Carney et al., 2000) categorises assets as human capital, social capital, and economic capital, which seems to reflect Chambers and Conway’s (1991) initial definition of SL since it defines human capital as livelihoods capabilities, social capital as claims and access and economic capital as stores and resources (see Figure 2).

Figure 2 CARE's livelihood model

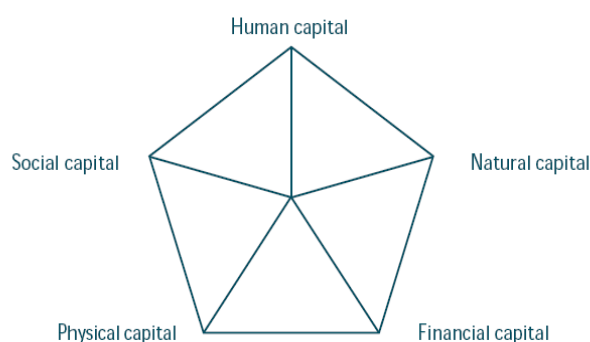


Source: Frankenberger (2000)

However, it is noticeable that in its HLS framework (Hussein, 2002:33), “asset capital” has been slightly modified to use the same categories of five assets as used by other agencies. These comprise human, natural, financial, physical and social assets. Livelihood assets capital is dominant in CARE’s HLS model. ‘Capital formation’ is its main approach to making fundamental changes to meet the basic needs of poor households (Hussein, 2002).

DFID’s livelihoods assets have five categories of capital: human, natural, financial, physical and social. It has drawn the asset pentagon, which lies at the core of the livelihoods framework.

Figure 3 Livelihoods Asset Capitals pentagon in DFID's SLF



Source: DFID (1999b)

When FAO adapts the DFID's SLF to form the profile of vulnerable groups, it adopts the same definition of assets as DFID. Oxfam also uses DFID's SLF as their main framework and defines assets in the same way. With a focus on the environment and on the elimination of poverty, in UNDP's SL projects, livelihood assets are categorised as: natural and biological, social, political, human, physical and economic (Hussein, 2002).

However, Carney et al. (2000) highlighted, at the end of their review of the use of SL among different agencies, that 'differences in the number of assets considered by particular agencies are not likely to be important.' The next section illustrates a comparison of other aspects among the principal agencies.

3.5.2.2 Difference in the uses of Livelihoods Approaches

Both Carney et al. (2000) and Hussein (2002) listed tables comparing the use of livelihoods approaches among different agencies. An attempt to combine them together within selected categories has been made in Table 2 on page 73. In Table 2, UNDP has a specific focus on technology while Oxfam has an increasing focus on market and trade. Food security has become FAO's long-term goal. The diverse starting points and focusses have also been reflected in the way that sustainability has been addressed in different frameworks. Although all the agencies still advocate the same SL concept, Carney et al.(2000) stressed that these differences could lead to significantly distinctive consequences when they are carried out in practice.

Unlike NGOs such as Oxfam and CARE, UNDP and DFID focus to a greater extent on micro-macro issues. CARE's livelihood model is mainly applied to specific projects at the micro level with emphasis on access to assets, empowerment and livelihood

outcomes. However, compared with DFID, CARE places less emphasis on structures and processes. While DFID emphasises that more sustainable livelihood outcomes are gained through transforming the structures and processes, CARE put emphasis on ‘capital formation.’

In addition, DFID and CARE’s practices of SLA have gradually shifted to more urban settings. Considering the nature of this research, the research framework in this thesis mainly refers to DFID and CARE’s SLFs. However this does not mean that other frameworks have been abandoned entirely. Some specific methods will be drawn from other agencies, such as the institutional analysis developed by FAO. In the end, it should be emphasized here that neither DFID nor CARE’s frameworks is exactly suitable to the specific research in this thesis. Further detailed study of the chosen research framework while incorporating other models will be found in the methodology chapter.

Table 2 Comparison of SLAs among different agencies

Agency	DFID	CARE	UNDP	Oxfam	FAO
When introduced	1998	1994	1995	1993	1998
Core principles	<ul style="list-style-type: none"> • People-centred, • Responsive and participatory, • Multi-level, • Partnership, • Various types of sustainability, • Dynamic, • Holistic, • Strength-based, • Integration of rights based approaches, • Gender issues, 	<ul style="list-style-type: none"> • People-centred, • Holistic, • Disasters and development, • Micro and macro, • Integration of RBA to livelihood programming 	<ul style="list-style-type: none"> • People-centred, • Participatory approaches, • Holistic vision of development through initiatives concerning income-generation, natural resources management, people's empowerment, use of appropriate technology, financial services and good governance. 	<ul style="list-style-type: none"> • People-centred, • Multi-level partnership • Various types of sustainability, • Dynamic 	<ul style="list-style-type: none"> • Multidisciplinary approach to food security, • empowerment of rural people, • sustainable management of natural resources, • equitable access to land and investment, • partnership
Scope	Rural and urban	Rural and urban	Rural and urban	Mostly rural	rural
Level	Policy level	Community to national level	Various from individual to national level	Local, regional, national and international levels	Country, field, and normative

Agency	DFID	CARE	UNDP	Oxfam	FAO
Stresses of sustainability	<ul style="list-style-type: none"> •Social •Economic •Environmental •Institutional 	<ul style="list-style-type: none"> •Partnerships, institution/ capacity-building •Environmental •Social/gender equity •Emphasis on secure rather than sustainable 	<ul style="list-style-type: none"> •Ability to cope with stresses and shocks •Economic efficiency •Ecological integrity •Social equity 	<ul style="list-style-type: none"> •Social •Economic •Environmental •Institutional 	
Distinguishing features	<ul style="list-style-type: none"> •Stress on underlying principles and a variety of SL approaches •Analysis of strengths, •Micro-macro links •Transforming structures and processes 	<ul style="list-style-type: none"> •Stress on household level •Stress on vulnerability to natural disasters •Stress on Personal and social empowerment •Capital formation 	<ul style="list-style-type: none"> •Starts with strengths (rather than needs) assessment, •Emphasis on technology, •Emphasis on micro-macro links, •Adaptive strategies as the entry point 	<ul style="list-style-type: none"> •Increasing emphasis on role of markets and trade in the livelihoods of poor people 	<ul style="list-style-type: none"> •The logframe of Livelihood Support Programme (LSP), •inter-departmental management framework, •Institutional leaning activities

3.6 Weaknesses

It should be highlighted that the adoption of SLA and adaptation of SLF is an evolving process. There are critiques that indicate some drawbacks in the adoption of SLA principles.

3.6.1 Sustainability

Neefjes (2000) pointed out that there is a need to clarify the concept of ‘sustainability’ in SLA. There is very little direct analysis of ‘sustainability’ when SLA is universally adopted. Chambers and Conway (1991)’s definition of ‘net sustainable livelihoods’ is often revisited but it does not shed light directly on its relationship with ‘sustainability.’ That is why, as shown in Table 2, different agencies have defined their own understanding of sustainability. It could be an advantage to show the flexibility and diversity of SLA; however, there is a danger that it might cause misunderstanding when using SLA across agencies: when they say the same word ‘sustainable/ sustainability’, the meanings might have different dimensions and emphases.

3.6.2 Power and empowerment

A major criticism of SLA is its failure to incorporate power, whereas nowadays most other development approaches are related to the ideas of rights, governance and policy reform. Norton and Foster (2001) criticized the holistic characteristics of the SLA to development suggesting that it has failed to explicitly address issues of power. It is argued that ‘a rights-analysis (founded on a concern for maximizing human agency and freedom) provides one way of addressing political and institutional relations’ (Norton and Foster, 2001:6). Farrington et al. (2002) highlighted the importance of incorporating rights-based perspectives into SL analysis to reveal the importance of power in determining access to assets. Carney (2003) discussed how SL might build on “rights thinking” to increase its empowerment focus. The call of RBAs in SL reinforced Chamber’s (1992) original definition of *claims and access* as intangible livelihood assets of poor men and women. Pinder (2009) considered that SLA needs to be

supplemented with power analysis in order to draw out gender inequalities and social exclusionary factors.

At this point, CARE's livelihoods model with emphasis on empowerment has successfully incorporated the rights-based approach as an additional tool to a holistic analysis at household level. As a food security NGO, CARE's work has been initially influenced by Amartya Sen's work on entitlements. It has developed from focusing on food production to providing a wider focus on the ability of households to secure the food they required and then, more broadly, to household livelihoods.

3.6.3 Participatory

Participation is the core of SLA, Kamuzara and Toner (2002) have even suggested that SLA is merely an extension of participatory methods rather than a new approach. However, the principle of participation in SLA is problematic. First of all, the word 'participatory' may be interpreted in very different ways by different agencies that use it. Nowadays, participatory approaches are used not only when investigating the reasons why people are trapped in poverty, but also to involve people in the processes that affect their livelihoods and empower them in pursuing better livelihoods outcomes. There is a trend that participation has more and more broad meanings and uses. In practice, there is a need for different agencies to clarify the dimensions of their participatory approach clearly. Secondly, the level and quality of implementation might be a problem. Guijt and Gaventa (1998) argued that fully participatory interventions require an institution that is flexible enough to allow dynamism and flexibility in implementation during the empowerment process. The level of participation is determined by the institutions, main stakeholders and different sectors that have been involved. However, there is a danger that the principle of participation could be used in a manipulative and imposing way. Third, there are concerns that the increasing use of participatory methods may yield rich, locally specific data, from which it may be difficult to generate universally comparable information for policy level analysis (Gaventa and Blauert, 2000; Carney, 1998).

3.7 Potentials for broader use

Owing to the disadvantages mentioned above, SLA is not a ‘miracle’ that will prove applicable in every circumstance. Indeed, to promote it as a ‘miracle’ will only lead to risk: the loosely defined approach could be used wrongly in a manipulative and imposing way. More issues of operationalizing SLA will be discussed in Chapter 4, Methodology. However, the light that the concept of SL has shed on human development, pro-poverty, and sustainability is meaningful in many ways. Although the methodology and operationalizing issues need further investigation, there is still some potential to use it in broader fields. The following sections will introduce some trends towards applying SLA in urban contexts, with a focus on the issues of power and rights, and with a specific focus on housing. More importantly, whether there is any potential to use SLA in other areas still remains open-ended.

3.7.1 In urban contexts

The SLA stems directly from work in rural settings. Among those frameworks designed by different development agencies, only Moser’s (1998) ‘Assets Vulnerability Framework’ was explicitly focused on livelihoods and vulnerability in urban areas. However, there are increasingly pioneers who have called for the application of SLA in urban contexts (Farrington et al., 2002; Satterthwaite and Tacoli, 2002), for instance, DFID, CARE, and UNDP (see Table 2 on page 73) and there are some completed cases and ongoing projects (Taylor and Maithya, 2007; Schütte, 2005; Hunte, 2004; Farrington et al., 2002; Beall and Kanji, 1999; DFID, 1999g). It is without doubt that the concept of ‘urban livelihoods’ has fundamental differences from ‘rural livelihoods;’ for example, natural capital is fundamental to the livelihoods of rural households but very fragile for households in urban environments. Moser (1998) analyzed the three main characteristics of urban life as distinct from rural areas; these are commoditization, environmental hazard, and social fragmentation.

Meikle et al. (2001) summarized certain vulnerabilities that urban poor residents have

in common in different countries. These are: the informal legal status of many poor men and women in city, poor living environments, and a dependence on the cash economy for basic goods and services. The livelihoods of urban poor people are greatly improved, or negatively affected, by national and international policies as well as by local government interventions (International Institute for Environment and Urbanisation (IIED), 2000). Beall (2002) acknowledges that the livelihoods of men and women in cities are greatly affected by the Structural Adjustment Policies (SAP).

Commoditization means that urban poor people rely more on labour, pay more for their food and shelter, and depend more upon purchasing services such as transportation and education, than the rural population. Meanwhile, urban poor people are exposed to higher levels of air pollution, crime and violence as well as a low level of health conditions. Worse, there are more restrictions for urban poor people on becoming involved in systems of city governance although local government usually is unable, or fails, to address the needs of the poor people (Meikle, 2002).

Rakodi (2002) outlines the general trends of development worldwide. Although the detail and extent to which these trends apply may vary from country to country, everywhere both the growth of capital flows and increases in inequality arise alongside the dramatic process of urbanization. She pointed out the evident association between economic growth and urbanization as a world wide phenomenon (excluding Africa). However, Rakodi also illustrates the 'urban bias' in policy and resource allocation that has emerged since the 1970s, using the higher average wages and incomes that typify urban areas to support the case. The urban bias results in gross inequalities of incomes and well-being within urban areas.

Poor people live in inferior environments in cities. Meanwhile, the urban poor men and women are usually living in an environment with poor quality housing and inadequate water supplies, sanitation and solid waste disposal. They balance the quality of their life by living in cheap, high density, environmentally poor locations against the price of a

preferred location with access to livelihood-generating assets (Meikle, 2002). This means that their health is often endangered. On the other hand, despite the fact that social capital is a vital resource which contributes to their well-being (Meikle, 2002), the urban poor people are faced with tensions in their social networks that significantly decrease the social capital of their households and increases their vulnerability.

Farrington et al. (2002) illustrated the differences between urban and rural environments. However, they have emphasised that SLA can be applied equally well to urban areas and to rural settings. Their reasons are as follows:

Firstly, SLA provides a systematic basis for identifying how people manage assets within the context of vulnerability and institutional frameworks;

Secondly, it allows identification of how livelihood outcomes feed into consumption, investment in assets, and reduction of vulnerability, in successive (dynamic) 'rounds' of activity and

Finally, its application at individual-level allows intra-household differentiation to be detected.

3.7.2 Exploring the issue of power and rights

DFID (1999f) stressed that there is a natural affinity between RBAs and SLAs. First of all, both admit that access to rights and resources is not equal even if all citizens have the same legal entitlements. Secondly, there are common principles in both approaches, importantly, promoting, empowerment, participation and accountability. Thirdly, the importance of PIPs has been highlighted in both approaches as these determine people's access to entitlements and resources.

DFID (1999f) argued that these two approaches can bring benefits to each other. On one hand, including a rights-based perspective within SLA can yield a focus on issues of social exclusion and political capital. In addition, it might be useful to incorporate rights audits or assessments in a livelihoods analysis to identify the responsibilities that others have for the achieving of sustainable livelihoods. More frankly, Conway et al.

(2002) pointed out that rights analysis also provides insights into the distribution of power, and effective rights provides a large part of the functional definition of political capital.

On the other hand, livelihoods analysis can help rights-based programmes to decide their entry points. For example, the holistic analysis of the social context can identify a lack of specific rights or reveal marginalized groups, which may give insights relevant to entry points and priorities for rights based programmes (DFID, 1999f). In addition, the livelihoods analysis can suggest which kinds of rights are most important for a particular group at a particular time, or the sequence in which rights should be approached for a given group (Conway et al., 2002).

Moser and Norton (2001:37-38) has summarised the link between human rights, livelihoods and sustainable development as follows:

‘A human rights approach to public action for livelihood security will enhance sustainable development by reducing social and political risk...[and] strengthening the human rights content of public policy creates stronger and more equitable public, civil and community institutions, which in turn increases the capacity to prepare for, and cope with shocks.’

Ashley and Carney (1999) pointed out that DFID’s SLF has omitted to examine the power issues which have played a fundamental role in causing poverty. They have pointed out that political issues will be inevitably encountered every time attempts are made to enhance poor people’s access to assets and to transform structures and processes. They have suggested adaptation of the DFID’s SLF with inclusion of ‘political capital’ as a sixth asset.

Baumann (2000) has specifically discussed the advantages of SLA as an approach to decentralisation, but the SLF does not address the issues of power and politics. Baumann (2000) then illustrated three possible solutions to incorporate power and

politics within SLF: first, to incorporate politics into an analysis of policies, institutions and processes; second, to combine it with a widened definition of social capital or, third, which is the solution that Baumann (2000) has decided to take, to create another asset capital to be called ‘political capital.’

Farrington et al. (2002) employed Sen’s concept of ‘entitlement’ to explain people’s access to assets or control over resources. ‘Entitlement,’ as Farrington et al. (2002) have understood it,

‘is the ability to command access to different forms of capital assets through the use of financial resources [financial capital], formal and informal relationships with other groups and individuals [social capital] and legal rights [political capital or PIPs].’ (Farrington et al., 2002:18).

Although Farrington et al. (2002) agreed the importance of ‘political capital’ as Baumann (2000) argued, they do not seem to agree that ‘political capital’ should be considered an asset capital that plays an equal role with other assets in the SL model. Farrington et al. (2002) argued that rights in relation to access to assets have a complex interaction with other main forms of asset capital. For example, in India, the law has entitled to everyone to education, which suggests human capital asset availability; in practice, however, some processes and institutional factors mean that this asset is not accessible to all households and their children. In turn, the possession of particular assets sometimes determines the access to other assets. For example, as Farrington et al. (2002) illustrated, social capital has significant dependence on access to financial capital as social networks are used to gain access to loans, information of employment opportunities, free or cheap accommodation and other advantages. In addition, human capital such as health, education and skills are important in determining access to financial capital, for example access to paid work.

Moser and Norton (2001) have suggested a ‘livelihood rights approach,’ which would follow the premise that these rights matter and that the poor must be supported and

empowered to claim their rights. They have illustrated several case studies in which a rights framework can be used to understand and analyse the operation of power processes that affect the capacity of poor people to strengthen the security of their livelihoods.

3.7.3 With regard to housing

‘If there is one lesson for planners in the massive literature on slums and squatter community life, it is the finding that housing in these areas is not for home life alone. A house is a production place, market place, entertainment centre, financial institution and also a retreat. A low income community is the same, only more so. Both the home and the community derive their vitality from this multiplicity of uses. The imposition of artificial restrictions on both would only hinder their growth and development.’

Laquian (1983)

Donnison (1980), a committed British housing advocate, states in Angel (2000:112):

The first concern of anyone engaged in housing must be with jobs and opportunities for earning money, and next with child benefits, pensions and other provisions of social security and fiscal systems for redistributing this money. Rising numbers out of work, coupled with cuts in the real value of child benefits and insurance benefits must now be producing growing poverty. This will make it harder for many people to meet their rent or mortgage payments. Most housing problems are really problems of unemployment, poverty and inequality. [Donnison, 1980, 283 ‘a policy for housing. *New society* 54 (No. 938, November):283-284]

Universally, housing is regarded as a basic need. In fact, the significance of housing is far beyond a sort of basic need. It plays a crucial role in the livelihoods of households, particularly those who are poor.

First of all, of course housing is one of the basic needs and provides a prime physical asset. Payne (2002) argues the importance of more consideration of shelter in urban areas, particularly for those with a central location in cities, as a prime physical asset of

the livelihoods of poor people and as necessary to their access to other livelihood opportunities. Housing has been highlighted as an individual category of assets of urban households in Moser's (1998) the Asset Vulnerability Framework.

Secondly, housing could be a productive asset. Moser (1998) places stress on the importance of considering housing (the house and the plot) not only as a household consumption but also as a productive asset, which is

‘often one of the most important assets for the urban poor, as it is used to produce income both from renting a room, and by using the space as a workshop area) and reproductive purposes in addition to shelter’ (Meikle et al., 2001:11).

From surveying four cities in three developing countries, Tipple (2006) found HBE incomes provided 60 to 70 percent of household incomes and were the only income for between one-third and one-half of households; as such they made a significant contribution to poverty alleviation.

Thirdly, housing affects other assets. As Farrington et al. (2002:42) argued,

‘housing has major impacts on other asset bases, including social capital (often based on local residential and community networks), human capital (through the impact of housing on health), financial assets (through the importance of housing location for access to employment), and political capital (through the importance of community-based organizations (CBOs) in making demands from the state).

In her report to the World Bank, Moser (1997) specifically explained why housing is a prime asset to the poor households: housing can be used as base for enterprises or to rent out to gain more income; they can sell part of their property or expand the existing one to accommodate newly formed families or elderly parents.

Particularly, when housing is used as a productive asset, it can generate employment, (particularly for women), yield income (financial capital), improve service (physical capital), enhance their entire well-being (human capital), and reduce their vulnerability

(Tipple, 2006; Tipple, 2005; Tipple, 2004; Tipple, 1993).

However, in the language of SLA, housing is also a main factor in causing many common vulnerabilities among the urban poor households, particularly for those living on illegally occupied land or in informal low cost rental housing (Meikle et al., 2001; Moser, 1997). Suffering from poor housing quality, the urban poor are also exposed to the danger of becoming homeless through whole scale eviction. The consequences of eviction have been discussed in Chapter 2 (see section 2.2.2.1 on page 25). In Farrington et al. (2002)'s SLF in urban areas, the importance of housing as an asset is highlighted along with housing consolidation as a key strategy for reducing vulnerability for the urban poor households. Ownership, legal title and regulations, found in Moser's (1997) case studies, are crucial to determining whether or not this asset is accessible to the poor households.

3.7.4 For the rich

Chambers (2009) has suggested the possibility of removing the limitations that restrict the application of SL to poor people. He suggests the extension of this concept to rich people; particularly regarding issues of environment, this approach could and should be applied to the whole society. He has argued if we replace the term of 'livelihoods' by 'lifestyle', the rich group also can adopt this wider definition of sustainability. Ansell (2000) equally points to a challenge concerning the concept of 'livelihoods' by relating it to the term 'lifestyles.' He has explored the implications of this from the perspective of education.

3.8 Summary

The previous chapter called for a bottom-up and pro-poor approach that will provide more consideration of the real needs of poor people. In this chapter, the Sustainable

Livelihood Approach (SLA) has been introduced and reviewed to explore its potential to answer our main research questions.

There are many reasons to select SLA as the main approach in the study of housing issues in urban China: it is people-centred, participatory, multi-level, conducted in partnership, holistic and sustainable. Importantly, it is also flexible and open to being adopted and adapted by different agencies towards different ends as it has included most of the main principles in development discourse. However, the broad principles of SLA also have some drawbacks: the definitions of sustainability, power and rights, and participation are in some ways ambiguous. There is a clear danger in using it as a common language across different sectors and agencies while the definitions are too loose and have not yet been unified and agreed upon. Notwithstanding this, it is the intention of this research to use it as its main approach. Indeed, alongside several disadvantages and despite its being deeply rooted in rural settings, SLA can also be used in urban environments, with a focus on housing as a prime asset and in conjunction with rights-based approaches. In the next chapter a plan will be set out which outlines how to start upon this exciting, but also very challenging, journey.

Chapter 4 Ready to kick off?

Research questions and methodology

4.1 *Introduction*

The previous chapter reviewed the concept of SLA and illustrated its potential to be employed in this particular research. In this chapter, the methodology of holistic investigation will be described in detail.

First, however, the research aims and objectives will be defined followed by an account of the research principles to be employed. Four frameworks related to this research will be reviewed and compared and the most relevant framework will be chosen as the main framework of this research. Then the sequence of investigation will be decided. Relevant methods for each component of the research framework will be reviewed and the methods that fit this research will be chosen. From this approach, the specific research outline, data collection procedures, and questionnaire design will, in turn, emerge. In the end, the selection of fieldwork site will be explained, followed by the pilot study, the sampling method and the subsequent modification of the questionnaire.

4.2 *Research aims and objectives*

The aim of this research is to apply SLA in urban China to understand housing as a prime livelihood asset and tenure choice as an outcome of complex livelihoods strategies. This research also aims to identify a framework that can be used, first, to understand the significance of housing to the livelihoods of poor households and interactions between other livelihood assets; second, to monitor and evaluate the impacts that any interventions affecting housing could make to the livelihoods of poor households, as for instance in redevelopment, relocation and resettlement projects. Another primary aim of this research is to persuade the policymakers to adopt the SLA as a common language among different stakeholders and sectors and to use SLA to set the overall objectives when any decision is being made in relation to housing.

The objectives are:

1. To understand the SLA and study relevant frameworks to choose a framework suitable for housing related study in urban China and adapt it when necessary;
2. To identify the specific vulnerability context in urban China;
3. To collect the livelihoods assets portfolios in case study with a focus on housing and its interaction with other assets;
4. To explore the level of power that people have regarding access to assets and the issues in operation of local governance and
5. To make suggestions to policy makers as to how they may employ SLA in any housing related intervention.

4.3 Overall research principles

Ashley and Carney (1999) argued that it is impossible to fulfil all the SLA principles in one project. There is a need to focus on different principles for specific purposes as many other agencies have done (see Table 2 in Chapter 3). In response to the main initiatives discussed in the previous chapter, the main principles that will contribute to building up an approach to replace the existing top-down policies are:

1. People centred;
2. Holistic;
3. Strength-based and
4. Integration of rights-based approaches.

This research aims to investigate the reality of life of residents of impoverished neighbourhoods and will look at their full livelihood assets portfolios with a focus on housing and its interaction with other assets. It will focus more on what people possess and what their real needs are and their priorities, rather than what government may think they should offer. Meanwhile, as discussed in the last chapter, rights in relation to access to assets are a key factor in determining the ability to pursue better livelihood outcomes. This research will also attempt to integrate rights-based perspectives.

The selection of specific principles does not mean that other principles within SLA are useless. On the contrary, participatory, multi-level, partnership and dynamics are all essential concepts when using SLA as an objective in any project that has concerns with the benefits of poor people. In relation to housing issues, these principles can be applied when negotiations and decisions take place in relocation and resettlement projects, upgrading at community level, or feasibility assessment of redevelopment projects regarding urban villages. More importantly, it will help to achieve ‘good governance,’ a requirement that has been discussed in Chapter 2.

Since the aim of this thesis is to test the application of SLA to housing related studies in urban China rather than a government-approved project to use SLA as guidance and in setting objectives, the research is limited in that households will not be organized to participate in working toward a clear goal, nor will the different sectors work together using SLA as a common language, a final objective or a means to strengthen their partnership. Consequently, this research is based more on the observations and analysis of the realities than an intention to lead an evolving process that can demonstrate the dynamic features of SLA. Opportunities should remain open for future research that seeks opportunities to explore the use of other SLA principles, particularly for projects in which government has decided to embrace the SLA.

Several agencies have developed SLFs to operate SLA in different fields. The following sections will review the four principle frameworks that are most relevant to the particular kind of research in this thesis, followed by the selection of methodology and methods that are most suitable.

4.4 *Potential frameworks and choice of framework*

4.4.1 Moser's Asset Vulnerability Framework

As mentioned in the last chapter, the SLFs of most agencies have taken an assets-based approach. Indeed, Moser's (1998) Asset Vulnerability Framework has great influence on the understanding of assets and vulnerability in the SLFs of other agencies. That is why, in this section, Moser's (1998) Asset Vulnerability Framework will be introduced first.

Moser's (1998) Asset Vulnerability Framework is based on the findings drawn from the empirical study in four poor communities in cities with a background of economic difficulties during the 1980s. This framework is the only model emphasizing vulnerability and highlighting the close relationship between vulnerability and asset ownership. She pointed out the inadequacy of measures of vulnerability in terms of consumption and income poverty measurements alone. She distinguished between vulnerability arising from poverty and that arising from capacities, highlighting the close link between vulnerability and asset ownership.

There are two key concepts in Moser's (1998) Asset Vulnerability Framework: firstly, the analysis of vulnerability includes not only the threat from external factors but also the 'resilience,' or responsiveness in exploiting opportunities and in resisting or recovering from the negative effects of a changing environment; secondly, the means of resistance are the assets that individual households or communities can mobilize in the face of hardship. Simply speaking, the relationship between assets and vulnerability is that the more assets people have, the less vulnerable they are, and vice versa.

In a complex analysis in urban contexts and extensive review of asset and vulnerability debates, Moser (1998) summarized three categories of assets, including well-known tangible assets such as labour and human capital, less familiar productive assets such as

housing, and largely invisible intangible assets such as household relations and social capital. Moser (1998:4) has formulated a list of assets, appropriate for the urban poor, as follows:

1. Labour: commonly identified as the most important asset of poor people;
2. Human capital: health status, which determines people's capacity to work, and their skills and education, which determine the economic return they receive for their labour;
3. Productive assets: for poor urban households the most important is often housing;
4. Household relations: constituting a mechanism for pooling income and sharing consumption and
5. Social capital: reciprocity within communities and between households based on trust deriving from social ties.

Moser (1998) also has developed an Asset Vulnerability Matrix (see Table 4 on page 114) as an example of how to assess vulnerability in urban contexts. Further details will be found in 4.5.2 *Vulnerability analysis* on page 110.

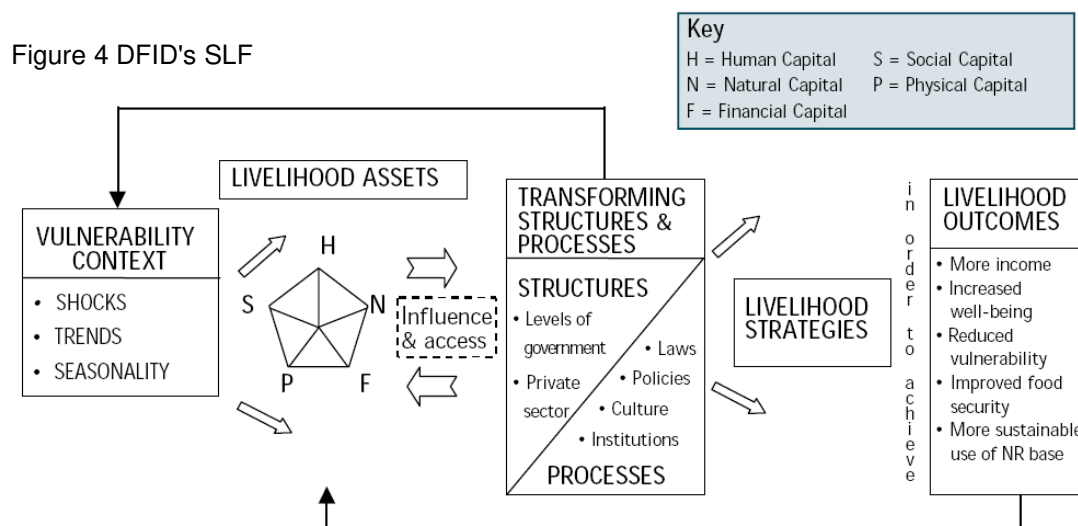
The significant contributions that Moser's (1998) Asset Vulnerability Framework has made to the concept of vulnerability are the study of vulnerability in the urban context and, secondly, relating vulnerability to assets ownership and portfolio management.

Moser's framework has a very straightforward focus on assets and vulnerability and successfully exemplifies the relation between assets and vulnerability. However, in Moser's framework the over-riding focus on assets and vulnerability leaves the framework with the limitation that Moser has not placed equal emphasis on the role of policies, institutions and processes, though she has briefly mentioned the importance of policies, legalization and institutions in determining access to assets in the report of urban studies in four poor communities.

4.4.2 Department for International Development (DFID)

DFID’s SLF, as discussed in the last chapter, has had significant influence on the SLFs developed by other agencies. This may be largely a result of its inputs on the Sustainable Livelihoods Support Office (SLSO) and the influence of their website – Livelihoods Connect, a web-based learning platform to encourage internal debate and facilitate lesson-sharing on SLA.

Where Moser’s Asset Vulnerability Framework focuses on assets and their interaction with vulnerability, DFID’s SLF introduces more components and, in clarifying the links between them, places an emphasis on the multiple interactions between the various factors that affect livelihoods.



Source: DFID (1999b:2.1)

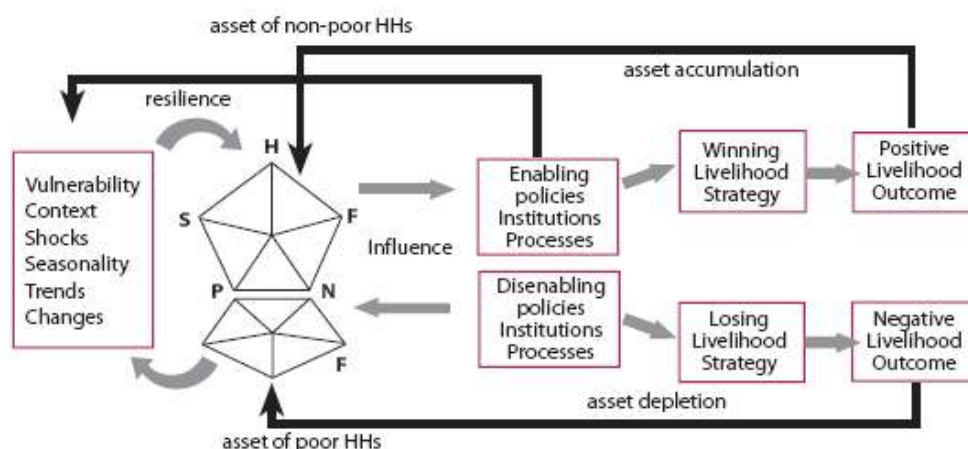
DFID’s SLF puts people in the centre. The vulnerability context includes shocks, trends and seasonal factors. In a manner similar to Moser’s Asset Vulnerability Framework, DFID also describes a double causality link between the vulnerability context and asset ownership. The vulnerability context affects the livelihood assets of people – denoted by a pentagon. However, in addition to action to enhance resilience ability through managing assets (which is the point in Moser’s Asset Vulnerability Framework), DFID argued that another way to change the vulnerability context is through Transforming

Structures and Processes, (previously known as Policies, Institutions and Processes (PIPs)) that also influence livelihood assets. Livelihood strategies of different households are shaped by their asset base and by the context of structures and processes in which they live. Livelihood outcomes are the achievements or outputs of livelihood strategies. These include increases in income and well-being, reduced vulnerability, improved food security and more sustainable use of the natural resource base.

FAO (2005:5) has summarized the key links in DFID's SLF as follows:

1. The vulnerability context influences household livelihood assets;
2. Policies and institutions also influence household livelihood assets;
3. Policies and institutions can increase or decrease individual vulnerability;
4. Household asset ownership widens livelihood options;
5. Asset ownership decreases vulnerability and increases ability to withstand shocks;
6. The range of livelihood options influence livelihood strategies;
7. Different livelihood strategies lead to different livelihood outcomes (positive and negative) and
8. Livelihood outcomes influence the ability to preserve and accumulate household assets.

Figure 5 DFID's SLF's implication on the poor and non-poor household (adapted by FAO)



Source: Carloni, (2005:5)

FAO (Carloni, 2005:5) has modified DFID's framework through comparison between households which are poor and those which are not. Non-poor households possess more assets than poor. The role of policies, institutions and processes (PIPs), highlighted in Figure 5, shows the different impacts of enabling policy and institutional environment on the assets and the strategies that households are able to take, which directly affect the livelihood outcomes. The diagram above can also be employed to illustrate the degree of success of an SL project. It may be useful when employing SLA in monitoring and evaluating projects.

It should be noted that DFID (1999b:2.4) stressed that Transforming Structures and Processes (PIPs) have influence throughout the whole framework. They have effects on:

1. Vulnerability context: policies and progresses have both direct and indirect effects on trends and can buffer external shocks;
2. Access: PIPs can directly restrict access to assets and to decision-making bodies;
3. Livelihood strategies: PIPs can allow or restrict freedom through the terms of exchange between asset capitals, and the choices that households have in pursuing better outcomes;
4. Livelihood outcomes: PIPs have impacts upon the efficiency/ availability of returns to any given livelihood strategy and
5. Social capital: PIPs directly affect peoples' achievement of a sense of inclusion and well-being.

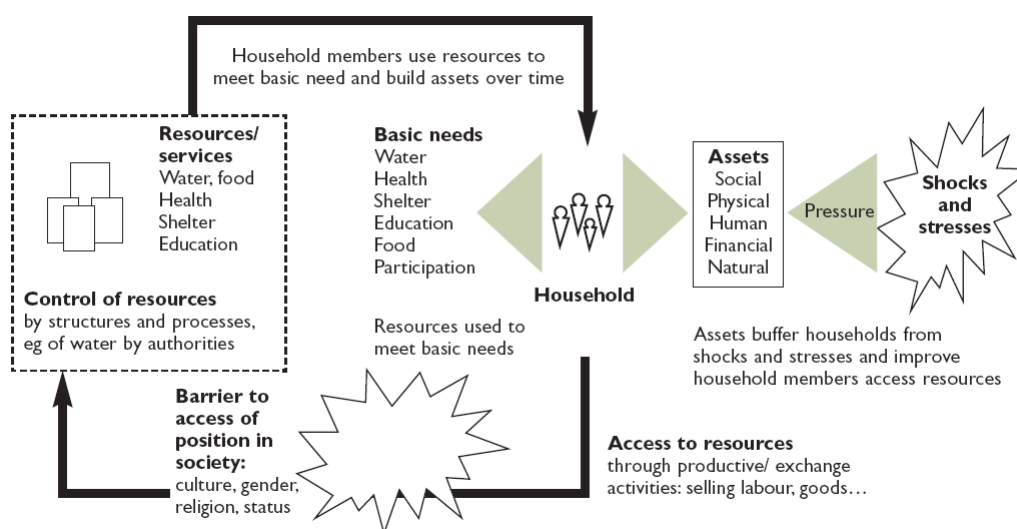
However, the existing DFID's SLF does not fully capture the fundamental significance of PIPs in determining other components within SLF.

4.4.3 CARE

As mentioned in Chapter 3, CARE uses the concept of 'household livelihoods security' instead of 'sustainable livelihoods' although the Livelihood Approach is still its core

concept. Thus, CARE’s framework is not called a ‘sustainable livelihood framework’ but a ‘household livelihoods security (HLS)’ framework. However, as mentioned in the last chapter, the different names of the framework do not matter very much, and emphasis should be put on the similarity of concepts that they share. One distinguishing characteristic of CARE’s HLS is that their projects are focused more at the household level than at the macro level. The HLS framework diagram (see Figure 6) is a useful aid to understanding the livelihoods of urban and rural poor households.

Figure 6 CARE 's HLS framework



Source: Hussein, (2002: 33)

Hussein (2002:32) has explained this diagram as follows:

Central to the HLS framework are vulnerable households and recognising the factors that perpetuate poverty. Following the arrows, the household has *basic needs*. In order to meet these needs, household members *access resources*. Access is gained through payment or by undertaking productive activities. However, the poor often encounter *barriers* that limit their ability to access resources/ service. These barriers might be position in society (e.g. gender, culture, religious or economic status) or controls of resources by *structures* (e.g. government, private sector employers) and *processes* (e.g. laws, regulations). Depending upon the success in overcoming these barriers, household members may be able to access resources, so meeting basic needs and

accumulating assets. Assets are used to buffer households against *stresses and shocks* and to increase the ability to *improve access to resources* in the future.

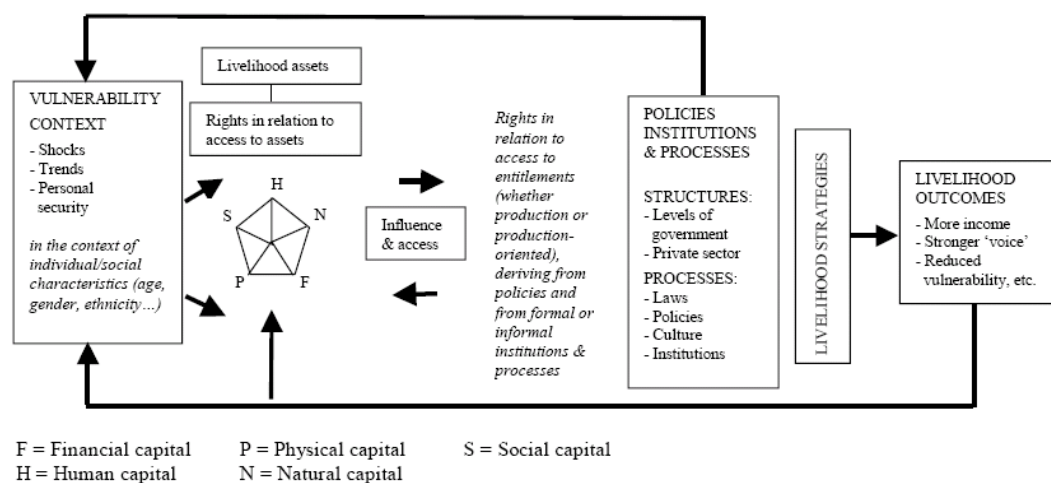
The first distinguishing characteristic of CARE's SLF from DFID's is that CARE's SLF puts equal emphasis on both basic needs and assets ownership while DFID focuses more on what people have than what they need. Basic needs are the starting point and also the end and objective of CARE's HLS. However, DFID (1999b:2.3) has clearly stated that livelihood outcomes are different from livelihood objectives in their framework. Secondly, DFID has been criticised that its SLF is insufficiently dynamic, for this reason failing to capture both external and internal changes to households. In this sense, the diagram of CARE's HLS framework illustrates a more dynamic process with a clear closed circle with two strong arrows, directly pointing out that the objective is that 'household members use resources to meet basic needs and to build assets over time.' CARE's HLS framework looks more like a generating process than does DFID's SLF. Thirdly, it is very clear from the description above that access to resources is crucial in CARE's HLS framework, and this is not as noticeable in DFID's SLF.

In addition, the way CARE emphasise PIP is also different from that of DFID. Firstly, CARE has highlighted the barrier to access of a position in society and that to remove the barriers is one part of the dynamic process. CARE emphasises that the structures and processes (of politics) are the key for households to overcome the barriers of their livelihoods. Their understanding of assets is also influenced by Moser's asset vulnerability framework where assets are used to buffer households from shocks and stresses (Moser, 1998). Additionally CARE, has stressed that the possession of assets can increase the ability of households to improve access to resources in the future. Rather than the several livelihood outcomes illustrated in DFID's SLF, CARE's goal has a clear focus of meeting basic needs.

4.4.4 Farrington’s urban sustainable livelihoods model

Among all the frameworks we have discussed, Moser’s (1998) Asset Vulnerability Framework is the only framework that focuses solely on the urban context. However, Farrington et al.(2002) attempted to adapt DFID’s SLF with urban perspectives.

Figure 7 Sustainable Livelihoods Framework, incorporating rights perspectives and with urban adaptations



Source: Farrington, Ramasut, and Walker (2002:2)

Although Farrington et al’s urban SLF is based on DFID’s SLF, there are several significant distinctions. The most noticeable change is that Farrington et al.(2002) stress the importance of rights in relation to access to assets as being equal in importance to livelihood assets themselves. Secondly, as discussed in the last chapter (see section 3.7.2 on page 79), rights in relation to access to entitlements are beyond livelihood assets in importance as they determine the channel to policies, institutions and processes. (In DFID’s SLF, these are called transforming structures and processes but this has the same meanings). Thirdly, the significance of personal security has been highlighted in the vulnerability context in urban settings. Fourthly, having a ‘stronger voice’ has been considered as one of livelihood outcomes. Fifthly, there is a slight difference from DFID’s framework that in the graphic the arrow between livelihood

outcomes and the assets pentagon has been slightly extended to the vulnerability context. Thus it indicates the impact of livelihood outcomes on the vulnerability context, which is missing from DFID's SLF diagram.

Farrington et al.'s (2002:9) urban SLF adopted Moser's (1996) definition of vulnerability as 'the insecurity or well being of individuals or communities in the face of changing ecological, social, economic and political environments in the form of sudden shocks, long term trends or seasonal cycles.' In this sense, Moser's (1998) Asset Vulnerability Framework has impacts on Farrington et al.'s (2002) urban SLF as they agree the vulnerability analysis should examine: firstly, the exposure of different groups to particular trends/shocks/seasonality and, secondly, the sensitivity of their livelihoods to these factors.

4.4.5 Adaptation to a holistic SLF in this research

As discussed at the beginning of this chapter, a holistic approach is one of the main principles of this research, coupled with a people-centred, strength-based and integration of rights-based perspective.

Carney et al. (2000) reported that a holistic livelihood analysis should consider the perspectives of context, resources, institutions and organizations, livelihood strategies, and livelihood outcomes. Context includes the social economic, political, historical, demographic trends that influence the livelihood options. Resources include the various assets that households and community have access to. Institutions and organizations are the way governments, civic and private-sector institutions operate and deliver services, which is critical to sustainable livelihood outcomes. Livelihood strategies refer to the ways in which people make a living and how people cope with stress; in addition, it also includes adaptive and coping strategies that households adopt. Livelihood outcomes indicate what households have achieved in their employment of livelihood strategies.

This could be measured through normative standards or on criteria identified by the communities concerned.

Frankenberger, in Cannon et al.(2003:40), stated that CARE's HLS approach is formulated by using a set of 'analytical lenses that are clustered under the following categories: context, conditions and trends; livelihood resources (economic, natural, human and social capital); institutional processes and organizational structures (government, civil society and private sector); livelihood strategies (productive and exchange activities) and livelihood outcomes (e.g. nutritional security, food security, health security, habitat security, education security, income security, social network security, safety and environmental security).

DFID (1999d:4.2) stressed that '[an SL analysis] should initially be broad and relatively shallow, covering most or all aspects of the SL framework and employing various perspective and types of analysis.'

The principles of being people-centred and strength-based have determined that assets will be a key factor in this research. However, as introduced in the last chapter (chapter 3), CARE focuses more on access to assets and participation of households from a rights-based perspective. Their HLSF has thus presented a dynamic process to empower people and remove the barriers to their gaining more access to assets and meeting their basic needs. The three major elements central to CARE's household livelihood model are, as Haan et al.(2002) point out, context, livelihood strategy and livelihood outcomes.

Assets have been given greater attention in DFID's SLF and it has consequently influenced other frameworks based on DFID's SLF. DFID (1999b) has highlighted that the assets pentagon lies at the core of the livelihoods framework. DFID (1999b: 2.3) has illustrated the complex relationships of assets with other components in the framework

as shown in Box 2.

Box 2 The relationship of assets with other components of DFID's SLF

Assets with Vulnerability Context	Assets are both destroyed and created as a result of the trends, shocks and seasonality of the Vulnerability Context.
Assets with Transforming Structures and Processes	The institution and policies can help build up assets directly through investment on infrastructure, education or technology. In terms of ownership, PIP also determines access to certain assets directly. However, the more endowment people have, the more they can influence the institutions and policies. One way to achieve empowerment is through the strengthening of assets.
Assets with Livelihood Strategies	Those with more assets tend to have a greater range of options to choose strategies and an ability to secure their livelihoods.
Livelihood Outcomes	People's ability to escape from poverty is critically dependent upon their access to assets. Different assets are required to achieve different livelihood outcomes.

Source: DFID (1999b: 2.3)

As shown in Box 2, DFID's SLF has illustrated more impacts of assets on other components than is the case in CARE's HLS framework (see Figure 6 CARE 's HLS framework on page 97)

The focus on assets has led to a focus on vulnerability factors as they are closely related to each other in most SLFs. Moser's (1998) Asset Vulnerability Framework also puts emphasis on assets and has intensively explained the profound relation between assets and vulnerability. In addition to what Box 2 explains about DFID,, assets are formed in vulnerability contexts, as Moser (1998) illustrated how the loss or possession of assets contributes to vulnerability.

As mentioned in section 4.4.1, 4.4.2, 4.4.3, and 4.4.4, the vulnerability in most SLFs has a dual meaning: one is the external factors such as shock and stresses that have been

inherited from Chambers and Conway's (1991) initial definition of 'sustainable livelihoods;' the other is the resilience ability that may be built up through the strengthening effects of possession of assets, which is affected by Moser's (1998) Asset Vulnerability Framework.

Thus, an overall understanding of vulnerability in SLA requires combination with Moser's Asset Vulnerability Framework. However, it should be noted that, in the diagram of both DFID's SLF and CARE's HLSF, they have distinguished the vulnerability context and assets but they failed to reflect that these two actors together comprise the overall concept of vulnerability, which is the main theme in Moser's theory.

The last principle of this research calls for an inclusion of power and rights related study. However, Baumann (2000) criticized the omission of political capital in DFID's SLF, as it is one of the key capital assets but one that cannot be captured through 'structures and processes.'

Compared to CARE's HLSF that focuses more on the empowerment process to achieve basic needs and build assets over time, DFID's SLF is looser and gives more flexibility for the selection of relevant focuses and accordingly allows adaptations to be made. It is thus more suitable to be employed as an analytical tool that can identify entry points with different focuses. Thus, in this thesis, Farrington et al.'s (2002) urban SLF based on DFID's SLF has been selected as the basic framework of this research. The reasons are as follows:

First, it is based on DFID's SLF which meets the main principles of this research. Second, it has a specific interest to provide an explanation of SLA in an urban environment.

Third, an investigation of the level of vulnerability should examine both the level of external threats to a household's, individual's or community's welfare and to their

resilience, resistance and capacity to recover from these external threats.

Fourth, it incorporates rights-based perspectives.

However, there are still some existing drawbacks in their urban SLF:

First, the concept highlighted in Moser's theory that vulnerability includes both external factors and asset ownership is not fully and clearly explained.

Second, the linkage that livelihood strategies are determined by assets (see 4.4.2 on page 94) is omitted from DFID's SLF diagram.

Third, the impact of PIPs (Transforming Structures and Processes) upon all the other components in SLF is insufficiently emphasised. Although it has been categorized separately in the diagrams, the layout does not represent its crucial role in determining access to assets and influences upon livelihoods strategies and outcomes. Pinder (2009) has pointed out that the PIPs box requires extension for deeper analysis of governance issues.

Thus, an adapted framework should:

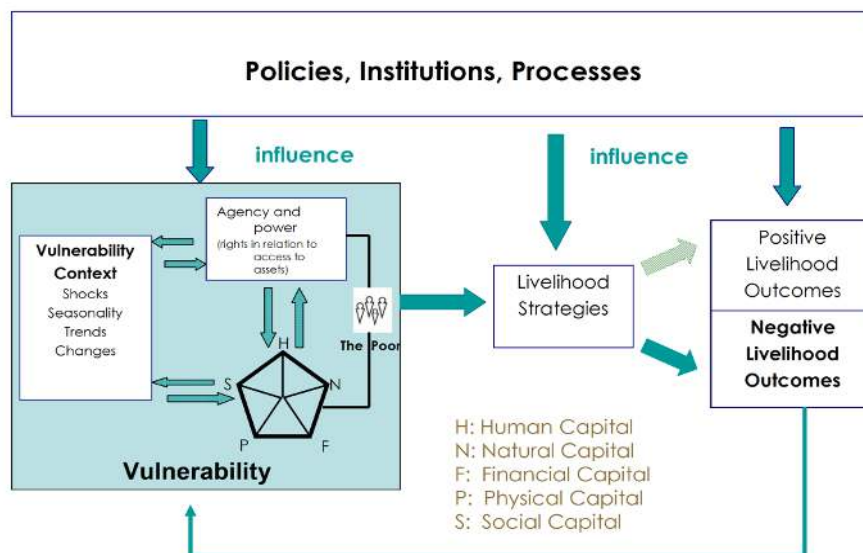
Firstly, reflect both sides of external factors and assets ownership in vulnerability analysis;

Second, have arrows that can reflect the relation between livelihood strategies and assets and

Third, pay attention to the status of PIPs as crucial and having impacts over all the other components, putting PIPs beyond all the others and the need to extend it when necessary.

An adapted form of the diagram is provided below:

Figure 8 Suggested SLF for livelihoods and vulnerability analysis



4.5 Possible methodologies and Choice of methodology

4.5.1 Methods in general

4.5.1.1 Context specific, flexible and participatory

‘The sustainable livelihoods framework continues to develop. Use it as a flexible tool and adapt it as necessary. You can focus on any part of the framework, but it is important to keep the wider picture in mind.’

DFID (1999b:2.1)

In defence of the framework as a tool for thinking, Neefies (2000) agrees with DFID’s statement above on its functioning as a tool and therefore it should be adapted as necessary by those who use it.

DFID (1999a) stated that ‘the full diversity and richness of livelihoods can be

understood only by qualitative and participatory analysis at a local level.’ Haan et al. (2002) summarized the essential aspects of data collection and analysis as, first, contextual and, second, participatory.

Although one of the purposes of the DFID’s SLF is to provide a checklist of important issues, DFID (1999a) has stated that it does not intend to provide an exhaustive list of the issues that must be considered. On the contrary, this framework should be adapted to meet the needs of any given circumstance. ‘There will never be a set recipe for what method to use under what circumstance.’ DFID (1999d:4.1) states that,

‘... flexibility is key. Equally, it is not necessary to produce one definitive ‘map’ of livelihoods. Different ‘maps’ may be appropriately used for different purposes.’

DFID (1999d:4.2) even warned that

‘if flexibility is lost, new insights that the SL approach seems able to provide will most likely be suffocated, and time and resources will be wasted.’

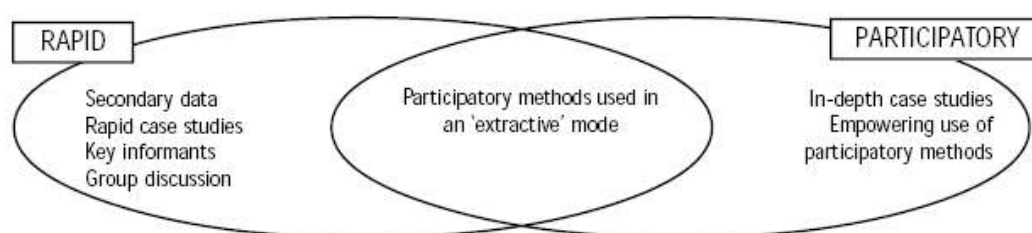
However, the nature of the flexibility of SLF has also caused problems. A common critique to SLF is that the methods to measure capital assets are ambiguous. DFID (1999d:4.3 Common Tools) stresses that a SL investigation must employ other existing indicators and checklists.

4.5.1.2 Qualitative vs. Quantitative

Farrington et al. (2002) stressed that various aspects of the SLA determine that Livelihood analysis needs a core of qualitative research, the reasons for which are: first of all, vulnerability, social capital, or institutional processes and relations can not be precisely quantified; secondly, the focus of the people-centred principle means research needs to be based on a participatory approach and, thirdly, the information on the priority and rationales (trade-offs between assets) of poor households can only be

obtained through qualitative approaches. Farrington et al. (2002) suggested adapting Participatory Rural Appraisal (PRA) as the main method in their Urban SLF. DFID (1999d) agrees that participatory methods is one of the essential features of SLA. Further, DFID (1999d) made a key point that the participatory method is strongly associated with, and overlaps, qualitative research (DFID, 1999d). DFID (1999d) has illustrated two important tools for livelihoods analysis: rapid and participatory methods, and how they overlap (see figure below).

Figure 9 Rapid and participatory methods



Source: (DFID, 1999d:4.5)

The main methods included in rapid and participatory methods are secondary data, key informants, and individual and household case studies.

Secondary data means information and statistics existing when the livelihoods investigation begins, such as reports or statistics published by NGOs or government agencies. Although secondary information has several limitations (see 4.5.2 Vulnerability analysis on page 110), DFID (1999d) has highlighted that the information on the macro-economy and national environment helps to shape the understanding of the vulnerability context.

Key informants in livelihoods analysis cover a wide range of sources including government officials, private entrepreneurs, traders, community leaders, teachers, farmers, women of different ages and occupations, people from groups that tend to be excluded and ordinary citizens. 'There is probably no method,' DFID (1999d) summarized, 'that is as low cost, relative to the increase in understanding obtained, as

spending three days in an area talking to a wide variety of people around a particular theme.’ However, meanwhile, DFID (1999d) has stressed the importance of triangulation to maximise the value obtained through interviews with key informants.

DFID (1999d) argued that individual and household case studies are a step up in the level of detail from key informant interviews and trust is required with the households that may take time to built up. Case studies normally include a semi-structured interview with questions that may need a mix of both the qualitative and quantitative data livelihood analysis. Households should represent different livelihood circumstances so that a range of experience can be compared.

Many projects have preferred to use solely qualitative methods in their livelihoods investigations. However, a sample survey may be flawlessly complementary to the participatory methods mentioned above (DFID, 1999d). Farrington et al.(2002) also suggested combining PRA with primary and/ or secondary quantitative data. DFID (1999d) illustrated the types of information that can be gathered through a survey (see Box 3 below).

Box 3 Types of information on livelihoods that can be gathered through a survey

Economic information	Assets	Livelihood strategies	Access to services
<ul style="list-style-type: none"> • Production levels • Income (case, in-kind) • Consumption levels • Cash costs of production • Non-cash costs • Seasonal prices • Seasonal wages for different tasks 	<ul style="list-style-type: none"> • Productive assets • Quality of shelter • Access to infrastructure • Access to training and education • Household labour availability • Nutrition • Financial services and conditions 	<ul style="list-style-type: none"> • Remittances received • Migration patterns • Income by source (cash, in-kind) for various household members • Access to rural resources for urban dwellers (and vice versa) • Seasonal variation in strategies 	<ul style="list-style-type: none"> • Service providers • Standards of delivery • Fees and charges <p>Note: There is overlap between these categories. They are used for illustrative purposes only and are not exhaustive.</p>

Source: DFID (1999d:4.6)

The information gathered by adopting quantitative methodology in CARE’s household livelihood security (HLS) framework mainly involves the assets available to households, their employment position, livelihood outcomes (or indicators of well- or ill-being) and the context in which households live.

There are many publications about qualitative and quantitative methods in social sciences (Silverman, 2005; Bryman, 2004; Denzin and Lincoln, 2000; Punch, 1998; Mason, 1996). DFID (1999d) has summarized the advantages and disadvantages between them as follows:

Box 4 Strengths and weaknesses between qualitative and quantitative methods

Type of research	Strengths	Weaknesses
Qualitative	<ul style="list-style-type: none"> • Provides the initial basis for further quantitative work (may be sufficient on its own) • More participatory • Can be quick and low cost • Good for social processes and context • Can explain causes of quantitative findings 	<ul style="list-style-type: none"> • More prone to bias because of reliance on interpretation • Difficult to infer population characteristics from a small sample • Can be very time-consuming
Quantitative	<ul style="list-style-type: none"> • Can be more concrete, systematic • Can infer population characteristics from a small sample • Can test the significance of qualitative findings 	<ul style="list-style-type: none"> • Concreteness can mislead • Can be very extractive • Tendency to collect too much data and to produce over-complex analysis

Source: DFID (1999d)

Qualitative and quantitative methods have their own strengths and weaknesses (see Box 4 above) but they are equally significant in social sciences and the trend is towards triangulation involving both (Olsen, 2004). The quantitative methods are preferably informed by a qualitatively-generated understanding, while often participatory methodologies build on a synthesis of formal surveys. The practitioners of the SLA have found the importance of triangulation in livelihoods analysis. Haan et al. (2002)

discussed the strengths and weaknesses of a variety of sources of quantitative data adding emphasis to the importance of qualitative and in-depth data, which reflects the experience in the practice of data collection for analysis and monitoring of household livelihoods through employing CARE's livelihoods framework. Both qualitative and quantitative methods have been adopted in Moser's (1998; 1996) Asset Vulnerability Framework, Farrington et al.'s (2002) Urban SLF, DFID's (DFID, 1999d) SLF, FAO's institution and livelihoods analysis guidance (Carloni, 2005), and UNDP's Participatory Assessment and Planning for Sustainable Livelihoods (PAPSL).

There are various qualitative and quantitative methods that can be adopted in livelihoods analysis. The following sections provide discussion of the possible methods in different categories of livelihoods analysis and the selection of those suitable to the fieldwork in this research.

4.5.2 Vulnerability analysis

We have decided that vulnerability is an essential part of this research as it influences household livelihood assets and it is the background of this research. However, Chambers (2006) has pointed out that vulnerability lacks both a developed theory and accepted indicators and methods of measurement.

As mentioned in the last section, Moser (1998) emphasizes the importance in any vulnerability analysis of the identification of both sensitivity (the magnitude of an external event) and its resilience (the ease and rapidity of a system's recovery from stress). As discussed earlier in this chapter, most SLFs agree with Moser (1998) on the role of assets within livelihood approaches and their relationship with vulnerability. In Farrington et al.'s (2002) urban SLF as chosen in this thesis, they stress that the focus of vulnerability analysis therefore needs to be examined:

- the exposure of different groups to particular trends, shocks/ seasonality and

- the sensitivity of their livelihoods to these factors.

DFID (1999b) has suggested that vulnerability analysis should include the identification of those threads, shocks and aspects of seasonality that are of particular importance to livelihoods. This requires a statement of the prior understanding of the nature of local livelihoods that in turn requires social analysis.

The ‘context, conditions and trends’ category in CARE’s HLS approach, according to Frankenberger in Cannon et al. (2003:41), provides understanding of the macro-level factors that influence the range of possibilities for livelihood systems.

The methods that DFID (1999e) suggested as useful in identifying vulnerability factors are illustrated in Table 3 below.

Table 3 DFID's methods of identifying vulnerability

For finding out about	Method
Events and trends that cause stress (either regularly or intermittently).	Key informants (including external experts)
The existence of trends and sudden changes in such trends	
Historical occurrence of floods, droughts, epidemics, local environmental trends and cycles	Timelines
Level of food stores across the year, rainfall, crop planting and harvesting schedules, food prices, changes in health status	Seasonal diagrams, sample surveys
Relative importance of vulnerability factors to different groups	Preference ranking
Trends	Secondary data
-rainfall, temperatures (linked to participatory data)	-meteorological
-producer and consumer prices across the year	-price, economic
-population density	-demographic
-degradation/renewal situation	-resource stocks
-morbidity, mortality	-health

Source: DFID (1999e)

DFID (1999e) has remarked on the value of employing participatory methods (including secondary data), key informants and outside experts in the process of vulnerability analysis. Although many categories and methods listed in Table 3 are not suited to the context of urban China in this research, secondary data and key informants and outside experts' interviews are in general methods that we can use.

But Haan et al. (2002) pointed out that to rely on quantitative secondary documentary data is problematic. Take the Census as an example.

As mentioned above, both Moser (1998) and Farrington et al. (2002) used a poverty line as a starting point to capture the income/ poverty trend. However, Haan et al. (2002) criticized the traditional methods of measurement of poverty from census data and household surveys, by illustrating five well-known problems with censuses. First, it takes a long time to obtain the results of censuses because of the sample size and requirements of the process, and this makes them inefficient in revealing short-term changes. Second, it is not reliable because particularly mobile populations are too easily missed out of the census population. Third, Census at national level is meaningless when targeting with further disaggregating, for example, the most vulnerable groups or areas within a city. Fourth, Censuses usually conduct income surveys despite the fact that expenditure surveys have more advantages when measuring poverty. Last but not the least, both the definition of the Poverty Line and higher poverty incidence in rural as compared with urban areas could cause biases in poverty analysis.

In addition, Haan et al. (2002) discussed another useful indicator for people's livelihoods within urban areas, employment data, which has both practical and fundamental limitations as well. Analysis of the labour market has been relatively neglected. Generally employment data obtained through surveys has limited its focus to large-scale enterprises, ignoring small and micro-enterprises. Data on the informal

sector are often too old to be used for policy purposes. Employment data normally does not generate information on unpaid work, for example, in communities and in informal sectors, particularly work undertaken by women, which has limited coverage. Last but not least, unemployment data is generally considered to be inappropriate or unreliable when it lacks clear definitions and desegregation is problematic.

Although both Moser (1998) and Farrington et al. (2002) have used the poverty line as a starting point to capture the income/ poverty trend, they all agreed that the poverty line is inefficient for the capture of the complexity of the factors that determine the vulnerability of poor households. Farrington et al. (2002) pointed out that there are a set of common vulnerabilities faced by the poorest households in cities but there are some specific events and circumstances that need to be clarified and investigated.

As mentioned before, vulnerability is not only related to external threats but also to the 'resilience' ability, which is determined by the assets that poor households possess.

Based on her argument that 'the more assets people have, the less vulnerable they are, and the greater the erosion of people's assets, the greater their insecurity', Moser (1996) developed indicators of vulnerability at individual, household, and community levels (see Table 4 below).

Table 4 Asset Vulnerability Matrix: Potential Indicators of Increasing and Decreasing Vulnerability-for an Individual, Household, and Community (in urban contexts)

Type of vulnerability	Indicator of increasing vulnerability	Indicator of decreasing vulnerability	
Labour	<i>Individual</i>		
	Loss of permanent job Decline in secure wage employment Increase in short-term, causal, minimum wage employment Acquisition of physical disability	Increase in household members working, especially women Increase in home-based enterprises Increase in jobs held by individual workers	
Human capital	Decline in access to or quality of social and economic infrastructure Decline in school attendance or increase in the dropout rate Decline in health clinic attendance	Substitution of private for public services, such as water pumps, private health care, and private education	
	Housing	<i>Household</i>	
		Increased perception of threat of eviction Deterioration in housing stock High level of overcrowding	Resolution of tenure insecurity Use of plot for intergenerational “nesting”
Household relations	Erosion of household as a social unit due to change in structure, marital breakdown, or split households Household extension that reduces the ratio of earners to non-earners—especially the addition of “hidden(unwed or separated mothers)” female household heads Inability of women to balance multiple responsibilities and community participation Older daughters undertaking childcare Elderly lacking caregivers Increase in domestic violence	Household extension that increases the ratio of earners to non-earners Sharing of childcare, cooking, and space Reduction in domestic violence	
	Social capital		
		Increasing public insecurity in public Decline in inter-household reciprocity Erosion of community-level organization	Community-based solutions to crime Inter-household reciprocity Active community-based organizations

Source: Moser (1996)

In this thesis, two methods are used to assess vulnerability: context analysis around the trends, shocks and stresses (see Chapter 5) and assets portfolios analysis (see Chapter 6) which refers to some of the indicators in Moser's (1996) Asset Vulnerability Matrix above.

4.5.3 Assets portfolios

4.5.3.1 Human Capital

Human capital means the skills, knowledge, ability to labour and good health, all important for the pursuit of different livelihood strategies (Farrington et al., 2002; DFID, 1999b). DFID (1999d) suggested that secondary sources, participatory methods and sample surveys are useful tools for collecting data around human capital. Secondary data such as education and healthcare provided by government is also useful. Provincial human development reports and composite indicators, for instance, the UNDP's Human Development Index and cross-country comparisons made by international organizations are useful resources. Locally, participatory methods can uncover details of the provision of services and facilities that enhance human capital (such as schools/ education, healthcare and sanitation facilities) and help to identify issues related to cost, location or social factors. Sample surveys are useful for collecting a variety of indicators of human capital, for instance, household demographics, education levels and access to education, and the health status of family members. However, DFID (1999d) stressed the importance of complementing survey methods with qualitative methods including key informant interviews, focus groups, and participatory techniques. DFID (1999d) illustrated some indicators of human capital and many of these are available from secondary sources.

Box 5 Some simple indicators of human capital

Service delivery	Outcomes (these should be disaggregated by gender)
<ul style="list-style-type: none">• Public expenditure per capita• Physicians per thousand population• Primary school student: teacher ratio	<ul style="list-style-type: none">• Life expectancy at birth• Adult mortality rate (probability at age 15 of dying before age 60)• Under 5 mortality rate• Primary school net enrolment rate and completion rate• Literacy rate• Newspaper readership

Source: DFID (1999e)

In this thesis, it has been decided that human capital will be measured in three ways: at household level through surveys around information on household demographics, education level, ability to work, employment and dependency ratio; at regional level, using secondary data on public service on education and healthcare provided by the local government will be reviewed, and thirdly by participatory methods including household interviews, key informants interviews, and participatory observations that will be used to collect information relevant to the provision and use of services related to education and healthcare at community level. Other social-economic information will be collected meanwhile in the survey, for instance regarding the *hukou* status of the heads of households.

4.5.3.2 Social capital

Social capital is a broad concept and it is difficult to define (DFID, 1999b). Baumann (2000) even suggested combining political capital with a widened definition of social capital. Frankenberger et al.(2000:71) explained social capital in CARE's HLSF as follows:

‘Social capital is the quantity and quality of social resources (e.g. networks, membership in groups, social relations and access to wider institutions in society) upon

which people draw in their pursuit of livelihoods and as safety net mechanisms for meeting shortfalls in consumption needs. The quality of the networks is determined by the level of trust and shared norms that exist among network members. People use these networks to reduce risk, access services, protect themselves from deprivation and to acquire information to lower costs.’

Farrington et al.(2002:24) suggested that social capital refers to networks of mutual support that exist within and between households, extended families and communities, that people can mobilise to access, for example, loans, childcare, food, accommodation and information about employment and opportunities.

Woolcock and Narayan (2000) suggest a definition of the term ‘social capital’ as the norms and networks that enable people to act collectively. Several useful measures suggested by them are: membership in informal and formal associations and networks; interpersonal trust and changes over time; norms and values that facilitate exchanges, reduced transaction costs, reduced the cost of obtaining information, the ability to trade in the absence of contracts, encouragement of responsible citizenship, and the collective management of resources.

DFID (1999d) suggested that a survey around memberships, activities and associative-type organisations at community level is a good entry point for social capital analysis. Social mapping can help to capture the relations between households, institutions, and stakeholders, and that this will easily identify the barriers to people regarding access to assets. In addition to social mapping, Venn diagrams can help in understanding the different roles, responsibilities and expectations that people have concerning various formal and informal institutions. This can help to identify their problems as well. Matrix/ preference ranking can demonstrate the social networks to which people give priority and it helps provide understanding of the significance of these for particular aspects of livelihoods. Box 6 below provides some indicators that DFID (1999d) selected for the study of social capital.

Box 6 Indicators of desirable social capital

Group level	Individual level
<ul style="list-style-type: none"> • Extent of membership • Degree of participatory decision-making • Kin, income and occupational homogeneity within the group • Extent of trust in the group 	<ul style="list-style-type: none"> • Extent of reliance on networks of support • % of household income from remittances • % of household expenditure for gifts and transfers • Old-age dependency ratio

Source: Crootaert (1998) in DFID (1999e:4.9)

In this thesis, the main methods that have been employed for investigating social capital are surveys on the availability of networks, information and communication, level of social cohesion and sociability, triangulated with participatory methods including household interviews and field observations. Key informant interviews with community officials will also be undertaken to understand the community-based organizations.

4.5.3.3 Physical capital

Physical capital, in DFID's (1999b:2.3.4) SL guidance sheets, means the basic infrastructure (transport, shelter, water, energy and communications), production equipment and other means that enable people to pursue their livelihoods. In Farrington et al.'s (2002:20) urban SLF, physical capital is defined as assets such as housing, tools and equipment that people own, rent or use and the public infrastructure to which they have access.

DFID (1999e) suggested that the principal household physical assets include items that can generate income, for instance, bicycles, rickshaws, sewing machines; house quality and facilities; services including piped water, electricity, waste disposal and others. DFID (1999e) also suggested that, to include the variable of personal consumption items in the survey, such as radios, refrigerators, televisions and other devices, can often be a useful complement in poverty assessment.

A sample survey is definitely an effective method for obtaining data on the quantity of assets households possess. However, regarding the quality and management of use, in other words, the efficiency in accessing public infrastructure, some qualitative methods are required to be triangulated with survey data.

In their work in India using their urban SLF, Farrington et al. (2002) stressed the importance of housing as prime assets for poor urban households. They have highlighted the importance of ownership and location as possible indicators of physical capital. In addition, access, quality, and cost of public infrastructure are also important indicators of physical capital.

In this thesis, since housing is a key physical asset, it will be given more attention in the household survey. Assessment of other physical assets, both productive and consumption items, has mainly referred to the secondary data and participatory observations in this survey. In this thesis, the survey on physical capital will be about tenure status, such as location, ownership, service, living space and cost. Other participatory methods are equally vital to capture the overall picture both of the use and of the management of use, for example by mapping, photographs, and household interviews. Key informant interviews will be undertaken to obtain information on upgrading activities and management of public infrastructure at community level.

4.5.3.4 Financial capital

Financial capital refers to the entire financial resources (whether savings, supplies of credit, regular remittances or pensions) available to people that provides them with their different livelihood options. In addition, DFID (1999e:4.10) pointed out that insurance and social protection measures are equally important to any regular flows of money to individuals and households.

The methods that DFID (1999e) suggested for investigating financial assets include preference ranking and matrix scoring of different credit sources or savings, sources of

cash and insurance options; seasonal calendars that show within-year variations in saving and borrowing patterns and life-cycle profiles that can reflect significant changes in a long period in financial flows within households; focus group discussions on group, club and rotating credit and savings schemes; key informants and semi-structured interviews with bankers and village money lenders for a wider understanding of the financial environment; professional economic techniques and financial analysis to assess the sustainability of the existing financial system; sample survey on the individual and household credit sources and conditions and costs of borrowing, and, in some cases, household budgeting techniques that will acquire the details of household income and expenditure.

It is noted that many methods DFID (1999e:4.10) suggested are not focused in urban areas. Their experiences is drawn more from rural areas. In cities, as explained in Chapter 3 (see section 3.7.1 on page 77), the economic environment is more commoditised and based on cash-flow. Farrington et al. (2002) highlighted the importance of income as the key asset of the urban poor men and women. In their study in four cities in India, Farrington et al. (2002) surveyed the access to loans triangulated with some secondary data on the employment market, in their credit and income-based poverty analysis.

In this research, the formal finance system is dominant among the urban-registered households living in municipal housing. They rely on income obtained from employers, pensions, and more or less likely, loan or credit from formal banks. Other informal agencies, for instance, community-based loans or rotating credit is not common. But it should be noted here that the circumstances in urban villages are quite different. Rural migrants living in urban villages may have more informal finance societies. Furthermore, in cases where redevelopments take place in urban villages, and joint-venue enterprises (in which every indigenous village becomes a stakeholder) have been set up, more emphasis should be put into the investigation of their financial capital

using more participatory methods, for instance, focus groups and preference rankings. In the case of joint-venue enterprises, a more professional financial analysis should be undertaken by experts to assess the sustainability of the both internal and external finance organizations and systems.

DFID (1999d) pointed out that income data obtained through survey can be unreliable and greatly influenced by the time of year at which it is collected. Consumption data sometimes can be more effective for assessing the poverty level. Tipple et al. (1997) suggested the use of data of expenditure as proxy for income when they found the data of income is impossible to obtain. In addition, DFID (1999d) stresses that an accurate assessment of financial assets requires a great deal of skill and extensive triangulation. It is suggested that official income and expenditure surveys are a good resource for triangulation.

In this research, owing to the sample size and the unreliability of data on income in such a small sample, financial capital data is derived from secondary data obtained from official surveys, but this is triangulated with findings from surveys and household interviews regarding their income and expenditure, pensions, and social and medical insurance.

Frankenberger et al. (2000:72) noted that

‘in an analysis of these resources[assets], it is important to take into account the combinations necessary for sustainable livelihoods, trade-offs that exist between resources, the sequences that may exist between them (i.e. which resources [assets] are prerequisite for others) and the long-term trends in their use.’

This calls for a high level of triangulation skills in the investigation of livelihood assets. Furthermore, the combination, sacrifice, and trade-off among different livelihood assets directly reflect and affect the livelihood strategies and livelihoods outcomes. In the following section, methods for investigating livelihood strategies and outcomes will

be discussed.

4.5.4 Livelihood strategies, outcomes and PIPs

In CARE's HLSF, Haan et al. (2002) pointed out that the aim of analysis of livelihood strategy is to understand the typical levels of livelihood assets capitals, how different types of households possess them, and the nature of production, income and exchange activities to which these give rise. The summary of consumption activities for each household member is considered for different areas of livelihood security in the assessment of livelihood outcomes status.

DFID (1999e) considers that the purpose of investigating strategies is to seek patterns that can be acted upon in order to improve the livelihood prospects of the poor, in other words, seeking alternatives and increasing options. Livelihood outcomes are directly related to livelihoods strategies. DFID (1999e) pointed out that observation of livelihood strategies can also reveal much about the relative priority of different outcomes to different groups.

Haan et al.'s (2002) participatory livelihoods assessment matrix provided the perspectives to investigate livelihood strategies concerning the type of activities undertaken by each household member; level of contribution to household economy; access to employment; income generating activities; access to credit; diversification versus dependence on a single earner, and the flow of money, people and goods from rural to urban areas. In CARE's participatory livelihoods assessment framework, the main method of investigation of livelihood strategies is through household interviews, with triangulation alongside livelihood profiling and secondary data.

DFID (1999e) classified the livelihood outcomes from the perspectives of sustainability and poverty elimination. They seek livelihood outcomes that can incorporate the four

dimensions of sustainability: social, institutional, environmental and economic. In this case, they have suggested reference to the environmental checklist as well as social, economic and institutional appraisal as illustrated in their guidance sheets (See DFID, 1999d:4.3-4.4). Participatory methods might not be dominant in the analysis above. However, when livelihood outcomes are considered as the inverse of poverty, participatory methods are the most suitable for investigating them. The main method that DFID (1999e) suggested is Participatory Poverty Assessment (PPA), which will reveal a thorough understanding of local poverty and livelihood outcomes. Other participatory methods include group methods, wealth ranking and community-based processes.

Both livelihood strategies and outcomes are closely related to other components of SLF. First of all, livelihood strategies are determined by

‘the range of assets held by a household and the relations of production and power within it... [and] the external economy of a household or settlement, including its relations with wider economic, political and social systems which influence its access to resources and shape the available opportunities’ (Rakodi (1999) in Farrington et al. (2002:28,29).

DFID (1999d) stressed that their environmental checklist for assessment of livelihood outcomes is clearly close to the vulnerability context, livelihood assets and PIPs.

The discussion above has supported two key points regarding investigation of livelihood strategies and outcomes in this thesis: the use of participatory methods with triangulation with other methods and relating results with study of other components of SLF. However, it is noted that DFID’s SL projects mainly focus on poverty elimination while CARE’s mission is security in basic needs. But in this research, efforts have been made to specify some key factors for housing related studies.

Thus, livelihood strategies will be found in two areas, since housing is the main focus of this research, one concerns the overall view of approaches that the poor households have taken to sustain their livelihoods as a whole, which would reveal the significant role of their dwelling; the other focuses on how people extend and adapt their original dwellings so that they have more space and can stay in their current location. The former will be investigated through the household interviews while the data about the later will be obtained from sample survey.

It is noticed that the analysis of PIPs is absent from the discussions above. In the framework of this research (see Figure 8 on page 105), PIPs has impacts over all the other livelihood components. In this thesis, the investigation of PIPs is combined with the analysis of agency and power that the individual or household has. Power has been identified as a key that determines access to assets and it is fundamentally influenced by PIPs (see section 4.4.4 above). A more theoretical and systematic review regarding power will be found in the Chapter 8.

DFID (DFID, 1999e) suggested several aspects when investigating PIPs: social relations, social and political organisation, governance, service delivery, and resource access institutions. Participatory methods and key informant interviews have been recommended as they can avoid an overly 'top-down' view and capture the view of the affected members with identification where the real blockages exists. In this thesis, secondary data about the governance structure will be reviewed. Participatory observations and household interviews will help identify the problems during the processes. Both key informant interviews and household interviews on organization will reveal the truth from both sides. The same method is applied to understand the service delivery and management issues.

4.5.5 Outline of the methodology, data collection procedures and questionnaire design

In last section, the possible methods in livelihoods analysis were reviewed. However, as discussed in the section 4.5.1.1 above (see *Context specific, flexible and participatory* on page 105), Livelihoods analysis is context specific and more importantly, flexible. Another caution given by DFID (1999d) is to avoid ‘information overload’, which means to collect data far beyond what is needed. DFID (1999d) pointed out that broad-scale livelihoods investigation is more appropriate for larger scale, multi-dimensioned, or policy-oriented projects. For small projects targeted at specific problems, DFID (1999d) suggested keeping a sense of proportion and limiting the scope of investigation. SLF can be used as a quick checklist to identify the priority problem and ensure other factors will not get in the way of project outcomes or cause adverse ‘knock-on’ effects.

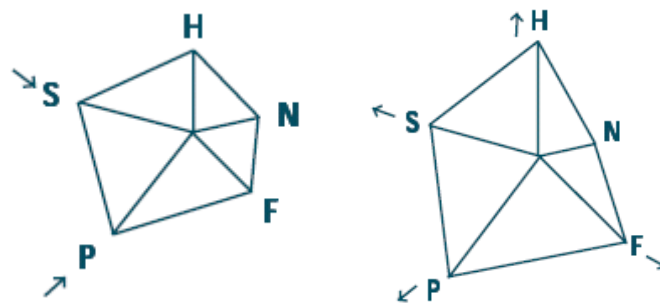
According to the discussion in the last section, relevant methods for each livelihood component as shown in Table 5 have been chosen:

Table 5 Research methods for livelihood analysis

Livelihood component		Themes for discussion and analysis	Principal tool	Tools for triangulation
Vulnerability context (Trends, shocks, and stresses)	National and regional level	Demographic trend, socio-economic trend,	Secondary data	
	Household level	Change in livelihoods assets capitals	Livelihood profile,	Household interviews
Institution and organization		Impact of rules, regulations and policies on households and community, operation, community-based organizations	Household interviews, Key informant interviews	Secondary data
Livelihoods assets portfolios	Human capital	Provision of education and medical services, life expectancy at birth, Household demographics, education levels, employment, health status, dependency ratio,	Survey	Secondary data,
	Physical capital	Location, basic infrastructure, tenure, domestic space and services, consumption assets	survey	Mapping, photographing, Secondary data, household interviews, key informant interviews, participatory observation
	Social capital	network and association membership, feeling of trust and safety, and help in emergencies,	survey	Household interviews, key informant interviews, participatory observation
	Financial	employment, income, consumption, savings, pensions, loan, credit,	Secondary data, survey	Household interviews
Individual agency and power		Power over control, decision making, housework and change in community	Household interview	Livelihood profile, key informants interview
Livelihood strategies		Mobilizing assets, patterns, diversification, priority, extensions and upgrading	Household interviews, survey,	Livelihood profile, key informant interviews
Livelihood outcomes		Improved income, improved living conditions, reduced vulnerability,	Household interview, survey	Key informant interviews

DFID (1999b) suggested that the change in assets status can be captured by the livelihood assets pentagons. In the Conclusion Chapter of this thesis, an attempt is made to use the assets pentagons to reflect the outcomes in the assets portfolios made by livelihoods strategies that people have taken.

Figure 10 Different shaped pentagons-changes in access to assets (DFID)



Source: DFID (1999b:2.3)

The secondary data will be obtained mainly from National Statistical Bureau (NSB), Wuhan Statistical Bureau, previous household survey in Wuhan, previous housing survey in Wuhan and other reports from local government.

The participatory methods used in this research include interviews of key informants, household heads and experts, mapping and participant observation. Key informants mean the key staff in the local Community Committee office and officials in housing and social security departments. Experts include the local professor in housing policy. The tasks for participatory study, in detail, are as follows:

1. plotting histories and changes in the environment (both social and physical) through life stories of some older residents and interviews with the staff in the community office;
2. maps and floor plans of the neighbourhood, recording of physical data such as house and neighbourhood layouts, building materials, furniture arrangements (within some households), floor plans of extension on the rooftop, taking pictures;
3. field observation, mapping and household interviews about the means of water supply, sanitation, and waste disposal of households;

4. household interview on livelihood strategies, how they make a living and how they mobilize different assets and to which they give priority;
5. key informant interviews about governance and management, specific policy for access to assets;
6. investigating the composition of community organisations in existing settlements which can be harnessed to assume the duties of local housing authorities, interviews with households and staff in the community office and observation of the network within the existing community, their functioning and governance, any user-initial collective upgrading work;
7. observation of everyday life and
8. more investigation about the questions that receive poor responses (high missing numbers) in face to face questionnaire.

4.5.5.1 Data collection process

Figure 11 Process of livelihoods investigation on site

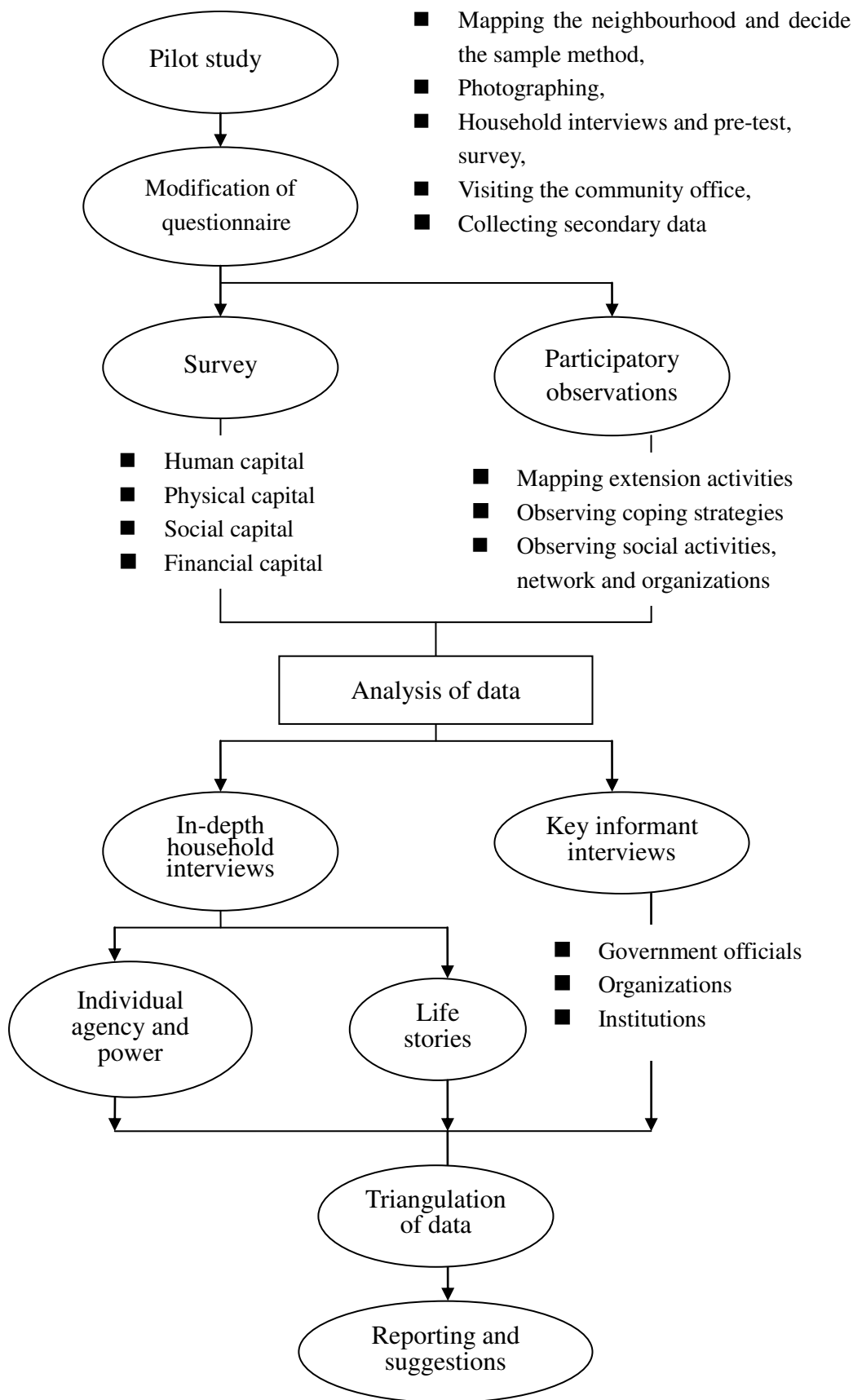


Figure 11 illustrates the data collection process for field work on site. After collecting the data, the main findings will be presented in the following sequence. firstly, a review based on secondary data of vulnerability context within the particular settings in urban China from the macro level and gradually moving to the local level; second, the report of livelihood assets portfolios mainly based on the data collected in the survey with triangulation with interviews, which will highlight what people have and it will in turn explain their vulnerability from the other angle; third, the various patterns of livelihood strategies and outcomes, which will help understand their vulnerability, inadequacy in assets, priority in assets and existing issues and last, in order to explore the way to help them to remove the barriers when they pursue better livelihood outcomes, there is an attempt to analyse individual agency and power. Additionally, the policy and institution issues relevant to their primary livelihood strategies will be investigated. Eventually, the survey in Shanghai Lane was completed in two phases. The first phase was from June to September in 2007, during which most of the pilot study was completed in line with participatory observations. Dr Graham Tipple visited the site in September 2007 and gave suggestions for field work on site. The second phase was from February to May of 2008, during which time in-depth household interviews were undertaken, alongside key informant interviews with a focus on the investigation of personal agency and governance.

4.5.5.2 Questionnaire design

The core of the questionnaire is household livelihoods assets portfolios with regard to human capital, physical capital, social capital, financial capital and their socio-economic background that reflects the vulnerability context.

In the survey, the formulation of human capital variables are mainly referred to Moser's (1996) vulnerability indicator, DFID's (1999b) SLF guidance sheets and Pryer's (2003b) vulnerability work in Dhaka. Human capital at individual level includes household head's gender, age, education, employment, and *hukou* registration place. In

addition, in order to obtain the dependency ratio, information on the demographic profile at household level will be collected around the number by gender of adults and children, and the number of household members who are retired, laid-off, and still receiving education. The information on age by gender and education by gender will also be collected at household level as well. Data on the number of household members who are working over five days per week will shed light on the intensity of their work as overwork can wear out the body.

Physical capital is the main focus of this research. The establishing of physical capital variables are mainly referred to through Wakely's (1976) outline check-list of household survey and some of UN-Habitat's methodology sheets on shelter (UN-Habitat, 2004). The chosen indicators are around their tenure status, domestic space and services, and location in relation to work place. It is noted that, as extension is a main approach to increase the living space and consequently the physical capital, there are variables on extension of used space. Additionally, the quantity of some consumption assets is also collected. The suggested variables of each livelihood framework component are as shown in *Table 6 Indicators of assets capitals in the questionnaire survey*. The suggested indicators and relevant information for livelihood investigation in housing related study are as illustrated in Appendix 1.

Social capital variables have been developed on the basis of Moser's (1996) vulnerability indicator and the World Bank's working paper on measuring social capital (Grootaert et al., 2004). The social capital in the questionnaire survey is mainly measured from the perspectives of availability of networks and information communication, social cohesion and inclusion and sociability.

Financial capital variables mainly refer to DFID's guidance sheet (DFID, 1999b:2.3.5; DFID, 1999e:4.10). They are around their income and expenses, use of credit, and availability of social benefits.

Table 6 Indicators of assets capitals in the questionnaire survey

Asset capitals	Themes	Variables
Human capital variables The formulation of human capital variables are mainly referred to Moser's (1996) vulnerability indicator and DFID's (1999b) SLF guidance sheets and Pryer's (2003b) vulnerability work in Dhaka.	Individual human capital	Household head's gender, age, education, employment, <i>hukou</i> registration place,
	Household human capital	Number by gender of adults and children, retired, laid-off, still receiving education, working over five days/week, age by gender, education by gender,
Physical capital variables The establishing of physical capital variables are mainly referred to Wakely's (1976) outline check-list of household survey and some of UN-Habitat's methodology sheets on shelter (UN-Habitat, 2004)	Tenure patterns	Tenure patterns, reasons for present tenure, owning housing elsewhere,
	Tenure status	Tenure of household head: length of stay in the house (generations), preferences of tenure type, intention to stay here, function of dwelling,
	Domestic space	Number and area of rooms, any added loft, number of households to share kitchen together, number of households to share toilet together, any extension area
	Domestic services	Shower facility and location, availability of water, methods to get hot water, priorities of demand for improve, availability of maintenance and repair of service,
	Location	Location of place of work, means of transport to work (travel time and travel cost),
Social capital variables Social capital variables have been developed on the basis of Moser's (1996) vulnerability indicator and the World Bank's working paper of questionnaire on measuring social capital (Grootaert et al., 2004).	Availability of networks	Methods to cope with a long-term emergency, number of people from whom you can borrow about one month wages, availability of sharing of childcare, key keeping, etc;
	Information and communication	Sources of information about government, policy, etc; sources of information about market, price and job hunting, tendency of availability of sources;
	Social cohesion and inclusion	Violence and crime among community, means and tendency;
	Sociability	Group activities frequency, tendency, and reason to join in;
Financial capital variables Financial capital variables mainly refer to DFID's guidance sheet.	Income and expense	Total of household income from employer, pension, housing provident fund, income from rent, medical insurance, other, tendency of formal income/ informal income; expense on food, rental, water, electricity, administration fees, gas, other; preference of the rental,
	Vulnerability to inflation	Frequency of meat purchasing, level of affection by the rise of food price,

4.6 Selection of the site

As mentioned in Chapter 1 (see page 7), among the four types of impoverished neighbourhoods, the author has decided to choose municipal housing as a case study in this thesis. The author has chosen to undertake fieldwork in her hometown - Wuhan, a major city in South of China with a population of about 9 million. Wuhan, composed by three towns of Hankow, Wuchang and Hanyang, is a historical town with a history of 3,000 years and it is famous as a historical venue when the 1911 revolution⁵ took place. It was also one of the open ports of China after the Opium War in 1841. It was very prosperous as it was once named the “Oriental Chicago,” although its status diminished greatly until the economic reforms in the 1980s. As a historic town, it has a considerable number of older neighbourhoods. The findings from the housing survey in Wuhan in 2002 showed that about 60 percent of municipal housing was built before 1949, and about one fifth was built between 1949 and 1977 (Zhou, 2003:57). For historical reasons, these properties lack adequate maintenance. One universal issue of municipal housing is its current rapid deterioration. As a consequence of rising land values and high costs of restoration, the old municipal housing is disappearing rapidly. For instance, there were 208 old neighbourhoods (mainly built between 1861 and 1927) in the original foreign settlements area but less than half remained by 2002 (Chen, 2002).

In this research, the Shanghai Lane neighbourhood was selected for the case study. It is one of the old neighbourhoods concentrated in the original foreign settlements area⁶ along the Yangtze River in Wuhan. It is typical of municipal housing built before 1949.

⁵ The 1911 revolution is the Chinese bourgeois democratic revolution led by Dr Sun Yat-sen which overthrew the Qing Dynasty.

⁶ Between 1861 and the handing back to China of the concessions in 1927, British, French, German, Russian and Japanese built upon an area of around 2km square kilometres in Hankow.

Property-led redevelopment is the government choice for these old neighbourhoods. The official website of Jiang'an District Government shows it has approved the redevelopment proposal for the Shanghai Lane area to become 'Shanghai Lane Culture and Recreation Area.' The blueprint of Shanghai Lane is 'to maintain its western classical elevation, but change the internal structure....with the massive commercial influences from the Jiangnan Road, to redevelop it into a demonstration area that mixes culture, recreation, business and tourism (Wuhan Jiang'an District Government, 2007b).' The phrase 'change the inside structure' implicitly means to change the function from residential to commercial use.

The reasons why this site has been selected for the study are: first, it is typical municipal housing, and the findings can be extended to other similar neighbourhoods. Second, the background of rapid redevelopment and regeneration in the Shanghai Lane area has caused an insecurity of tenure and vulnerability of the existing residents. Third, it was the demonstration case study of a previous project of 'improvement of residential quality of disadvantaged groups in older neighbourhoods,' which is a sub theme of the 'State-level Sustainable Community Pilot Project' so some secondary data is available. Fourth, the scale of the neighbourhood is suitable for undertaking a survey and interviews. Last but not least, the community is elected as a 'red flag' demonstration community for the outstanding performance of the community leadership and its advanced approaches in governance. The leadership of this community is well-known for their responsiveness and openness, which provides good access for policy and institutional analysis.

4.7 Pilot study

The preparation work for this study included an initial meeting with scholars of a previous state-level pilot project, the leadership of local residents committee, and some key informants in the community. It also included obtaining the floor plan of the

neighbourhood. A Professor at Huazhong University of Science and Technology, who was the principal investigator of China-EU Environmental Management Co-operation Program (EMCP) on Sustainable Urban Renewal in Jiang'an District was interviewed. So was the Director of the Department of Housing and Security of Local Government. Unfortunately, the data about the previous survey in Shanghai Lane in the EMCP sub project is not available. But the interview with the Director of Department of Housing and Security has helped develop an understanding of housing policy and the methods of policy-making on housing for the low-income households.

The targeted case study, Shanghai Lane, has been approached in two ways. One is through the formal governance system and the other is through informal conversations with households. Firstly, the author visited the Associate Director of City Administration in the local office of Shanghai Street. The access to the Shanghai Lane community was made through the introduction from the Street Office to the Yangtze Community Committee. The head of the committee then accepted the first interview and allowed the survey in Shanghai Lane.

In the meantime, the Shanghai Lane neighbourhood was also visited by the author as a curious tourist. The purpose was to avoid a 'top-down' approach that will affect the findings of investigation. The first impression was that the residents are very alert to strangers. The first time the author entered the neighbourhood, she had the uncomfortable feeling that she was an invader in this quiet neighbourhood. A few women were sitting in the front of entrance staring at her. After wandering around the neighbourhood for a while, a man who looked like a guard started to question her about the purpose of her visit to the neighbourhood. The lane is very wide and a group of people were sitting together chatting. The author had heard that they were talking about how to spend boring spare time after they are redundant. The second time the author visited the neighbourhood, she bought a drink from a grocery shop in the neighbourhood run by a resident. After a chat with the shop owner, she met an old

resident sitting in the lane. Starting with the history of the neighbourhood, the author listened to the life story of the old man and he introduced her to an old lady living on the first floor. In the third visit, the author met a voluntary 'unit head' (see page 207) in the community committee's office. With the introduction from the head of the committee, a warm-hearted lady introduced the author to several households with whom the author has completed the pre-test face to face questionnaire. The sampling method was determined after the participatory observation and neighbourhood mapping. The author then started the survey following the sampling method described in the next section. She conducted every face to face questionnaire herself as a part of participatory study and a preparation for later in-depth interviewing. For safety purposes, she employed her two good friends to accompany her all the time in the survey.

4.7.1 Sampling

In their guidelines for sample surveys, DFID (1999g) suggested a sample size of at least 30 from any single group is often appropriate and that a possible option is to select three groups for comparison, giving a combined minimum sample size of 90. However, in this research, owing to limited accessibility to other neighbourhoods and the purpose of the research being to obtain a deep understanding of the reality of livelihoods, the role of housing, and the application of the SLF, the author decided to limit the scope of the survey to the community of the Shanghai Lane neighbourhood.

In the face to face questionnaire survey, the questionnaire should be answered by

- a) either the household head or the wife of the household head,
- b) the main daughter or son on whom the household head depends, or
- c) the single tenant himself/herself.

The households to be interviewed were randomly selected using random numbers. There are two numbers that were used to select the household: firstly, the number of

each room; secondly, the random number for choosing the household.⁷

For example, Figure 12 below is the floor plan for unit 4#-6#. Note that some public spaces e.g. No.7, 12, 19, 26, 35, 40 have been made into the private rooms of different households. In this survey, as they have an equal chance to be one household or part of a household, they are numbered as well as the original rooms.

Firstly, the author has numbered each room in the building (including rooms transformed from public space) counting anti-clockwise from the right of the main entrance. For first floor and second floor, counting was anti-clockwise from the right first after the staircases.

⁷ The sampling method in this survey mainly refers to the methods in Dr Graham Tipple's survey on transformations. See Centre for Architectural Research and Development Overseas. (1994) 'The conduct of the surveys: *Transformations of government built low cost housing as generators of shelter and employment*', Report (No. 2).

Figure 12 Sampling method in Shanghai Lane



Three groups of numbers were randomly written down by the author. The author then chose a group of numbers randomly for each terraced building and started from the first number ‘n’ to interview the household who live in the ‘n’th room.

The three groups of random numbers were:

A: 2 3 1 4 6 8 9 3 4 5 6 7 1 2 3 7 4 3 8 10 7 5 9 2 5 1 7 4 9 6 2 1 7 3 2 8 10 6 4 2 6 4 1
3 7 9 3 6 2

B: 1 5 8 3 2 6 7 8 10 3 2 5 1 6 7 3 4 8 6 5 3 10 1 2 5 7 3 6 2 1 8 5 4 6 2 5 1 4 3 5 3 2 7
10 9 6 8 4

C: 3 6 8 3 2 5 1 6 8 3 2 7 9 2 4 1 6 2 7 1 4 2 5 8 9 2 4 9 7 5 6 4 2 3 8 1 9 3 2 10 4 5 2 6
1 8 3 8 4

Some numbers are too large for such a small scale survey. So the numbers more than 4 have been omitted in practice. In cases where the number was too small, for example, the next number is 1, but the next room was a part of the same household, the author chose the next number until it was one that was occupied by a different household.

For example, choose random number A for households from unit 4# to 6#, the valid number is:

2 3 1 4 3 4 1 2 3 3 2 1 4 2 1 2 2 1 3 3 2

The selected rooms are (in Figure 12):

2, 5, 9, 12, 16, 17, 19, 22, 25, 27, 31, 33, 34, 36, 38, 41

The interview of the households that were randomly selected may not succeed at the first instance as: 1. nobody is in; 2. the head of household or the wife of household head is away; 3. the interview is refused; 4. The interview is refused in progress, 5. The household head is incapable of answering the interview questions.

In this survey, the author tried three times at different times (daytime and evening) to reach the households that were randomly selected; she did not allow herself to give up before the third effort. In the case that the household head is too old to understand the question, the person who looks after him/her completed the questionnaire on his behalf. Only in very extreme circumstances, such as the household head being disabled by deafness and nobody being able to interpret the language, the reason why the interview was not completed would be clearly marked. In the end, 76 households were successfully surveyed through questionnaires while about 15 households were not available for various reasons.

4.7.2 Emerging issues

DFID (1999d) mentioned that building trust is difficult in livelihood investigations and takes time. During the pilot work in #4 and #6 units, the author noticed the high

rate of rejection. The households hold a very negative attitude to surveys indicating 'your survey can not solve any problem of ours. It is useless and a waste of time.' Four households refused to be interviewed. The first household was a retired old couple. After a brief introduction, they understood the basic purpose and then refused without giving reasons. Second a rural migrant single mother with two children refused three times in a polite way by saying: 'I am in a rush to see to my children, could you visit me next time.' Or 'I am very busy now, next time.' Meanwhile, she also expressed her reluctance to be interviewed as her household only recently moved in to this private rental dwelling. The third householder, who undertook some informal work during weekends, refused the interview. He was in his 40s and was redundant. The fourth household suspended the interview after being irritated by the question about their human capital. Their household is desperate in the current situation: both the father and mother are redundant but not re-employed. The daughter is aged 20 and working in the service field after recently graduating from university. The dwelling was inherited from a brother as a work-unit subsidy and its condition is very poor. They have been looking for jobs but it is so tough, they receive no support and no help from the local community.

The author then decided to give each household a package of washing powder as a gift to show her gratitude for the time they have spent. Fortunately, after carrying washing powders and climbing up and down around the neighbourhood for one month, residents started to accept the new face and many fewer households refused the questionnaire survey.

Another issue found in the pilot study is the complexities in the use of the central room. The extension work had changed the location of the main door of households so it was not easy to recognize the right door, to avoid missing anyone and to keep counting anti-clockwise. The last issue was that the extension work on the roofs was too diverse. This of course did not have any floor plan. Some buildings were even two-storied. If it

was locked the author could not tell if it was a bedroom, kitchen, or bathroom. But most of the time the households living on the roof were away and could not be reached, even in the evenings. The author then decided to select the rooftop of one building as a case study to draw a floor plan and to investigate the way residents use space through household interview.

4.7.3 Revision of the questionnaire

Some changes were made to the original questionnaire design after the pilot study. Some variables were not suitable to the local context and these needed to be modified, which may provide some insights for future research in urban China. The pilot study was also a process of participation in identifying their vulnerability and issues in their livelihoods. This made a good start to livelihood investigation.

1. Human capital variables

More questions about numbers laid-off and those working over five days a week recorded by gender were asked at the household level. Information about the *hukou* clarification of the household head was collected. This is tightly correlated with other entitlements, particularly housing and employment status.

2. Physical capital variables

a) Tenure

The question about the preference of future housing regarding the intention to stay in the city was changed into questioning the intention to stay in the same neighbourhood because the author found a majority of current residents had non-agriculture *hukou* and they had no intention to leave the city.

In addition, the question about the tendency of demolition was removed from the questionnaire. First, most residents felt that only the government could decide the future of the neighbourhood as they know their neighbourhood is a listed building. Second, this question was too sensitive when there was a large scale on-going demolition nearby. The author felt it was likely to cause panic among the community

and it would affect the households' answers to other questions.

b) Domestic space

The question about their priorities for change of rooms was removed. Most households are so desperate about any change in their rooms that they felt it was a question they cannot answer. Additionally, the author observed that most households only occupied one room, which did not allow any change of function.

The question about types and area of private open space and priorities for change was altered into relating to their added lofts and regarding the uses to which these were put.

c) Domestic services

The questions about availability of drainage, availability of electricity and method of garbage disposal were removed as the basic infrastructure is accessible except for the households living on the roof. For those the information was collected through field observation and household interview. Alternatively, more questions about their shower facilities, place to wash and methods of obtaining hot water required an answer.

d) Location

The questions in the original questionnaire design about the location of the post office and frequency of use were removed, as was the question about the priorities for change in location of public services: daily shopping, school, clinic, cinema, recreation space, religious centre, and post office. The reason is that the neighbourhood had access to those facilities owing to its location. But these questions might be useful in a study of other groups living in different neighbourhoods.

3. Social capital variables

a) Information and communication

The author did not ask the frequency of use of the telephone. Compared with the poorest countries, the level of telecommunications has been greatly improved in China. The use of telephone and television is a part of daily life.

b) Social cohesion and inclusion

The direct questions about the extent of trust within community, tendency to trust, and

reason of loss of trust were removed as we found the household felt it hard to answer it in a quantitative way. Alternatively, the author decided to ask this question in household interviews.

4. Financial capital variables

a) Income and expense

The author gave up asking questions about their total expenditure as the households had shown strong unwillingness to answer this question, which may have disrupted the interview. However, for expenses on gas, water, and electricity, the households would like to answer as the price and cost is very general. For the same reason, the author did not ask about their last year's savings, money lent to others and money sent back to homes in rural area. But the author obtained relevant information on this subject in the in-depth household interviews.

b) Vulnerability to inflation

During the pilot work, it was noticed that most households' 'peace of mind' was very much affected by the increase of food price. The author added a question about the frequency of meat purchasing, and the extent to which this changed with price change.

For the final version of questionnaire please see Appendix 2.

In the end, 76 questionnaires were filled in and data was recoded into SPSS. Sixteen households (including redundant workers, retired and disabled people, informal business and rural migrants' households) were interviewed purposely for their life stories. The following sections present the main findings from the survey, with triangulation with secondary data and household interviews.

4.8 Summary

This chapter has set up the research objectives, principles and methodology. Relevant SLFs have been compared and the author has pointed out the necessity of further

adaptations on the basis of Farrington's urban SLF. A modified diagram has been formulated as a basic research framework. In order to avoid 'overloaded' livelihood investigation, suitable methods have been reviewed and selected to confine the research scope and to generate the research outline and to devise the procedures. The significance of participatory and triangulation skills involving both quantitative and qualitative data has been highlighted. Specific indicators were selected and borrowed from relevant research to generate the survey. The Shanghai Lane neighbourhood was selected for the field work case study and a pilot study was undertaken using participatory methods. The questionnaire was then tailored to fit the specific context in field work. The following chapters present the findings of the livelihood investigation in sequence. First of all, the author will introduce the specific urban context in China and explain how it yields the stresses and shocks that cause the vulnerability of poor households.

Chapter 5 Welcome to a different world

The Vulnerability Context in Urban China

5.1 Introduction

This chapter is the first step of livelihood analysis in this thesis that analyses the vulnerability context poor urban households live in. The concept of the vulnerability context has been reviewed, first, including the general vulnerability in both rural and urban areas for poor households in developing countries. Next, the vulnerability context in cities has been outlined by distinguishing between the formal and informal poor households. The main part of this chapter is the review of the trends in demography, economy, and governance that affects the livelihoods of poor households. Stresses and shocks that different groups of urban poor people have to face have been summarized. The vulnerability in housing for poor households in cities in China has been highlighted. In the end, Chapter 5 yields a matrix of potential vulnerability in urban China.

5.2 The nature of vulnerability

Vulnerability is complex, diverse, context-specific and dynamic (Chambers, 2006; Moser, 1998). It comprises defencelessness, insecurity and exposure to risk, shocks and stress (Chambers, 2006). Vulnerability and poverty are intertwined but different concepts that are also related to, but differ from, the concepts of capacities and capabilities (Moser, 1998). Chambers (2006) emphasized the difference between vulnerability and poverty. He considered that, in some anti-poverty programmes that are designed to raise incomes or consumption, there is the likelihood of increasing the vulnerability of poor people while poverty measured in terms of income is reduced. For example, the borrowing and investing that can easily relieve income-based poverty will increase their debts at the same time and may thereby generate more vulnerability. Moser (1998) distinguished between vulnerability and capability arguing that the reality is that vulnerable households at times of emergency may have many resources and capabilities that they can use as the basis of recovery.

In their initial definition of ‘sustainable livelihood’ Chambers and Conway (1991) pointed out that vulnerability has both external and internal dimensions: external

vulnerability includes the stresses and shocks to which the poor households are subject while internal vulnerability refers to their capacity to cope. Further, Chambers and Conway (1991:25-26) argue ‘shocks are impacts which are typically sudden, unpredictable, and traumatic, such as fires, floods, storms, epidemics, thefts, civil disorder, and wars....’

Stresses are pressures which are typically cumulative, predictable, and variously continuous or cyclical, such as seasonal shortages, rising populations, declining soil fertility, and air pollution.’

Chambers and Conway (1991) provided examples of such shocks and stresses, that will be discussed in greater detail in the next section.

In DFID’s SLF, vulnerability is composed of trends, shocks and seasonality and DFID (1999b:2.2) explained as follows:

‘Shocks can destroy assets directly (in the case of floods, storms, civil conflict, etc.). They can also force people to abandon their home areas and dispose of assets (such as land) prematurely as part of their coping strategies. Recent events have highlighted the impact that international economic ‘shocks’, including rapid changes in exchange rates and terms of trade, can have on the very poor.

Trends may (or may not) be more benign, though they are more predictable. They have a particularly important influence on rates of return (economic or otherwise) to chosen livelihood strategies.

Seasonal shifts in prices, employment opportunities and food availability are one of the greatest and most enduring sources of hardship for poor people in developing countries.’

Vulnerability is also affected by governance: structures, institutions and policies. DFID (1999b:2.2) argues, *Transforming Structures and Processes (PIPs)* has a direct influence on the “vulnerability context” as:

‘processes (policies), established and implemented through structures, affect trends both directly (e.g., fiscal policy/economic trends) and indirectly (e.g. health policy/population trends). They can also help cushion the impact of external shocks (e.g. policy on drought relief and the density of relief providing agencies)’.

5.3 ***Vulnerability context***

Vulnerability context is globally broad and diverse. The factors that affect vulnerability vary in different contexts, from the North to the South, from country to country, and from rural to urban areas. However, the initial understandings of vulnerability were derived from studies on famine and other disasters in rural settings (DFID, 1999b; Chambers, 1989; Swift, 1989).

Chambers and Conway's (1991) understanding of shocks and stresses is deeply rooted in rural contexts. However, there are a considerable number of shocks and stresses that can be found in common in rural and urban contexts. Table 7 shows an attempt to categorize different shocks and stresses that could be found in either rural, or urban, or in both rural and urban contexts. The findings show poor households in cities and rural areas may have many kinds of vulnerability in common, particularly gradual stresses, and shocks at individual and household level, such as illness, and the loss of assets. However, households in rural areas seem more vulnerable to regular stresses and shocks at community level, which are mainly caused by natural disasters and conflicts.

Table 7 Examples of livelihoods stresses and shocks

	Mainly in urban	Mainly in rural	In both urban and rural
Gradual stresses	<ul style="list-style-type: none"> • declining real wages 	<ul style="list-style-type: none"> • declining yields on soils which degrade through salinisation, acidity or erosion; • declining common property resources, and having to go further and spend longer for less, for fuel, fodder, grazing or water • declining of water tables; • declining rainfall; • population pressures on resources leading to declining farm size and declining returns to labour; • ecological change leading to lower bio-economic productivity; 	<ul style="list-style-type: none"> • declining labour work available; • indebtedness; • physical disabilities; • the domestic cycle with its periods of high ratios of dependents to active adults

	Mainly in urban	Mainly in rural	In both urban and rural
Regular stresses		<ul style="list-style-type: none"> • diurnal cycles (midday and afternoon heat, mosquitoes in the evening and at night, cold and difficulty seeing at night (darkness without lighting)) 	<ul style="list-style-type: none"> • seasonal
Shocks at community level		<ul style="list-style-type: none"> • droughts; • storms,; • flood; • fires; • famines; • landslips; • epidemics of crop pests or of animal; • the collapse of a market 	<ul style="list-style-type: none"> • wars, persecutions and civil violence; • epidemics of human illness;
Shocks at individual and households level	<ul style="list-style-type: none"> • loss of a job 	<ul style="list-style-type: none"> • the death of a valued animal 	<ul style="list-style-type: none"> • accidents and sudden sickness; • The death of a family member; • Loss of assets through theft, fire or other disaster;

Source: adapted by author from Chambers and Conway (1991)

DFID (1999b) listed examples of vulnerability though commenting that this list is not complete (see Table 8).

Table 8 Examples of vulnerability in DFID's SLF

Trends	Shocks	Seasonality
<ul style="list-style-type: none"> • Population trends • Resource trends (including conflict) • National/international economic trends • Trends in governance (including politics) • Technological trends 	<ul style="list-style-type: none"> • Human health shocks • Natural shocks • Economic shocks • Conflict • Crop/livestock health shocks 	<ul style="list-style-type: none"> • Of prices • Of production • Of health • Of employment opportunities

Source: DFID (1999b)

DFID's interpretation of vulnerability differs from that of Chambers and Conway (1991) in that here they interpret 'stresses' that are built up gradually as 'trends' and 'stresses' occurring with regularity as 'seasonality' and put them into different categories. DFID's list of vulnerabilities has shown more focus at the macro level rather than at the household and individual level. In addition, rather than differing vulnerability between

the urban and rural context, DFID presented a general but ambiguous over-view. The reason may be because their early SL projects were focused mostly on rural areas.

5.3.1 Vulnerability in urban context

As mentioned in the last chapter, it is the urban context which makes the sustainable urban livelihoods distinctive. Certain specifically urban shocks and crises have also been illustrated in Chapter 3 (see section 3.7.1 on page 77).

Table 9 is a summary of vulnerabilities in sustainable urban livelihoods framework developed by Meikle et al. (2001).

Table 9 Vulnerabilities common among the urban poor

<i>Legal status</i>	
Informal employment	Those in informal employment generally lack labour rights. They are therefore susceptible to sudden unemployment, and the dangers accruing to unprotected working conditions (long hours, poor pay, unsanitary or unsafe conditions) (Potter and Lloyd, 1998)
Shelter and land	Urban residents living on illegally-occupied land or in informal low cost rental housing lack legal tenure rights. As such they experience poor housing quality and face the threat of summary evictions. Linked to housing rights, those residents undertaking urban agriculture may also lack legal tenure, and risk losing their land and crops.
Political rights	Informal residents lacking legal registration may be disenfranchised and excluded from political decision making and, in addition, may suffer from police harassment and bureaucracy (Wratten, 1995)
Services and infrastructure	Lack of legal status may also limit the access of informal residents to basic social services (health and education), or financial services (e.g. bank loans). In addition, the prevalence of illegal connections to infrastructure (such as electricity or water) means that many informal residents are vulnerable to the sudden withdrawal of key services, and they may also be fined or punished in some way for illegal use of these services.
<i>The local environment</i>	
Physical environment	Poor living environments often endanger the lives and health of the urban poor, especially where they are forced to live and work in marginal areas through lack of cheap alternatives. This creates further vulnerability, as ill health undermines one of the chief assets of the urban poor – their labour (Satterthwaite, 1997)
Social Environment	The social context in cities may be characterised by crime, fragmentation and other social problems which will reduce the ability of households to support one another in order to further their livelihood strategies (Wratten, 1995). In addition, poor men and

	women may be excluded from livelihood opportunities owing to differences such as culture or ethnicity which result in their exclusion from social networks (Beall and Kanji, 1999)
Dependence on the cash economy	‘Free’ goods and services, such as common land, clean water and fuel, are rare in cities. Most of the basic living needs of urban residents must be paid for in cash - making the urban poor particularly vulnerable to market vagaries such as inflation, and the removal of government subsidies (Moser, 98). In addition dependence on the cash economy frequently means that poor households are vulnerable to debt (especially where they cannot rely on informal on social networks for loans). Borrowing, normally at usurious rates, may lead to long term indebtedness with disastrous results such as bonded child labour.

Source: Meikle, Ramasut and Walker (2001)

Table 7, Table 8 and Table 9 are none of them perfect. Table 7 lacks an equal attention to shocks and stresses in urban settings; DFID (1999b) admitted that Table 8 is incomplete; Table 9 mainly focuses on informal residents in cities, which fails to address the emerging poverty of original urban residents and does not differentiate this from that of informal residents.

On the basis of the original meanings of shocks and stresses in Chambers and Conway (1991)’s SL concept, an adapted table with simplified and clearer classification of vulnerabilities common among the urban poor yields the following.

Table 10 A potential list of vulnerabilities in urban contexts (for both formal and informal residents)

	For both formal and informal residents	Mainly formal residents	Mainly informal residents
Gradual stresses	<ul style="list-style-type: none"> •declining real wages •declining labour work available; •indebtedness; •physical disabilities •the domestic cycle with its periods of high ratios of dependents to active adults •unprotected working conditions (long hours, poor pay, unsanitary or unsafe conditions) •poor housing quality and living environment that will cause health problems •social problems such as crime 		<ul style="list-style-type: none"> •disenfranchised •excluded from political decision making •police harassment and bureaucracy •limited access to basic social services (health and education) or financial services (e.g. bank loans) •illegal connections to infrastructure (such as electricity or water) cause sudden withdrawal of key services, being fined or

	and social fragmentation •inflation		punished •social exclusion caused by culture/ethnicity differences
	For both formal and informal	Mainly formal residents	Mainly informal residents
Regular stresses	•seasonal (seasonality can be problematic for urban poor households, especially when these people spend a large proportion of their income on foodstuffs, the price of which may be very volatile (DFID, 1999b))		
Shocks at community level	•wars, persecutions and civil violence; •epidemics of human illness; •removal of governments subsidies •financial crises	•relocation and resettlements (see Chapter 1)	•whole-scale evictions of illegal settlements (see Chapter 1)
Shocks at individual and households level	•loss of a job; •accidents and sudden sickness; •the death of a family member; •loss of assets through theft, fire or other disaster; •homelessness caused by relocation and resettlement		

Table 10 has attempted to distinguish formal and informal residents. However, it is still not complete. More importantly, as mentioned before, SLA is context specific. Is it tailored to the urban context in China? The following section will test and answer this research question with more discussions and evidences, and will attempt to make Table 10 more complete and thorough, particularly in the context of urban China.

5.4 Vulnerability in urban China

The aim of this section is to provide a preview of the nature of local livelihoods by identifying the main trends, shocks and stresses that form the vulnerability context in urban China. The main trends will be reviewed at macro, followed by the analysis of the main shocks and stresses that affect the livelihoods of different disadvantaged groups in cities.

Let us start at the level of the state.

China has achieved enormous progress from the perspectives of human development and economic growth, as demonstrated in the MDGs report 2003 and 2005 (Ministry of Foreign Affairs of the People's Republic of China and United Nations System in China, 2005; the UN Country Team in China, 2004). The human development index has increased constantly from 0.522 in 1975 to 0.726 in 2000 (the UN Country Team in China, 2004).

Compared to other poorer developing countries, demographic trends in China have shown a much higher human capital, which are reflected by long life expectancy, small population below international poverty line, low estimated HIV prevalence, small proportion of under weight children, and high enrolment ratio for both boys and girls (see Table 11 and Table 12). However, it is noticeable that, mainly as a consequence of the one child policy, the population growth rate has declined although the total population is still increasing.

Table 11 Key Development Indicators in China (2003)

CHINA: DEVELOPMENT CONTEXT

Key Development Indicators				
<i>Indicator</i>	<i>Value</i>	<i>Year</i>	<i>High prov./region</i>	<i>Low prov./region</i>
Population size (1000,000)	1,276	2001	95.55	2.63
Population growth rate (%)	6.95	2001	-0.95	12.62
Life expectancy at birth	71.4	2000	78.9	65.7
Real GDP per capita (US\$)	912.5	2001	4522	350
Poverty head count ratio (%) of rural China of US\$1 per day	11.5	1998		
(%) of population below international poverty line	8	2000		
Estimates HIV prevalence range from 800,000 to 1.5 million	0.06 to 0.11	2002		
Population with access to safe water supply (%)	75	1999		
Proportion of under weight children (under 5) (%)	10	1998		
Net primary enrolment ratio (%)	98.6	2002	100	94.6
Ratio of girls to boys in primary education (%)	90	2002		
Under-five mortality rate (per 1,000 live births)	36	2001		
Maternal mortality ratio (per 100,000 live births)	53	2000	10	466

Source: the UN Country Team in China (2004)

Table 12 Key Development Indicators in China (2005)

Indicator	Value	Year	High prov. /region	Low prov. /region
Population size in millions	1,300	2004	98.32	2.71
Population growth rate (%)	5.87	2004	-0.97	12.52
Life expectancy at birth	71.95	2004	79.4	66.3
Real GDP per capita (RMB at current exchange)	10561	2004		
Population below international poverty line (%)	2.8	2004		
Estimates of HIV/AIDS prevalence range between 650,000-1,020,000	0.06 to 0.11	2002		
Reported cases of HIV infection	49606	2004		
Malaria prevalence rate (%)	6.53	2004		
Reported deaths due to malaria	31	2004		
Areas with improved water supply (%)	93.78	2004		
Population with access to clean drinking water in rural areas (%)	60.02	2004		
Under-five mortality rate (%)	25	2004		
Net primary enrolment ratio (%)	98.7	2003		
Percentage of girls in primary education	47.2	2002		
Maternal mortality ratio (per 100,000 live births)	51.3	2003		

Source: Ministry of Foreign Affairs of the People's Republic of China and United Nations System in China (2005)

The following sections will illustrate that the population trends in China have three main characteristics: urbanization, ageing, and polarization.

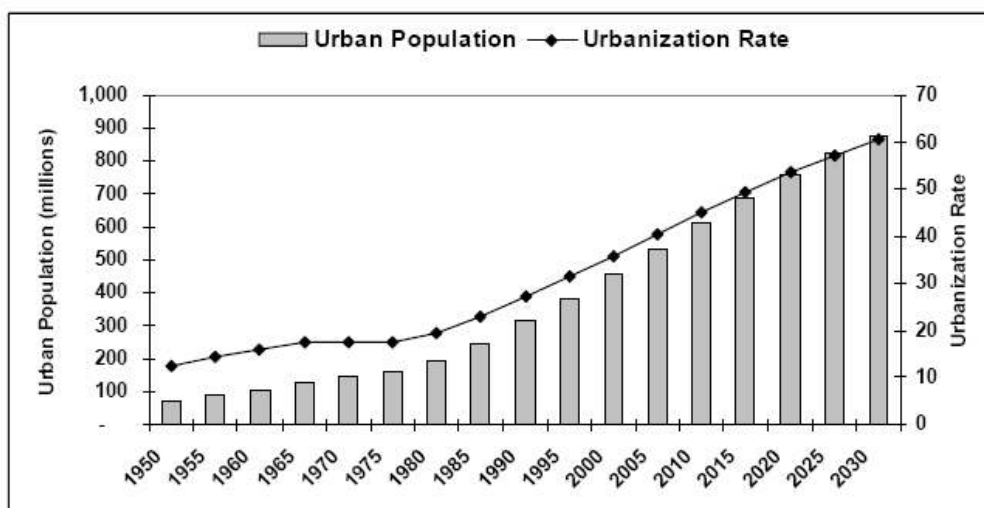
5.4.1 Trend one: stresses in urban population

5.4.1.1 Increase of urban population and older people

As mentioned in Chapter 1, urbanization is a global phenomenon. Chapter 1 illustrated

the reasons that rural-urban migration is an inevitable and unstoppable process. In 2001, the total population of China was 1,276 million, the largest in the world. The registered rural population was 795 million (62 percent) and those with permanent urban registration numbered 481 million.

Figure 13 China's Urbanization, 1950-2030



Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2004 Revision and World Urbanization Prospects* (<http://esa.un.org/unpp>).

Sources: Li, Duda and Peng (2007)

However, the urban population is increasing at a rapid pace and approximately doubled between 1978 and 2000. The resident urban population is increasing at over 4.5 percent per annum. In the year 2000, the ratio of the urban to the rural Chinese population was 36:64, which had changed from 31: 69 only a year earlier in 1999 (Hussain, 2003). In fact, the UN Population Division's most recent projections (Figure 13) indicate that the urban population in China will increase 341.8 million between 2005 and 2030, making 875.2 million (of a total 1,446.5 million population) in 2030 when the urbanization rate will surpass 60. This implies an annual average increase in urban population of 13.7 million from 2005 to 2030 (Li et al., 2007).

Lavelly (2001) concluded from the Census of China 2000 that an obvious urban trend is real although he also had raised a key question that the measure of urban population is determined by the definition of 'urban area'. Leaving aside for later discussion the many definitional and data problems, it still shows that increases in the rate of urbanization are unprecedented and rural to urban migration is the dominant source of Chinese urban growth.

'Ageing' is an inevitable trend in China. In 2005, there were 125 million older people (aged above 60) in China and this number is increasing at 3.2% per year (Zhou, 2005). Gilroy and Zhou (2009) updated this figure to 144 million, making up 11 percent of the total population of China. Frazier (2006) estimated that the numbers in the population over age 60 is set to triple between 1990 and 2030, at which point it will have reached 24%. Further, Frazier (2006) suggested that China's ratio of working-age population to elderly will fall from 6.4 to 1 in 2000 to a much lower 2 to 1 in 2040. However, it is a well-known trend that China is becoming 'grey before it gets rich.' By 2030 China's age structure will resemble that of today's Japan, but with a per capita income of only 20% of today's industrialized countries.

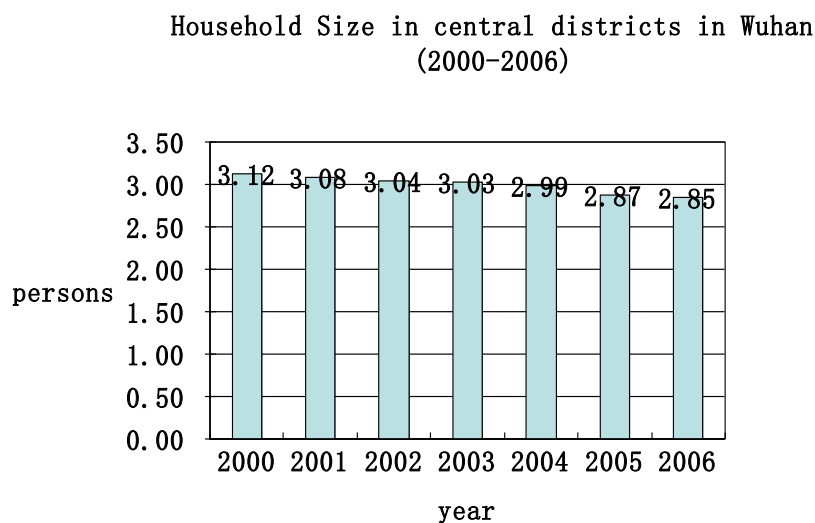
The two major trends, urbanisation coupled with ageing ('greying before getting rich'), have become a major challenge to the welfare system. More discussions will be found in later sections on how at present the social welfare system increases the vulnerability of poor households.

5.4.1.2 Household size and effects of one-child policy

Ding and Hesketh (2006) stated that the total birth rate had dropped from 2.9 before the one child policy was in force in 1979 to 1.94 in women over 35 and 1.73 in women under 35.⁸ Another noticeable trend is that women also wanted small families with around half of the women wanting two children and only 5.8% preferring more than two. Meanwhile, a gross imbalance in the sex ratio has emerged in both rural and urban regions. The male to female ratio has increased from 1.11 in 1980-1989 to 1.23 for 1996-2001 (Ding and Hesketh, 2006).

⁸ It is a secondary analysis of data from the Chinese cross sectional national family planning and reproductive health survey, 2001.

Figure 14 The trend of household size in central Wuhan



Source: adapted from Wuhan Statistic Bureau (2006).

The average household size has declined. The nuclear family, particularly parents with one child, is the trend as a consequence of the one child policy. Taking the city of Wuhan as an example, within the seven central districts, the household size has continuously dropped from 3.12 in 2000 to 2.85 in 2006 (see Figure 14).

Arising from the one-child policy in China is the ‘4-2-1’ problem in which one working child will need to provide for two parents and four grand-parents, while at the same time coping with his/ her own household expenses and saving for his/ her own retirement.

5.4.1.3 Emerging large population of urban poor people

The term ‘urban poor’ did not come into being in Chinese official documents until very recently (Wang, 2004). Government data on urban poverty trends before the 1990s are not available (GHK (Hong Kong) Ltd and IIED, 2004). There is still no ‘official’ definition of urban poverty in China (Wu, 2002). Before the emergence of polarization as a result of economic reform, the majority were in employment and only a small proportion of people were relatively poor. In the terminology of the “planned economic production and distribution system,” little use is made of the term ‘poor,’ which is usually replaced by ‘medium- to low- income group.’ As the process of income

distribution spreads more widely, terms specifically referring to the poor people, such as ‘low-income group,’ ‘disadvantaged social and economic groups’ (*ruoshiqunti*) and ‘urban poor residents’ (*shengshi pingkun jumin*) were accepted and appeared in government documents (Wang, 2004). Meanwhile, despite the traditional poor ‘three no’ individuals, those having no ability to work, no source of income, and no family support, some specific categories of poor groups also emerged that result from economic and social reconstruction and development. In 2001, Premier Zhu Rongji officially acknowledged the existence of urban poverty in the working report of the State Council, by referring to ‘marginal groups’⁹ (Wu, 2002) which, on the one hand, broadens the concept of livelihood status but also highlights the fact that the term urban poverty was and still is banned by the government.

Wu (2004a) classified different levels of the urban poor people’s vulnerability that vary according to their distinct position in the typology of urban poor people. Residents with formal urban registration and affiliation into a workplace are often comparatively better-off than other groups, in marked contrast to the most vulnerable who are the informal rural workers.

Table 13 The typology of the new urban poor

Labour organization	Household registration	
	(I) with urban registration	(II) without urban registration
(1) Formal workplaces	(I1) Laid-off workers, early retired in the reforms, pensioners, collective employees	(II1) Contract workers (often in construction, cleaning and catering sectors)
(2) Informal job markets	(I2) Private/ individual workers, self-employed (street hawkers, contract workers), unemployed urban residents	(II2) Domestic helper (e.g. nannies and cleaners), jobless or those in the underground economy, petty vendors

Source: Wu (2004a)

Again leaving aside for the moment the many definitional and data problems that are

⁹ In the 2001 working report of the State Council, Premier Zhu Rongji officially acknowledged the existence of urban poverty by referring to ‘marginal groups’. Wu, F. (2004a) ‘Urban poverty and marginalization under market transition: the case of Chinese cities’, *International Journal of Urban and Regional Research*, 28, (2), pp. 401-423.

highlighted above, estimates from various sources suggest migrant poverty rates of 50 percent more than for official urban residents, implying a poverty rate of 15 percent for migrants compared with about 10 percent for official urban residents, when using the consumption measure of poverty. Assuming an urban population of some 580 million including 100 million migrants, this would imply total urban poverty of about 63 million (GHK (Hong Kong) Ltd and IIED, 2004).

According to Song Ping of MoSS (published in *Liaowang*, 27 June 2002), marginal groups include a wide range of poorer people. These include workers laid-off or those who have left the Re-employment Service Centres (RSC) (*zai jiuye fuwu zhongxin* in pinyin), but cannot find employment. It also includes people who never entered the work-unit system, or ‘outsiders of the system’ (*tizhi wai ren qun*) who depend on informal work such as, vendors and hawkers, the disabled and the widowed elderly. There are also a third group that includes those rural migrants who either work in the informal sector or are contracted by work-units but may be described as ‘working poor.’ Finally, there are those who retired before the increased provision of in-kind welfare and cannot benefit from these provisions. All these groups are in marginal positions in regard to not only economic benefits and assets but also their social and political position (Wu, 2002).

5.4.1.4 Problematic accounting of the urban poor

It is noted that both the numbers of urban population and urban poor population can vary widely depending on the definition used. First of all, as Lavelly (2001) argued, the measurement of urban population is one of the more treacherous areas of Chinese demography owing to definition of urban areas. It is also affected by the household registration system and other administrative constraints. Consequently, the resources used to estimate the scale of urban poverty in China are limited and problematic. This is mainly because temporary rural migrants are not counted as urban population in the official statistics as their *hukou* (place of registration) remains rural despite their movement to the cities. Rural migrants are emerging as a major group of poor people in urban areas where ‘urban polities bear no responsibility for migrants’ (Lavelly, 2001:756). Lavelly (2001) estimated that the total number was between 100 million and 200 million by 2000. However, as Wu (2002) pointed out, the official classification of

the urban poor is often based on the Minimum Living Support (MLS) line, which does not include the poorer rural migrants.

The exclusion of migrants from urban poverty figures could lead to substantial biases (Park et al., 2006). Another limitation is that appropriate poverty lines are still being researched, which makes the estimates of the numbers of poor people in the urban areas uncertain (GHK (Hong Kong) Ltd and IIED, 2004).

The calculation of the population of urban poor people varies according to different instruments employed. In general, there are two types of poverty lines: the diagnostic poverty line, used only for estimating the number of the urban poor men and women, such as the national poverty lines; and the poverty lines used for poverty relief work. The State council regulations governing the urban “Minimum Living Support Scheme” (MLSS) delegate to local governments the task of setting poverty lines for their jurisdiction (Hussain, 2003). Each city in China sets its own poverty line (or benefit line) for poverty relief work and for statistical purposes as well. Since the pattern of consumption and average income per capita vary widely across localities and depends on the financial assistance made available principally by city governments, the city poverty line is set mainly based on prices. So far, there is no agreed national framework for calculation of the benefit line, although the international poverty line is employed in China MDGs report to indicate the human development. However, in the Chinese context, the national poverty line is a highly unreliable measure. The gap between the lowest and highest poverty line in different provinces can be 2.5 times or more (see Table 14 below), a clear indication of the lack of a detailed national framework to guide local governments in setting their own poverty lines (Hussain, 2003).

Table 14 Estimated provincial poverty lines

	Food Poverty Line (FPL)		General Poverty Line (GPL)		% FPL/GPL	
	(% National Line)		(% National Line)		(% National Ratio)	
	(1)		(2)		(3)	
Beijing	1 983	(142.5%)	3 118	(135.0%)	63.6	(105.5%)
Tianjin	1 728	(124.1%)	2 993	(129.6%)	57.7	(95.7%)
Hebei	1 336	(96.0%)	2 509	(108.6%)	53.2	(88.3%)
Shanxi	960	(69.0%)	1 616	(70.0%)	59.4	(98.5%)
Inner Mongolia	1 008	(72.4%)	1 824	(79.0%)	55.3	(91.6%)
Liaoning	1 259	(90.4%)	2 203	(95.4%)	57.1	(94.8%)
Jilin	1 051	(75.5%)	1 831	(79.3%)	57.4	(95.2%)
Heilongjiang	1 071	(76.9%)	1 878	(81.3%)	57.0	(94.6%)
Shanghai	2 361	(169.6%)	3 636	(157.3%)	64.9	(107.7%)
Jiangsu	1 448	(104.0%)	2 228	(96.5%)	65.0	(107.8%)
Zhejiang	1 824	(131.0%)	2 989	(129.4%)	61.0	(101.2%)
Anhui	1 319	(94.8%)	2 138	(92.6%)	61.7	(102.3%)
Fujian	1 554	(111.6%)	2 416	(104.6%)	64.3	(106.7%)
Jiangxi	1 164	(83.6%)	1 809	(78.3%)	64.3	(106.7%)
Shandong	1 308	(94.0%)	2 566	(111.1%)	51.0	(84.5%)
Henan	1 076	(77.3%)	1 904	(82.4%)	56.5	(93.7%)
Hubei	1 354	(97.3%)	2 283	(98.8%)	59.3	(98.4%)
Hunan	1 277	(91.7%)	2 146	(92.9%)	59.5	(98.7%)
Guangdong	2 083	(149.6%)	3 061	(132.5%)	68.0	(112.9%)
Guangxi	1 572	(112.9%)	2 507	(108.5%)	62.7	(104.0%)
Hainan	1 693	(121.6%)	2 465	(106.7%)	68.7	(113.9%)
Sichuan	1 259	(90.4%)	2 004	(86.8%)	62.8	(104.2%)
Guizhou	1 341	(96.3%)	2 137	(92.5%)	62.8	(104.1%)
Yunnan	1 484	(106.6%)	2 359	(102.1%)	62.9	(104.3%)
Tibet	1 456	(104.6%)	2 237	(96.8%)	65.1	(107.9%)
Chongqing	1 355	(97.3%)	2 214	(95.8%)	61.2	(101.5%)
Shaanxi	1 080	(77.6%)	2 014	(87.2%)	53.6	(88.9%)
Gansu	1 127	(81.0%)	1 819	(78.7%)	62.0	(102.7%)
Qinghai	941	(67.6%)	1 484	(64.2%)	63.4	(105.2%)
Ningxia	1 085	(77.9%)	2 093	(90.6%)	51.8	(86.0%)
Xinjiang	1 117	(80.2%)	1 772	(76.7%)	63.0	(104.5%)
National	1 392	(100.0%)	2 310	(100.0%)	60.3	(100.0%)

Source: Hussain (2003) *Urban Poverty in China: Measurements, Patterns and Policies*.
International Labour Office: Geneva.

The general poverty line is regarded as the sum of two components: basic food expenditure, as given by the food poverty line, and basic non-food expenditure, direct and indirect. The National Bureau of Statistics (NBS) adopts an indirect approach calculating the “basic non-food expenditure” by setting it as equal to 40 percent of the total expenditure when the food share is 60 per cent.

In the MDGs report 2003 and 2005, the Chinese government has used the international

line of US\$1 per day as a measure to indicate the decline of the level of poverty and the progress of human development with the proportion of the Chinese population below the international poverty line dropping from 8 per cent in 2000 to 2.8 per cent in 2004 using this measure (see Table 11 and Table 12).

However, there are some shortcomings of using an absolute poverty line. Poverty can be measured by both absolute and relative poverty lines. An absolute poverty line is more widely used for developing countries, while a relative poverty line is more often used for developed countries. The absolute poverty line is usually determined by the minimum adequate calorie levels and estimated Engels Curve. However, the calorie levels remain subject to uncertainty and controversy. In addition, the tradeoffs between food and other goods are not taken into account in setting the poverty line (Fang et al., 2002).

In addition, it is too problematic to apply the same poverty line in both rural and urban areas as the gap in expenditure between rural and urban areas is dramatic. Fang et al (2002) illustrated the main reasons why a higher poverty line in urban China should be accepted in comparison to that in rural areas. Undoubtedly the urban poor people are facing higher living cost than the rural poor. Furthermore, Fang et al.(2002) adopted the measure of US \$1.5 per day in cities, which is more comparable in purchasing power to US \$1.0 per day in rural areas. After they compared the findings using US \$ 1.0 and US \$1.5 separately, a significant difference was found. Based on the poverty line of US \$1.0 per day, about 2% of urban residents were poor in 1998, barely changing from 1992, which is astonishingly low. However, the poverty incidence is much higher when using US \$1.5 per day line; nearly 14%. Although the percentage dropped to about 9% by 1998, Fang et al. (2002) and other scholars found all measures show an increase in poverty despite modest growth in real income during the intensive urban reform period. Another surprising finding was that all relevant calculated rates of poverty incidence are higher than those reported by the World Bank whether they use the official poverty line or the US \$1 and US \$1.5 per day as a threshold.

5.4.2 Trend two: economic growth and inequality

As mentioned before, development is usually defined principally in terms of economic

growth: as countries experience increased growth their productive capacity expands and they ‘develop.’ The crudest, and most familiar, indicators of development are gross national product (GNP) and gross domestic product (GDP). China has adopted GDP as a key indicator of development to meet the MDGs (see Table 11 and Table 12 in this chapter) and GDP growth rates in recent years are recorded at around 10% per year in real terms, which has become an indicator of rapid economic growth.

However, it is manifest that the use of GNP and GDP as measures of development is problematic. First of all, as discussed in Chapter 3, Redclift (1987) explored the weakness of GNP as a measure in general (See page 58). Taking the cumulative GDP growth in China during 1997 to 2001 as an example, Rawski (2001) argued that the real GDP growth was no more than one-third of official claims owing to the widespread falsification of statistical regarding at lower levels.

Coupled with the growth of GNP and GDP, Gini index, a measure of inequality of income or wealth, is growing significantly in China. Wu (2004a) compared the Gini index in China with other countries, and found that China is within the low or middle range of social stratification. He has argued the main factors that contribute to the Gini index are the significant inequalities between urban and rural areas and geographical regions. However, Wu (2004a) remarked that the Gini index is not reliable and it is much lower than reality. The reasons are multi-dimensional. For example, income drawn from assets such as real estate is not counted as income in statistics. In addition, ‘grey income’¹⁰ also contributes significantly to the unreliability of the Gini index.

Another significant economic trend that affects the livelihoods of poor households is that ‘China is moving towards a capital intensive industrial development which excludes increase in employment’ (See *Ibid* in Wu, 2004a:410). Friedmann and Chen (2009) concluded that activities in primary sectors, dominated by fisheries and farming, had significantly dropped from 32 per cent in 1978 to less than 5 per cent in 2006 while activities in manufacturing and construction sectors remained at around 55%. However, there is a dramatic increase in tertiary sectors, which is a heterogeneous mix of services

¹⁰ The ‘grey income’ is obtained through bonuses, gifts, or other forms benefits, which are not counted as taxable income.

including government, health, education, business and personal services. Friedmann and Chen (2009) predicted that the activity in industry will decline somewhat in future years but it is likely to continue to grow in the tertiary sector over the next decade.

5.4.3 Trend three: obstacles in urban governance and progress

5.4.3.1 *Hukou* system –the cause of ‘outsiders’ in cities

As mentioned in the last section, the rural migrants who held an agricultural *hukou* were excluded from the urban population figures and were also not counted in the numbers for urban poverty. Indeed they have made up part of the massive ‘marginal groups’ of new urban poverty in China (Wu, 2004a). This could lead to substantial biases in every aspect of urban studies. The following section will explain the origin of this problem and how this institution has caused extremely important exclusions among rural migrants.

The Chinese population may be divided according to two criteria, firstly, the urban - rural division and, secondly, into permanent residents or migrants (Hussain, 2003). The following is an introduction to the *hukou* system in China which provides some essential background to the later discussion of the vulnerability of rural migrants and the restrictions to their livelihoods in cities.

According to Chan and Zhang (1999), the term of *hukou* has dual meanings in China. The term is used both to indicate a person’s recognised residential location and also to act as evidence of their socio-economic eligibility. Firstly, each citizen has to register in one and only one place of regular residence - *Hukou suozaidi* (the place of *hukou* registration). Secondly, the classification of *hukou leibie* (the “status” or category of *hukou* registration), divided between “agricultural” and “non-agricultural” (the latter is also called “urban” *hukou*) which is used to determine a person’s entitlements to state subsidized food grain (called “commodity grain”) and other prerogatives.

Back in the late 1990s, Chan and Zhang (1999) clarified understanding of the *hukou* system stating that it was not designed mainly as a system to block rural-urban migration, as is commonly portrayed in Western literature. They found that in the early

1950s, movement into and out of the cities and throughout the countryside in China was relatively free. Until the late 1950s, the *hukou* system served mainly for monitoring the population rather than as a mechanism for controlling the migration of population and their other movements. However, since the late 1950s, the rural migrants came to be seen as a serious burden in urban areas and affected the state financial support to the development of heavy industry in cities by taking up resources that should have been available to urban residents in the priority urban industrial sector. Since then, the *hukou* system started to play a major part in the complicated administration of rural-urban migration in mainland China. The system imposed sharp differentiation between urban and rural residents. It attached different welfare entitlements (subsidies) to urban and rural *hukou*. Take food as an example. Dating from the time when the *hukou* registration system was implemented in the early 1950s, the state took over control of urban food rations. Those who were classified as urban or non-agricultural households, urban residents and all state employees, were guaranteed state grain rations parallel with those classified as agricultural households. Those who lived in the countryside and were not state employees were ineligible for grain rations despite the fact that farmers who produced grain retained an inadequate amount for self-consumption and went hungry or bought extra amounts at higher prices when available on the free market (Cheng and Selden, 1994). Rural migrants fell into the latter category and experienced an extremely adverse living environment. After the grain rations system was cancelled in the 1990s and the free market boomed, there was no restriction on food consumption for rural migrants any more. However, they were still deprived by the system of social benefits and were disadvantaged in the distribution of resources, such as housing, employment, schooling, and public health provision, which were closely associated with their *hukou* classifications (GHK (Hong Kong) Ltd and IIED, 2004). In this way *hukou* classification added many barriers to migrants.

The unequal rights to entitlements motivated the rural migrants to pursue a *hukou* with both non-agricultural and regular residence classifications in the cities. The *hukou* conversion process for rural migrants was conducted exactly as a dual approval process. The re-classification to regular residence in the cities, known as *nongzhuanfei* (from agriculture to non-agriculture), was an essential process; successful conversion of the *hukou* required the applicants to have satisfied qualifications stipulated by the state. However, an astonishing finding in Zhu (2007)'s study on the floating population is that

to launch a household registration system reform assuming that the floating population would all like to settle down in the destination cities if this were allowed, would be a mistake. Actually, according to the results from a survey of the floating population in the coastal area of *Fujian* Province (Zhu, 2007), the respondents of the survey were not as enthusiastic about transferring their *hukou* registration to the places of their current residence as commonly imagined. It shows that, although *hukou* reform would increase the intention of the floating population to settle in the cities, this effect is limited since only 20.6% of the respondents had the intention of settling down in the places of destination if they had free choice, while 68.3% of the respondents would be ready to go home.

There are probably two main reasons for this unexpected phenomenon. One is, as Zhu (2007) argued, the results represent the temporary nature of the floating population and their inherited close ties with the rural communities they migrate from. The other reason might be the high standard criteria and complicated procedure which makes it too difficult to complete the process of *nongzhuanfei* (from agriculture to non-agriculture), which make most rural migrants give up their desire to settle in the cities.

The 1980s saw an accelerated population movement between the country side and the city with the adoption of a more flexible *hukou* policy. (Cheng and Selden, 1994). Zhu (2007) pointed out that the invisible wall between rural and urban residents created by the central mechanism controlling rural-urban migration in China has gradually collapsed as a result of economic reforms. This marks an obvious change or progression from the time before economic reform. There is also some sign of the trend towards diminishing use of the *hukou* registration system (Chan and Buckingham, 2008). However, as the floating population are not entitled to social benefits as urban residents, the *hukou* system is still a major factor leading to the formation of a two-class urban society. Although China seems to have set up an agenda to untie the restrictions of the *hukou* system, Friedmann and Chen (2009) use the Chinese saying ‘the thunder is loud, but the raindrops are tiny’ to describe the limitations in *hukou* reforms.

5.4.3.2 The Community Committee (*Shequ*) and Community development

Friedmann (2005:104) presented an explanation of urban governance in China from the central to the local, which is quoted directly as follows:

‘Municipality and urban district are now distinct levels of government in that both are supposed to respond to legislative assemblies – the local People’s Congress – that are enabled to pass laws and make regulations (bylaws). These assemblies are beginning to assert their right to instruct the local administration. In a deeper sense, of course, neither district nor municipality is self-governing. Both must conform to the dictates of the Communist Party, while their actions are constrained by both national legislation and State council policies.’

The above gives a clear picture of a very centralized government.

Friedmann (2005) remarks on the importance of another two additional institutions at local level: Street Offices and Community Committees. These had limited functions in the Maoist era as they were complementary to the work-unit system which was dominant in the local governance system. However, as a consequence of the collapse of the old work-units system, the Street Office has become the principle local agency to implement various policies designated by the district and city governments. For example, in the new social welfare system, welfare provision has been transferred from work units to the street offices (Wu, 2007).

It is noted that tremendous progress has been achieved in urban governance in China and the trend is towards decentralization, localization, personal growth in autonomy, and transparency in policy making (Friedmann and Chen, 2009; Friedmann, 2005; Zhang, 2002). Zhang (2002) reviewed the history of Street Offices and highlighted the transition in its functions. Zhang (2002) described these functions of Street Offices as having great concern about the ‘society’ rather than a spotlight on economic development that district government mainly focuses on. The main progress made was:

‘In recent years, with the success of “separating government administration from enterprise operation” (*zhengqi fenkai* in pinyin) policy in production, a new policy of “separate government function from society function” has been initiated. With the withdrawal of municipal government, district governments and Street Offices are expected to play a more active role in community life. There is a “division of responsibility between districts and Street Offices: district governments focus on

economic development issues, Street offices are expected to manage service for communities....

(Zhang, 2002:312)

In the new administration system, the Street Offices new responsibilities include 15 tasks, which are, according to Zhang (2002:313), local justice, community security, traffic control, fire protection, sanitation, streetscaping, maintenance of open spaces, environmental protection, family planning, employment and labour force administration, day care service, disaster protection, collective-owned businesses, community services, and farmers' markets. 'These changes,' as Zhang (2002:313) noted, 'demonstrate a shift of the Street Offices from a low-level administrative body obeying higher government's decisions to a more independent entity representing local interests.'

The Community Committee (*shequ jumin weiyuanhui*, *shequ* in short and SQ as abbreviation) in the contemporary era, as Friedmann and Chen (2009) have stressed, is more like a self-governing grassroots organization in China's Constitution, the main function of which is 'to provide a range of social services to residents (mostly the poor and elderly), maintain public order, and to help to resolve local conflicts, foster a socialist spirit, and cooperate with government.'

The transition in the function of the SQ started in 2000 when the State Council endorsed the Memorandum from the Ministry of Civil Affairs on the Promotion of *Shequ* construction throughout the Nation, in which the Ministry of Civil Affairs (MCA) defines a *shequ* as "the social living collective body formed by those living within a defined geographic boundary." In short, SQ construction aims to strengthen local self-governance (*zizhi*) through social service delivery, revival of a socialist spirit, and enhancing local administrative capacity below the level of Street Offices (Friedmann and Chen, 2009). Friedmann and Chen (2009) pointed out triple objectives towards a sustainable community, they are: inclusiveness, ecological sustainability and quality of life, which has created a blueprint for a positive trend in community development in the future. They have illustrated two successful examples in Ningbo of progress made in governance of rural migrants. In Liban Village, a subsidized residential estate for young migrant workers, there are fully equipped facilities such as a library, gymnasium,

Internet café and post office. More importantly, they elect their own Community Committee. In Wutang New Village, a non-government organization, the Harmonious Promotion Society has been set up to help solve problems such as employment, children's education, conciliation of ordinary conflicts, and other similar issues. Moreover, the President of the Harmonious Promotion Societies is elected by the migrant residents themselves. Up to 2008, 336 Harmonious Promotion Societies have been set up, with 30,000 members in total. Although the number is not massive yet, as one migrant member has been elected to the Provincial People's Congress, this model is supposed to be promoted all over China.

5.4.4 Vulnerability among different groups of urban poor people

5.4.4.1 Old and new urban poor

Wang (2004) described six kinds of poor urban households that make up the majority of those in poverty: the traditional poor, the unemployed and laid-off workers, pensioners, poor students, landless suburban farmers, and rural migrants. Hussain (2003) distinguished the "old urban poor" and the "new urban poor:"

- The "new urban poor" are larger in numbers than the "old urban poor;"
- The emergence of new urban poverty has occurred in tandem with rising inequality in urban areas. The contrast between "haves" and "have-nots" is starker than ever before in the history of the People's Republic of China;
- Unlike the "old urban poor", a large percentage of the "new urban poor" are able and willing to work but have no jobs.

According to Wang (2004), the traditional poor mainly refer to, 'three nos'¹¹ individuals and people who had no connection to any work unit. Liu et al.(2008b) stated that the number of 'three nos' individuals is very small with only about 0.4% of the urban population in 1990. In contrast, Wang (2004) claimed that there were about 4 million unemployed people in large cities when the communists came to power in 1949. Wang (2004) reported the number of persons receiving state relief and subsidies from 1985 to 1999, who are supposed to be the majority of traditional urban poor people (see Table 15 below).

¹¹ "Three nos" individuals: no ability to work, no savings or other income source, and no relatives to depend on.

Table 15 The number of traditional urban poor 1985 to 1999 (million persons)

Year	Persons receiving relief and subsidies	Early retired and disabled persons receiving relief
1985	3.77	0.53
1990	6.33	0.56
1992	9.08	0.54
1993	2.00	0.55
1994	2.26	0.54
1995	3.75	0.54
1996	2.61	0.54
1997	2.68	0.53
1998	3.32	0.55
1999	1.57	0.52

Source: Wang (2004:58)

Wu (2004a) specified that the poverty in transitional economies is ‘new’ in the sense that it did not exist under the socialist regime. He also illustrated that the institutional root of socialism is the main reason that contributed to detach the disadvantaged groups from the social welfare system and formed the ‘new’ urban poverty in a transitional economy. Wu (2004a:408) cited in Song Ping of MoSS that ‘marginal groups,’ an official term of new urban poverty in China, mainly refer to

‘(1) laid-off workers or those who have left the RSC but can not find a job; (2) those who have never entered the work-unit system, or so-called ‘outsiders of the system’ who are mainly dependent on informal work, vendors and hawkers, the disabled and the widowed older people; (3) rural migrants who either work in the informal sector or are contracted by work-units but whose situation may be described as the ‘working poor’ and finally, (4) those who retired during an earlier stage of the reform and thus could not benefit from the increasing provision of in-kind welfare in the more recent reform period.’

In this thesis, focus will be put on the emerging ‘new’ urban poor households.

5.4.4.2 Formal and informal urban poor

The last thirty years is described as an era in ‘transition’ since China has embraced a series of market-led reforms. ‘Transition,’ as mentioned in the last section, the main drive to formulate ‘new’ urban poverty, according to Wu (2007:2676) means:

‘a set of systematic transformations, including changing economic structure (de-industrialization), privatization and the changing state role regarding welfare provision, and urbanization through rural to urban migration.’

However, this 'transition' environment has caused both sudden shocks and long-term stresses to the poor households and has formed the vulnerability context for the livelihoods of 'new' urban poor.

There are two distinct groups of 'new' urban poor households, which are categorized as 'official poor' and 'unofficial migrant poor' (Wang, 2000). The way of categorizing is intrinsically similar to the 'formal' and 'informal' residents that Meikle et al. (2001) classified in their sustainable urban livelihoods concept. But in China the *hukou* registration system can easily distinguish the 'informal' poor from 'formal' poor.

Liu et al. (2008b) concluded, from a survey of poverty households¹² in Nanjing in 2002, that among the formally registered urban households, laid-off workers are most likely to be trapped in poverty, with nearly 40% of laid-off workers identified as poor households, followed by unemployed pensioners and retirees, with about one fourth of these being poor households (see Table 16).

¹² In this survey, 503 households who are relatively poorer than average (their income level is below 50% of the household income per capita in Nanjing) have been selected from 16 poverty neighbourhoods with concentrated MLSA recipients or migrants population.

Table 16 Employment status and income level of poverty households

Variables	Total	Formal urban poor people				Informal urban poor people
		Laid-off workers	Unemployed persons	Retirees	The working poor	Poor rural migrants
Samples (no. of households)	432	106	76	66	28	156
Percentage (%)	100	38.4	27.5	23.9	10.2	36.1
Average household size (person)	3.5	3.6	3.8	4.1	3.8	3.0
Working persons per household (person)	1.1	0.9	0.7	1.0	1.5	1.5
The ratio of family members to working person	3.1	4.1	5.1	4.3	2.6	2.0
Average income of the household head per month (Yuan)	451.0	371.0	238.5	487.1	727.9	543.3
Monthly per capita household income (yuan)	240	233.2	222.1	240.2	269.8	267.9

Source: Liu et al. (2008b:824)

As mentioned in the last Chapter, structures, institutions and policies are some of the main factors of vulnerability (DFID, 1999b). The effect of these is very direct in the context of China where the government is very centralized and powerful (see page 167). Liu et al. (2008b) traced the institutional transitions and changes in social policy to investigate the institutional drives that generate the new urban poor households. They argued:

“In transitional economies, new urban poverty is closely related to institutional transition and the simultaneous institutional disjuncture between the old welfare system and the new labour market.”

Liu et al. (2008b:814)

Wu (2007) analyzed three main institutional drives that cause stress and shock to the urban poor household, they are: deindustrialization (redundancy of state employment), the change in the labour market (migrant workers) and public policies (housing privatization and minimum income support).

The following sections will investigate the exposure of different groups to particular trends and shocks.

5.4.4.3 Vulnerability of unemployed and laid-off works

As far as the scale of the unemployed is concerned, it is widely acknowledged that it is very hard to obtain reliable data. Wu (2004a:407) pointed out that the consensus among scholars is that the official statistics of ‘registered unemployment are far too low to reflect the reality of redundancy.’ Solinger (2001:67) cited in Wu (2004a:407 footnote 3) remarked:

‘my material leads me to argue that it is impossible to come to any kind of statistical judgment about China’s current unemployment, particularly one drawing upon official statistics, which, because they are based upon extremely restrictive definitions, are fundamentally flawed.’

First of all, the official data on unemployment excludes laid-off employees who are formally still attached to their work units as well as unemployed rural migrants resident in urban districts (GHK (Hong Kong) Ltd and IIED, 2004; Wang, 2004). This is a special phenomenon of the complex social processes and the economic structure of China. The historical reason for this is that, in socialist societies, no one could be allowed to be unemployed. Unemployment had been considered a feature of the capitalist system so the term was deliberately abandoned in official references in policies or other official documents (Wang, 2004). For example, urban youth without jobs were not called ‘unemployed’ but ‘waiting for jobs’ (*daiye*). Only after the government implemented the ‘socialist market economy’ in 1993, the term ‘*daiye*’ was gradually replaced by the term unemployed (Wang, 2004).

In the report of the Asian Development Bank (2004), the official figure for registered unemployed people for 2000 is only 5.95 million out of the total urban labour force of 212.74 million (excluding laid-off and unemployed rural migrants) (GHK (Hong Kong) Ltd and IIED, 2004). By the end of 2002, 4 percent of people of working-age were

officially registered as unemployed in cities and towns. The total number was 7.7 million, excluding laid-off workers (Wang, 2004). Another unemployment rate calculated by Xue and Zhong (2003), using the 2000 census data, shows 11.6 percent or 29.9 million people who are unemployed, including the officially unemployed, young job seekers, and laid off and early-retired workers, but excluding migrants.

However, other resources have shown that the scale of laid-off workers is massive. Between 1997 and 2000, on average about 6 million industrial workers were laid-off each year. By 2001, there were about 30 million laid-off workers in the whole country (Wang, 2004:60).

‘Laid-off workers’ refers to people who have lost their jobs either completely or partially from state-owned enterprises although retaining an employment relationship with their former employers and receiving a laid-off subsidy (Wang, 2004). They were not counted as a part of the unemployed population, but they only received very limited subsidy or no subsidy in much the same way as the unemployed and became a major grouping of the poor in cities. In the figures that were calculated by Xue and Zhong (2003), laid off workers were 14.5 million, of which only 3.6 million had been re-employed. A balance of 10.9 million was still unemployed in the year 2000. Among those unemployed, it is worthwhile to highlight that those who had never entered into the work-units system are more vulnerable than the workers redundant from workplaces (Wu, 2004a).

Shock-redundancy

As mentioned above, it is almost impossible to obtain accurate figures for laid-off workers, who are forced to face the shock of losing their ‘iron rice bowl’.¹³ Using data from the 1999 Chinese Academy of Social Science (CASS) survey, Appleton et al. (2006) estimated that 11 per cent of urban workers had been “retrenched”¹⁴ since 1992 and 53 per cent of those remained unemployed. Their main vulnerability was caused by the direct loss of earnings while unemployed. Appleton et al. (2006) noted that, for the

¹³ ‘Iron rice bowl’ means you will never lose your job and benefits in the older socialist society.

¹⁴ Among those retrenched, some of them still remain in an employment relationship with previous work-units although there is no more work or salary; some have totally ceased their relationship with work-unit.

majority of the 'retrenched,' their spell of unemployment had not yet ended. Secondly, Appleton et al. (2006) found that, for those re-employed, their wages would have been 12 per cent higher if they had not been laid-off.

Another crucial shock that laid-off workers are forced to face is the change in their welfare benefits status. Wu (2007) stresses that being laid-off frequently means the loss comprehensive welfare benefits, 'such as education, health and retirement benefits, and from social security such as economic hardship relief' (Wu, 2004a:414). The price the laid-off workers have paid for their 'retrenchment' dramatically increased after China embraced a mixed social security pension system as laid-off workers are no longer guaranteed a pension. They now have to contribute into their social security account for at least 15 years before they retire.¹⁵ This system worsens the living conditions for laid-off men and women who spent part or most of their working life under the old system but now must save for their retirement. Their social security status is diverse and mainly decided by the situation of previous work-units.

There is one shock that has not been given enough attention by the scholars, that is the loss of social network as another bitter consequence caused by redundancy. As mentioned before, in the old system, the work-unit is the base for almost everything related to their life, from employment, housing, medical service, social benefits, and social activities. Group activities were an essential part of human resources management in the old work-unit system. In every work-unit, there was an office called the 'labour union,' the main function of which was to organise various activities, such as sports, ballroom dancing, games, evening gatherings, and other kinds of group activities. However, it has disappeared with the previous work-units. This has directly caused the sudden elimination of social activities for laid-off workers.

Another potential shock that urban formal households may face is their displacement. This may be caused by property-led redevelopment. More discussion will be found in the section about their vulnerability in relation to housing (see page 179).

¹⁵ The official retirement ages are 60 for men, 55 for women in salaried positions and 50 for women in blue-collar jobs. Those working in conditions designated as harsh or dangerous may retire five years earlier; senior professionals may retire five years later. The recommended consecutive length of service to qualify for a pension is not less than 15 years, although practice varies. Early retirement is allowed at 50 for men or 45 for women who have had 10 years' working and are totally disabled. Whiteford, P. (2003) 'From Enterprise Protection to Social Protection: Pension Reform in China', *Global Social Policy*, 3, (1), pp. 45.

Stresses

Wu (2007) discussed the gap between the planned economic system and the new market economic system and how this has caused the stresses for low-status workers. A few laid-off workers returned to their posts or were assigned different jobs. Although there was a 're-employment' scheme launched by the state, attempting to cooperate with local government and employers to assist laid-off workers to find new jobs or to learn new skills, most laid-off workers still failed to find employment because of the large scale laid-off population and the increasing numbers of rural-urban migrants. Subsidies received by laid-off workers were far from enough to sustain their normal standard of living. The average income per person in households headed by laid-off workers or other unemployed was only 272 yuan in the year 2000, which was about 52 percent of the overall average income in urban areas. Moreover, in Table 16, the income of laid-off workers is only RMB 371, the second lowest income among all the poverty groups, only slightly better than being unemployed.

Liu et al. (2008b) argued that laid-off workers had undergone a transition from beneficiaries of the planned economy to victims of marketization. Those who have never entered the work-units system become more vulnerable after the laid-off workers begin to enter the informal job markets. This has increased competition and made life even harsher (Wu, 2004a). Worse, the inevitable trend of rural-urban migrants increases the level of competition in the employment market for both chronic urban poor and laid-off workers.

Other stresses experienced by laid-off workers, according to Wu (2004a), include education costs and increases in housing rent, and household changes such as serious disease and chronic illness. However, compared to those hardships that are more likely to be temporary, Wu (2004a) also pointed to a long-term stress those laid-off have to face: the so-called 'malign circuit of social exclusion,' which also creates poverty by causing isolation from mainstream society in terms of their consumption and life styles. Coupled with the shock of sudden loss of a social network, it is also likely that their social networks and social capital will continue to decline.

5.4.4.4 Vulnerability of rural-urban migrants

Stress one: Unwelcome newcomers

The analysis of the livelihoods of rural migrants is not an easy task owing to its complicated nature. Zhu (2007) explained that the *hukou* system is a main cause of the unsettled nature of the floating population in the cities. Together with discriminators wage policies, it renders the floating population a new poor urban class. On the one hand, migration itself is a livelihood strategy, a means to obtain more income, to learn various skills or obtain more education for their children. However, many drifters find the city is not a wonderland. The DFID 1997 White Paper (DFID, 1997) stated that the rural poor migrating to cities are finding life there equally hard. As Wu (2002) informed us ‘For many migrants, urban life is precarious with a lack of shelter, low and uncertain earnings, and worsened living conditions.’ Haan (2000) indicates that policy makers often see migration as undesirable and a threat to established lifestyles. For example, governments in urbanising countries often want to slow down or reverse rural-urban migration. In China, strict controls over population movements have been established, officially to distinguish rural migrants from original urban households (see section 5.4.3 on page 164). The previous section has discussed the effects of ‘*hukou*’ system. Haan (2000) insists that migration needs to be seen as a common element of livelihood strategies, which should attract more attention in development policies. He suggests it can be seen as a positive social process, despite the fact that migration tends to be seen as the cause of problems, such as environmental degradation, health problems, ‘brain drains,’ political or social instability, declining law and order, and unravelling of the social fabric and disorganising for support systems.

Stress two: excluded outsiders

It is reported that there are approximately 200 million rural migrants in China. From a historical perspective, the rural migrants have undergone a harsh process in seeking security in their livelihoods in cities. The rural migrants were considered as ‘aimlessly flowing’ (*mangliu*) population, which was strictly prohibited under the planned economic system (see section 5.4.3.1 on page 164).

Wu (2007) stated that rural migrants, who are excluded from both the state system and urban public services, were far more vulnerable than those who had formal urban registration. Liu et al. (2008b) illustrated the principle stresses to rural migrants as being:

1. Lack of public services

Liu et al. (2008b) argued that, owing to the rapid pace of urbanization, the development of public services is inefficient, for example, the numbers of secondary and primary schools per 10,000 students decreased respectively from 22.0 and 62.7 in 1980 to 9.3 and 36.4 in 2003. The household registration system *hukou* has offered formal urban households the priority of using urban services and utilities.

2. Exclusion in employment

Many scholars pointed out that most temporary migrants were restricted to jobs regarded as undesirable by the local population. Such employment included construction work, domestic services, factory and farm labour, and employment in retail trades, where employment levels fluctuate as a result of their temporary nature (Liu et al., 2008a; Wu, 2002).

3. Higher living costs

Liu et al. (2008b) argued that rural migrants pay higher living costs than formally-registered urban households in housing and children's education. More discussion about their housing can be found in the next section. Furthermore, as they are not entitled to any social welfare benefits, they have to pay full medical service. In the case of accidents happening at work, owing to the informal employment status that most rural migrants have, their medical costs are not covered by their employer.

4. Limited social ties

As most migrants are originally from rural areas, they have very limited social networks in cities. This makes it more unlikely that when they face sudden financial difficulties, or when they seek employment, they will find support from family or friends.

As seen with regard to the laid-off workers and unemployed formal residents, rural migrants could be made vulnerable and trapped into poverty by education costs and increases in housing rent, household changes such as serious disease and chronic

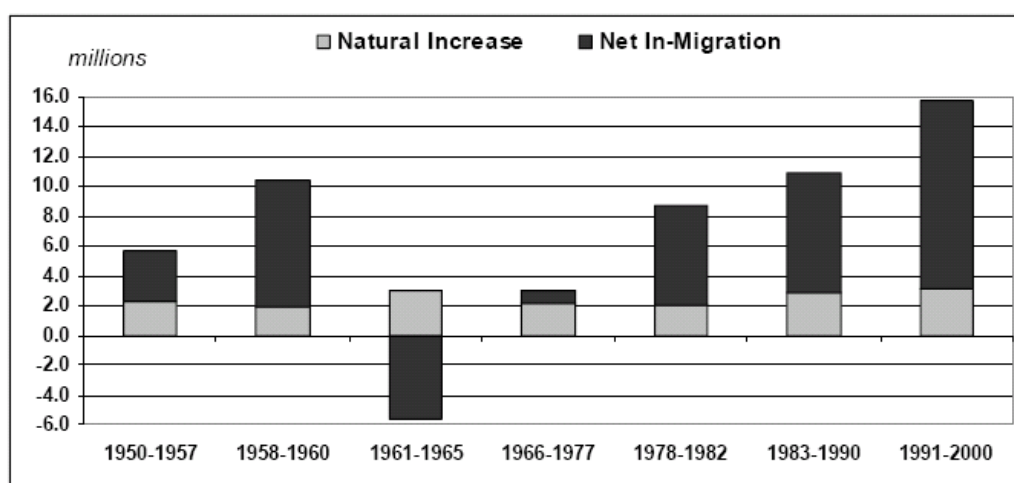
illness. However, rural migrants might be more vulnerable to the birth of another child than formal residents. As the one child policy is mainly enforced in cities, those migrants who still hold an *agriculture hukou* are not much affected by this policy. A new born baby will increase household expenses, make living space more crowded, and probably cause loss of income as the mother is most likely to stay at home to look after baby.

5.4.5 Special vulnerability in housing

5.4.5.1 Trend one: renters in the medium term

The market-oriented housing reform in China focuses mainly on promoting home ownership and has ignored the needs of renters, both those in existing housing and the increasing numbers of renters among rural-urban migrants. In fact, the majority of the urban poor households are renters (Liu et al., 2008b; Zhou and Zhu, 2007; Wu, 2004b) and there is a mass of research showing that they are very concentrated in either municipal housing that is deteriorating rapidly (mainly intended for the urban poor households who have an urban *hukou*) or in ‘urban villages’ (mainly for the rural migrants who do not have urban *hukou*) (Liu et al., 2008b; Wu, 2007; Wang, 2004).

Figure 15 Components of average annual urban population growth, 1950-2000



Note: Net annual change in population 1961-1965 is -2.6 million.
Source: Chan and Hu (2003).

Source: Li, Duda and Peng (2007)

Figure 15 above shows a slow natural increase in urban population but much more

significant contribution made by in-migration. It is estimated that there are 200 million rural migrants and the number is expected to reach nearly 450 million by 2030 (Li et al., 2007). In the city of Wuhan, there are 1.36 million registered floating population and about 1 million are rural migrants workers (Zhou and Zhu, 2007).

Most rural migrants are renters, as are urban poverty households, although the rural migrants seem to move much more frequently than urban poverty households, with an average stay in current dwelling of 2.8 years for rural migrants and 23.7 years for urban poverty households (Liu et al., 2008b).

In their survey of poverty households in Nanjing, Liu et al. (2008b) found that three quarters of urban-registered poverty households live in municipal housing and most poor migrant households live in private rental housing. In a survey in another major city, Wuhan, Zhou and Zhu (2007) found that nearly half of the lowest-income households rent public housing and, among these, 95 per cent live in municipal housing. Among more than one million rural migrants who work in Wuhan but do not have urban *hukou*, only 0.5 per cent have purchased their home and more than one third rent private housing. Similar data was found from Beijing and Shanghai: in both cities, housing ownership is minimal among migrants (under 1%) (Wu, 2002). The survey in Beijing and Shanghai has shown that only 0.4% of temporary rural migrants have home ownership and more than half of migrants are renters (Wu, 2004b).

Renters are more likely to remain as renters in the medium term. More than four fifths of low-income and lowest-income households in the city of Wuhan do not plan to purchase home-ownership in the next five years because they can not afford it (Zhou and Zhu, 2007). Although many migrants feel that they would be willing to invest more in housing if they were allowed to stay in the cities permanently and were given some type of housing ownership (Wu, 2002), the blockages that limit their ability to purchase does not seem to change in a near future (affordability is the main issue and the example of Wuhan can be found in Section 8.4.4.1 on page 329).

5.4.5.2 Trend two: spatially concentrated and targeted by market-driven redevelopment

Wu (2007) argued that unlike the urban poverty in western countries, the urban poverty in China is spatially concentrated in several types of dwellings. Wu (2007) presented some examples that can be easily recognized, such as previous ‘workers villages’ developed with major industrialisation and migrant villages in the peri-urban area. Wang (2004) identified four types of areas in which households living in poverty usually reside: urban villages (*chengzhongcun*); old poor neighbourhoods; work-unit dormitories; and construction sites (small scale and temporary compared with the other three). Liu et al.(2008b) found that migrant poor (informal poor) households live predominantly in private rental housing while the poor households among formally registered residents (formal poor) mainly stay in public or ex-public housing.

The dwellings they occupy are always prime targets of property-led redevelopment or city ‘beautification’ programmes. The pace of clearing the poverty neighbourhoods has been accelerated through strengthening of market forces in land. Many papers have reaffirmed that government plays an irreplaceable role in this process. For example, the Shanghai municipal government launched ‘365 plan,’ which aimed to redevelop 365 Ha of old and dilapidated areas by 2000 and this policy was reinforced in 2002 by proposing a ‘new round urban redevelopment scheme’ (He and Wu, 2007). Wu (2004a) indicates that, from 1991 to 2000, Shanghai demolished 26 million m² of old housing and relocated 0.66 million households. He and Wu (2007) found from Shanghai Statistical Bureau data that, during the period from 1995 to 2004, more than 745,000 households were relocated and over 33 million square metres of housing were demolished.

5.4.5.3 Shocks: displacement/resettlements

In Beijing, it is estimated that, from 1990 to 1998, 4.2 million square metres of older housing has been demolished and approximately 32,000 families (with a population of 100,000 people) have been displaced (He and Wu, 2007). Wu (2004) argued that the supply of resettlement housing is behind the rapid pace of demolition of older housing. Wu (2004) suggested that from 1992 to 1994, the total number of homes demolished

was 1.5 million with 1.0 million households temporarily resettled. For example, in Beijing, among those who are resettled, some households have to wait for five years to move to a new house (Fang, 2000 in He and Wu (2007). Wu (2004) found in surveys in Shanghai, that only 40 per cent of households had been provided with permanent resettlements and only 18 per cent had been offered temporary resettlements.

Improved built environment, housing condition, facilities and increase in home ownership are all regarded as progress of market-oriented redevelopment. However, in line with these achievements that government favour, He and Wu (2007) demonstrated the process of gentrification where original low-incomes households had been replaced by the middle or better-off class. Meanwhile, although change of tenure type from renters to owners is viewed as a significant achievement during the redevelopment process, Wu (2004a) also mentioned that the poorer households usually have to choose to be tenants of low-rent public housing after redevelopment.

Wu (2004) illustrated the outcomes of relocation and particularly compulsory relocation. He illustrated that the main negative impacts on those who are forced to relocate include the unfair or obscured compensation practice, hardship imposed by inadequate facilities and the distance to commute. As the compensation process is not transparent but more likely operated in a 'black box,' inequality is unavoidable. He and Wu (2007:197) concluded that there is a commodification of compensation during the redevelopment process: 'from on-site relocation to off-site relocation, from in-kind compensation to monetary compensation, [and] from household size-based compensation method to floor area-based compensation method.' In the case of resettlements in suburbs, relocated poor households have to suffer lack of facilities, such as hospitals, post office, and grocery stores; in addition, they will be worn out by the long distance of travelling back to the cities.

Wu (2004) also noted that the conflict between the demolition companies and residents has recently become intensified. Although there is very little literature on the process of site clearance fulfilled by demolition companies, there are plentiful news resources about how much violence or crime happened during the clearance process.

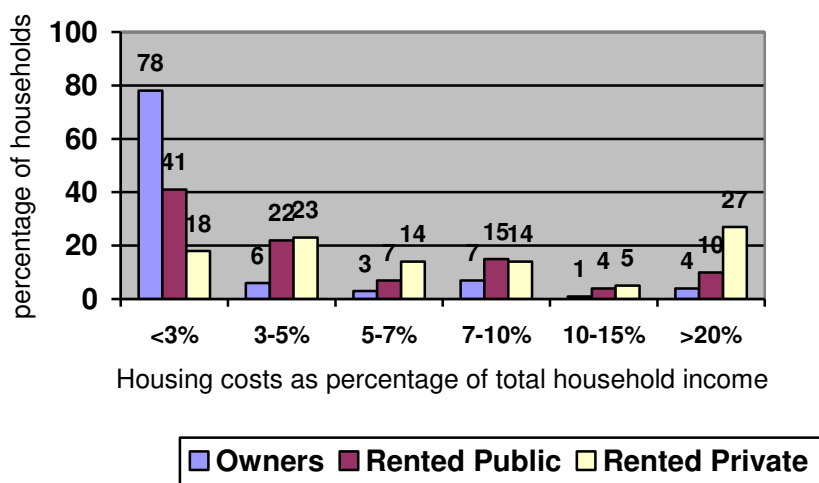
5.4.5.4 Stress one: renters pay more

Wang (2004) illustrated a strong association between household income, housing and poverty. He examined housing as a cause of poverty through a quantitative survey conducted in two inland industrial cities between 1999 and 2001. The findings were as follows:

- Households with a longer residency and with smaller floor space per person and residents of rented housing, particularly that rented from the private sector, tend to have a lower income;
- High-income households tend to spend proportionately less on housing than low-income households.

He pointed out that both employment status and housing assets inherited from the previous system were important factors that determined a family's chance of surviving in the new economic system. A significant finding in his research is that housing costs occupied a low proportion of family income with over 62 percent of households spending three per cent or less of their total household income on housing. However, this is because most of the sample own their housing so they spend the least on housing. Households who rent from the private market, particularly rural migrants who are not entitled to housing as local residents, spend a much higher proportion of their income on housing. Figure 16 below shows over 60 percent of households spent less than five percent of their income on housing rented from public sector, which indicates a dramatic distinction between public and private house rental prices.

Figure 16 Housing costs in different sectors



Source: Wang (2004:99)

The above describes the housing for urban poor people in relation to their diverse resources. It is clear that among the group who spend more than 20 per cent of total household income on housing, households who rent private dwelling are dominant, followed by renters of public housing. Owners pay much less than renters.

5.4.5.5 Stress two: inequality in the housing distribution system and market

Wu (2004a) pointed out that the inequality of the socialist country is owing to the redistributive role of the state which produces a privileged class of ‘cadres,’ who have more political power. In addition, the political position of one’s work unit has also made a difference to resources and social benefits, such as housing, schools, and in-kind income. Logan and Bian (1993) also reaffirmed that households’ access to neighbourhood-based resources is partly dependent on the bureaucratic rank of their work unit and the political power/position of individuals.

Chang and Tipple (2009) observed one case of the inequality in housing distribution in a municipal housing neighbourhood where a cadre let out spare rooms for rental while a neighbouring blue-collar worker household lived in overcrowding with three generations together.

At the early stage of housing reform in China, when the State Council urged the work units to sell dwellings to sitting residents or build dwellings for sale, Logan et al.(1999) showed the inequality in work-unit-built ‘commodified housing’ distribution system, in that the type, size, and quality of housing available to a worker – and its price – were largely determined by the work unit. They pointed out that the inequalities in space and facilities did not change during the commercialization of the public housing era and it became even worse as those who had access to public housing under the old system were the beneficiaries of the new policy.

Later, after the promotion of ‘economically affordable housing (EAH)’ as a main approach for low-income households to access the home ownership, there is a bulk of research that has shown that the EAH scheme does not benefit the low-income

household as intended but the better-off who have purchasing power (Duda et al., 2005; Wu, 2004a).

Wu (2004b) illustrated that the institutional issues affect the access to housing of rural migrants in both commodity and rental sectors.

Table 17 Types of urban housing and their availability

Type of housing	Qualification
Commodity housing	Any one can purchase at market price. However, only those with local urban <i>hukou</i> can qualify for bank mortgage loans.
Economic and comfortable housing (EAH)	Local urban residents with low or medium income can purchase at subsidized prices.
Municipal public housing	Sitting local urban tenants can purchase either ownership or use right, and can trade units. Other local urban residents can purchase either ownership or use rights on the secondary housing market. Can be rented with permit.
Work-unit public housing	Sitting local urban tenants can purchase ownership from their work units (mostly state owned) and transfer it on the secondary housing market (except housing in institutions of higher education and some government agencies). Can be rented out with permit.
Low-rent housing	For rental to local urban residents with lowest incomes, living on government allowances, and with per capita living area smaller than certain standards
Resettlement housing	Local residents relocated from areas undergoing development can purchase at subsidized price (often lower quality housing in remote locations).
Private housing	Pre-1949 housing units passed on within the family, and self-constructed housing in rural areas, local residents with rural <i>hukou</i> can construct new private housing on land allocated by their production brigades.
Rental housing	Anyone can rent already-purchased commodity housing, already-purchased resettlement housing, and private housing

Sources: Wu (2004b)

From Table 17 above, Wu (2004b) illustrated that, although there were diverse tenure choices in cities, private rental was the only housing sector completely open to those who did not have local *hukou*. When they pursue home ownership, a local *hukou* is

required when they want to purchase commodity housing and the same in the secondary housing market. In addition, a local urban *hukou* is required for bank mortgages for new commodity housing. For the subsidized EAH and low-rental housing, only local residents who hold local *hukou* are qualified. In the case of renting, the survey in Beijing and Shanghai has shown that migrants are much less likely to rent public housing and gravitate towards private rentals (Wu, 2004b).

Wu (2002) specified the housing for a particular group, migrants, in terms of access and conditions. The findings highlight the predominant institutional factors, particularly the existing household registration system, the transitional state of the urban housing market, and the temporary nature of migration.¹⁶ The findings illustrate: first of all, housing conditions are worst for temporary migrants featuring a remarkable degree of overcrowding with each person using only about a third of the space occupied by a typical urban resident. Permanent migrants, on the other hand, seem to share the same level of housing conditions as local residents. Married migrants have worse housing conditions. Temporary migrants working in the state-sector and private enterprise tend to live in more crowded housing, and the self-employed experience worse housing facilities. Secondly, the income of households has a stronger influence on house size than education. Wu (2002)'s research reaffirmed that: firstly, migrants are largely excluded from the mainstream housing distribution system as well as from the right to acquire either use rights or ownership rights to municipal and work unit housing because of the linkage between household registration and urban amenities. Secondly, the temporary nature of migrants contributes to their poor housing conditions when they make a choice of housing. According to the surveys in Wu (2002)'s research, more than 65% of migrant responses stated their priority in deciding on housing was the convenience to work or business. Housing size and qualitative aspects did not seem to be important factors.

5.4.5.6 Summary of vulnerability on housing

In general, the living space of poverty groups is much smaller than the city average and the living space for poor rural migrants is smaller than the poor urban households (Liu

¹⁶ All findings are based on the data drawn from citywide migrant housing surveys in Shanghai (conducted in 1999) and Beijing (in 2000) with references to the result of official 1997 Floating Population Surveys, and results from the 1995 1% Population Surveys in both cities.

et al., 2008b). The majority of both ‘formal’ and ‘informal’ urban poor households are renters and they have the common vulnerability when their dwellings are targeted by market-led redevelopment and they are forced to move. Both ‘formal’ and ‘informal’ urban poor households experience inequality in the housing distribution system and housing market. The causes of the inequality for ‘formal’ urban households have more historical reasons, which has been partly decided or inherited from the original socialist system. For ‘informal’ urban poor households, the exclusion is mainly a result of institution: the *hukou* registration system. There are either historical or institutional reasons that cause shock and stress to the poor households, and the vulnerability inherent in their livelihoods in cities will not change in the near future.

5.5 Summary of vulnerability in urban China

The urban poverty in China has several unique characteristics that distinguish the urban poor households in China from other countries. First, different from many western countries, owing to many historical reasons, the urban poverty in China is concentrated in specific types of neighbourhoods (Wu, 2007). Second, different from some Eastern European countries where the emergence of urban poverty was accompanied by a recessionary economy, the ‘new’ urban poverty in China is growing at a time of rapid economic growth (Liu et al., 2008b). Third, it is emerging in an era of rapid urbanization, economic and social development, and considerable change in demographic structure. Fourth, the structural adjustment has caused a large group of ‘new’ urban poor, however, as a consequence of the gap between work-unit (employment) based and citizenship-based social welfare systems (Wu, 2004a), the market-led reforms and following economic, social and cultural transitions which have exposed urban poor households into an extremely vulnerable environment. The rapid pace of urbanization has attracted considerable number of migrants from rural areas to the cities that make the ‘formal’ and ‘informal’ poverty collide and compete for limited resources in cities, and the trend will continue. The increasing number of older people and pensioners is coupled with a large population of redundant and unemployed. The trend of capital-intensive economy requires the workers to acquire higher skills, which leaves both the formal and informal poor household more vulnerable in market competition. This is described by Sun (2002:22), summarised in Wu (2004a:414), that the harsh employment environment for the poor majority (including the poverty in

remote areas, the extreme poverty of laid-off workers and the poor rural migrants) as the following:

‘For most of them, firstly, there is no hope of returning to the major economic activities of the society; secondly, under the present situation it is impossible for them to return to the system of stable employment; thirdly, the new economic sectors do not provide job opportunities for them.... It is important to point this out, because if the current unemployed had lost their job because of some temporary reasons, then we could solve this problem by creating more new jobs. However, if we admit that these people will never return to the main industries of the society and are not able even to find stable employment, then we should make some institutional arrangement when we are creating some informal employment opportunities.’

Whilst the laid-off workers are victims of the transition from a work-unit (employment) based social welfare system to one that is citizenship-based, the rural migrants have to suffer that they do not have full citizenship in cities. The current *hukou* system exists like an ‘iceberg’ that froze the access for rural migrants to equal opportunity in employment, social benefits and housing.

The distinctive characteristics above have determined that, although the urban poor households in China have extensive vulnerability common to the poor people in other countries, but in a different social context and at a different level. The ‘formal’ and ‘informal’ urban poor households in China have the same shocks at individual level, such as loss of job, accidents and sudden sickness, the death of family member, loss of assets through theft, fire, and displacement caused by relocation and resettlements. However, these shocks have effects at different level between ‘formal’ and ‘informal’ poor households. As rural migrants do not have full citizenship in cities and are completely excluded from social benefits, they are more vulnerable in employment when they are injured, ill, or fired. In the case of loss of family members, ‘formal’ urban households can get greater or lower subsidies from a previous work unit or the social security department for the funeral cost. But for the ‘informal’ poor households, they have to pay by their own. At community level, the first distinguishing shock is the loss of the whole social network after ‘formal’ urban households are made redundant, which is a consequence of work-unit based society system. Secondly, when the neighbourhoods where urban poor households – both formal and informal – live at present are cleared for redevelopment, they are both faced with displacement that

causes the destruction of community kinship and relocation. As poor rural migrants have almost no access to home ownership, they have to pay the cost of moving again and again when their neighbourhoods are cleared. For 'formal' urban households who may have right of abode of their dwellings, their situation is slightly better but their tenure type probably does not change after resettlements. Worse, rental from the market will increase after redevelopment and it will affect the livelihoods of both 'formal' and 'informal' poor households. For example, the financial crises, rural migrants and those who do not have permanent jobs are more likely affected by it.

Liu et al.(2008b) summarized the characteristics of formal and informal urban poor households from the poverty household survey in Nanjing in 2002. From Table 18 below, there are at least four highlighted characteristics that affect the livelihoods of 'formal' and 'informal' poor households. Firstly of all, it is noticeable that the majority of urban poor households head are aged between 36 and 55, 62.7 per cent in total. Poor migrant households seem to benefit more from their ages when seeking jobs, particularly in the labour market, with 66 per cent between 26 and 45 years. Secondly, it should be highlighted that about 11 per cent of formal urban poor residents are more than 65 years old, in line with 9 per cent between 56 and 65, which indicates a rather large group of retirees who are poor. Thirdly, there is a low education level for both formal and informal urban poor households. It is surprising that the education level that formal urban poor households have achieved is not much higher than poor rural migrants, with 76 per cent of urban poor residents at junior high school level and less and 81 per cent for poor rural migrants. It has been suggested that the formal urban poor do not have much advantage in the job market. Fourth, formal and informal poor households have shown a totally reversed pattern in the frequency of job change. In the last ten years, three fourths of urban poor households hold on to the same job while three fourths poor migrant have changed their jobs, which indicates a higher job instability of poor rural migrants. As part of the consequences of younger age and not much lower education level than the 'formal' poor, it is not surprising that poor rural migrants receive higher income than urban poor households with RMB451 and RMB399 respectively.

Table 18 Head of urban poverty household characteristics

	The urban poor	The migrant poor	Total
Age (%)			
16-25 years	5.8	21.2	11.3
26-35 years	12.0	40.4	22.2
36-45 years	31.9	25.6	29.6
46-55 years	30.8	9.6	23.1
56-65 years	9.1	3.2	6.9
Above 65 years	10.5		6.7
Gender (%)			
Male	51.4	62.8	55.6
Female	48.6	37.2	44.4
Marital status (%)			
Unmarried	8.0	19.9	12.3
Married	92.0	80.1	87.7
Education level (%)			
Illiterate	15.9	14.1	15.3
Primary school	15.9	18.6	16.9
Junior high school	44.2	48.7	45.8
Senior high school	20.3	16.7	19.0
Professional school	2.2	1.9	2.1
College +	1.4		0.9
Job change in last 10 years (%)			
No change	75.0	24.4	56.7
Job change	25.0	75.6	43.3
Mean of individual monthly income (Yuan)	398.8	543.3	450.8

Source: Liu, Wu and He (2008b)

Another noticeable fact is the gender difference between formal and informal. Obviously, the majority of migrants are male with 63 per cent of total population of migrants while the figure is nearly half to half to urban households. Meanwhile, nearly one in five migrants is single while less than 10 per cent of formal urban poor households are single. An assumption emerges here that the dependency ratio for migrants should be lower than for the urban formal households as they are likely to have smaller households and no pensioners. However, Friedmann and Chen (2009) found from their one per cent sample survey in Ningbo province in 2005 that there was

a surprising high unemployment rate among the poor migrants living in peri-urban migrant villages, 27 per cent were unemployed and many were mothers caring for their children. As mentioned before, as the one child policy mainly applies to the formal urban households, a new born baby will affect the livelihoods of rural migrant households significantly as mother may have to give up work for child care and it will increase the dependency rate significantly.

MLSA, which is taken as the absolute poverty line, has played a very limited function in poverty alleviation. First of all, the standard is too low and can only cover the cost of necessities; secondly, the coverage is very low (Liu et al., 2008b). Worse, all the poor rural migrants are excluded from this scheme as a consequence of institutional exclusion. Owing to the low standard of MLSA, Liu et al. (2008b) hypothesised that substantial numbers of relatively poor households, surviving on incomes just above the poverty line, were not covered.

Though relying on cash as the main form of exchange in cities, both formal and informal urban poor households are affected by seasonality in food price and inflation. For example, from 2007 to 2008, the meat price jumped dramatically, which has affected the food consumption style of poor households. This question was addressed in the questionnaire survey.

In summary, the table below lists the potential vulnerability of poor households in urban China.

Table 19 A potential list of vulnerability in urban context (for both formal and informal residents)

	For both formal and informal	Mainly formal residents	Mainly informal residents
Gradual stresses	<ul style="list-style-type: none"> • declining labouring work available • indebtedness • low education level • the domestic cycle with its periods of high ratios of dependents to active adults • poor housing quality and 	<ul style="list-style-type: none"> • Lowest income per capita • Contribution to social security account before retirement • Competition with younger rural migrants in employment market 	<ul style="list-style-type: none"> • disenfranchised • excluded from political decision making • police harassment and bureaucracy • higher living costs • limited access to basic social services

	<p>living environment that will cause health problems</p> <ul style="list-style-type: none"> • social problems such as crime and social fragmentation • inflation 	<ul style="list-style-type: none"> • MLSA is too little • Physical disabilities 	<p>(health and education) or financial services (e.g. bank loans)</p> <ul style="list-style-type: none"> •excluded from housing subsidies and market •excluded from social security system, such as MLSA, •increase in rental from the market •lack of kinship •inferior in employment • unprotected working conditions (long hours, poor pay, unsanitary or unsafe conditions) • illegal connections to infrastructure (such as electricity or water) cause sudden withdrawal of key services, being fined or punished • social exclusion caused by culture/ethnicity differences • instability of jobs
<p>Regular stresses</p>	<ul style="list-style-type: none"> • seasonal (seasonality can be problematic for urban poor households, especially when these people spend a large proportion of their income on foodstuffs, the price of which may be very volatile 		
<p>Shocks at community level</p>	<ul style="list-style-type: none"> • epidemics of human illness • removal of governments subsidies • financial crises 	<ul style="list-style-type: none"> • redevelopment of municipal housing neighbourhoods • loss of group activities after redundancy 	<ul style="list-style-type: none"> • whole evictions of urban villages

Shocks at individual and households level	<ul style="list-style-type: none"> • loss of a job • accidents and sudden sickness; • the death of a family member; • loss of assets through theft, fire or other disaster; • homelessness caused by relocation and resettlement 	<ul style="list-style-type: none"> • redundancy and loss of social benefits • death of pensioner 	<ul style="list-style-type: none"> • birth of another child • disability and death occurred in employment
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Table 19 above is very different from the tables at the beginning of this chapter. In general, the vulnerabilities of formal and informal poor households in urban China are very distinctive to each other, particularly for gradual stresses. The exclusive *hukou* registration system has certainly contributed to some vulnerability that only informal poor households have. For the physical disabilities mentioned in Table 7, it is hard to say whether it affects formal or informal households more. First of all, there is very little literature on disability issues in China, mainly restricted to disability of older people. However, the hyper-urbanization process has made an unfriendly environment for people with disability. Rural migrants with disabilities hardly come to cities as there are few livelihoods for disabled people. However, there is a great deal of news and many concerns about the death and disabilities of rural migrants occurring during work. As a consequence of the lack of a proper contract and social insurance coupled with their non-entitlement to any social security benefits, rural migrants are very vulnerable when any injuries, disabilities, and even death happened in employment. Pension is the principal income for many households (this will be explained in greater detail in later sections), the loss of the pensioner can cause economic difficulties for formal poor households, and in many cases it also affects their tenure status as housing may still be bonded to the employment relationship of the late pensioner.

In this chapter, an attempt has been made to illustrate the specific vulnerabilities in the context of urban China through social analysis and context analysis mainly using literature review and second hand documentation. Another measure of vulnerability, the assets ownership and portfolio management in Moser's (1998) asset based vulnerability theory, will be applied in the fieldwork to capture the livelihoods assets

portfolio of the poor households in a poor neighbourhood in urban China. In Moster (1998)'s Asset Vulnerability Framework, the assets that poor households possess are equally important to the external factors that cause their vulnerabilities, as it determines their resilience to recover from stresses, shocks and seasonality. The vulnerabilities that have been summarized in this chapter will be examined in the field work as well. More context-specific vulnerability analysis triangulated with their livelihoods assets will be presented in the conclusion chapter.

Chapter 6 Realities of life

The Poor Households in Shanghai Lane and their Livelihood Assets Ownerships

6.1 Introduction

In the last chapter, vulnerability in the context of urban China has been outlined; however, it is more focused at the macro level. Additionally, as discussed in the methodology chapter, besides the external factors, vulnerability is also determined by the abilities of poor people in relation to the management of livelihood assets to determine the level of their resilience and ability to recover from shocks, and stresses. This chapter will present the livelihood assets portfolios of the sample in our study.¹⁷ Firstly, the relevant socio-economic background of the field work area and case study settlements will be reviewed. As discussed in the Methodology chapter, information regarding the livelihood assets portfolios was collected mainly through survey. Additional triangulation with second hand documentary evidence and household interviews supplements the survey evidence. The findings around the sample's asset capital will be presented in sequence.

The main secondary documentary evidence in this chapter is drawn from the Wuhan Annual Statistic Report (2006) (Wuhan Statistic Bureau, 2006), the Wuhan Urban Low-income and Lowest-income Household Survey Report (2006) (Zhou and Zhu, 2007),¹⁸ and the Wuhan Urban Household Housing Survey Report (2002) (Zhou, 2003).¹⁹

6.2 The local context of Wuhan

6.2.1 The city and local economy

Wuhan is a massive city. In 2006 it held a total registered urban population of 8.75

¹⁷ Some of the material in this chapter has been published as Chang, Y. and Tipple, G. (2009) 'Realities of life and housing in a poor neighbourhood in urban China: livelihoods and vulnerabilities in Shanghai Lane, Wuhan', *International Development Planning Review*, 31, (2), pp. 165-198.

¹⁸ These findings are from a survey of 1000 households conducted between July and September in 2006 in 7 central districts in Wuhan.

¹⁹ The sample is 150,000 households.

million among which 8.19 million hold non-agriculture *hukou*. The natural annual increase rate is 3.65 per cent with a birth rate of 7.6 per cent and mortality rate of 3.96 per cent. The total administrative area is 8,491 square kilometres within which the built up area of the main city is 222.22 square kilometres. The administrative area is divided into 13 districts and among those there are seven districts categorized as within the central area and another four in remote areas. Under the city government, there were 127 offices at street level and 1,200 Community Committees in total by 2006 (Wuhan Statistic Bureau, 2006).

The city's GDP per capita is RMB 29,500 (US\$3790)²⁰ in 2006 (Wuhan Statistic Bureau, 2006). By the end of 2006, the total employed population was 4.3 million (nearly half of the total population) and the number of employees in primary industry, secondary industry and tertiary industry²¹ were 0.83million, 1.41million and 2.05million respectively with the proportion of 19.4 per cent, 32.7 per cent, and 47.9 per cent respectively. The number of employees in tertiary industry is increasing, which indicates that service business has become the dominant driver in the local economy.

6.2.2 Socio-demographic and household characteristics

As shown in Figure 14 on page 157, the average household size in Wuhan has continuously declined from 3.12 to 2.85 during 2000 to 2006. In 2006, the disposable income per capita was RMB 12,359.98 (US\$1,545), an increase of 13.9 per cent over the previous year. Living area per capita was 26.86 square metres, an increased of 27 per cent over 2002. The average household built area was 68.67 square metres in 2002. In the seven central area districts, the living area per capita was 20.13 square metres and the average household built area was 65.47 square metres (Zhou, 2003:7,8). The city of Wuhan has about 2,100 health institutes which provide 2.58 doctors and 3.6 beds in

²⁰ In the chapter, US\$1=RMB 8 in 2005 and 2006; US\$1=RMB 7.5 in 2007; and US\$1=RMB 7 in 2008.

²¹ Primary Industry includes agriculture, forestry, stock farming, and fishing. Secondary industry includes mining, manufacturing, electricity, gas, water and construction. Tertiary industry includes all other industry excluding the primary and secondary industry, mainly service industry.

hospital for every thousand in the population.

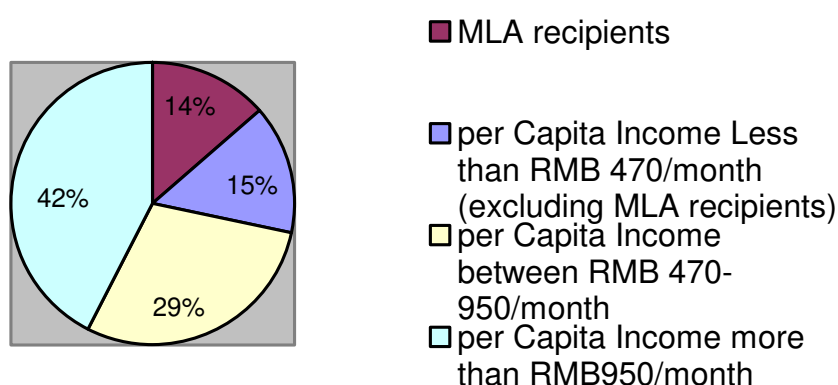
Ageing is an important demographic trend in Wuhan. By the end of 2007, there were 1,097,000 older people aged above 60 in Wuhan, making up 12.59 per cent of the total population, which makes Wuhan an ageing cities (in international terms, cities with an aging population of more than 10 per cent are aging cities). The ageing population in Wuhan is increasing by 3.2 percent per year. By 2008, in Wuhan, well-being centres have only 2.19 beds for every 100 elders (Hubei Daily, 2008).

6.3 *The case study settlements*

The total number of households in the seven central districts is 1.39 million but the majority are not rich. In 2006, the average monthly income per capita was RMB 1030 (US\$128.75) in Wuhan (Wuhan Statistics Bureau, 2007). However, the survey has shown that nearly 60 per cent of households in the seven central districts in Wuhan receive RMB 950 or less per month per capita (see Figure 17). Using the official poverty line²² as an indicator, it is projected that the scale of lowest- and low- income households in Wuhan in 2008 is about 0.8 million, amongst whom nearly half are the lowest income households.

²² The projected poverty line for lowest-income households in Wuhan is RMB 470 per capita per month in 2008, RMB 500 in 2009 and RMB 550 in 2010. The projected standard for low-income households is RMB 950 in 2008, RMB 1000 in 2009 and RMB 1050 in 2010.

Figure 17 Low income households in Wuhan (n=917)



Source: adapted from (Zhou and Zhu, 2007:16, 30, 36)

Most residents in municipal housing are in poor households. In the Housing Survey of 2002 in Wuhan, about 85 per cent residents of municipal housing were in low-income and lowest-income households (Zhou, 2003:82). This has been reaffirmed by Wuhan Urban Low-income and Lowest-income Household Survey in 2006 (Zhou and Zhu, 2007)²³. Nearly half of the lowest-income households rent their accommodation as do 40 per cent of low-income households²⁴ (see Table 20).

Table 20 Ownership of dwellings of Lowest- and Low- income households in Wuhan

Tenure	MLSA recipients (n=126)	Lowest-income households (excluding MLSA recipients) (n=167)	Low-income households (excluding the lowest-income) (n=244)
Owners	48.4	47.3	58.6
Renters	48.4	50.9	40.2
others	3.2	1.8	1.2
	100%	100%	100%

Source: adapted from (Zhou and Zhu, 2007:17, 33, 39).

²³ For urban households in China, policy makers consider 20% of total households as low-income households and 10% as lowest-income households. The households who receive MLSA should be 5% among the total households.

²⁴ The criteria of categories lowest- and low-income households in this chapter is RMB 470 per month per capita for the lowest and RMB 950 for the low-income households.

Table 21 Tenure type of Lowest- and Low- income households in Wuhan

Types of tenure	MLSA recipients (n=125)	Lowest-income households (excluding MLSA recipients) (n=166)	Low-income households (excluding the lowest-income) (n=245)
Ancestral property	13.6	16.9	5.3
<i>Fang gai fang</i> ²⁵	11.2	13.8	27.3
Commercial apartment	0.8	3.6	7.8
Second hand apartment	1.6	2.4	2.4
Economically affordable housing	5.6	3.6	2.9
Work-unit <i>Jizifang</i> ²⁶	0.0	1.2	2.9
Resettlements	12.0	7.8	9.4
municipal housing (rental)	44.8	47.6	37.1
apartment from market (rental)	4.0	1.8	1.6
others	6.4	1.2	3.3
	100%	100%	100%

Source: adapted from (Zhou and Zhu, 2007:18, 34, 40).

Municipal housing is the most common type for poor households with 42 per cent low-income households (including the lowest) currently renting from that provision (Zhou and Zhu, 2007:37). Poorer households are more likely to live in property inherited from ancestors (see Table 21 above), which are supposed to be old and self-built. A little bit better-off poor households (see the low-income excluding the lowest in Table 21) have obviously benefited more in the housing reform as 27 per cent of them live in *fang gai fang* apartments which they bought from their work-unit, double the number compared with the lowest-income households.

²⁵ '*Fang gai fang*' means the property was owned by the work unit but during the housing reform period the employees were encouraged to purchase it at a subsidized price (RMB 800 per square metre in Wuhan in the 1990s).

²⁶ '*Jizifang*' are units built through the fund raised by work-unit with contribution from employee residents. As it was partly funded by the work unit (through letting out the land of the work unit), it was a type of subsidized dwelling which acted as a kind of social benefit in the old system. This is now being gradually discontinued.

The area per capita is very modest for the poor households, compared to the data for the whole city (see page 198). The mean area per capita for low-income households (excluding the lowest) is 17.22 square metres and more than half of the households' have less than 16 square metres. For the lowest-income households, the mean area per capita is 13.99 square metres and is less than 10 square metres for nearly 40 per cent of the lowest-income households.

Table 22 Area per capita for lowest- and low-income households in Wuhan (Unit: square metre)

	Renters among MLSA recipients (n=56)	MLSA recipients (n=119)	Lowest-income households (excluding MLSA recipients) (n=167)	Low-income households (excluding the lowest-income) (n=241)
0-4	1.8	1.7	2.4	1.2
4.01-6.0	7.1	3.4	8.4	4.6
6.01-8.0	17.9	11.8	12.0	8.3
8.01-10.0	26.8	21.0	13.8	10.4
10.01-12.0	12.5	12.6	14.4	8.3
12.01-16.0	16.1	17.6	17.4	18.7
Over 16.0	17.9	31.9	31.7	48.5
	100%	100%	100%	100%

Source: adapted from (Zhou and Zhu, 2007:19, 28, 35, 41).

6.3.1 Shanghai Lane and its governors

6.3.1.1 First impression of Shanghai Lane

The Shanghai Lane Neighbourhood (Figure 18) is situated about 500m from the Yangtze River in down-town Wuhan, in the old British Concession Area within Hankow, one of the three cities incorporated into Wuhan. Shanghai Lane has three terraced buildings of 27 *danyuan*²⁷ in total and was built some time before 1923. The

²⁷ One unit over several floors where all households enter through a common front door and share a common staircase.

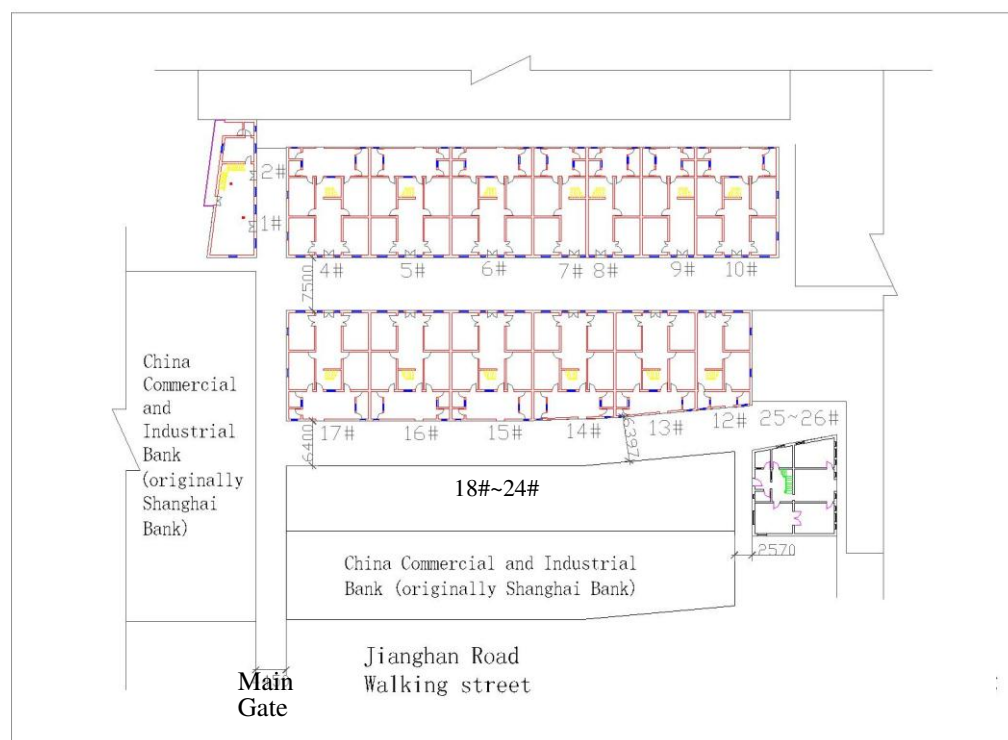
front one, facing the main commercial street, was for commercial use and the other two, on parallel streets behind it, were residential. The front terrace is now in residential use above the ground floor. At the rear of the three buildings is a workshop in which wedding photographs are printed for a large number of shops. It creates substantial air pollution in the neighbourhood.

Figure 18 View of Shanghai Lane neighbourhood, 2007



Note: The main street is to the extreme left and the wedding photographic workshop is the large building with five ventilation stacks to the right (top)

Figure 19 Floor plan of Shanghai Lane Neighbourhood



Source: adapted from mapping work of Wuhan University of Technology

Each *danyuan* unit has three floors served by a staircase. Each floor was designed to be occupied by one household, though households could occupy more than one floor if they could afford to. The original flats were spacious and airy, with high ceilings and large windows. Most units had a large central room opening onto four other rooms. At the rear, accessible from a balcony, were a bathroom/ toilet, a kitchen and a store room. The original occupants were well-off households or bank employees, and the latter obtained the rented flats as part of their work contract. As the front building was not designed for residential use, there are no spaces in it designed for kitchens.

Ownership of the Shanghai Lane neighbourhood passed to the Shanghai Bank in 1945 as a result of the previous private developer's bankruptcy; in 1955, it was transferred to the local government Real Estate Management Office. The right of abode was distributed to original Shanghai Bank employees and a few state-owned enterprises for

their employees' occupation as social benefits.

The three-storey, terraced structures are very stoutly built in brick with stone details. In 2000, the roof on the front building was pitched and covered with terracotta tiles when the commercial pedestrian street was redeveloped, but flat roofs remain on the two rear buildings. Most of the original woodwork (doors, windows, banisters, etc.) are still extant though sometimes in poor condition.

On the other side of the main commercial pedestrian street, just 50 metres away, is a larger area of previously similar neighbourhoods (Figure 20) which were demolished in 2008 for a real estate project by Hutchison Whampoa (a global real estate company under the name of Li Ka-shing) despite considerable delays achieved by objections and defensive activity by residents (SouFun.com, 2007).

Figure 20 The clearance area opposite Shanghai Lane, 2007



Note the demolition activity in the right foreground.

6.3.1.2 Fundamental Governance

As mentioned in the last Chapter, a Community Committee (*shequ*) is the administration institution at the grassroots level and the important function of Street Office and *shequ* (see section 5.4.3.2 on page 167) has been discussed. Shanghai Lane Neighbourhood together with another seven neighbourhoods compose the Yangtze Community, which is affiliated to Shanghai Street Office. Yangtze Community office administrates about 1,494 households in total with a population of 4,427 (from window display in the neighbourhood, 2008). Shanghai Street Office has administrative responsibility for eight such communities of 11,193 households and a population of

34,694. (Wuhan Jiang'an District Government, 2007a).

Shanghai Street Office has seven offices and the responsibility of each office is:

1. Party affairs
2. Party and non-party members:
3. City administration
4. Social affairs
5. Birth control
6. Financial coordination (statistical)
7. Security

The Yangtze community has a long history. The Yangtze Community Committee was restructured in the year 2000 and the name was changed to from Residents' Committee (*juweihui*) to Community Committee (*shequ*) (see page 168). In Shanghai Lane, the population was about 700 in 180 households (Learned from personal communication with the head of committee, 2007). The major leadership of the *shequ* are elected by local residents' vote, they are Secretary (*shuji* in pinyin), Director and two associate posts. They work with six other officials who are local representatives of the government departments responsible for the MLSA, social security, assistance to people with disability, letters and calls (*xinfang*),²⁸ birth control, and hygiene. There are four volunteer residents, called 'unit heads,' who assist them to collect the fee for security and garbage collection, and to deal with minor conflicts within the neighbourhood.

Shanghai Lane is an example of where good location is accompanied by poor physical conditions; an effective administration with an established reputation sits uncomfortably with the deteriorating environment; historic building status belies the poor staircases, unsanitary backyards and *ad hoc* extensions on the roof; a few better-off households live amongst many living in poverty, and dwellings used as

²⁸ Office of letters and calls is a department of the government that receives the complaints and visits from ordinary people to report policy issues.

work-unit dormitories are interspersed with publicly-owned rental housing, some of which is sublet.

6.4 Household livelihood assets portfolios in Shanghai Lane

6.4.1 Human capital

In Shanghai Lane, the average household size is three persons, a little higher than the average for Wuhan in 2006 of 2.85 (Wuhan Statistics Bureau, 2007). About half of the households have three persons and 24 % have more than three. In 63 per cent of households the head is a male (n=76) and the average age of household head is 57²⁹(n=76). 53 per cent of the population is male and 47 per cent is female. Over four fifths of household heads' *hukou* registration is at their current address and one tenth is at another address in the same city. Rural migrants are in a minority comprising less than 7 per cent (households' whose *hukou* registration place is in a rural area). The total population of Shanghai Lane community has increased in the last three years and the main reasons for this suggested by the leader of the Community Committee are 'the increase in the number of newborn babies and increase in household size of temporary tenants that moved in.'

The older people above 60 make up the biggest group in the community, with more than one quarter of the total population, followed by those aged between 50 and 59 at 23 per cent (see Table 23 below). In 20% of the households, all members are over 60 years old. Older people who need caring for may become an issue for the community. Another group that need more attention and caring, people aged below 20, comprise about 16 per cent of the community. Indeed, 43 per cent of households have at least one member under 20. It is clear that the number of people who are at working age is much smaller than the numbers of the old and the young, with only 8 per cent from 20 to 29 and 13.2

²⁹ In many three generations households, the right of abode remains with the grandparents who obtain it from their work unit.

per cent from 30 to 39 per cent. 43 per cent of households in Shanghai Lane who have children under 20 (32 out of 75 households) have at least one member above 60, which indicates a high proportion of three generation households and an assumption of grandparental resources invested in grandchildren.

Table 23 Age of residents of Shanghai Lane (frequency and percentage by gender)

	Below 20	20 to 29	30 to 39	40 to 49	50 to 59	60 and above	Total
Male	26 11.4%	10 4.4%	18 7.9%	14 6.1%	24 10.5%	30 13.2%	122 53.5%
Female	11 4.8%	9 3.9%	12 5.3%	19 8.3%	27 11.8%	28 12.3%	106 46.5%
Total	16.2%	8.3%	13.2%	14.4%	22.3%	25.5%	100%

Generally, the ratio of working to retired remains very low in Wuhan. In 2006, 18% of household heads are unemployed or waiting for jobs (*daiye*), 37% are retired, and 37% are employed, nearly the same as in 2002 (Zhou and Zhu, 2007:8). In Shanghai Lane, 'most residents are/ were workers of state-owned industrial enterprises. Very few cadre.'

--Interview with the head of the community

Thus, it is not surprising that the number of redundant workers is rather high in Shanghai Lane with nearly 18 per cent of the total population (see Table 24). More than a third of households have at least one laid-off worker and one in six have two. In contrast, there is another group of people, of the same size, comprising 15 per cent of total population who are still receiving schooling. 43 per cent of households have at least one member who is still receiving education. They are supposed to be those aged below 20 and slightly more than 20 in Table 23. Nearly one in ten residents of working age is unemployed. Fortunately, nearly 40 per cent of residents receive pensions that could provide a stable income resource for the entire household. 68 per cent of households have at least one member who is retired and half of those households have two members who receive pensions.

Table 24 Employment status of residents in Shanghai Lane (frequency and percentage)

	Redundant	Retired	Receiving schooling	Un-employed	The other	Total
Male	19	38	22	10	33	122
	8.4%	16.7%	9.7%	4.4%	14.1%	53%
female	21	48	11	12	14	106
	9.3%	21.1%	4.8%	5.3%	6.2%	47%
Total	17.7%	37.8%	14.5%	9.8%	19.5%	100%

It is noticeable that two thirds (n=18) of residents who are unemployed answered that the reason for their unemployment is that they cannot find jobs, but this is not because they are unable to work. Disabled people are very few in the sample. There are 58 people with disability in total within the Yangtze community (of a total population of more than 4000), including 14 'vacant' households whose *hukou* registration place is still within the community but who have actually moved out. 11 people with disability are registered in the Shanghai Lane neighbourhood, including one 'vacant' household (Personal interview with the specialist office on disabled people). Only one resident in the sample stated that she could not go to work because she had to look after her children.

The education level is rather high in Shanghai Lane, with more than half the population having completed education at high school level or higher. The majority, at 72 per cent of the total population, have completed secondary school and high school education (see Table 25 below).

Table 25 Education level of residents in Shanghai Lane (frequency and percentage)

	Illiterate	Primary school	Secondary school	High school	Junior School	Undergraduate	Total
Male	2	6	41	44	7	17	117
	0.9%	2.8%	19.1%	20.5%	3.3%	7.9%	54.4%
Female	2	8	38	31	7	12	98
	0.9%	3.7%	17.7%	14.4%	3.3%	5.6%	45.6%
Total	1.8%	6.5%	36.8%	34.9%	6.6%	13.5%	100%

Dependency ratio is another useful indicator in evaluating vulnerability; the higher it is, the more vulnerable households are to shocks such as redundancy, or the death of a worker (Pryer, 2003a). Table 26 shows that the average dependency ratio of residents of the Shanghai Lane neighbourhood is 2.3, a little higher than the 2.13 in Wuhan in the 2005 Census. As the mean household size is 3 persons, it is evident that there is a mean of 1.3 employed persons per household, which is the same as in the Wuhan Census, 2005.³⁰ However, there is a mean and median of one person per household working more than five days per week (see Table 27 below).

Table 26 Dependency ratio (percentage frequency, n=42)

Dependency ratio	1.0 - 1.9	2.0 - 2.9	3.0 - 3.9	4.0 - 4.9	5.0 - 5.9	6.0 plus	Mean	Median
Percentage	38.1	23.8	28.6	7.1	0	2.4	2.3	2.0

Table 27 Number of household members who work six/seven days per week (percentage frequency, n=62)

	None	1	2	3	4	Mean	Median
Percentage	32.3	33.9	27.4	3.2	3.2	1.1	1.0

The ILO's Hours of Work (Industry) Convention, 1919 (No.1) sets a limit of 48 hours to the working week. Furthermore, the government of China stipulates that no-one should

³⁰ The number from Wuhan Census 2005 is 2.87 for household size and 2.13 for real dependency ratio.

work more than five eight hour days (40 hours) per week and Saturdays and Sundays are public holidays (The State Council, 1995). In our sample, however, there is a mean and median of one person per household working more than five days per week (Table 27), one direct effect of which on human capital is that it will wear out their bodies and they do not have enough time to take rest.

As part of the ‘883 Community Building Action Plan,’³¹ every community has set up a clinic. Yangtze Community has its own clinic shared by eight neighbourhoods. And there are three large scale formal hospitals within 1 kilometre of the neighbourhoods. There are several pharmacies on the pedestrian street where everyone can buy medicines or prescriptions. There are several primary schools, secondary schools and high schools nearby, normally within half an hour’s walking distance. However, the household interview has indicated that there is a school that has been knocked down for redevelopment purposes and all the students and teachers have needed reallocation to other schools nearby, which has caused some inconvenience to the local households as the students have had to adapt to their new environment, new class and new teachers again. There is no data that can illustrate whether the redevelopment of schools will become a trend or not.

Besides convenient access to schools, the community has a library (see Figure 21). All the books are donated from the Street Office. The office has also provided a computer with internet connection in the library. From the author’s observation, the library is rarely used and very few households are aware of the computer and internet, but the community has provided access to some educational resources. The challenging question is the efficiency of its use.

³¹ This is a scheme that aims to make comprehensive improvement in social security, environment, health etc. in 883 communities in Wuhan.

Figure 21 Library within Shanghai Lane, 2008



In an interview with the community head, it was discovered that most residents were workers in state-owned industrial enterprises (see page 209). It is not surprising that their skills in their previous work units were not very useful after they became redundant and this was confirmed by household interviews (see next Chapter). Although the state has provided re-employment training for redundant workers, the contribution is very limited. Further discussion will be found in Chapter 8 on power and governance.

The combination of older people and children still receiving schooling, the prevalence of working many hours per week, and the higher than city-average dependency ratio, points to poor human capital within Shanghai Lane. However, the large number of redundant workers who are still of working age (for instance, in their 30s, 40s and 50s) with average education at high school level and the ability to work, indicates rather strong human capital. The answers to this controversial issue lies in the access to employment opportunities, the skills they need when they seek employment and the demands in the employment market. The public facilities for health care and education are sufficient although the issue of affordability exists. This will be discussed in the

Financial Capital section and Chapter 7 on coping strategies.

6.4.2 Physical capital

In many poverty assessments, it is suggested that the quantity of consumption and productive assets is an important indicator of income-based poverty. In Chapter 5 of *Vulnerability Context*, it has been shown that the socio-economic background in urban China is different from that of the poorest countries. In the city of Wuhan, households are generally well-off from the perspective of consumption goods (see Table 28), which might be a supplementary indicator of a ‘well-off’ society (see page 3).

Table 28 The number of consumption goods among 100 urban households

	2005	2006	increase
Computer	59.0	61.4	4.1
Television	139.6	142.2	1.9
Fridge	100.6	100.8	0.2
Washing machine	98.2	99.0	0.8
Air conditioning	136.4	144.6	6.0
Radiator	89.6	88.6	-1.1
Telephone	97.0	95.8	-1.2
Mobile phone	134.8	146.8	8.9
Car	1.4	3.4	142.9
Motorcycle	9.4	7.8	-17.0
VCR	2.8	5.2	85.7
Camera	48.0	46.8	-2.5
Piano	2.8	3.2	14.3
Other expensive objects	5.6	4.8	-14.3

Source: Wuhan Statistical Bureau (2006)

Overall, ‘the standard of living of the community is poor to average but the general standard of living has been improved gradually’ (from an interview with the head of the Community Committee). It is unquestionably the case that the quality of life of ordinary households has been tremendously improved in the last thirty years: three in four households in Shanghai Lane possesses a television, telephone, air conditioning, washing machine and microwave oven (see Table 29). Nearly all the households of the neighbourhood have access to a telephone and television which shows the tremendous

growth of telecommunications in China. Electric radiators are very common and these are found in nearly 60 per cent of households. Computers are also common. Over half the households have computers and over 40 per cent of households can surf online. Gas radiators are out of favour owing to their cost (see Figure 39 on page 238).

Table 29 Consumption goods of households in Shanghai Lane

Consumption assets	Percentage	Sample size (household)
Television	98.3	n=58
Telephone	91.4	n=58
Air conditioning	91.2	n=57
Washing machine	84.2	n=57
Microwave oven	75.4	n=57
Electronic radiator	59.6	n=57
Computer	56.1	n=57
Internet	41.4	n=58
Gas radiator	12.5	n=56

It was observed that there are very few household using productive assets at home (a few home-based enterprises cases will be discussed in Chapter 6 on coping strategies). One of the reasons might be that the dominant economic activity in Wuhan is in the Tertiary Industry.

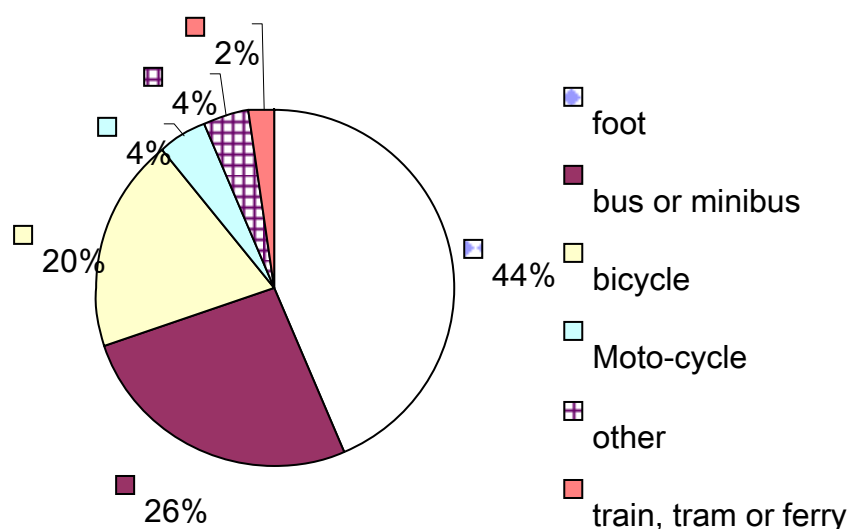
Housing, thus, appears to be the most dominant physical asset of the households of Shanghai Lane. Though built as relatively spacious accommodation, the basic unit for one household is, currently, one room of about 25 square metres. However, as housing is a prime social benefit which is correlated with employees' status, some households occupy two or more rooms (dwelling units). The rental is much lower than the market rent at roughly RMB 1.5 per square metre per month, about RMB 34.5 (US\$4) for one room.

The location of Shanghai Lane is the most important factor for households in deciding

the value of their dwellings. It is exactly at the heart of the city, close to all kinds of public facilities, markets, and to the Yangtze River park. The residents benefit greatly from convenient access to all the shops on the pedestrian street.

The mean distance to their workplaces is about 4 bus stops.³² Nearly half of the household heads' work places are within 2 bus stops and 44 per cent of household heads walk to their work place. However, there are a considerable number of household heads, nearly 30 per cent, whose work place is five bus stops and more from their home. It is supposed that they mainly use buses or bicycles, (26 per cent and 20 per cent respectively). Very few will use a motorcycle or other transportation. The average time spent on the way to the work place is reasonable with a mean of 43 mins (mode = 40 min).

Figure 22 Transport methods to workplace (n=46)



Most residents have lived in Shanghai Lane for a long time. Of those in this survey the average time of the household head's stay in their current dwelling is 30 years. 63 per cent of household heads (n=74) have lived here for 30 years and more and 69 per cent households (n=74) have lived there for three generations.

³² In Wuhan, local residents say 'about one or two bus stops' to mean it is within walking distance.

For 74 per cent of households (n=76) in Shanghai Lane, their current dwelling is the only home. However, 13 per cent have a second dwelling somewhere in the same city and 12 per cent own their own house in rural area. Those who have a house in a rural area are supposed to be temporary rural migrants who rent rooms in Shanghai Lane. The same figure (see Figure 23) shows that about 13 per cent have no certificate of their right of abode. 57 per cent households have the right of abode issued by the local real estate management office and 30 per cent share a collective tenure owned by their work unit. As the ownership belongs to the municipal government, their partial ownership leaves them defenceless in the face of property-led pressure for redevelopment or regeneration.

Figure 23 Types of right of abode (n=76)

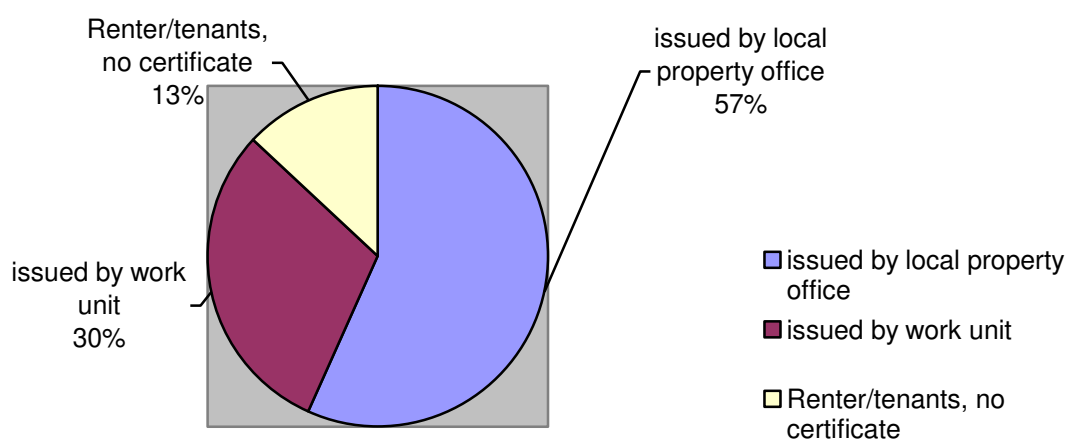
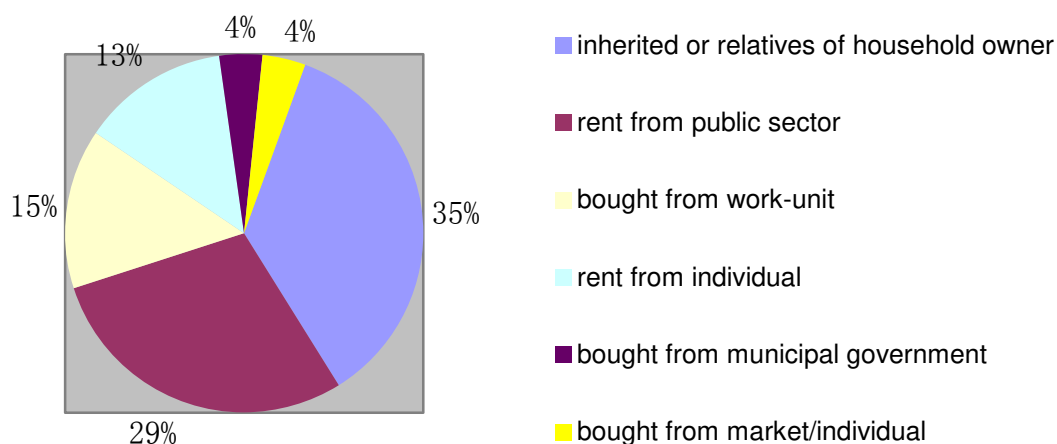
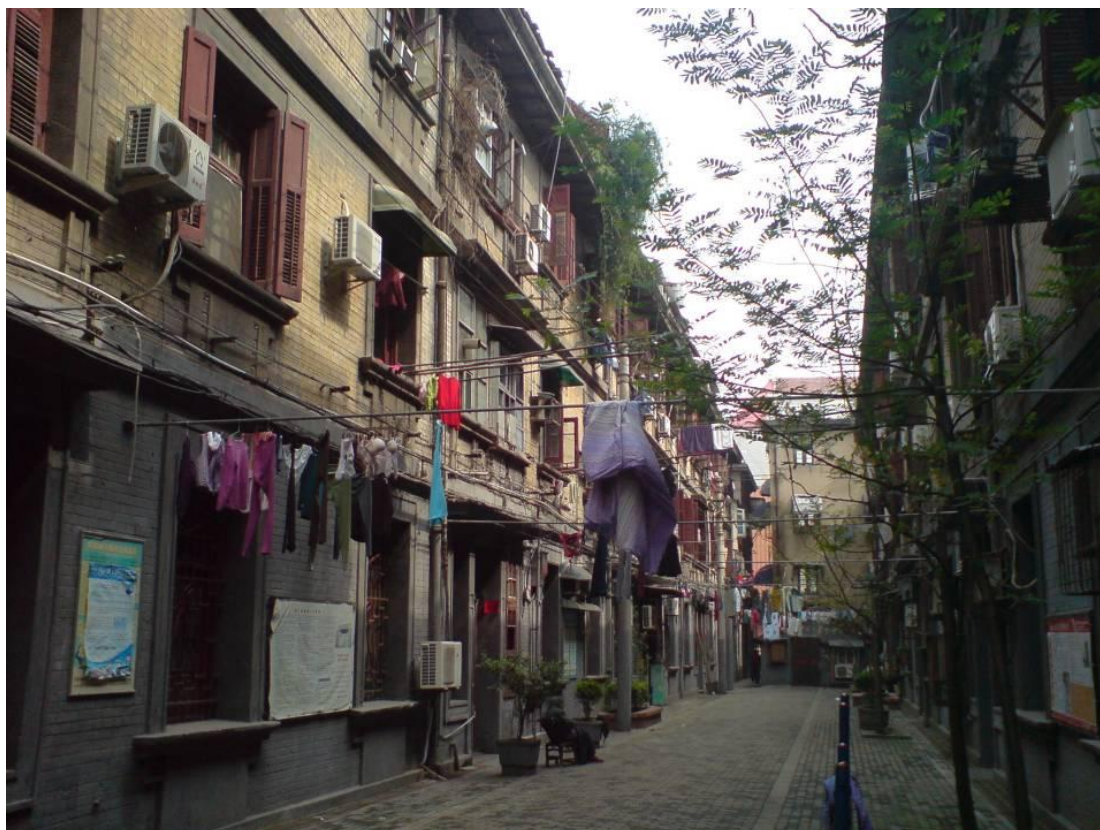


Figure 24 The acquisition type of the right of abode (n=76)



Before the redistribution following the 1949 Revolution, the dwellings of the original tenant households was considerable. Even with the subdivisions to accommodate more households and even though the buildings are very run down, the physical quality inherent in occupying these buildings is worth maintaining not only for its location but also for its physical characteristics. The streets are quiet, clean and well cared for (see below).

Figure 25 Peaceful neighbourhood lane in Shanghai Lane



However, the good location, and a pleasant elevation and lane do not mean that every aspect of the neighbourhood is perfect.

“It is a typical ‘urban tribal.’ The neighbourhood looks fine from the street but very different after you enter into the building. And in the evenings it is totally different from what you see during the daytime. Smoke and smog hangs around the whole neighbourhood, every household burns coals to cook food. The security personnel let out the public space in the lane as parking to make money. Bicycles, motorcycles and electronic cycles make the lane overcrowded and what a noise they make until very late!”

(Personal interview with householder, 2007)

Figure 26 Public parking area in Shanghai Lane



Figure 27 Burning coal for cooking or hot water



There is now a considerable overcrowding problem in the buildings although it is universally accepted that overcrowding is a common characteristic of poor neighbourhoods. The Wuhan Household Survey 2006 (Zhou and Zhu, 2007) indicates that, among the low-income households (including the poorest), the living area is quite small at a mean of 15.6m² (median=13.7m²) and much lower than the official mean built area per person in Wuhan of 26.9m² (Wuhan Statistics Bureau, 2007). Almost a third of households live within, “at or below” the official minimum living space per person of 10m² or less; 43% have 12m² or less and 60% have 16m² or less. With allowance made for the difference between living space in the Wuhan survey 2006 (see page 198) and habitable space in the survey in this thesis,³³ the data collected from

³³ As most households in the sample share kitchen, bathroom and toilet, they only take account of the area of their living room as the total ‘living space.’ Thus the habitable space excludes the area of kitchen, bathroom, and toilet that

Shanghai Lane is very similar to low-income areas in general. The mean habitable area per person in Shanghai Lane is 14.6m² (median = 11m²); there are 37% of households for whom the average habitable space is less than 10m² (Table 30). The median is only just above 10m², the official minimum habitable space per person. The average habitable area is quite small when compared with the official average built area per person in Wuhan in 2006 of 26.86 square metres. More than half of the households only occupy one room which also has to serve as bedroom, living room and even kitchen and bathroom (see Table 31).

Table 30 Habitable space per person (percentage frequency, n=70)

Space per person (square metres)	0-9.9	10-14.9	15-19.9	20.0-24.9	25.00+	Mean	Median
Percentage	37.1	30	10	12.9	10	14.6	11

Table 31 No. of rooms occupied by per household (percentage frequency, n=74)

	1.0-1.9	2.0-2.9	3.0-3.9	4.0+	Mean	Median
Percentage	52	44	2.7	1.3	1.5	1

Inadequate service and sanitation is a common characteristic of poor neighbourhoods. Generally the infrastructure network is sufficient in urban China. In Shanghai Lane, there is access to electricity, piped-water, sanitation and telecommunication. However, the question remains regarding the quality, quantity and efficiency of the services. The mean area of other non-habitable rooms (for instance, kitchen and toilet) is less than 2 square metres (n=50). Only about one-third of households have their own toilet and more than one quarter share the toilet with four or more households; nearly half of the households need to share the kitchen with other households (see Table 32). There are about 23% of households (n=73) using a basin instead of a shower. Only 37.3% have individual bathrooms in which to take a shower, while 36% wash in shared toilets using shower over the squat pan. About 11% wash themselves in the kitchen and 16% in their own room (see Figure 28). Some households have fitted a shower cubicle into their

have been counted as living space in other surveys.

living room (see Figure 29). People who wash in their rooms maintain privacy by asking those of another gender to go out for a while. This is regarded as far from ideal.

Table 32 No. of households who share a toilet or kitchen (percentage frequency)

Number of households sharing:	1	2	3	4+	Mean	Median
Toilet (n=75)	31.6	7.9	32.9	27.7	2.7	3.0
Kitchen (n=73)	55.4	12.2	25.7	6.8	1.8	1.0

Figure 28 Place for washing (n=76)

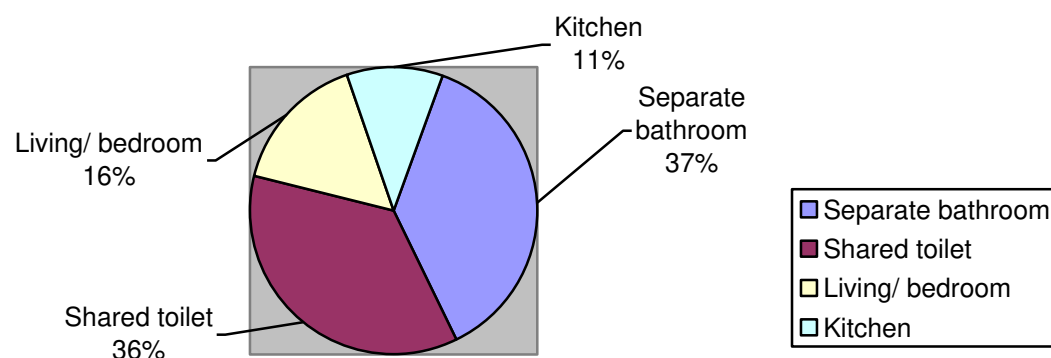


Figure 29 A fitted shower cubicle in living room



Although most households use bottled gas as their main energy source (Table 33), around 30% of households still use coal briquettes frequently, especially when they need hot water for washing, as they are much cheaper than using gas. This adds to the local air pollution which, in turn, affects residents' and neighbours' health, increasing the vulnerability of human capital assets. However, in the next chapter of coping strategies, the use of coal as a natural outcome of livelihoods strategies as a consequence of limited financial capital will be discussed (see page 238).

Table 33 Type of fuel used (percentage frequency, n=73)

Fuel used	Only gas	Only electricity	Only coal briquettes	Both gas and coal	Gas, coal, and electricity
Percentage	64.4	4.1	1.4	27.4	2.7

Figure 30 Households use coal for cooking and public space in staircase is used for storage



The rent in Shanghai Lane is mainly divided into three categories according to the type of tenure (see Figure 23). The rent that the households pay to the real estate management office is much lower than the market rent at roughly RMB 1.5 per square metre per month, about RMB 34.5 (US\$4) for one room. As most households only possess one room or two, most residents pay between RMB 30 and 50 per month.

Those who have the certificate of right of abode issued from their work unit said they had paid a considerable price in ‘lump-sum rent’ around the year 2000 for a ‘permanent’ right of abode for 70 years or so. They had paid roughly RMB 3,000 to RMB 5,000. It is the same as at city level, the poor households (who have urban *hukou*) pay very little rent for their dwellings. In the Housing Survey for the low-income households in Wuhan in 2006, the average rent is RMB 41.7 (mode=32.5) for the MLSA receiving households (Zhou and Zhu, 2007:29) and is RMB 51.3 for the low-income households (excluding the lowest income households) (Zhou and Zhu, 2007:44). However, the households who are ‘outsider’ renters (who rent rooms from the individuals who have moved out or sublet their dwellings) pay much higher rents than the original residents. The data obtained from interviews shows that their rents range from RMB 120 to RMB 500.

The current crowded housing conditions in Shanghai Lane date back to the birth of New (Communist) China. The redistribution of property, following 1949, created the overcrowded living conditions as existing tenants of flats had to make room for several more households; one per room. Subsequently, a lack of management during the Cultural Revolution resulted in complications in tenure and deteriorating physical conditions. More recently, with the opening up of the economy and some relaxation in the migration controls, even more people have squeezed into these centrally-located rooms so that the high density and the demand for basic services have far exceeded what was planned for.

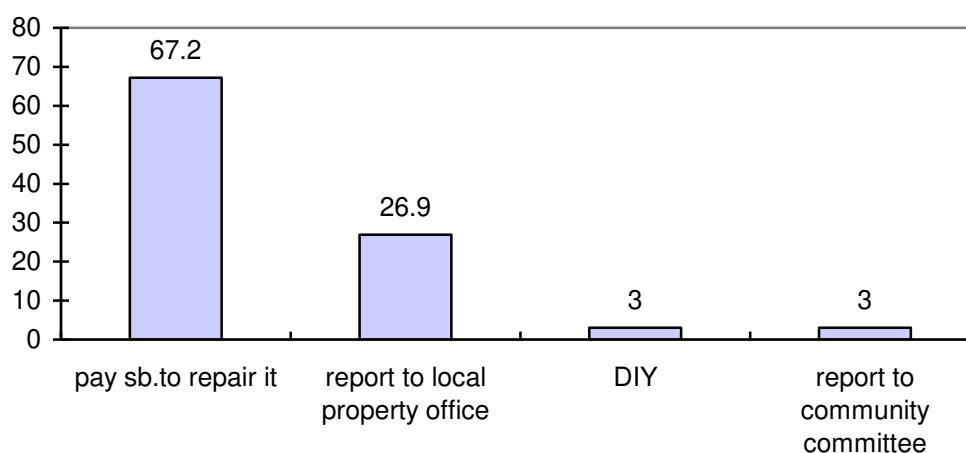
From the survey, the most common issues regarding their dwelling are rats and cockroaches, wall reinforcement and regulation of electric circuits (see Table 34). However, the services that households want to improve most urgently are pest control for rats and cockroaches, wall reinforcement, leaking roofs and separate access to water.

Table 34 Services to improve

	First service to improve	Second service to improve	Third service to improve	Total	Percentage
Rats and cockroach pest control	17	11	3	31	29.0%
Wall reinforcements	7	5	7	19	17.8%
Electric circuits	3	9	3	15	14.0%
Sanitary sewers	5	4	5	14	13.1%
Roofing repairs	7	3	2	12	11.2%
Water inlets	7	2	2	11	10.3%
Upgrading downcomers	1	4	0	5	4.7%
Total	47	38	22	107	100%

However, after the transition of ownership to the local real estate management office, this neighbourhood has become a property for which typically ‘none of the three will take the responsibility’ (*sanbuguan*³⁴) for maintenance (personal interview with households). The landlords and the local Real Estate Management Offices only offer emergency repair work at household level and do not have the capacity to maintain the neighbourhood as a whole. Nearly half of households choose to use their own savings in the case of repair and maintenance (see Figure 31 below).

Figure 31 Percentage of choices in the case of maintenance. (n=67)



³⁴ The term ‘*sanbuguan*’ is a common Chinese word used in many circumstances to describe their being no responsible party.

Contrary to their dissatisfaction with their very moderate living space and some issues in maintenance, 43 per cent households (n=70) do not want to move to another place (some reasons can be found in the case studies in Chapter 7 on Livelihood Strategies, see section 7.4 on page 271). If they have to move out, 47 per cent households prefer to be relocated nearby and another nearly 40 per cent (n=35) want to stay in the central area. Among those who have answered the question “How will you use the compensation fee if this neighbourhood is cleared?”, one third (n=24) would choose to rent an apartment nearby and one fourth would choose to purchase a second hand apartment nearby.

The existing households have used various methods to maximize their living space. Besides diverse strategies to enhance their physical capital at household level, the entire physical conditions of the neighbourhood have been improved considerably during the ‘883 Community Building Action Plan’ scheme. Further details on upgrading at both household level and community level will be found in the next chapter.

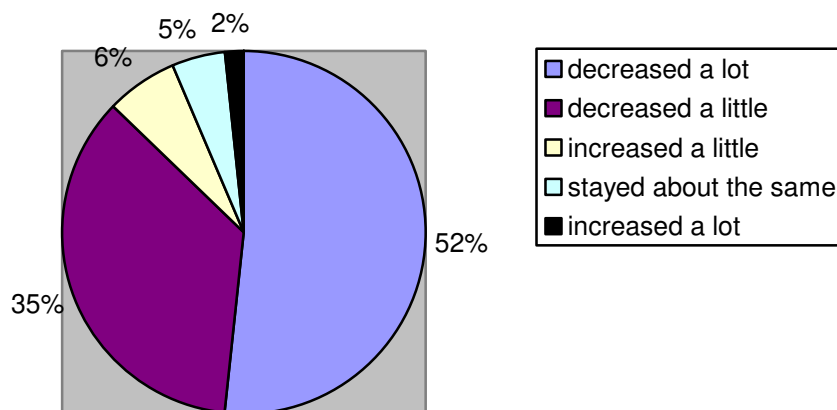
6.4.3 Social capital

As discussed in the Methodology chapter, social capital in the survey will be measured through the availability of networks, information and communication, the level of social cohesion and sociability.

a) Feeling of trust and safety

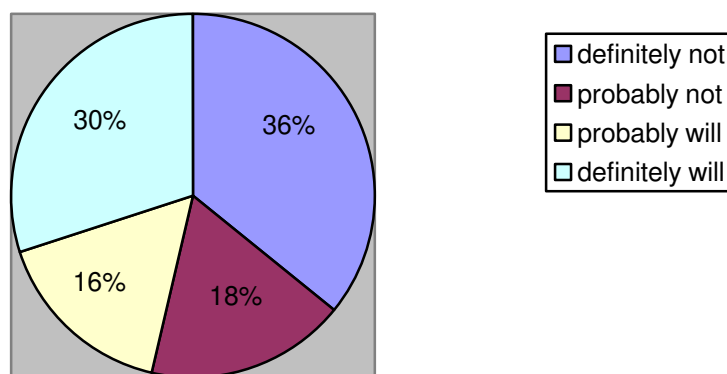
In the section on approaching the Shanghai Lane neighbourhood, it was mentioned that it is a peaceful neighbourhood and people are very alert to the presence of strangers (see page 135). However, the results obtained from the survey about the sense of trust and safety are a little equivocal. On the one hand, almost three-fourths of households (n=68) feel that the neighbourhood is moderately peaceful and 13 per cent think it is very peaceful. More than half of households think that the violence rate has decreased greatly during the last two years (see Figure 32). The reason for this, cited by the head of the community committee, is because the security gate was set up and a security guard has been appointed.

Figure 32 Tendency for violence within Shanghai Lane in the last two years (n=63)



On the other hand, 36 per cent of households will definitely not leave their keys with neighbours during times they are away³⁵ and 18 per cent probably would not do so. Less than half of households will trust their neighbour to keep their keys when they are away.

Figure 33 Intention to leave a key with a neighbour while you are away (n=67)



In household interviews, the main reason cited for the loss of trust between neighbours is because of the increase in the number of temporary rural migrants now resident. They usually live in the neighbourhood for less than six months and are not trusted like long-term, older residents. One migrant household felt excluded as well. For instance,

³⁵ The original question is “will you leave your child with your neighbour when you are away or will you leave your key with your neighbour while you are away (for households who do not need childcare.)”.

they felt that when some households found their money had been stolen, they felt that migrants would be the first to be suspected. This is evidence that the renting of rooms to migrants has increased the level of perceived social vulnerability.

b) Network and membership

Social networks are likely to be well-developed in a neighbourhood where people have lived together for decades. Among these long-term residents, there is evidently much social capital. ‘The advantage of living in Shanghai Lane,’ said the head of the community, ‘is the sense of community that cannot be found in the high-rise modern neighbourhoods.’ Respondents were asked a question about the two most important group activities which members of households attend frequently, the frequency of their attendance, their reason for becoming a member, and the benefits they have gained from joining the group. The most obvious group activity in the neighbourhood is the *mah-jongg*³⁶ group which meets in the community common room, open from noon through into the evening with a break at 5 pm. There are six table settings, including an advanced electronic one that can shuffle the tiles and rebuild the tile walls automatically. The group is run by two laid-off workers’ households. They open up, clean and give a shout to call more players when one table is incomplete. The wide public lane has provided a place for group activity. Several times it has been found that people play card games in the lane. (see Figure 34)

³⁶ A dice game played by four people with 144 domino-like pieces or tiles marked in suits, rather like whist.

Figure 34 Street life is helped by the quiet spaces. Note the low-impact exercise equipment provided under the '883 Community Building Action Plan' (photo by Graham Tipple, 2007)



It is also observed that every day there is a group of older men who meet together after lunch near the gate of the community on the pedestrian street for a chat or just to watch the world go by.

Figure 35 a group of older people who meet everyday



It is a surprising that half of residents play no part in group activities and 89 per cent had only one group activity. Members of about 12 per cent of households meet in the *mah*

jongg group; it is the most popular place for people to get together and exchange information. Another group meets for physical exercise in the nearby park on the bank of the Yangtze River.

When being asked about what kind of social group has been organized within the community, the head of the community committee mentioned the Lion Dancing Group as a successful formal community-based group that organizes activities frequently. However, households have shown very little interests in it and comment that it ‘only shows up one or twice a year’.

c) Information and communication

As indicated in the physical capital section (see page 215), the majority of households have televisions, and telephones. Internet is found in more than 40 per cent of households. Their access to information seems sufficient. However, the response to the question ‘how much you know about low rental housing policy?’ is very shocking with nearly 60 per cent household having no idea about this policy and 30 per cent knowing very little about it. Although their choice of answer is affected by their own definition about the level of awareness, household interviews still prove their limited channels to learning of this policy that could affect their livelihood. One redundant lady said: ‘I have never heard of anyone we know who has benefited from this policy. I have heard of this policy but we know nothing specific about it. I feel like even if it was available, it would be available to very few households. It is irrelevant to us.’

The resources that local residents rely on to obtain information about policy and employment are shown in Table 35 and Table 36 below.

For information about up to date government policy, the local newspaper is the first choice. Second hand information from relatives, friends and neighbours are the secondly important primary resources with over 30 per cent of households choosing it as the first channel. As mentioned before, television is popular among ordinary households and the total frequency of using it to obtain information on policy is ranked second behind the newspaper.

Table 35 Information sources for government policy

	First	Second	Third	Total
Community or local newspaper	21 34.4%	16 32.7%	5 18.5%	42 30.7%
Television	12 19.7%	16 32.7%	8 29.6%	36 26.3%
Relatives, friends, and neighbours	19 31.1%	6 12.2%	9 33.3%	34 24.8%
Internet	4 6.6%	0 0.00%	3 11.1%	7 5.1%
Community leaders	3 4.9%	3 6.1%	0 0.00%	6 4.4%
Community bulletin board	1 1.6%	3 6.1%	1 3.7%	5 3.6%
An agent of the government	0 0.00%	3 6.1%	0 0.00%	3 2.2%
Local market	0 0.00%	1 2.0%	1 3.7%	2 1.5%
Radio	1 1.6%	1 2.0%	0 0.00%	2 1.5%
Total	61 100.0%	49 100.0%	27 100.0%	137 100.0%

Table 36 Information sources for employment opportunity

	First	Second	Third	Total
Local market	17 39.5%	6 31.6%	1 25%	24 36.4%
Relatives, friends, and neighbours	16 37.2%	4 21.1%	1 25%	21 31.8%
Community or local newspaper	5 11.6%	5 26.3%	0 0.00%	10 15.2%
Internet	2 4.7%	1 5.3%	0 0.00%	3 4.5%
Community leaders	3 7.0%	0 0.00%	0 0.00%	3 4.5%
Community bulletin board	0 0.00%	2 10.5	1 25%	3 4.5%
Television	0 0.00%	1 5.3%	1 25%	2 3%
An agent of the government	0 0.00%	0 0.00%	0 0.00%	0 0.00%
Radio	0 0.00%	0 0.00%	0 0.00%	0 0.00%
Total	43 100.0%	19 100.0%	4 100.0%	66 100.0%

Information on employment opportunity is crucial to the livelihood for poor households. Local market, kinships, and local newspaper are the three primary

information resources, with a frequency percentage of 36 per cent, 32 per cent and 15 per cent respectively. Amongst these, information from local market and kinships are most useful, with about 40 per cent and 37 per cent households choosing them as their first resource.

It is noticeable that the Community Committee has played a very limited role in updating information on policy and employment (see Table 35 and Table 36). More discussion about the issues regarding the Community Committee in providing relevant information will be found in the Chapter 8 on Power. Households seem to rely more on firstly, the published information from newspaper, and secondly, second hand information from relatives, friends and neighbours. However, in the household interviews, most redundant workers feel their access to information decreased greatly after they ceased all activity in the work unit and gradually lost connection with colleagues. The overworking issue found in Human Capital section (see Table 27 on page 211), has affected their social life and consequently, affected their access to information, as revealed from such statements as

‘I am too busy for my work. I have no time to have a chat with the neighbours.’

(Household interview, 2007)

‘People who have jobs do not have time for a chat. The (unemployed) lowest-income households have time but they are not willing to talk with people who have jobs. No common topics. Universally, people would like to talk to old classmates and colleagues or very close friends.’ (Household interview, 2007)

d) Help in emergency

The question was, “if you suddenly faced a long-term emergency such as the job loss of a breadwinner, how many people beyond your immediate household could you turn to, each of whom would be willing to provide an amount of money equal to about one month’s total income of your household.” This is similar to a question asked in the Iraq Living Conditions Survey (Iraq Ministry of Planning and Development Cooperation

and UNDP, 2005). In this Shanghai Lane survey about 60% of households think no one would be willing to lend money to them. The main reason cited is that their friends would think they do not have the ability to pay back the money. The interaction between social capital and financial capital manifest here demonstrates little protection from financial vulnerability.

e) Social fragmentation

Alongside the obvious harmony found in Shanghai Lane, social fragmentation was revealed in at least two ways. Firstly, shared staircases are poorly maintained and dirty. ‘People are very selfish nowadays,’ a redundant woman said, ‘nobody cares about the public staircases.’ Several households have mentioned the change that there were to be households that volunteered to sweep the staircases but that they gave it up gradually as nobody else helped. Each household has its own lights strung down the staircase as an extension to their own room’s lights; switching them on when they have guests using the stairs. This is in line with the local saying that ‘everyone just sweeps the snow off their own front steps.’

Another phenomenon is observed that some households lock the water tap in boxes while some remove the head of tap to retain the right of use to their own households.

Figure 36 Water taps without head or in locked boxes

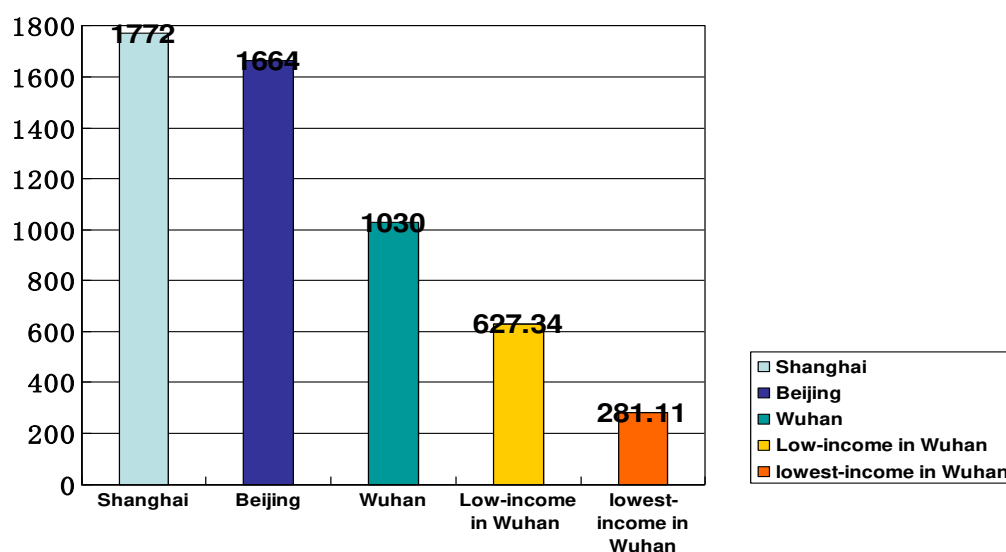


6.4.4 Financial capital

Internationally, it can be very hard to evaluate residents' income quantitatively at a micro level. There are often cultural reasons for not revealing income but there are also reasons connected with tax and not letting 'them' know too much about 'us'. Chinese people are little different from others in not being willing to answer questions about their income, savings or remittances, and any answers are likely to be unreliable. So our analysis is based more on the information obtained through qualitative interviews and is used within a macro perspective.

In the Wuhan Household Survey 2006 (Zhou and Zhu, 2007), the survey team re-visited randomly selected households and found that the household income they reported during the questionnaire survey is only 70% of their real total income. So they used the method of weighted value in the final report to which our analysis refers. As mentioned in 6.3 *The case study settlements* (see Figure 17), the majority of households in the city are poor. The mean monthly income per capita is RMB 627.34 (US\$78) for low-income households (58 per cent of the total households) and RMB 281.11 (US\$35.13) (after weighting) for the lowest income households (29 per cent of the total households).

Figure 37 Comparison of monthly income per capita in 2006 (unit:RMB)



In line with a mean of 1.3 employed people per household, more than half of

low-income households spend more than RMB 1,000 (US\$125) per month and more than half of households receiving MLSA spend more than RMB 500 (US\$62.5) per month (see Table 37). For essential domestic expenses (excluding housing), food has been give the highest priority with more than half the households having chosen it as the most important expense, followed by children's education and medical service (see Table 38). Only 12% of low income households save any income after all household expenditures. The majority of lowest- to low-income households can not save or have to use their savings. Half of the lowest income households are receiving the MLSA benefits while the other half are not entitled to them. 41% of MLSA-receiving households have to borrow money from others (see Table 39).

Table 37 Monthly household expenditure of low-income and MLSA-receiving households in Wuhan (2005)

Monthly expenditure (unit: RMB)	Low-income households (excluding the lowest) (n=245)		MLSA receiving households(n=125)	
	Percentage	Cumulated percentage	Percentage	Cumulated percentage
500 and below	6.9	6.9	44.0	44.0
501-1,000	39.2	46.1	44.8	88.8
1,001-1,200	24.9	71.0	4.8	93.6
1,201-1,600	18.4	89.4	3.2	96.8
1,601-2,000	6.1	95.5	1.6	98.4
2,001 and above	4.5	100.0	1.6	100.0

Source: (Zhou and Zhu, 2007:21,43)

Table 38 The most prioritized essential domestic expenses (excluding on housing) (percentage frequency)

	Food	Children's education	Medical Service	Others	Total
MLSA receiving Households (n=126)	58.7	31.7	7.1	2.5	100
Low income households (excluding the lowest) (n=245)	55.9	28.2	13.1	2.8	100

Source: (Zhou and Zhu, 2007:23,44)

Table 39 Financial balance between household income and expenditure (percentage frequency)

	Good; have savings	Just so-so, no savings	Difficult, have to use previous savings	Very bad, borrow from others	Total
MLSA-receiving Households (n=126)	4.8	41.3	12.7	41.2	100
Low income households (excluding the lowest) (n=245)	12.2	65.7	14.7	7.4	100

Source: (Zhou and Zhu, 2007:22,43)

Most low income households squeeze their expenses on housing (for more discussions see Chapter 7 of Coping Strategies). As discussed in the section of physical capital (see page 224), the average rent is rather low. In the survey 2006, when asked what sum they could afford to pay per month for rent or mortgage, the low-income households (excluding the lowest) had a mean of RMB 266 (US\$33) and a median of RMB 200 (US\$25) per month (n=232). It is supposed that the affordability was lower for the lowest-income households. However, the market price to rent an apartment with a total area of 41 square metres on the second floor (two bedrooms, one living room, with electronic radiator, separate toilet and kitchen, air conditioning) in Shanghai Lane was RMB 800 (US\$114) in 2008 (see Figure 38 below). For another apartment with an area of 25 square metres in a neighbourhood nearby, the price is RMB 450 (US\$64) per month (see Figure 38).

Figure 38 Prices to rent apartments in Shanghai Lane seen in the market.

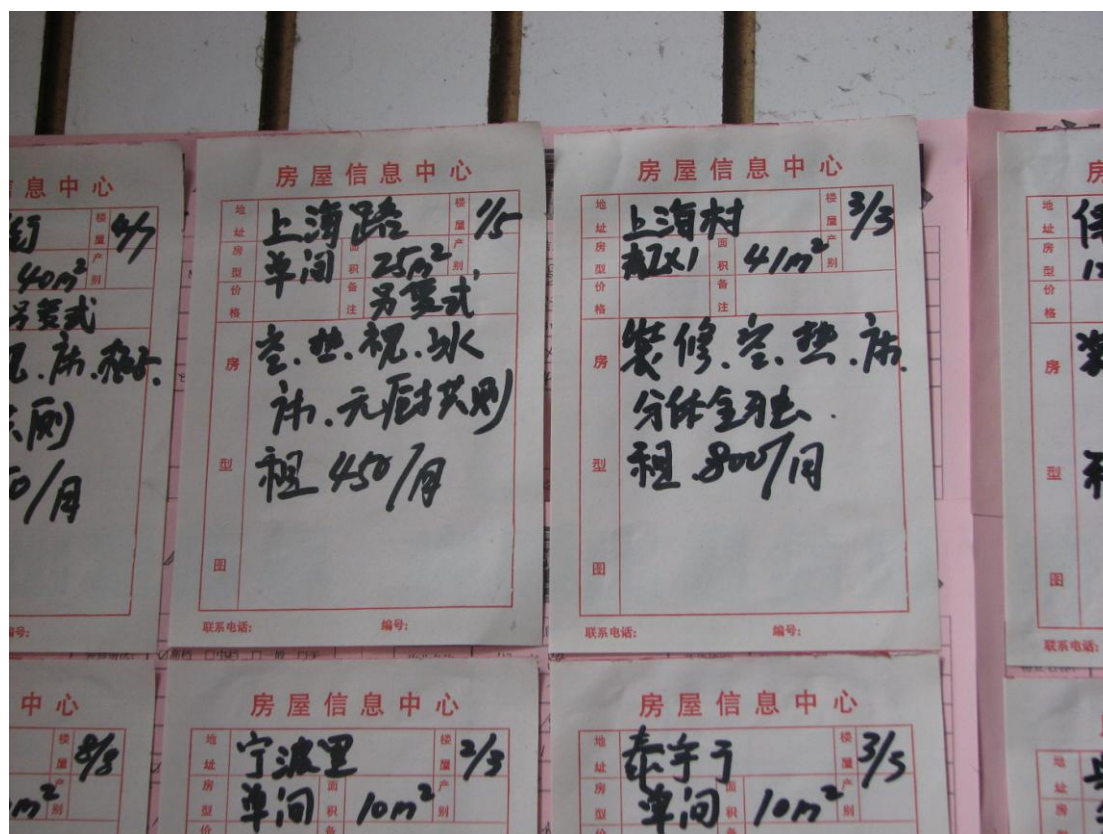


Table 40 Terms of work of principal earner (n=75)

Terms of work	Percentage
Long term worker	25.3
Short term worker (skilled)	13.3
Short term worker (unskilled)	17.3
Self-employed	10.7
Pensioner	26.7
Unemployed	5.3
Own housework	1.3

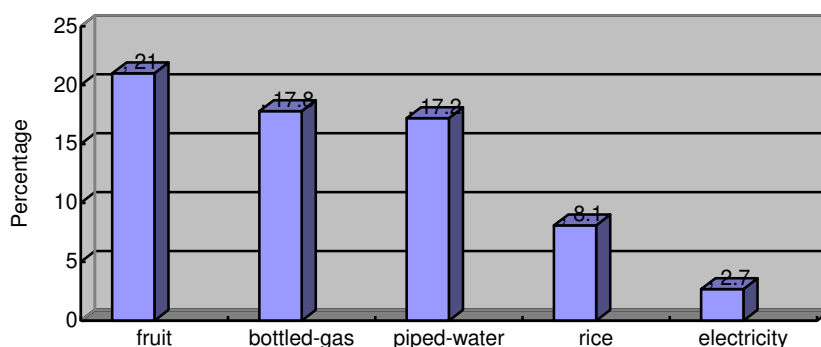
Table 40 above shows that pensions are an important income in Shanghai Lane, with about 27% of households relying on a pension as the only income resource. Just over half of households' principal earners were employed but only half of these were formally employed with stable incomes; 17% of households earned their major income

through casual, unskilled and semi-skilled service work. Some of the self-employed workers were occupied in the few home-based enterprises operating in the neighbourhood.

The mean pension (n=36) as household income is RMB 1,218 (US\$152) with a mode RMB 800 (US\$ 100), around the state minimum pension.³⁷ But the range is RMB 4,000 and one in four households received less than RMB 800, which indicates different ranks in pensions and a high rate of early-retirement. When they have to see the doctor, the minimum medical insurance of about RMB 52 (US\$ 6.5) per person per month is rarely enough to cover their clinic expenses.

Although 57 per cent of households held a positive view about their income next year (increase 19% or less) and 7 per cent expected an increase in salary of more than 20 per cent. 20 per cent of households thought that their income would remain at the same level or worsen, 14 per cent expect a slight decrease. However, the trend for a dramatic rise in prices could make their livelihoods more difficult (see Figure 39).

Figure 39 Increase in price in 2006 in Wuhan



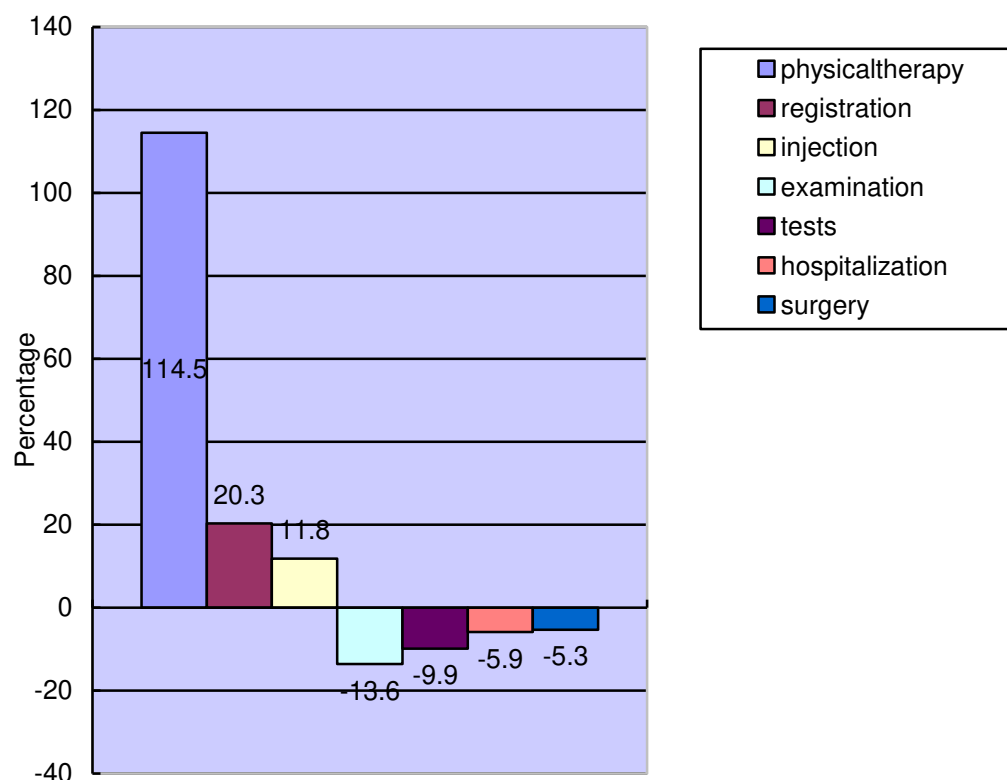
Source: (Wuhan Statistic Bureau, 2007)

³⁷ At the time of the survey in July 2007. It was significantly increased to RMB 997 (US\$142) in 2008 CNpension (2008) *Wuhan Government Announced Six Main Measures to Improve Social Benefits (Wuhan Shi Tongguo Lv Da Hui Min Ju Cuo Ti Gao Shi Min She Bao Dai Yu in pinyin)*. Available at: <http://hb.cnpension.net/sbylj/2008-10-20/612372.html> (Accessed: 2nd Dec)..

The rise in the price of fruit and rice is noticeable in Figure 39 with 21 per cent and 8 per cent respectively. The rise in the price of bottled-gas and piped-water is dramatic with nearly 18 per cent growth for each. This may explain the high use of coal (see physical capital on page 223) and the locked taps (see social capital on page 233).

The overall increase in medical service is as high as 6.7 per cent. The fees for physiotherapy, registration fee³⁸ and injection fees have increased dramatically. Although fees for examination, testing, surgery and hospitalization have been reduced, this does not contribute very much to the households who visit the outpatient department more often. Further discussion will be found in the next chapter on Coping Strategies.

Figure 40 Increase in the price of medical service in 2006 in Wuhan



Source: (Wuhan Statistic Bureau, 2007)

³⁸ In China, a registration fee is charged every time when you make an appointment to see the doctor.

The world food crisis in 2006 has affected households in China as well. Besides the rise in rice price, the meat price around the country has nearly doubled since 2006 as a consequence of inflation and a fall in the supply of pigs. A question related to nutrition and the trend of meat consumption was asked in order to assess the extent to which the local households had been influenced by food price rises in 2006. It is not surprising that 30 per cent of households (n=68) only ate meat once or twice a month and just over 18 per cent had meat once a week. One tenth of households did not eat meat at all. One of the reasons for this might be that some older people had chosen a diet with less meat or no meat. However, as vegetarianism is not common in China, it should not be significant in the sample. Another more common reason might be the affordability issue. But the good news is that 40 per cent of households eat meat frequently (see Figure 41 below). However, in the face of soaring meat prices in 2006, about two thirds of households felt they had to cut down their consumption of meat and half of those felt that the rising food prices had changed their household diet ‘a lot’ or ‘completely’ (see Table 41).

Figure 41 Meat consumption of households in Shanghai Lane (percentage) (n=68)

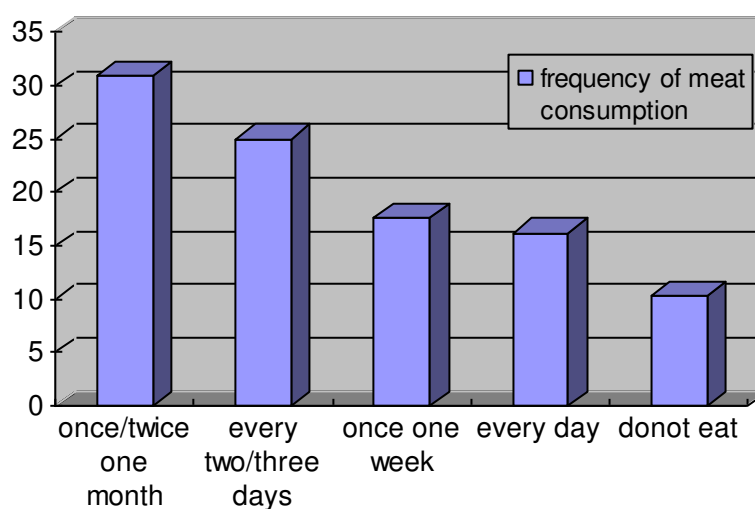


Table 41 Change in meat consumption (n=68)

	Valid Percent	Cumulative Percent
No effect	35.3	35.3
A little bit	32.4	67.6
A lot	23.5	91.2
Completely	8.8	100.0
Total	100.0	

Households in Shanghai Lane rely very little on loans; 77 per cent of households (n=66) do not use credit cards, largely because of an unwillingness to have debts (63 per cent of households did not like debt). However, limited information channels are another major factor with over one fourth of households saying they did not know about it (which means they did not know the criteria and so could not assess if they were eligible). About 10 per cent of households were aware that they were not eligible. Many residents in Shanghai Lane would have been excluded from financial resources because they belonged to one of three groups who were ineligible for credit or mortgages for house purchase (retired, not having a formal job, or having no local urban *hukou*).

For subsidies in housing, the members of work-units were eligible for the Housing Provident Fund (HPF—*zhufang gongjijing*), in which an individual's funds are deposited directly by the employer into a personal account and the fund can be used for buying, building or improving homes, including outright purchase, down payment, and monthly mortgage expenses (Duda et al., 2005). Early-retired and laid-off workers are greatly disadvantaged in this savings system as its value varies dramatically among the residents in relation to their age on retirement, the work-unit from which they were laid-off and the date, and their employer. The Wuhan Households Survey 2006 showed that, among the MLSA-receiving households, 63 per cent did not have HPF, 29 per cent did not know if they had it or not, while only 9 per cent knew they had an HPF account (Zhou and Zhu, 2007:23). Among the few households who were aware of their HPF, the amount ranged from RMB 50 to 300 per month. For those who received a lump-sum HPF when they became redundant, circumstances were rather complex. There were

several selected cases that help better understanding:

‘Most state-enterprises that went bankrupt do not have HPF. My previous work-unit had it but the staff who were in charge did not deposit it into the formal system but used it for other purposes. When we were redundant, they returned some cash to us.’ (Household interview)

‘The circumstance of HPF is different from work-unit to work-unit. My previous work-unit is supposed to have the HPF but it fades away eventually. In the end, the work-unit gave me an approval letter that states I have never received any housing benefits. They mean I should ask the state to provide one dwelling for me. But to where can I ask for a dwelling [after the work-unit based system was collapsed]?’ (Household interview)

‘The HPF that previous work-unit has paid for you is not allowed to return to individuals in cash.’ ‘But Mr F had it back.’ ‘... Every work-unit is different. Our work-unit did not give it to us.’ (Household interview)

6.5 Summary

This chapter has further defined the methodology for fieldwork and has provided a complete picture of livelihood portfolios of the residents in Shanghai Lane. The data obtained from the survey combined with triangulation with secondary data and household interviews, has illustrated very varied and complex portfolios. On one hand, the small household size and larger number of the older and youthful people, indicated by the high dependency ratio has pointed to the low human capital; limited group activities, lack of trust among the residents and observed social fragmentation has shown decreased social capital; overcrowding, inadequate services, and lack of management and maintenance are obviously indicators of poor physical capital; low income, little savings and limited access to loans, credit and subsidies have pointed to very low financial capital. However, on the other hand, an average education at high school level, small numbers of disabled people, the good location of the

neighbourhood, long-establishing community, social life within the neighbourhood, and cheap rents have demonstrated advantages in their livelihood asset capitals. Additionally, the investigation of their livelihoods asset capitals has pointed to a complex but accepted ownership management process, including inclusion of pensioners and sharing of grandparental resources, working overtime, using of coal brickettes, cutting down the expenditure on housing and on the consumption of meat. In the next chapter, their livelihood strategies as a response to limited livelihoods assets ownership will be discussed further and in greater detail.

Chapter 7 Interaction with reality

The Strategic Managers of Their Livelihood Ownerships

7.1 Introduction

The previous chapter described the livelihood assets capitals of the residents in Shanghai Lane. This chapter will present analysis of the strategies they used to manage their household livelihood portfolios. The livelihood strategies that have been universally taken by urban poor households have been reviewed first. Selected case studies of several households in Shanghai Lane illustrated their diverse approaches to mobilizing and combining different assets and, in some cases, sacrificing or trading off some assets to gain another particular asset. The importance of their existing dwelling has been highlighted in case studies and emphasis has been put on the existing adaptive strategies that most households have taken to consolidate the location of their current dwelling. Furthermore, the contributions made by the local government (through the implementation of the '883 Community Building Action Plan' scheme) to enhance the physical capital at community level have been demonstrated. However, some political issues that obstruct the households in the pursuit of better livelihoods outcomes have also emerged. The answers to the question of power will be found in the next chapter.

7.2 Livelihood strategies

'To make a living' is an approach that every poor household has to struggle with, however harsh circumstances may be. Diversity is the major characteristic among various livelihood strategies and it has two meanings. Firstly, as Farrington et al. (2002) pointed out, there is diversification in livelihood strategies when household members seek different sources of income, in both formal and informal sectors. Diversification of this kind can reduce vulnerability to some extent.

Secondly, DFID (1999b:2.5) stated that there was diversity in livelihood strategies, in a more general sense than that indicated in Farrington et al.(2002). DFID emphasised the dynamic process by which households undertake different activities combining them in

different ways in different times. Besides the nature of diversity within livelihood strategies, various scholars have suggested different ways of categorizing the diverse patterns of livelihood strategies.

Davies (1993) in Moser (1998:5) distinguished ‘coping’ from ‘adapting’ strategies. Singh and Gilman (1999) also made a distinction between ‘coping’ and ‘adaptive’ strategies in UNDP’s programmes using SLA. They argued that ‘coping’ strategies are often a short-term response to a specific shock, such as drought, while ‘adaptive’ strategies ‘entail a long-term change in behaviour patterns as a result of a shock or stress’ (Singh and Gilman, 1999:541). Both Davies (1993) in Moser (1998) and Singh and Gilman (1999) have illustrated this point in relation to food security in rural areas. In their urban SLF, Farrington et al.(2002) seem to agree with Singh and Gilman (1999) on the necessity to distinguish between ‘coping strategies’ and ‘adaptive strategies’ and have extended this concept in the urban context. They describe ‘*coping*’ strategies, as short-term responses to a specific shock (such as job loss of a major earner in the household, or illness) and ‘*adaptive*’ strategies as a long-term change in behaviour patterns as a result of a shock or stress, or as an attempt to build asset bases(Farrington et al., 2002:27). Another key point they agree about is that both the *coping* and *adaptive* strategies have implications for the composition of the assets (i.e. depletion or regeneration) from which they are derived. In other words, mobilizing assets is one of the major livelihood strategies.

The distinction above is mainly regarding the time frame – as either a part of a long term plan or a temporary response to necessity. Farrington et al.(2002:26) reviewed other different perspectives to categorize livelihoods strategies, according to the nature of the activities they involve. They are:

1. Income-enhancing;
2. Expenditure-reducing (especially significant if the former are limited by a ceiling);
3. Based on collective support and

4. External representation (negotiation with local authorities, NGOs, etc.).

Table 42 Typical strategies adopted by poor households to cope

Strategies to increase resources, by intensifying the use of natural, physical or human capital	<ul style="list-style-type: none"> • diversification of economic activities, including entering more household members into the workforce, starting businesses, migrating or renting out additional rooms • increased own production of food and other crops and livestock
Strategies to change the quantity of human capital	<ul style="list-style-type: none"> • reducing household size by postponing or stopping having children or sending them to live elsewhere; migration • increasing household size, by retaining or incorporating relatives, especially older women (who can assist with child care) and children of working age, including married children
Strategies involving drawing on stocks of social capital	<ul style="list-style-type: none"> • borrowing • seeking charity/begging
Strategies to mitigate or limit a decline in consumption, many involving running down stocks of human, physical, social and natural capital	<ul style="list-style-type: none"> • reducing or eliminating consumption items such as new clothes or 'luxury' food and drink • reducing the number of (cooked) meals per day and purchasing poorer quality or less food • buying cheaper and second-hand clothes • withdrawing children from school • distress sales of assets e.g. land, livestock • postponing medical treatment • not repairing or replacing household/ production equipment • postponing house repairs or improvements • reducing social life, including visits to rural homes by urban households • embarking on or increasing foraging (collection of wild foods or fuel, scavenging waste)

Source: adapted from (Rakodi, 1999:320)

Table 43 Livelihood strategies often used by poor households

Strategy	Mainly urban	Urban and rural
Income-enhancing/ investment	<ul style="list-style-type: none"> • Domestic services-cleaning and childcare (esp. girls and women) • Urban agriculture • Renting out rooms 	<ul style="list-style-type: none"> • Home gardening • Processing, hawking, vending • Transporting goods • Casual labour, piece work • Specialised occupations (e.g. tinkering, food preparation, prostitution) • Child labour • Migration for seasonal work • Begging • Theft
Expenditure-reducing/ sacrifice	<ul style="list-style-type: none"> • Scavenging • Cutting transport costs 	<ul style="list-style-type: none"> • Mortgaging and selling assets • Selling children into bonded labour • Changes in purchasing habits (e.g. frequent smaller quantities, not bulk buying) • Buying less and/or cheaper goods and services • Discrimination within the household (e.g. giving less to less powerful or less favoured household members)
Collective support	<ul style="list-style-type: none"> • Communal kitchens • Communal childcare 	<ul style="list-style-type: none"> • Mutual loans or savings groups • Putting out children for care in extended family • Remittances from household members working away

Source: (Farrington et al., 2002:27)

Both Rakodi (1999) and Farrington, et al. (2002) (see Table 42 and Table 43 above) have summarized the common livelihood strategies taken by poor households. It is noticeable from the above that households in urban and rural areas use different livelihood strategies. Indeed, the livelihood strategy is intrinsically determined by the range of assets they possess, the specific context in which they live, and the environment as regards policy, institutions and processes. The following section will summarize the various strategies that poor household in Shanghai Lane have adopted based on the limited livelihood portfolios they have in the urban context in China.

7.3 Household livelihood strategies in Shanghai Lane

7.3.1 Stories of strategic managers

Moser (1998) appraised the poor as strategic managers of complex asset portfolios. The following cases studies will show the various strategies that poor households in the sample have employed.

7.3.1.1 Case study 1

Box 7 Case study 1 of household livelihood strategies

Mr A's household moved to Shanghai Lane in 2002 after their previous neighbourhood nearby was cleared for redevelopment. About the compensation fee, he said: "RMB 4,800 per square metre? No Way! It was RMB 1,700 per square metre for us. Where we had lived was municipal housing. You know, the area of municipal housing is very little, normally less than 20 square metres. They said it was reacquisition for infrastructure use. But eventually it turned into Wal-Mart." The disadvantage of living in municipal housing is 'the household only has the right of abode. Thus the country and the government have the right to clear the land for the purpose of redevelopment.' (personal communication with household).

They have chosen to stay nearby after their neighbourhood was demolished. They paid about RMB 40,000 to purchase the right of abode of their current dwelling. Their household had five members: grandparents, adult parents and a daughter. Both the adult parents had been made redundant. The grandfather's monthly pension was about RMB 900 per month. Medical insurance is about RMB 60. The grandmother had no employment before, so she had no pension or medical insurance. The grandfather's health condition was basically fine but the grandmother had gall-stones. The medical insurance that the grandfather received was used mainly for grandmother but it was insufficient.

The father was made redundant from a state-owned construction enterprise in 2001 and he received one-lump sum as compensation. ‘At that time,’ the father said, ‘according to the government document, every redundant worker, whose work unit has been re-structured, will receive compensation at the standard of RMB 598 multiplied by working age. So I have only received about RMB 10,000 in total.’ He had no medical insurance until he was re-employed as a senior porter in the park. His wage was about RMB 1,000 per month and it is formal employment with social benefits. His main duty was to empty the park of visitors before the park closes. This job did not need him to use the skills he acquired in his previous work in the construction industry. Mr A’s friend introduced this job to him.

The mother chose early retirement in 1996 when her work unit went bankrupt. She received a lower pension than the normal standard as a consequence of her early retirement.

The household only had one typical room in which to live. The daughter had worked in another city since she graduated from the university in 2005. She had a Bachelor degree in fashion design and she then had a well-paid job in a Petrol company. Like her fathers, her job resulted from an introduction by Mr A’s friend. Owing to the advantage of living on the ground floor, this household had transformed the space under the staircase into a kitchen. Then they had altered the original kitchen into the bedroom for the father and mother and extended the space in the courtyard outside the original kitchen into a toilet and bathroom and a place for washing clothes. The main room served as the living room, dining room and the bedroom of grandparents. The daughter used to live on the mezzanine. The total use area including the extension was about 50 square metres and the monthly rent was about RMB 40.

Household A chose to live in Shanghai Lane because it was the only type of dwelling that they could afford in a central location. Their dwelling had serious problems of

damp. Although they suffered from arthritis caused by damp, they thought it was acceptable and they could manage. They comforted themselves by saying ‘it is better than those households who had to share toilet and kitchen. At least we have our own.’ The long term plan of Household A was to join their daughter in another city and purchase a dwelling there. It is a typical approach taken by many households that they sacrificed the living condition (physical capital) for the only child’s education (investment in human capital) which in many cases is the only hope for households to escape from poverty in the future. Household A is a successful demonstration of investment in human capital leading to a more sustainable livelihood. Household A had saved money for their daughter to complete higher education and then they were saving money for better housing with their daughter in another city. This case has also demonstrated how social capital is vital for improving livelihood as the jobs of both Mr A and his daughter were obtained through introductions by his friend.

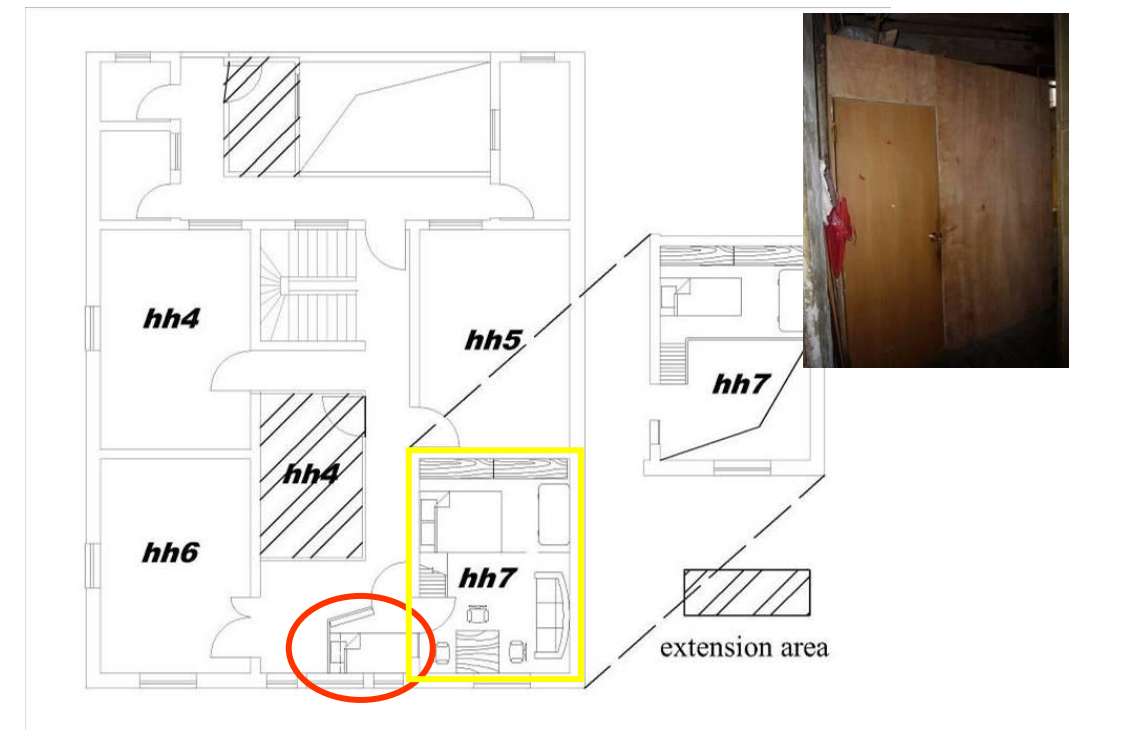
7.3.1.2 Case study 2

Box 8 Case study 2 of household livelihood strategies

Figure 42 Left: The father sitting under the mezzanine where his daughter sleeps. Right: The grandmother and her space.



Figure 43 Floor plan of the first floor of a *danyuan*. Completed by Ying Chang after measured drawings by Wuhan University of Technology.



The household of Mr B lives on the first floor. Grandmother, adult parents and daughter only have one room to live in with an area of about 23 square metres. The household head is the grandma. She moved in 1957 when it was a work-unit dormitory. The grandma is nearly 80. The adult parents are nearly 50 and the daughter is in her last year in high school. The space on the mezzanine belongs to the daughter. It is for her studying, sleeping and storage. The main floor is used as the bedroom of the adult parents and as the living room and dining room for the whole household. They have extended a small space outside the door for grandmother to sleeping in (see the red highlighted space in Figure 43).

The father was made redundant from the Port Office and has a 'flexible/elastic' job working about one or two days a week. The mother was redundant as well and now works in another town as an office assistant. The main income of the whole household is the grandmother's pension. Her son manages the grandmother's savings account for household expenses.

They shared the toilet with another three households but they have their own kitchen.

Household B demonstrated a common approach taken by poor households in the sample: incorporating pensioners to share the pension as the household's main income. Grandma of household B contributed to the whole household in three ways: pension, housing, and help in housework. Grandma got the rice ready before her daughter in-law came back after work in another town. She also looked after granddaughter's lunch when both father and mother are out.

Work in South Africa has shown that cash transfers, such as pensions, have a considerable effect on the households in receipt of them. Duflo (2003) found that more than a quarter of under-fives there live in households with a pensioner and they score more highly in anthropometric measures of health than those without a grandparent at home. Another part of the story in South Africa is told by Bertrand et al (2003) asserting

that workers in households containing a pensioner tend to work fewer hours than those without. The income pooling occurring when a pension comes into a household may allow younger members to free-ride or may alleviate the pressure of making ends meet. The one-child policy in China has yielded the '4-2-1' mode of nuclear family – four grandparents, two parents and one grandchild. There is a natural consequence that grandparental resources concentrate upon a single grandchild particularly among poor households. Thus, we see how many of the pensionable elderly people in Shanghai Lane are supporting the household in which their grandchild lives; building human capital to reduce household vulnerability in the future.

The transfer of pension income at household level has been natural as state-owned enterprises have been incapable of meeting their pension responsibilities after reconstruction or falling into bankruptcy. More discussion will be found in other cases that follow.

7.3.1.3 Case study 3

Box 9 Case study 3 of household livelihood strategies

Ms C and her extended family live on the rooftop. The grandmother is the household head. She and her husband moved into Shanghai Lane in the 1960s as a work-unit dormitory. They originally only had one room on the second floor. After her children were born and grew up, the work unit allowed them to build extra rooms on the rooftop. The household of one of the adult children lives on the second floor and another two adult children's households live on the rooftop. The grandmother lives with Ms C's household. The older brother's household live next to them on the rooftop.

Ms C has an agriculture *hukou*. She married her husband and then moved to the city. Ms C's husband was redundant from the Port Office. Fortunately, the Port Office still exists and they recalled the father to work– although not always – as a porter on a ship. He works full duty for two days and then has two days break. Ms C stopped working two

years ago when her son was born. The boy goes to hospital every month, which costs money and he requires her care. They have joined the national medical insurance but only the hospitalization expenses are met. The grandmother had an operation for gall stones last year and has been in hospital. 60 per cent of that cost has been covered by the medical insurance.

The Community Committee used to call her when there is some job information. But Ms C said after she has the child to care for, they gave up calling her as they think she is not available. She had thought to send the child to nursery but the staff suggests she should not send the boy to the nursery as he is not strong and it will increase the chance of him getting ill and there are not enough hands to look after him. Ms C has considered applying for state MLSA and the sister in law has consulted the staff at the Community Committee. The answer is that the criteria is stricter than before. As her husband is younger than 50 years old and it is assumed that he still has the ability to find employment, their household is not qualified.

Figure 44 Access to piped water for households on the rooftop



They have built a dwelling on the roof: one main room and a small kitchen on the surface of the rooftop and another room above that for the grandmother. The picture shows the self-built water supply of a household living on the roof. The big red bin is a water container in case there is limited water supply. There is a washing room behind the water container. There are three taps, one is for the bathroom, one is for grandmother who lives on the upper floor, and another is for the young nuclear family. Their piped water is from the second floor and their dirty water flows through the rain pipe down into the ground.

They live next to their sister in law's household on the rooftop. This household has built another steel-walled room for their son after he grows up. All the households living on the rooftop have to go down to the second floor to use the toilet.

Making a livelihood is hard for both the nuclear family and the extended family. But fortunately their dwelling is free. In the past Ms C worked as a shop assistant in a pharmacy. She thinks she could work again if she did not need to look after the child. However, it would not contribute very much to the household income as more expenses would be caused if the boy had to be sent to kindergarten, or if the workplace was far away. Also it would not greatly alter other aspects of their household's livelihood, such as the medical expenses of the grandma and the boy. Ms C feels they are unable to make any change to improve the livelihood by themselves. The only thing they can hope for is a new policy or subsidy from the government.

In the medium term, it can be predicted that household C will be trapped in poverty. The high dependency ratio and poor health condition of grandma and the toddler indicate poor human capital. The lack of skill of both father and mother has determined their disadvantage in competition. As Rakodi (1999) stressed, the types of strategy open to different households depend largely on the nature and situation of the household. The strategy that household C can employ is very limited owing to their limited assets and the particular life pattern they have. As the pension of the grandmother is important in

this case, the loss of grandma will certainly increase their vulnerability. Their household is more than likely to be caught in ‘a permanent circle of poverty’.

7.3.1.4 Case study 4

Box 10 Case study 4 of household livelihood strategies

Mrs D is a widowed mother of her only daughter. She has gone through a very difficult life but she is a strong and optimistic lady.

Mrs D has lived in Shanghai Lane for more than thirty years since she was married to her husband. Her husband died when their daughter was five. As her husband died of natural causes rather than an accident at work, their household only received six months wages (RMB 624) plus RMB 300 funeral fee. Three generations live together. They used to live in one room on the first floor. As their household is large and one room was not enough, the previous work-unit built a building on the ground floor in the public space of the lane. The grandparents had lived there until they passed away. At present, the mother and daughter live together on the first floor; the mezzanine is used as her daughter’s study place. They have a shower place and kitchen in the room on the ground floor of the lane.

Mrs D was made redundant in 1997 and started as a help in a breakfast business in a neighbourhood nearby in 1998, continuing until that neighbourhood was demolished in 2006. When she was redundant, she was younger than retirement age. Her case is called ‘early retirement from the work-unit’ (*nei tui* in pinyin), which means the remainder of employment relationship but no work and no wage.

In this circumstance, you are supposed to make a living by yourself. In order to support her daughter’s education in the university, Mrs D uses the room on the ground floor as a grocery shop. She sells beers and soy sauce, etc. Everyday after she finished the breakfast business she ran her shop. The customers are old neighbours. As many households have lived here for a long time, they bought things from her as a kind of

support. But after she had two serious operations in 2002, she gave up her business. Another reason she did so was the pressure of competition from supermarkets opened nearby.

She had two big operations in 2002 (one on a kidney; the other on her appendix). At that time the national medical insurance system was not yet enforced in her work unit. As she still maintains an employment relationship with her work-unit, the work-unit paid 80 per cent of the total cost. She thinks this is better than the present medical insurance system, in which she has to contribute more than half. Her medical insurance account receives about RMB 52 per month at present. 'I cannot afford to have any more operations,' Mrs D said, 'Nowadays, a minor illness will cost you RMB 500. One time when my kidney had a problem, I went to the emergency. One injection cost me RMB 180, other fees on examination and operation cost several hundred. Later I went to the community clinic to continue the injection, which was cheaper than the hospital but still cost me another RMB 100. The money on the medical insurance account can cover only one injection!'

When Mrs D was redundant, there was no policy of a MLSA for the lowest income households. She only received about RMB 200 per month as living allowance from her work-unit. After 2000 when the new Community Committee was established, she heard of the policy of MLSA and wanted to apply. However, her pension at that time was RMB 304 per month and the income per capita for her and her daughter is just above RMB 150 (the MLSA line in that year). As a result she does not qualify for MLSA. The staff of the Community Committee have shown their sympathy but they can do nothing about it. After her breakfast business was terminated by the redevelopment project, the Community Committee asked her to assist with some tasks. Nowadays, she is in charge of the community service centre which is responsible for leasing business premises and also acting as a part time job agency.

Mrs D's daughter graduated one year ago and was awarded a bachelor degree in Administrative Management. However, it was so difficult to find a job that matched her subject that she is working in a call centre taking telephone calls. She works from 10am to 8pm every day. At present, Mrs D's monthly pension is about RMB 800 and her daughter's wage is about RMB 1,000. They do not have the capacity to purchase new housing. 'I only wish I had a place where my daughter and I can stay. Two bedrooms and one living room. After my daughter is married, they have to have a place to stay. Any apartment, as long as it is a place to stay, as long as it does not need any more investment. I am nearly 60 years old. A mortgage is impossible to me. I do not have housing provident fund (HPF) either. My work-unit gave me RMB 1,000 in total as HPF when I was redundant. My daughter has a contract in which her employer contributes to her social insurance account but she has no medical insurance.'

Mrs D's story demonstrates the harsh life that many redundant workers have experienced. Mrs D was a warehouse keeper before her redundancy and similar to many other redundant workers, she has no specific skills, which has restricted her opportunity in seeking jobs. Although the methods by which poor households seek livelihoods are very diverse, informal businesses, such as hawking breakfasts, and running a grocery within the neighbourhood, are very insecure. The case of household D also illustrates the importance of social capital: her grocery business and the job in the community service centre both relied on the long-established links within the community. Her daughter's job was found through the information provided by the community committee. However, Mrs D's household is still very vulnerable in the face of illness owing to their limited medical insurance. Mrs D can not afford the expenses for hospitalization any more. Worse, the fees for medical service keep growing (see Figure 40 on page 239).

7.3.1.5 Case study 5

Box 11 Case study 5 of household livelihood strategies

Mr E's household is a typical nuclear family. Both Mr E and his wife are about 40 and their son is about 12. His wife inherited their dwelling from her mother. They only have one room of about 20 square metres and they share a toilet and kitchen with other households. They have a shower room on the rooftop. Mr E works as a cashier for his classmate. His wife works as a cleaner in a night Karaoke centre on the opposite side of the road. Both of them were made redundant from a state-owned textile factory between 2004 and 2005 with a lump-sum compensation fee of RMB 14,000 and RMB 20,000 respectively. During 2004 to 2006, Mr E's wife's wage was only about RMB 500 but she has to contribute to her social insurance account of RMB 370 per month. Indeed, her income only contributes just above RMB 100 to their household. After the new Labour Law was enforced, her income is RMB 600 per month and her employer is paying for her social insurance.

Mr E and his household only have one room to live in. They have built a mezzanine but it is used for storage purposes. As the mother works from 10pm to 6 am everyday for six days per week, the father sleeps with the son. If the mother is off work, the boy sleeps with mother and the father will sleep on a deckchair. They built another bedroom on the rooftop as they considered that the boy has grown up and he needs to sleep separately from the adults. However, they will let it out eventually to rural migrants with a rent of RMB 130 per month for more income. They bought Mr E's brother's apartment in a remote area two years ago when his brother needed money in an emergency. But they can not afford to live there. They let it out at RMB 400 per month. This extra income all goes to the savings account for future education fees when their boy goes to university. They plan to decorate the mezzanine next year. They have saved about RMB 10,000 and they hope to save several thousand more next year and then to decorate the mezzanine as a place for the parents to sleep.

Mr E has applied to purchase economically affordable housing, but they cannot afford the price of RMB 2,700 per square metre. As the average living area is less than 10 square metres per capita for their household, they had considered applying for housing allowance. However, this benefit is only applied to lowest-income households (*di bao*).

As illustrated in both Table 42 and Table 43, renting out rooms is a common approach that poor households take to improving their income. Income from rents is a main resource for household E and it is the only source of saving for their children's education. Poor households have to undertake casual work, and in some cases, work that others will not take, like the young mother working as an overnight cleaner, to make a living.

Chapter 5 on vulnerability discussed the common shocks and stresses that redundant workers have to face. It has been mentioned that the socio-economic situation of redundant workers has worsened since China embraced a mixed social security pension system in which individuals are no longer guaranteed a pension but have to contribute into their social security account for at least 15 years before they are of retirement age. The young father and mother of household E are representative of many other young redundant couples who experience a harsh time when they have to contribute to the social insurance account while their children's education is the priority of the family. Housing is the only asset such families can trade-off and probably will yield income.

7.3.1.6 Case study 6

Box 12 Case study 6 of household livelihood strategies

Mrs F's household is a rural migrant family living on the rooftop. They came to the city to obtain a better education for their only son. They have rented two self-built rooms at a rent of RMB 150 per month excluding bills. Mrs F is only 30 years old and her son is

8 years old. Both Mrs F and her husband have temporary work. Mrs F's morning is spent preparing breakfast and lunch for her son. In the afternoon, she works as a cleaner at her distant relative's home and goes to market and cooks dinner for them. After dinner, she works as waitress at a *mahjong* centre owned by her distant relative until midnight. Her work includes cooking and serving food and cleaning afterwards. Her wage is RMB 900 per month in total. Her husband works as a security person every day, from nine to seven, six days per week. His wage is about RMB 1,000. She said she is very lucky as her distant relative is better-off and has power and useful kinship that can help her household in many ways, for instance, the jobs for them and the right to choose a good school for their boy. Her work is informal and has no contract at all. Her husband's work also does not entitle him to any social benefits. But they do not care. Their goal is very clear: "I am not jealous of others. My goal is to make money so my son can go to a good school. I feel very happy about my life. "

The bedroom they live in is only a little bigger than a double bed. Their son still sleeps with his parents. The room outside the bedroom is the kitchen. The only electric facilities are the fridge and air conditioning. Their furniture comes of used things that have been abandoned in the neighbourhood. They have to go downstairs to use the shared toilet and have to carry water to clean it after use. Although their living conditions are very poor in the city, their housing in their hometown is very nice, being on one floor, with solar radiators, clean and spacious. However, they still would like to stay in the city to improve the educational provision for their boy.

With income of about RMB 1,900 per month, they spend nearly half on food, electricity and gas. 'I cook soup every week. I do not spend much on clothes. My husband does not spend much. But we eat good food. Our work is very labour consuming. We have to eat well to keep healthy.' In addition to this, rent is RMB 150 and RMB 200 is spent on remittances. However, every month, they invest more than RMB 200 on an Olympic Mathematics Class and RMB 250 on Language study for their child's education.

Although the biggest expense is on the child's education, they still cannot afford for their boy to go to the 'smaller/ compact class'. Their son stays in 'normal' class. The students in 'normal' class are poorer than the students in 'smaller class.' For the 'compact class', you need to pay an extra RMB 450 per month while it is almost free for 'normal class.' The 'normal' class is dismissed at 5:30pm while the 'compact class' will study Olympic Mathematics until 6:30pm. Another difference is that the students in the 'compact class' have to pay an extra RMB 150 and have to eat in the school every day while the students in the 'normal' class do not need to eat at the school.

Mrs F feels that the neighbourhood is basically harmonious but they have felt the social exclusion. For instance, if any household has money stolen, they would be the first suspect.

Mrs F is the only case study of a migrant household. In many SL studies in rural areas, migration is the main livelihood strategy to increase household income. Mrs F moved to the city for a better education for the next generation. They have given up their modern housing in the rural area but squeeze all their expenses to provide education. Even so their child still cannot receive fully equal opportunities for education. Meanwhile, they send money back to their home and support other family members. This case highlights the importance of kinship for rural migrants in the city. Mrs F works for her relatives and her relatives have arranged work for her husband, and arranged a good school for their child.

7.3.1.7 Case study 7

Box 13 Case study 7 of household livelihood strategies

Mr G and his wife were both made redundant from a state-owned retail supermarket in 2001. Before redundancy, Mr G was promoted from shop assistant to office staff in a worker's union and his wife was a cashier. After redundancy, Mr G and his wife tried

various jobs. Mr G worked in a primary school service office, logistics, and cruise crew. In the end, he and his wife started their breakfast business within the neighbourhood. They get up at four every morning and run it until 10am.

Mr G inherited this dwelling from his mother. Mr G describes his living room as a 'fake' living room as it was not a part of the building but an extension put up by them. Originally they only had one room of 18 square metres. After their boy grew up, they felt it was not enough and they extended the 'fake' living room, which has been approved by the real estate management office.

The monthly rent for their dwelling is RMB 30. However, the rent for the room they use for storage of their hawking facilities is RMB 300 per month. They complain that the neighbour has taken advantage of them for the rent. It is too expensive for a room of only five or six square metres. They want to run a lunch business as well but the Community Committee does not allow it. They can save about RMB 700 and RMB 800 per month after all the expenses. The main expenses are spent on their only child. Another main expense besides food is the contribution to his wife's social insurance account. They have to contribute RMB 320 every month (at the survey time in March 2008) and it will have increased to RMB 400 in July 2008. Every year it increases at a stable rate and they have to contribute to it until his wife is retired.

Their business is not affected by the season but very much by the weather. Another factor that affects their business is the status and good name of this community. The Yangtze community is a demonstration or 'Red Flag' community, which means it is always visited by high status officials. As their business is informal and it has a 'negative impact' on the physical environment of the neighbourhood, it has to be suspended when the visitors come.

Mr G's Household is another case that demonstrates diversification in the livelihoods of

poor people. As with Household E, the contribution to the social insurance account is a big financial burden to this household. The economic benefits from an informal business can directly help enhance the human capital of Household E: ‘I did not dare to buy expensive food. For example, duck is very expensive. It costs several tens of RMB . I cannot afford it. But after I had the breakfast business, I could afford to eat duck every week.’ As mentioned in “Financial capital” (see page 240), many households have had to cut down the consumption of meat because of the soaring price, which indicates their poverty and vulnerability. Mr G’s previous casual jobs were all obtained through introduction by his friends. This has reaffirmed the importance that social capital may have. However, the education of children is also a priority of household expense. Household G sacrifices their social capital to pay for education. Mr G admits that he has to cut off social activities so that they can save more money. He chose to join in the singers’ club on line instead of calling friends to go to Karaoke. Trading off social capital is a common strategy poor households often take. It is noticeable that household G’s informal business is affected by the local policy and governance very much. More discussion will be found in the next chapter on power.

7.3.1.8 Case study 8

Box 14 Case study 8 of household livelihood strategies

Mrs H lives on the ground floor with her husband, daughter and her mother in law. Before they moved to Shanghai Lane in 2000 they had lived together with her mother in a smaller apartment far from the city centre. In 2000, Mrs H had been diagnosed with cancer and they spent some savings on her medical treatment. They moved here to live more cheaply and in a location nearer to her daughter’s school so that they can save on transportation. They have built a mezzanine over the whole of the only room and the parents live on the mezzanine. The daughter lives in the living room and the grandma lives in a room they rent from another household on the same floor. The place where the grandma lives was the public kitchen. They have used the space in the back courtyard

and built a two-storey building: the ground floor is used as a kitchen and toilet. The first floor is a storage space and washing place.

Mrs H was made redundant from a textile factory in 1996 and she has been waiting until 2003 to be able to retire at the age of 50. Her husband's work unit is not yet bankrupt but is running poorly. He still maintains an employment relationship in which he receives about RMB 400 per month as living allowance. However, he has not received it for half a year. Basically, her husband stays at home and has nothing to do but watch television. Mrs H has skills such as being a cashier. She has made a living with this skill since she became redundant but recently she lost work again. She complains that it is more difficult for people at her age to find a job. She stays at home and invests some savings in the stock market but it proved to be a very bad investment last year.

They spent between RMB 20,000 and 30,000 to purchase the right of abode here. They pay rent to the local real estate management office of RMB 34 per month.

During the period after her redundancy and before her retirement, she has received no living expenses allowance, and no medical insurance. Her household has paid a great deal for her treatment and it was all from her household expenses. Her daughter is working for a milk company and is often away on business trips. The employer has paid for her daughter's medical insurance but she calls it is a 'fake' medical insurance which only covers the expenses if you go to an appointed hospital which is in a remote area. Her husband has just started to receive benefits from the medical insurance but the couple complain that it only covers hospitalization costs. They have to pay outpatient fees by themselves. Mrs H will start to receive medical insurance allowance when she is fully retired. It is less than RMB 70 per month. The grandma has high blood pressure and needs to take medicine every day. The grandma also has knee problems for which they buy prescriptions from a private pharmacy. One whole treatment costs several hundred Yuan. For cold, flu and other normal illness, they can not afford to go to see the

doctor and will only go to the pharmacy to buy medicine themselves. Mrs H has been diagnosed with another disease but she postpones her operation because it is too expensive.

They do not have any vision for change in the future and they only count on the government to make any improvements to their life. As far as housing is concerned, they do not think they have the ability to afford better housing. They have heard and considered the information about low-rent housing offered by the government, but the information is very limited. They have never heard of anyone they know who has benefited from this policy. It sounds like something 'untrue' or 'out of reach'. In addition, they feel desperate and lack confidence in seeking jobs owing to their age. However, from the conversation with their neighbour, 'the husband has not had a job for a long time, but the Community Committee has never told him of work that could be available to him. Of course, there are some reasons for this, for example their *hukou* does not belong to this community. But there are always several household who are introduced to work from the Community Committee, always them.'

Similar to Household A, they moved to Shanghai Lane after relocation. It is an outcome of a strategy to cope with the shock of mother's operation and the stresses of high living expenses. It is cheaper to live in the city centre. Household H's social capital is lower than other households owing to the short time they have lived in Shanghai Lane and their relationship with neighbours is not yet very close. This has obviously affected their livelihood as they obtain very limited information about employment owing to their low social capital. The poor health condition of family members is a stress to the household and they have to postpone the treatment as a sort of livelihood strategy. They trade off their expenses in health but ensure the sufficiency of funding for education.

7.3.1.9 Case study 9

Box 15 Case study 9 of household livelihood strategies

Mrs I's household is a family receiving MLSA. Mrs I has had mobility disability since she was a child. She also has lived in Shanghai Lane all her life. She had talent in drawing and painting and it has become the main means of earning a living for them. She teaches four or five children drawing. Every student pays RMB 100 per month. She sells her painting work on line but the business is not very good owing to her limited knowledge about internet and e-selling. After the security gate was set up, as their household is in receipt of MLSA, her husband has been given priority to be appointed as guard. The income is RMB 300 per month. Besides the painting business, Mrs I also has invested in a photocopier to have some photocopying and printing business within the neighbourhood. The old neighbours and the staff from the Community Committee know that their household has economic difficulties so they come to their room for photocopying. Every day, she may conduct business of less than RMB 20 but the paper, ink and the machine all cost money. The trend is that the cost is growing.

Mrs I receives MLSA of RMB 280 per month and so does her husband. Mrs I also receives allowance for being disabled of RMB 100 per month. Her husband had undertaken some temporary work in the past and gave it up in 1992 when his father in law had stock. He looked after him. After that, they did framing work for several years but gave it up as a main business after the competition with the rural migrants made the benefits too low. Their only daughter is in the middle school. Every month, the living and education expenses for their daughter are at least RMB 700 although they eat three meals at home.

Mrs I has just started to receive medical insurance benefit. But she calls it a 'fake' one as well: only treatment costs for serious disease can be covered and individuals must contribute the half of the total cost. However, Mrs I's family members have not had

serious problems. But Mrs I has complained of her chronic nasitis which has cost a sum from household expenses.

Mrs I lives on the first floor. Her household has two main rooms. One room is still used irregularly as the workshop for framing work. The other one serves as the living room, bedroom, and dining room. They have their own kitchen but they share the toilet with other households.

Mrs I had worked for a welfare printing factory before the boss sold it illegally and escaped. She and her colleagues have lost all their employment archives and records and nobody is responsible for their social insurance.

Household I has various sources of income. Their livelihood mainly depends on the benefits from the policy of assistance for the lowest income households and disabled people. Mrs I's husband got the vacancy as security guard within the neighbourhood because they are an MLSA-receiving family. Their long-established kinship with the neighbours has helped their photocopying business. As their work is all within the neighbourhood and their daughter's school is nearby, they eat three meals at home so their expenses on transportation is non-existent. However, the insecurity of social benefits is a source of long-term stress to this household.

7.4 Summary of coping strategies and outcomes

As discussed in the methodology Chapter and in the early part of this chapter (see page 250), livelihoods strategies are determined by assets and the vulnerability context. The limited ownership of assets illustrated in the last chapter has restricted the means of strategies that poor households in Shanghai Lane can adopt, which also increases their vulnerability in the competitive world.

Redundant workers are present in a number of households in Shanghai Lane (see Table 24 on page 210). From the case studies above, the skills they have developed in previous work-units do not help them when seeking employment. For the redundant workers, life is harsh, but the most vulnerable group is still those who have never entered the work-unit system, for example, the MLSA receiving household I in case study 9 (see page 270). The redundant workers who received lump-sum compensation fees and do not find formal employment afterwards have to contribute more to their social insurance account than those who still remain in the relationship with their former work-unit. As in case study 7 (see page 265), Mr G still remains in a relationship with his previous work-unit and the work-unit contribute to his social insurance account and will give him a living allowance of RMB 200 per month until he is 60 years old. In contrast, his wife received a lump sum compensation but has to contribute RMB 400 per month to her social insurance account until she is retired. This ‘unexpected’ situation, caused by the social security system reform, has made many redundant workers very vulnerable. Another redundant lady said:

‘I feel [I made a mistake] that I should not have accepted the lump sum compensation at that time. I should remain in the employment relationship with the work unit so they will pay into my social insurance. But at that time, the circumstances were not like this. We were threatened by the assumption that we would get nothing if the work-unit went bankrupt suddenly. Now I know my considerations were wrong. But at that time, I did not expect the situation would be so severe. I was thinking there are thousands of redundant workers throughout the country, and I thought if the rest could survive, there is no reason for me to fail.’

For income-generating activities, diversification in livelihood patterns is common. Most redundant workers undertake casual work (see Table 40 on page 237) and in some cases, the specific work that other people do not take, as for instance, the young mother who works overnight as a cleaner in a Karaoke bar (see household E on page 265), the widowed mother in Household D, the parents who hawk breakfasts, and the husband of

the disabled lady of household I. Worse, overworking is another common approach to increase their income (see page 211).

Q: How many days holidays do you have every week?

A: How could we have holidays? We work for private. How could we have days to take a rest? I only have two days holiday every month. No public holiday and no extra wage for overtime work.

Overworking can have two effects:

- working extra time can be a choice taken to make extra income (financial capital) in exchange for social capital (ability to enjoy friendships, etc), and some aspects of human capital (the ability to rest and recuperate) in the spirit of self-exploitation common among low-income entrepreneurs (Vega and Kruijt, 1994);
- having to work extra time just to make ends meet increases household vulnerability in a competitive society.

Another way to increase income is to include a pensioner within the household. For those households who includes grandparents and share their pension, the full pensions of grandparents, provided and secured by the state, become a principal and stable resource for the whole household (see households in case study 1, 2, 3, and 8 on page 251, 254, 256 and 267). Cai et al. (2006) also found evidence in urban China of high levels of transfer from pensioners to their adult children with whom they live. Other benefits brought by grandparental resources include free housing and childcare (see case study 2 and 3 on page 254 and 256). During the closures in the 1990s, many workers (particularly the females) have voluntarily chosen early retirement to avoid unemployment and to get more stable income (see case study 1 on page 251). This is probably why there is a considerable number of pensioners receiving a pension at less than the standard level (see page 238).

Renting out rooms can also generate income (see case study 5 on page 262). Income from rents can make a considerable contribution to the household income (see rents

level on page 215), particularly when the rents in the free market keeps growing (see Figure 38 on page 237).

When seeking employment, social capital is vital for both formal urban households (see case study 1, 4, 5, 7 and 9 on page 251, 259, 262, 265 and 270) and rural migrant households (see case study 6 on page 263). However, reducing their social life is another common expense reducing-strategy (see case study 7 on page 265), which has counter productive effects on other livelihood assets. Findings related to limited social life (see page 229) has re-affirmed this.

Another coping strategy to reduce expenses is to cut down on meat consumption (as indicated in Financial Capital (see page 240).

A characteristic of human capital of the households in Shanghai Lane is the high proportion of children that are still in school (see page 209). However, unlike the poor households in other countries (see Table 42 on page 249 and Table 43 on page 250), poor households in Shanghai Lane give highest priority to their children's education and consider it a way to help the household escape from poverty. (Household A in case study 1 has demonstrated a successful example). All the households in the case studies invest most of the household income on children's education, particularly the rural migrant household (see case study 6 on page 263). As seen in the Financial Capital section, education is the second most important expense for most households, just behind food (see Table 38 on page 235).

However, education fees are too high and there are too many 'invisible' expenses people have to pay. The following are two cases of redundant households who have children in university:

Q: How much is his tuition fee?

A: RMB 7, 500 per year.

Q: Including the accommodation?

A: No.

Q: The fee is very expensive, why?

A: Their school is an independent school.

Another redundant mother said:

‘The tuition fee is RMB 8,000 per year and RMB 1,200 for accommodation. He nearly passed the examination last year. He is studying as an occasional student. If he can pass the examination this year, he will continue his study. If he fails, we cannot afford his study any more. He will have to go to work.’

For children in primary school and high school, the father in case study 5 (see page 262) has complained the teachers in school assume the students will attend private class after school. The father in case study 7 (see page 265) told the author that there are so many extra fees, such as the new books, supervision fees and photocopying papers (students make copies for the whole class in turn).

As a consequence of limited income and unavoidably high expenses on education, the only major expense they can save is on housing. Cheap rental is useful to save some money for investment on other assets that can bring long-term benefits.

Further, the central location of their neighbourhood makes a significant contribution to the livelihoods of poor household (also see physical capital on page 214). First of all, it helps them to reduce expenses on transportation. They trade off their living quality to save expenses on housing and transportation.

‘Although our wage is low, we can save more than RMB 100 per month on transportation. And we can eat at home. We can save some expenses if we eat at home for three meals a day. Another advantage is that it is close to our child’s school. Even if we were offered public low rental housing, if the location is far away, we would not take it. Here is the centre of the centre, the golden area. Very comfortable.’

Proximity to the children’s school is another advantage of a central location. In the case study 8 (see page 267), household H moved to Shanghai Lane because of lower expense

on transportation and proximity to their daughter's school.

Informal business and casual work are essential to the livelihoods of the poorest households and their businesses rely on the central location of their neighbourhood. The income from breakfast business for hawkers is determined by the custom from the commercial pedestrian street. The pedestrian street has also provided many other employment opportunities. As we have seen in the Physical Capital section (see page 215), most residents of Shanghai Lane live within walking distance of their work place. The livelihood of the households receiving MLSA all relies on the existing neighbourhood: for example, for Household I, the central location of the neighbourhood makes it convenient for the students in the painting class to come, and the husband's work is only secure within this neighbourhood (other modern gated communities normally recruit professional security personnel).

The social kinship built up in long established neighbourhoods and communities has helped the poorest households' livelihoods. For instance, Mrs I's photocopying business relies on the support from old neighbours. When the widow mother of Household D ran her grocery shop within the neighbourhood, her customers were mostly old neighbours.

As discussed under Physical capital (on page 226), most residents would prefer to stay in their existing dwelling or to be relocated nearby. As discussed in the vulnerability context chapter (see section 5.4.5.1 on page 179), it is universal that most renters will remain as renters in the medium term. The most important factor for poor households in choosing the location of their dwelling is the convenience of transportation, with one third of low-income households (excluding the lowest-income) (n=245) ranking it as the top priority (Zhou and Zhu, 2007:46). However, although around four fifths of low-income households prefer ownership (Zhou and Zhu, 2007:24, 45), nearly all of them do not have an intention to purchase any property in the next five years. The

reason for over 90 per cent households renting is affordability (Zhou and Zhu, 2007:25, 46).

Coupled with poor household savings, low income households have limited access to credit and loans (see page 241). Poor households do not like to take on credit that will increase their debts. As one household said:

‘The price of economically affordable housing is about RMB 2,700 per square metre and the built area is at least 60 square metres so the total price is more than RMB 100,000. We are both above 40 years old. We are no longer as young as the 20s. Later on we will not be able to pay off the mortgage. By the way, the bank will not approve us for mortgage. Ordinary people (at our age) are not willing to carry this burden any more. After the experience of redundancy, nobody would like to have debts for housing.’

Most households even feel awkward borrowing money from other relatives and friends (see page 232). For those who plan to purchase ownership in the future, they consider informal financial resources. Here is an example:

‘No bank will lend money to us. Our business is informal. Only if you have a property to deposit or you have a formal employment, ideally civil servants, with a rather high income. However, there is another way to get a mortgage. Some developers agree you pay them monthly after the down payment. Not every developer, but some.’

The existing dwellings in Shanghai Lane have other advantages besides the central location, for instance, the accessibility for older people.

‘My previous work unit had offered another apartment elsewhere, on the seventh floor (without lift). I have high blood pressure, of course I would never choose to live there unless I was mad.... Here is close to everywhere. You do not need any transportation for your daily needs. I join the chat with other older men everyday after lunch near the gate on the pedestrian street. The world around is very flourishing.’

Another old man said:

‘We are rather old. Maybe tomorrow we will be gone. [We do not care much what kind of housing we live in.]The only thing we care about our apartment is that it must have a separate toilet and kitchen. We do not like high-rise residences. If the lift is not working, we are frightened to climb up staircases. If this neighbourhood is redeveloped, we will ask a dwelling nearby. We will not go to the remote area. We would accept a second-hand apartment nearby than a new apartment far away.’

Another advantage of the rooms in this neighbourhood is that the high ceiling makes the use of space much more efficient than in normal dwellings. One household made such a comparison:

‘let us take an example of a normal set of economically affordable housing with two bedrooms and one living room, the total built area is about 80 square metres but the use area is much smaller of less than 60 square metres. And each room is very small, one is less than ten and the other is about 14 square metres. The living room is about 25 square metres and the toilet and kitchen is about five or six square metres. But for my current dwelling in Shanghai Lane, although it is only one main room, the usable area is about 50 square metres with the mezzanine, which is larger than a normal set of apartment of one bedroom and one living room.’

From the discussion above, it was found that cutting costs on housing, meat, transportation and social life are the main expenses-reducing strategies. What they have traded off is their physical capital, human capital, and social capital for greater financial capital.

Their existing dwelling in Shanghai Lane has contributed to both income-enhancing and expenses-reducing strategies in household livelihoods owing to its accessibility, cost and, in some cases, as their only productive asset (for letting out). It also can enhance, directly or indirectly, their human capital (close to work place, more investment in education), physical capital (inheritance of the ownership), social capital (long-established kinship) and financial capital (more savings and income). Thus, as we

will see in the following sections, local residents have undertaken serious extension and upgrading activities to improve the living space and quality of their dwelling and in some cases, directly contributed to the household income. These extensions, have moderated overcrowding and improved the services in both private and semi-public space, which have provided substantial living space for the existing residents and as we will see, benefit households' physical capital and, in some cases, directly contribute to their financial capital. More importantly, it improves their housing while maintaining their access to other livelihood possibilities since they retain all the advantages of living in central locations.

7.5 Household level coping strategies regarding physical capital³⁹

‘The housing condition has been definitely improved compared to 2000 as a consequence of user-initiated transformations and extensions. Fewer households need to a share toilet or kitchen.’

– from the head of the community

Among all the households in Shanghai Lane who responded, only 33% had not extended their space in some way.

Some characteristics of the accommodation increase the possibility of optimizing physical capital cheaply:

- Backyards provide space and possible access to pipes and down-comers for infrastructure extension and upgrading.
- Large central rooms are amenable to subdivision.
- Tall rooms allow the insertion of mezzanine lofts. The rooms are very lofty (4 to

³⁹ Some of the material in this section and following has been published at Chang, Y. and Tipple, G. (2009) 'Realities of life and housing in a poor neighbourhood in urban China: livelihoods and vulnerabilities in Shanghai Lane, Wuhan', *International Development Planning Review*, 31, (2), pp. 165-198.

4.5 metres) and lend themselves to vertical subdivision through adding a loft across up to half the room. The vertically divided space then provides separation of sleeping space and living space, gaining at least some visual privacy and adding between 30 and 50 per cent to the usable floor space in the flat.

- Flat roofs on blocks 2 and 3 and on the off-shots of block 1 allow easy upward extensions.
- Balcony access to rear bathrooms and other added facilities from the staircases provides a break-out point onto the roof and allows access to these rooms by outsiders. This is essential for renting them out to non-household members.

We will see, below, how these have been utilized in coping strategies.

7.5.1 Additional services

In line with transformations in low-income housing neighbourhoods elsewhere in the developing world, the principal needs fulfilled are for a separate kitchen or bathroom/toilet and extra living space (Tipple, 2000). In the rear building of the Shanghai Lane neighbourhood, the mean area for kitchens, bathrooms or toilets extended outside the original building envelope is 3.1m,² which has greatly moderated the issue of poor service provision. Table 44 compares the frequency with which transformation work results in kitchens, bathrooms and toilets (either separately or in combination) from a random sample of household heads from the Shanghai Lane neighbourhood, and close field observation of the whole of the rear building.

Table 44 Uses included in the transformations (percentage frequency)

Use included in transformation (singly or in combination)	Extensions built by the resident household in the Shanghai Lane sample (n=47)	Extensions existing in the rearmost block (room by room) (n=27)
Kitchen	67	59
Bathroom	89	76
Toilet	58	28

From Table 44 above, it is clear that there is some difference between the survey sample

and the detailed observations. The rearmost building has 2.8 households per toilet and 3.3 households per (original) shared toilet, higher than the mean for the whole neighbourhood that is 2.7 households per toilet. This indicates a higher level of overcrowding than a whole. However, in both samples, space for a bathroom is the most sought after (Table 44), followed by space for kitchen and then a toilet.

In situating kitchens, bathrooms and toilets in locations all over their *danyuan*, residents have used several subterfuges to install water pipes, to dispose of wastes and to share or ensure exclusive use. However, sewer pipes are obviously the most difficult infrastructure work, which explains why only a few extensions include a toilet. Households on the ground floor have been able to make use of the backyard to add more rooms. For households on the first or the second floor, kitchens are frequently set up on the window-ledge of the living room, sometimes with an outside shelf to increase space. Extractor fans through the windows keep fumes and condensation to a minimum (see Figure 45 and Figure 46).

Figure 45. Windows accommodating kitchens on floors one and two, and extra pipework are clear on this photograph.



Figure 46 Households transformed public space into a kitchen



7.5.2 Additional living space and insertion of lofts

In a close investigation of the rear building, there are 60 user-initiated transformations found from the ground to the second floor both within the original structure's envelope and outside it. The total number of households in the rear buildings is 61, excluding the households living on the rooftop.

Table 45 Transformations in the rear buildings, not including the rooftop extensions (percentage frequencies) n=60

	Ground	First	Second	Total
Inside alterations	23	22	15	60
Outside extensions	17	13	10	40
Total	40	35	25	100

If we review Table 45 above taking a count of the opportunity that households on the second floor have to build on the rooftop (structures there are not included in the table), then the household on the first floor is the most disadvantaged group in the transformation process. We did find that the household on the ground floor can make

the best use of the space of the backyard to add more rooms. However, we did not find significant correlation between the additional living rooms and different levels. It seems that, although the different level on which poor men and women reside does affect their ability to build an extra kitchen, bathroom or toilet, it does not seem to influence the building of new living rooms.

Households who have a recently-created central room as their only room have a comparatively spacious mean of 19.9 square metres while those who use the central space to provide a second living room colonise less space; an average area of 15.2 square metres. In the rear building, seven of the 18 central rooms have been occupied and are used as the only room of one household. These rooms are larger than in the whole sample in the survey and about the same as the surrounding rooms at about 25 square metres. In contrast, the average area of the central room used as extensions of existing rooms is 8.4 square metres, with half having less than 5 square metres.

In the rear building, there are 23 living rooms added by occupants inside the original building envelope with a mean area of 15.3m². Two thirds are providing more living space and most of them occupy the original central room which became circulation space after the 1949 reallocation of space. Half of the rooms are the only room of a household; these are quite spacious with a mean of 19.9m². One third are extensions of original living rooms, and only 13 per cent are a second room for a household and have a mean area of 15.2m².

One of the major forms of extension is to increase floor space by inserting a mezzanine level or loft in the room space, gaining at least some visual privacy and adding between 30 and 50 per cent to the usable floor space in the flat. As the ceiling heights are sufficient, this has been adopted for living space as well as for storage. About four-fifths of households in the sample (n=75) have lofts and 54.7% of them are used for sleeping, 22.7% for storage space and 1.3% for studies or work places.

Figure 47 Typical inserted mezzanine



The same approach has been found when subdividing the central room. Over 90 per cent of the new habitable rooms (n=23) in the rear building have walls built up to the ceiling which makes it practicable to add a mezzanine loft to increase the space.

Only two rooms did not have lofts. One is the tiny space with wooden walls outside the door for the grandmother to sleep in (see Figure 43 on page 254). The other is a wooden walled space that extends from an existing room.

It is surprising to find that 65 per cent of additional living rooms are made of wood, while 62 per cent of extensions not for habitable purposes are built of brick and concrete. Obviously, walls made of wood do not resist noise from neighbours or keep out rats. The author suspects the reasons for using wood include maximising the available living space;

- to make the living room looks temporary so it might be easier to negotiate with neighbours, particularly at the initial stage of transformation;
- minimising the cost of the construction work as it can be carried by the household members.

7.5.3 Roof-top extensions

Figure 48 Extensions on rooftops



The flat roofs of the two rear blocks have also been used to add to the physical asset capital of the households living on the second storey. Just over 60% has been built up on the middle building and 85% on the rearmost. Steel staircases have been erected on the rear balconies, which lead to the toilets and bathrooms, to gain access to the roof and rooms built on the roofs. Two or two-and-a-half-storey extensions on the roof have been found on each building (see Figure 49 and Figure 50). There is an unwritten social rule in the transformation process that the space on the roof is divided according to the location and area of the household's main room below.

Figure 49 Two or two-and-a-half-storey extensions on the roof have been found on each building



Figure 50 An informal rooftop extension. Current policy is that extensions built before 31 Dec, 2005 are now legal (photo by Graham Tipple)



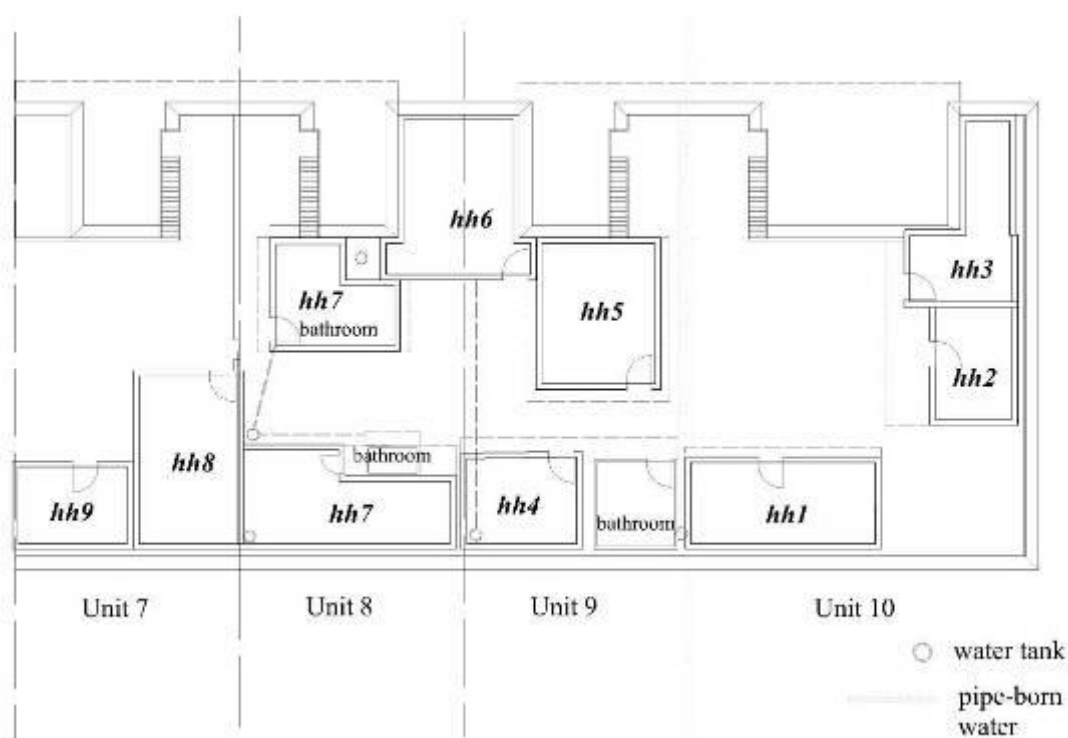
Figure 51 A rooftop extension sanctioned by the official authorities, distinguishable by its tiled roof (photo by Graham Tipple)



The transformations on the roof of *danyuan* units 7 to 10 (Figure 52) provide a useful

case study. Nearly all the households with rooms on the roof have their main rooms on the second floor. The rooms on the roof are mainly bathrooms or for subletting to make a rental income. The tenants are usually rural migrants (who are not eligible for work unit housing) and the rental is between RMB 100 (US\$13.3) and RMB 200 (US\$27) per month (less than sub-rented rooms within the main building but more than the rents paid by the main tenants). Each household has separately-piped water either supplied from the ground floor directly or rigged up from the supply pipe on the floor where the original tenant's main room is. There are five water tanks on the roof. Each room has access to electricity but no sanitation facilities. The rainwater pipe is used to dispose of the waste water (see Figure 52).

Figure 52 Floor plan of the roof from unit 7 to unit 10.



7.6 Coping Strategies at community level

The previous sections have discussed the ‘income-enhancing’ and ‘expenditure-reducing’ strategies at household level. Very little ‘collective support’ has been observed within the community. However, the well-known government-sponsored ‘883 Community Building Action Plan,⁴⁰’ although top-down, has made considerable contribution to the assets ownership at community level.

First of all, upgrading work in Shanghai Lane through this scheme has made significant changes to the physical environment of the whole neighbourhood. The roads within the neighbourhood have been upgraded through improving the underground pipework, installing more street lights and repainting the elevation of the buildings and landscaping. The Yangtze Community (composed of eight neighbourhoods including Shanghai Lane) has upgraded the pavement of main roads over 3,500 square metres and underground water pipes of 750 metres. Eight public lights have been installed. Eight neighbourhoods have set up nine new gates that provide more security. Thirteen security doors and five security guard boxes have been installed. Security guards have been recruited to control crime.⁴¹

In Shanghai Lane, households have been offered large reductions in the installation fee for individual water meters. A rubbish bin has been provided for each building; households pay RMB 15 (US\$2) every three months for garbage collection. Public ‘hand-ups’⁴² have been installed for each *danyuan* unit solving the problem that households on the ground floor had nowhere to dry clothes.

⁴⁰ This was launched in Wuhan in 2003, to improve the administration of 883 communities of seven central areas within three years, with regard to social welfare, crime control and safety management, civil administration and social services.

⁴¹ The information is obtained from the window display in Shanghai Lane neighbourhood.

⁴² ‘Hand-ups’ are the slim metal rods used for drying washing in urban China.

The author observed other upgrading work in 2007 when the botched up meter boxes with messy cables that were fixed within the buildings on the main wall (see Figure 53) were removed and new regulated boxes installed in a safer way (see Figure 54).

Figure 53 Meter boxes before upgrading, 2007



Figure 54 Meter boxes after upgrading, 2008



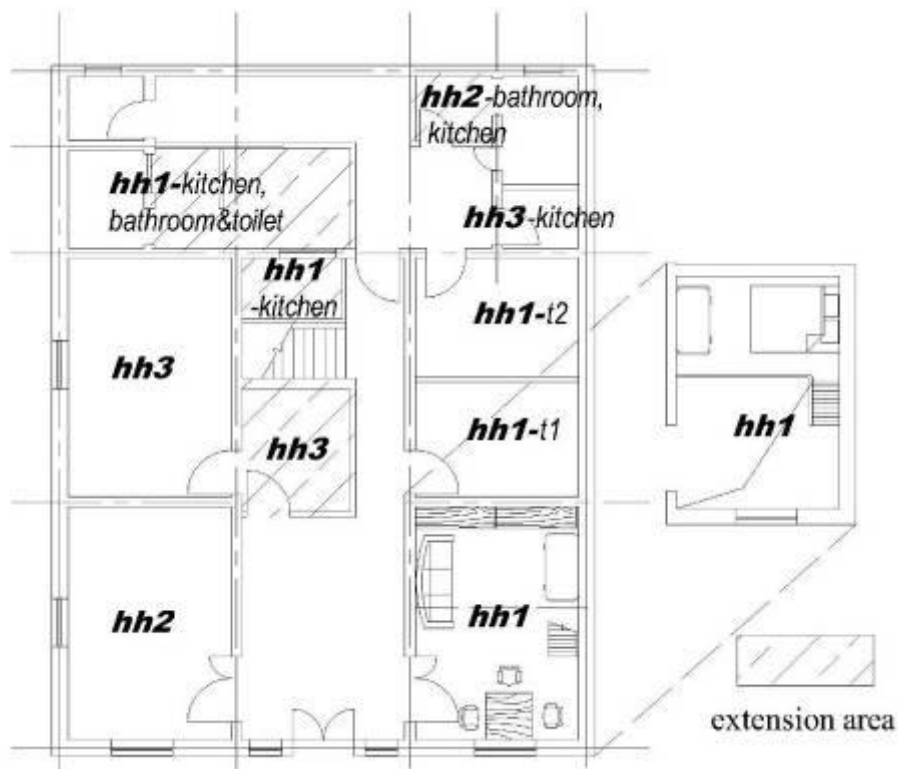
Alongside the apparent impact on residents' tangible assets, the '883 Community Building Action Plan' has also contributed to their intangible assets. For example, *Mah-jongg* recreation centres and low-impact exercise facilities (see Figure 34 on page

229) were built in most neighbourhoods in central districts in Wuhan. These have stimulated residents' activities within the neighbourhood, especially for older residents. Also, in Shanghai Lane, through the '883 Community Building Action Plan' project, several efforts have been made to increase local employment by giving the poorest households priority in security guard vacancies, encouraging the poorest households to contract to administer the *Mah-jongg* recreation common room and helping a laid-off single mother find a job working as a temporary cleaner for the three richest households in the neighbourhood.

7.7 Issues in upgrading

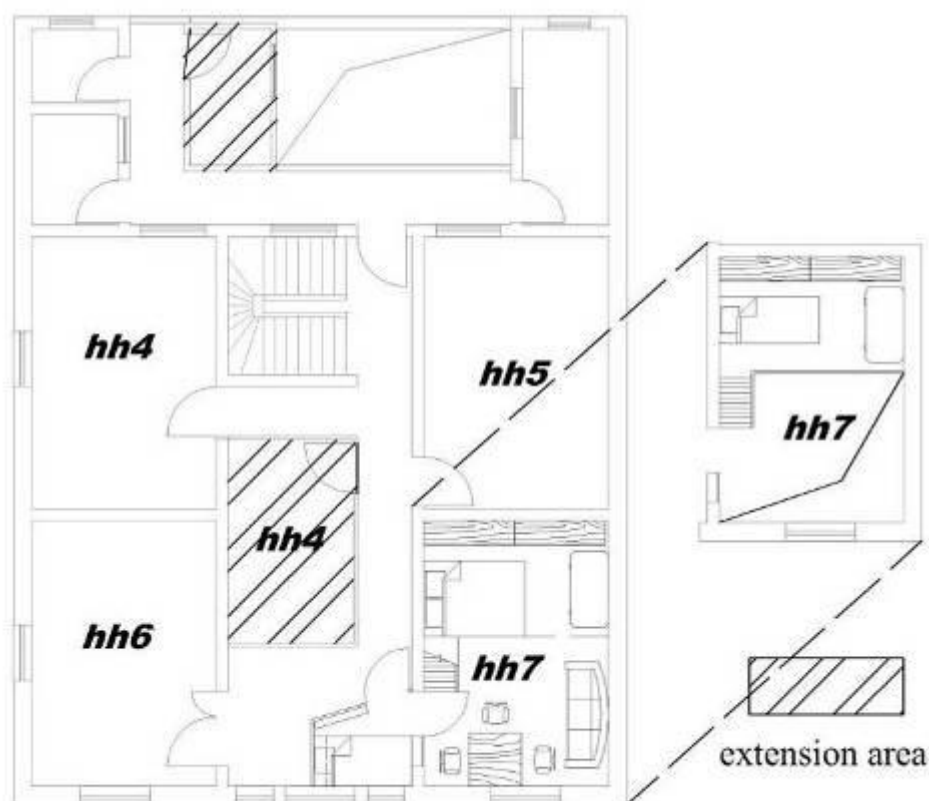
7.7.1 Inequality in distribution

Figure 55. Floor plan of the ground floor of a *danyuan*.



Note: Notice how much space is occupied and extended by household 1, who had high status in their work unit compared to the other residents of the same unit (completed by Ying Chang after measured drawings by Wuhan University of Technology).

Figure 56. Floor plan of the first floor of a *danyuan*.



Beginning from a roughly equitable but parsimonious division of space among most households, transformations give households the opportunity to increase both their space and their social distance from their neighbours. Some social differences, however, existed even in communist times. How households in different circumstances have used space for reducing vulnerability can be seen clearly by examining a relatively privileged household (*household 1* in Figure 55) and one nearer the norm (*household 7* in Figure 56).

Household 1's head is a retired male aged 70, living with his second wife. He was a 'cadre' and so was originally allocated two rooms on the ground floor and the shared use of the bathroom and toilet. He and his wife occupy one of the rooms and have divided the other into two rooms to let out to two rural migrants for RMB 400 (US\$ 53) per month as extra income; their own rental is about RMB 60 (US\$8) per month. The

inequality during the allocation is still reflected in the priority accorded to the households by their neighbours; favoured by their high status in the *danyuan*, the couple have been able to extend into the rear courtyard to provide two kitchens, one toilet and one bathroom in what was communal space. This reflects Raymo and Xie (2000)'s 'power conversion' theory that those with political capital under socialism are better off than ordinary citizens.

Figure 57 Extended kitchen, toilet and shower rooms of a 'cadre' household



In contrast, *Household 7* (Mr B's household in case study 2, see page 255) has four members but only occupies one room as the grandmother and her husband were ordinary workers at the time of allocation. The overcrowding of their household has been discussed in case study 2. They of course have no extra room to let out and the pension of the grandma is the main income resource.

7.7.2 Lack of collaborative upgrading work

Figure 58 Different pipes and cables made by several households



It is observed that very little collaborative upgrading work has occurred in Shanghai Lane. Most upgrading work was completed at household level (see Figure 58). In case study 1 (see page 251), Household A has invested several thousands of Yuan to upgrade the courtyard. ‘We had no choice. When we moved in, we had to walk like on the spring board to go to the kitchen. Flooding everywhere.’ They have cleaned the blocked ditch and made a solid concrete surface. It was all completed by their own household. The picture below shows the courtyard after upgrading.

Figure 59 Upgrading against flooding in the backyard



However, this household also complained of the dampness in their dwelling. Damp is a very common problem for the households on the ground floor and the mother has serious rheumatic arthritis because of the damp in their room. However, it requires upgrading work of the whole foundation of the ground floor. Negotiation has failed to persuade the other households to upgrade the entire foundation together.

7.7.3 Lack of management

The ownership of the dwellings was transferred from the work-units to the local real estate management office which can only offer emergency repair work at household level and does not have the capacity to maintain the neighbourhood as a whole. Despite the existing residents being passionate to improve their living environment, upgrading work at community level is difficult. This is because, firstly, there is no specific budget for community upgrading and, secondly, there is a lack of collaboration between the community committee and local real estate management office. As illustrated in Physical Capital (see Figure 31 on page 225), most households have to pay an extra fee

for repair work.

7.7.4 Lack of external representatives

Use of 'External representatives' is one the four main strategies that poor households normally take (Farrington et al., 2002:26) (see page 248). However, the households in Shanghai Lane do not have 'speakers' on their behalf. The volunteered 'unit head' (see page 207) mainly assists the Community Committee to collect the fee for rubbish collecting and other top-down tasks. For Household A, which suffered the damp problem, the only solution they have worked out is that they will sacrifice the height of their living room to make a full mezzanine covering the whole room and the young father and mother will sleep on the mezzanine. However, the upgrading of electric network within the neighbourhood has destroyed their plan. Cable boxes of ten households have been fixed outside the main wall of their room where they had planned to make small windows for the ventilation of their future mezzanine. They have visited the local community committee office to ask for help but with no result. The reply they received from the Community Committee is that it is not their responsibility and they should negotiate with the electricity company directly. They feel there is a lack of power to negotiate in person with the electricity company.

For Household G in case study 7 (see page 265), the main problem of their dwelling is that they have no place to hang up wet clothes after the Community Committee built the shed over the whole public parking area. The roof of the shed is so high that there is insufficient height for households on the first floor to hang up a hand up cloth. They have to go to their relatives on the opposite terraced building to dry their clothes. They have reported the issue to the Community Committee but had no response because the Community Committee did not want to waste their investment.

Household E in case study 5 (see page 262) requested fire extinguishers from the Community Committee for each floor but have received no response. The household head has to take one from his workplace for his floor.

Another issue of the air pollution caused by the picture printing warehouse nearby still exists as a consequence of lack of external representatives.

7.8 Summary

This chapter has summarized the various ‘income-enhancing’ and ‘expenditure-reducing’ livelihood strategies that households in Shanghai Lane have taken to mobilize their limited livelihood asset ownership. The contribution of existing dwellings to the both ‘income-enhancing’ and ‘expenditure-reducing’ strategies has been highlighted and the efforts of households to extend their living space have been reviewed. The outcomes of their strategies directly and indirectly help them to meet the needs to which they give priority in a severely vulnerable context. Although ‘collective support’ is wanting within the community, the ‘883 Community Building Action Plan’ has made significant improvements to both the physical and social environment of the neighbourhood. However, some upgrading problems have emerged alongside the issues of unemployment, lack of skills when seeking jobs, and the problematic social benefits, which raised questions that are beyond the capacity of individuals and households. This has pointed to the significant role of management, policy, governance and processes in determining the livelihoods of poor households in this study. Further discussion will be found in the next chapter.

Chapter 8 The missing factor: power

8.1 Introduction

The previous chapter on livelihood strategies showed that some obstacles exist which have restricted the ability of poor households to pursue better livelihood outcomes. In this chapter, efforts have been made to investigate the issue of power from two aspects: the agency and power that individuals have and how local governance and policies affect the level of agency that individuals and households can experience. Firstly, the concept of ‘empowerment’ and ‘capabilities’ will be described, followed by a review of the literature on ‘empowerment’ framework, relevant means of measurement and relevant indicators. Challenges concerning methodology and lessons from previous practices will be highlighted, followed by the findings of qualitative analysis in the fieldwork. In addition local governance and policy that relate to the livelihood of poor households have been investigated and emerging issues are highlighted.

8.2 Assets, capabilities to empowerments

8.2.1 Power in relation to livelihoods

In Chapter 3 on SLA, the significance of the incorporation of a rights-based perspective in SLA study is discussed (see section 3.7.2 on page 79). There is much written relating to rights-based approaches, such as claims and access in Chambers and Conway’s (1991) initial definition of SL. The term power, in many cases, is frequently used to replace the abstract word ‘rights.’ However, there is a need to stress the fact that there are two attributes of power. The first attribute of ‘power’ is as a noun, a status and a right which could be described either as ‘political capital,’ another category of livelihood assets that Baumann (2000) has suggested; or as ‘social capital’ that CARE (Carney et al., 2000) defined as ‘claims and access’ (see Figure 6 on page 97). The other attribute of ‘power’ is more related to the verb ‘empower.’ It has more focus on the dynamic process of ‘empowering’ that will enhance the capabilities of individuals and households to pursue better livelihood outcomes. For the projects that employ the

SLA as a tool to identify livelihoods problems and entry-points, the investigation of issues of power focuses at the first level, which might involve the use of indicators for measurement of power at individual, household and community levels; for projects that employ SLA as development objectives, it involves more work to enhance the capabilities of the poorest households in which ‘empowerment’ is a dominant principle and approach. It may be necessary to measure power as capital and to evaluate the process of empowerment at the same time.

Before examining the broad concept of ‘empowerment’(power), we may consider a brief quotation from Oakley (2001): “It [empowerment] has become a word that slips easily from our tongues. And yet it is the most complex of terms; intangible, culturally specific and at the basis of all livelihoods.”

8.2.2 From capabilities to empowerment

The first caution before you jump into the enormous pool of literature on development studies is that most of the concepts are broad, open and underdeveloped. The second caution is that they are interdisciplinary and multidimensional. The words ‘capabilities,’ ‘empowerments,’ ‘participation’ or ‘agency’ could be found in diverse subjects from physiology, feminism, development, education, or even being used to explain each other. The emerging question is how we can integrate rights-based perspectives with SLA, as both of them are equally independent, broad and extensive. First we need to define and restrict the subject and scope of investigation. The following sections will review the main concepts in development discourse, explain the interrelation between them and point to the significance of the empowerment framework.

In the Chapter 3 of SLA, the significance of SLA within development discourse in relation to other human development approaches has been discussed (see page 58). Focus on the capabilities and entitlements/ endowments that people have is the main trend in human development studies, in contrast to income-based poverty studies.

The capability approach to quality of life assessment has become a milestone in human development theory. It was pioneered within development economics by Amartya Sen, and is now highly influential through the Human Development Reports of the United Nations Development Programme (UNDP). It has been further developed by Martha Nussbaum and others.

One of the exciting aspects of the capability approach is its highly interdisciplinary and very under-specified nature. This has also become one of the most disadvantageous aspects when putting it into practice. Even Sen himself confirmed, “there are widespread doubts about the possibility of making actual empirical use of this richer but more complex procedure.”⁴³ The major contribution Nussbaum has made to the capability approach is that she has identified a list of central human capabilities (Nussbaum, 2003; Nussbaum, 2000) conflicting with Sen’s intention to avoid a canonical ‘list’ of basic capabilities (Sen, 2004) that could confine the capabilities approach “only to the analysis of basic capabilities” (Nussbaum and Sen, 1993).

From *Valuing Freedoms: Sen’s Capability Approach and Poverty Reduction* (Alkire, 2002), a broad account of publications on capabilities in philosophy and economics, Sabina Alkire has shown her great enthusiasm for the operationalizing of Sen’s Capability Approach and intention to conceptualize and measure individual agency freedoms (empowerment). From a review of her publications on the capabilities approach and agency (Alkire and Chirkov, 2007; Ibrahim and Alkire, 2007; Pliiai and Alkire, 2007; Alkire, 2005; Alkire, 2004; Alkire, 2002), we can have a clear understanding of the instinctive relationship between the concept of the capabilities approach and the empowerment framework, as discussed in following paragraphs.

⁴³ In the preface of Kuklys, W. (2005) *Amartya Sen's Capability Approach: Theoretical Insights And Empirical Applications*. Berlin: Springer.

The capability approach is the means to approach another concept/ word that Sen has developed for development studies: freedom. In his book *Development as Freedom* (Sen, 1999), Sen's idea that freedom is the means and the end of development has brought a symbolic move in development discourses. Sen has identified five instrumental freedoms. According to Alkire (2005), in order to attend to the intrinsic and foundational importance of freedom, Sen introduces the concept of capability (as well as agency), which refers to a person or group's freedom to promote or achieve valuable functionings. "It represents the various combinations of functionings (beings and doings) that the person can achieve. Capability is, thus, a set of vectors of functionings, reflecting the person's freedom to lead one type of life or another ... to choose from possible livings" (Sen, 1992:40). Alkire (2005) concludes that the definition of capabilities combines functionings and freedoms. Furthermore, she distinguishes the concept of capabilities approach as a proposition that social arrangements should be evaluated according to the extent of freedom people have to promote or achieve functionings they value.

Alkire (2004) pointed out that Sen's freedom framework has a direct impact on the empowerment approach related to pro-poor development. For example, in the 2000/2001 World Development Report of the World Bank entitled "Attacking Poverty," that argued that poverty reduction entailed "empowerment" of the poor, the first footnote cites Sen's *Development as Freedom* and its description of deprivation including "voicelessness" and "powerlessness."

Sen's aspects of 'freedom' relate to opportunities that people face (often called capabilities), and to processes that they command (which may be called agency) and experience (Alkire, 2004). In order to explore individual freedoms the question should be broken into two subcomponents of opportunity freedoms and process freedoms. Opportunity freedoms mean the freedoms to achieve valued functionings. (Functionings are 'valuable beings and doings' (or needs) such as being nourished,

being safe, being educated, being healthy, and so on.) Process freedoms relate to a person's ability to take action in certain spheres of life – to empowerment, to self-determination, to participation, and to practical reason.

However, Alkire (2004) has found that the literatures of research on measures of opportunity and process freedoms are very limited. Furthermore, Alkire has argued that the reason that confines the research on measures of freedoms is because it is difficult or even impossible to measure the opportunity freedoms in empirical work. In spite of this, Alkire (2004) has found the empowerment framework developed by Alsop and Heinsohn (2005) is able to identify opportunities, which could be employed as a different approach to capabilities that are in some sense basic.

Alkire (2004) also had referred to Narayan's empowerment framework for empowerment measures and the self-determination theory (SDT) of Ryan and Sapp (2007) for agency measures.

8.2.3 Definition of empowerment/agent:

A review of definitions of empowerment (Ibrahim and Alkire, 2007) shows that most definitions focus on issues of gaining power and control over decisions and resources that determine the quality of life (Narayan-Parker, 2002). Narayan-Parker (2002)'s view of empowerment is significantly related to Sen's freedoms approach: "Empowerment refers broadly to the expansion of freedom of choice and action to shape one's life. It implies control over resources and decisions." The second footnote on empowerment in Chapter 1 of the World Bank's *Empowerment and Poverty Reduction: A Sourcebook* (Narayan-Parker, 2002) had referred to Sen's literatures on freedoms. It can also be reflected through the institutional definition Narayan adopted for empowerment:

"Empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their

lives.’

Narayan (2002:14)

Alsop and Heinsohn (2005)’s definition of empowerment is: “Enhancing an individual’s or group’s capacity to make choices and transform those choices into desired actions and outcomes.”

Both Alsop and Heinsohn (2005), and Narayan (2002), consider empowerment to be comprised of two sub-components (see Box 16). The first is opportunity structure that determines the institutional environment, which offers people the opportunity to achieve desired outcomes. The second is agency.

Box 16 Comparison of empowerment concept between Narayan and Alsop & Heinsohn

	Narayan (2002):	Alsop and Heinsohn (2005):
Opportunity structure	<ul style="list-style-type: none"> • The opportunity structure is defined by the broader institutional, social, and political context of formal and informal rules and norms within which actors pursue their interests. 	<ul style="list-style-type: none"> • Opportunity structure is defined as the formal and informal contexts within which actors operate.
Agency:	<ul style="list-style-type: none"> • Agency is defined by the capacity of actors to take purposeful action, a function of both individual and collective assets and capabilities. 	<ul style="list-style-type: none"> • Agency is defined as an actor’s ability to make meaningful choices; that is, the actor is able to envisage options and make a choice.

Both the definitions that Narayan and Alsop and Heinsohn have adopted for the term agency are directly influenced by Sen’s concept. The footnote of Narayan’s definition of agency has referred to Sen’s book *Development as Freedom* (1999) and his article “Well-Being, Agency and Freedom: The Dewey Lectures” (1985). In addition, Narayan made such a comment in the footnote: “Sen has been the earliest and clearest proponent of the notion of poor people’s agency, arguing that poor people often lack the capability

to articulate and pursue their interests fully as they are ‘unfree.’”

Then what does the term agency mean in Sen’s work? Sen’s definition of agency is ‘what a person is free to do and achieve in pursuit of whatever goals or values he or she regards as important’ (Sen, 1985:206) or, put in simply, is ‘someone who acts and brings about change’ (Sen, 1999:19).

Similarly, Alsop and Heinsohn also refer to Nussbaum (2000) and Sen’s (1992) work in the footnote to explain agency. However, Alkire (2004) pointed out that Alsop and Heinsohn’s definition on agency only include a subset of Sen’s process freedom.

8.2.4 The Concept of Empowerment Framework

Box 17 Application of Empowerment Framework

Why is Empowerment important?

Empowerment is key for:

* Quality of life and human dignity

* Good governance

* Pro-poor growth

* Project effectiveness and improved service delivery

Source: Narayan-Parker (2002).

Previous sections have reviewed the theoretical relations between the freedom framework, the capabilities approach and the concept of empowerment. The empowerment framework/ concept has been widely adopted in the study of poverty reduction and development issues in the last two decades. Particularly, after the first use of this term in the World Development Report 2000/ 2001, empowerment is now found in the documentation of over 1,800 World Bank-aided projects (Alsop and Heinsohn, 2005).

Oakley (2001) has reviewed the process of how the concept of ‘empowerment’ became dominant in development discourse and practice by the 1990s, following the earlier extensive influence of the concept of people’s ‘participation.’ Actually, all the words of ‘empowerment,’ ‘participation,’ ‘capabilities’ and ‘agency’ have one core in common: that they are all concepts developed to be employed to measure poverty contrast to the traditional income – expenditure based analysis. Empowerment has features as following:

1. Empowerment is complex and intangible. Another feature that the words above have in common, relevant to development study, is that the wide-ranging application of these concepts have diverse and broad dimensions. There is an extensive literature on empowerment from the psychological, cultural, social, economic, organisational and political perspectives.

2. Empowerment is a dynamic process:

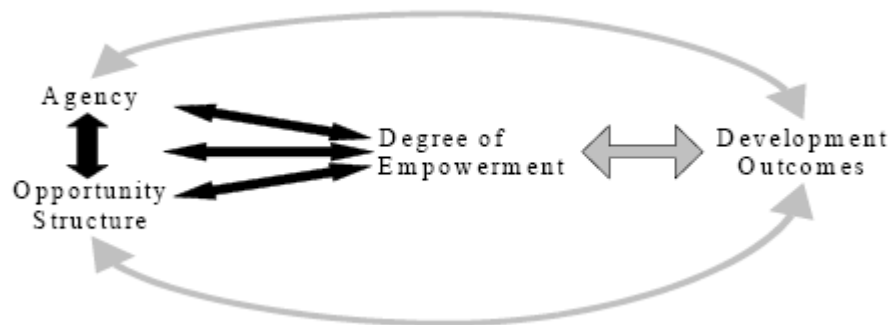
“Empowering poor men and women requires the removal of formal and informal institutional barriers that prevent them from taking action to improve their wellbeing – individually or collectively – and limit their choices.” (Narayan-Parker, 2002:xix)

3. Empowerment is culturally specific.

Owing to the features illustrated above, the measurement and evaluation of empowerment is facing extensive challenges in methodology during the progress of application. Further discussion will be found in the Section 8.2.5.1 *Indicators* on page 313.

Alsop and Heinsohn (2005) argued that the term empowerment can also be used to indicate both a process (of empowering groups or individuals) and an outcome (a person or group is empowered).

Figure 60 The Relationship between Outcomes and Correlates of Empowerment



Source: Alsop and Heinsohn (2005).

Figure 60 suggests a relationship between empowerment and development outcomes, which can also explain Alsop and Heinsohn’s empowerment framework clearly. Alsop and Heinsohn (2005) described empowerment as a process when a person or group possesses the capacity to make effective choices; that is, they translate their choices into desired actions and outcomes. The capacity to make an effective choice is primarily influenced by two factors: agency and opportunity structure. When these two factors work together, they give rise to different degrees of empowerment which a person or group experiences, which could bring desired development outcomes.

There are two hypotheses in Alsop and Heinsohn (2005)’s framework:

1. Agency and opportunity structure are associated with the degree of empowerment. Meanwhile, agency and opportunity structure are assumed to be in a reciprocal relationship. In this hypothesis, the better a person’s agency and the more favourable their opportunity structure, the higher their degree of empowerment (DOE) is likely to be. In turn, enhancements in a person’s degree of empowerment are expected to enhance agency and opportunity structure.

2. Empowerment is associated with development outcomes.

Although Alsop and Heinsohn (2005) found the second hypothesis has not been

convincingly proven and needs more empirical work, they have explored a method based on the first hypothesis to assess the degree of empowerment, through which directly to measure the empowerment a person or group experiences. The different degrees of empowerment are:

1. whether a person has the opportunity to make a choice
2. whether a person actually uses the opportunity to choose
3. once the choice is made, whether it brings the desired outcome.

Other significant concepts developed in Alsop and Heinsohn's (2005) empowerment framework are that the empowerment should be assessed from three different domains and each domain should be assessed at three levels.

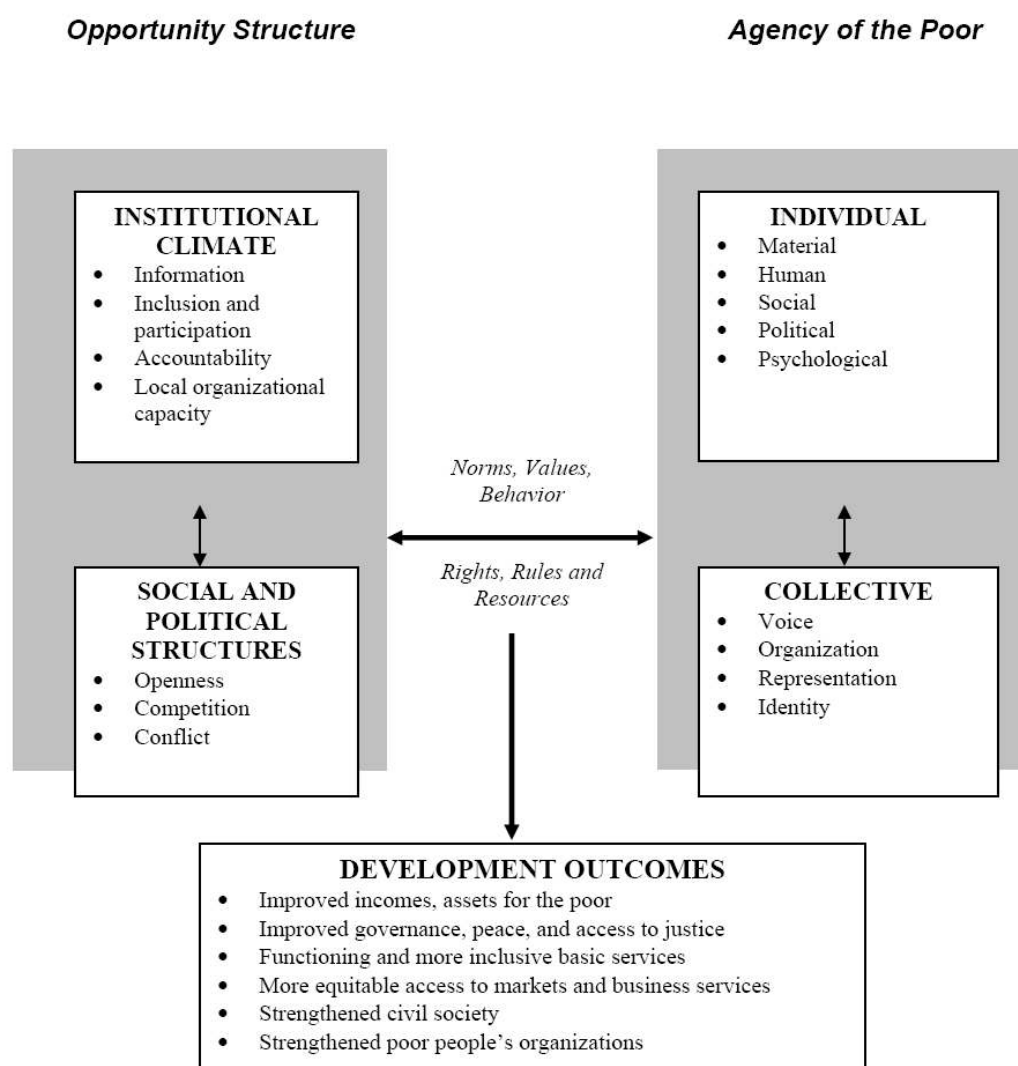
The three domains relative to people's lives are:

1. the state – in which a person acts as a citizen (justice, politics, service delivery)
2. the market – in which a person is an economic actor (credit, labour, goods – for production and consumption)
3. society – in which a person is a social actor (family, community, etc).

The three levels are:

1. The local level will comprise the immediate vicinity of a person's everyday life. This is likely to be the level of an area contiguous with their residence.
2. The intermediary level will comprise a vicinity which is familiar but which is not encroached upon on an everyday basis. This is likely to be the level between the residential and national level.
3. The macro level will comprise a vicinity which is the furthest away from the individual. This is likely to be the national level.

Figure 61 Detailed Overview of the Conceptual Framework



Source: Narayan-Parker (2005)

Narayan's (2005) empowerment framework contains four building blocks, which influence each other, and together they have effects on development outcomes. They are:

1. Institutional climate
2. Social and political structure
3. Poor people's individual assets and capabilities
4. Poor people's collective assets and capabilities.

The first two building blocks constitute the opportunity structure that poor people face, while the second two make up the capacity for agency of poor people themselves (Narayan-Parker, 2005). As seen in the last section, the components of opportunity structure and agency in both empowerment frameworks have similar institutional origins. When Alkire (2004) refers to Alsop and Heinsohn's empowerment framework, she intends to employ their approach in the operationalization of Sen's capability framework. She found Alsop and Heinsohn's analysis of degrees of empowerment could distinguish between opportunity structures (which correspond to opportunity freedom in Sen's work – and can be provided by social, economic, or political institutions) and agency. For example, Alsop and Heinsohn's (2005) work could distinguish

Person A who could be undernourished because she could have eaten but chose not to from

Person B who could be undernourished because she lacked the capability to eat.

Thus by identifying a counterfactual opportunity freedom, a 'road not chosen,' Alsop and Heinsohn's framework is theoretically significant to the work on capability measurement.

8.2.5 Incorporation with SLF

Many aspects of the empowerment framework and SLF overlap.

First of all, 'assets' are the core of both frameworks although differently defined in each. In the empowerment framework, 'assets' are either viewed as material endowments by Narayan-Parker (2005) or are regarded as including all the aspects of personal agency from material to non-material by Alsop and Heinsohn (2005). Second, both of the sources stress the importance of access in determining the better livelihood outcomes of poor households. Third, both of them have highlighted the importance of institutions and policies. The opportunity structure (institutional climate and social and political structures) in the empowerment framework is the same as the PIPs (policy, institutions

and processes) in SLF, that directly affects the agency, capabilities of the poor households and livelihood outcomes. Fourth, they have similar objectives regarding development outcomes, such as improved incomes, assets for the poor, improved governance and more access to assets.

The SLF has other components besides the empowerment framework, such as the vulnerability context and livelihood coping strategies. However, as discussed in 8.2.1 on page 301, the incorporation of the empowerment framework is essentially useful in development projects in which SLA is the objective of a set of actions, for example, the process seen in CARE's HLS framework (see page 97).

One of the main features of the empowerment framework is that it has distinguished the role of degrees of empowerment and the importance of other intangible assets, such as power and capabilities, and other collective assets such as voice, organization, and representation. That is why, in the research framework of this thesis, some changes have been made to DFID's SLF diagram to distinguish the role of power from other more tangible livelihood assets to which the author has given specific definitions (see page 105).

8.2.5.1 Indicators

Selecting indicators relevant to the context

Narayan-Parker (2005) argues that the primary application of an empowerment framework has been focused at individual and community level. However, similar to Alsop and Heinsohn (2005), Narayan-Parker (2005) argues that the concept of empowerment can be applied broadly at different levels: from individual household, to group, community, local government, or national government level or even global level. Furthermore, both (Alsop and Heinsohn, 2005; Narayan-Parker, 2005) have suggested,

against the broad and multidimensional concept, that we need a clear and specified framework, and to confine and select relevant measurements. In other words, again, we need context-specific data collection and analysis.

Oakley (2001:23) suggested the first step in the Monitoring & Evaluation of empowerment is to undertake a power-focused contextual analysis, which could build on the following four questions:

1. What are the key **dimensions of power** – traditional, informal and formal – how is it exercised and by whom?
2. What are the key **political, social and economic** differences between those with power and the powerless within the development context?
3. What are the main **characteristics of powerlessness** that will have to be addressed if a development intervention is to ‘empower’ local people?
4. How could we assess the historical and current **distributions** of power between different socio-economic groups?

Measurements of empowerment and its practices

As mentioned in Section 1, to measure empowerment is not an easy task. First of all, ‘empowerment’ is multidimensional. Oakley (2001) suggested the starting-point of any analysis of empowerment in development interventions must consider the diverse range of meanings associated with it. He has illustrated a number of projects to show the diversity of ways in which development agencies can work to promote different notions of empowerment. Among those, the Kebkabiya project focused on a rather narrow view of how community could be ‘empowered’ to engage with the project, while the Honduras project focused on the building up of women’s self-confidence and self-esteem, and Christian Aid focused on broader processes of empowerment in which landless people have access to productive land.

Fetterman et al (1996) discussed the origins of the theory of empowerment evaluation

roots in community psychology and action anthropology, which focuses on people, organizations, and communities working to establish control over their affairs.

Narayan-Parker (2002)'s source book on empowerment argued that the empowerment approach has been applied broadly in the World Bank's work and illustrated the application of the empowerment framework in five areas for poverty reduction:

1. Provision of basic services;
2. Improved local governance;
3. Improved national governance;
4. Pro-poor market development;
5. Access by poor people to justice.

Alsop and Heinsohn (2005) developed the measuring empowerment (ME) framework and illustrated how it could be applied. They measured empowerments from the perspectives of personal agency and opportunity structure. They used the asset endowments as the indicators of agency, and opportunity structure was measured by the presence and operation of formal and informal institutions. They emphasized that the term of empowerment is both a process and an outcome of development, and so they measured the degree of empowerment from the existence of choice, the use of choice, and the achievement of choice (a measure of how far a person or group is able to achieve their desired outcome).

The direct measures of empowerment developed by Alsop and Heinsohn (2005) are:

1. Whether an opportunity to make a choice exists (existence of choice).
2. Whether a person actually uses the opportunity to choose (use of choice).
3. Whether the choice resulted in the desired result (achievement of choice).

Before they presented the case studies in five countries that apply the ME framework at the project level and at the country level, Alsop and Heinsohn (2005) pointed out the importance of how diverse objectives and contexts of each empirical work has shaped

the angle to use this framework and decide the methodology of data collection and analysis. They demonstrated that the ME framework can be applied to:

1. monitor change and evaluate the impact of a specific project that has empowerment as one of its goals;
2. conduct in-depth research;
3. monitor national-level concerns and
4. track relative changes in empowerment among different countries.

8.2.5.2 Methodology

As mentioned above, empowerments are composed of personal agency and opportunity structure. Alsop and Heinsohn (2005) suggested the use of asset endowments as the indicators of agency. Opportunity structure is measured by the presence and operation of formal and informal institutions.

“Assets,” according to Narayan-Parker (2005), which could be individual or collective, refer to material assets, both physical and financial, including land, housing, livestock, savings and jewellery. In Narayan’s empowerment concept, non-material aspects of agency have been dragged into the category of individual or collective capabilities. Alsop and Heinsohn’s (2005) definition of assets is wider. In their framework, the asset endowments that are employed to measure personal agency are multi-dimensioned; they may be psychological, informational, organizational, material, social, financial, or human; for example, human assets such as skills or literacy, psychological assets such as the capacity to envision, or social assets such as social capital. Alsop and Heinsohn (2005) drew on their empirical experience based on five countries to determine that the application of quantitative methods to assess all types of assets is manageable. However, they also stress that a mixed-methods approach is necessary during the data collection process.

When measuring opportunity structure and collecting information on the presence of and the operation of formal and informal institutions, secondary sources of relevant legislation and interviews within the community are required. For example, when Alsop and Heinsohn (2005) evaluated the empowerment status of women in Ethiopia from all three domains of state, market and society, they developed testable hypotheses and indicators by using qualitative techniques such as semi-structured individual and key-informant interviews, and focus group discussions, which determine the variables of the quantitative survey. In the end, the qualitative and quantitative data have been collected on women's assets, their opportunity structure, and degrees of empowerment in three domains from the macro level to the local level.

In previous Chapters, human capital, physical capital, social capital and financial capital have been measured using both qualitative and quantitative methods. However, what has been missed out is this other non-material asset – power. Indeed, a power-focused contextual analysis is suggested as the first step of Monitoring & Evaluation of empowerment (see page 314).

Another part that has been missed out is the analysis of opportunity structure through the presence and operation of formal and informal institutions. However, it should be noted that the analysis of power and PIPs is a supplement to the main livelihood investigation of this research that is outlined according to SLF. The purpose of employing the empowerment framework is to shed light on the PIPs and access to assets in SLF. The following sections will investigate the two aspects above in our case study.

8.3 *Power study in Shanghai Lane Neighbourhood*

8.3.1 Similarity and Distinction in Methodology

In this thesis, OPHI's (Oxford Poverty Human Development Initiative) shortlist of internationally-comparable indicators of individual agency and empowerment has been

selected to guide the investigation regarding power. The main reason for choosing it is to test if they are applicable in a certain context. Ibrahim and Alkire (2007) adopted the definition of agency and empowerment from Amartya Sen and here their questions on power, as the indicators to assess the level of empowerment that the poor households in Shanghai Lane have, were selected.

Narayan-Parker (2005) pointed out that methodological issues faced in selecting indicators of empowerment include whether they are intrinsic or instrumental; universal or context-specific; individual or collective; to which level they will apply; whether to include psychological dimension; to what extent to evaluate the process of change; issues of causality, and whether to collect quantitative or qualitative data.

Ibrahim and Alkire (2007) admitted that their efforts to provide a shortlist of indicators that can be applied at the international level do have some shortcomings. The principle concern is that it is insufficient to provide information on socio-cultural environment while empowerment research is extremely context-specific.

After taking on the indicators, some modifications have been made according to the local context and the level and domain of empirical application. The following will clarify the methodological distinction from the initial work which Ibrahim and Alkire (2007) made:

1. Quantitative or Qualitative data:

Ibrahim and Alkire's (2007) shortlist of individual agency and empowerment has been employed to guide a rich descriptive analysis accessing the power that the poor men and women have. A major challenge or creation the author has made in the empirical work is that Ibrahim and Alkire (2007) intended to produce quantitative data but the author collected data in a qualitative and participatory study as supplements for triangulated analysis with a questionnaire survey of livelihood portfolios.

From this point, the complete methodology in this research is more similar to Narayan – or Alsop and Heinsohn’s Empowerment framework as the assets of poor people have been quantified through the survey and the opportunity structure that affect their ability to expand their agency will be qualitatively analyzed.

2. Intrinsic or instrumental

Despite Ibrahim and Alkire (2007) having provided the questions to measure agency from both intrinsic and instrumental perspectives, only one question about personal and household decision-making that is related to the power the respondent has was selected in this thesis. The question on motivation that could capture the agency the respondent values was rejected after a few interviews in the pilot work which demonstrated that the interviewees either did not understand the question fully or were reluctant to answer.

3. Level of Application:

As with Ibrahim and Alkire (2007), the research in this thesis focuses on the individual level and may be supplemented with data from other units of analysis.

4. Individual or Collective:

Again, similar to Ibrahim and Alkire (2007), this study focuses on the individual aspects of empowerment but included one question to measure the extent to which individuals felt that ‘people like themselves’ were able to change aspects of community life.

5. Dynamics

Similar to Ibrahim and Alkire (2007), the study emphasizes the level of empowerment, not perceptions of whether or not it has increased, or the process by which it has come about. In other words, the study focuses on the actual use of agency rather than the origins and outcomes of empowerment.

6. Establishing Causality:

The question of why the respondent could or could not make the decision at household level was rejected after it was found during the pilot study that there was little gender difference in decision making and respondents thought it did not matter (without question) who made the decision for the household.

7. Who measures: Self or others

Ibrahim and Alkire's (2007) proposed survey uses both objective and subjective questions and argue that the subjective data will need to be analysed differently, and its interpretation will require an understanding of influences such as adaptive preferences. However, as a qualitative technique was selected for this investigation, the questions in the interview were all answered by the interviewee themselves and the questions were open-ended.

8.3.2 Sample and Categories

In the end, 16 interviews were undertaken with the residents of the Shanghai Lane neighbourhood. The data were obtained from interviews within different categories as follows: people with disability, home-based enterprise owner, redundant workers, elderly, rural migrants, households living on the roof, and better-off households. Bias is a well-known problem in qualitative research and, to avoid too bias, the answers of the interviewees were compared with the findings of the study the *Voices of the Poor* (Narayan et al., 2000a; Narayan et al., 2000b), which was conducted in 60 countries to show to what extent voicelessness and powerlessness universally exist among poor people and affect every aspect of their daily life; or to what extent the poor people in urban China are different from those elsewhere.

8.3.3 Research Questions

The following questions selected from Ibrahim and Alkire's (2007) shortlist of individual agency and empowerment were asked:

1. 'Power over/ control': control over personal decisions

Q1. How much control do you feel you have in making personal decisions that affect your everyday activities?

2. 'Power to/ choice': household decision-making and domain-specific autonomy

Q2. When decisions are made regarding the following aspects of household life, who is

it that normally takes the decision?

- a) minor household expenditures
- b) what to do if you have a serious health problem
- c) what kind of tasks you will do

Further question: what do you think restricts your capability to make your own decisions? e.g. gender, age, education, status, occupation, income...

3. 'Power from within/ change': changing aspects in one's life (Individual Level)

Q3. Would you like to change anything in your life?

Q4. What three thing(s) would you most like to change?

Q5. Who do you think will contribute most to any change in your own life?

myself/ my family/ our group/ our community/ the local governments/ the state government/ Other (specify).

4. 'Power with/community': changing aspects in one's life (communal level)

Q6. Do you feel that people like yourself can generally change things in your community if they want to?

Further question: if there is difficulty, what is it?

8.4 Findings: emerging powerlessness

Narayan et al (2000a) concluded ten dimensions of powerlessness and ill being:

1. Livelihoods and assets are precarious, seasonal and inadequate.
2. Places of the poor are isolated, risky, unserviced and stigmatized.
3. The body is hungry, exhausted sick and poor in appearance.
4. Gender relations are troubled and unequal.
5. Social relations are discriminating and isolating.
6. Security is lacking in the sense of both protection and peace of mind.
7. Behaviours of those more powerful are marked by disregard and abuse.
8. Institutions are disempowering and excluding.

9. Organizations of the poor are weak and disconnected.
10. Capabilities are weak because of the lack of information, education, skills and confidence.

The conclusions drawn from in-depth interviews with existing residents in Shanghai Lane indicated that the disadvantaged households in Shanghai Lane neighbourhood had undergone similar vulnerability and powerlessness as the poor men and women living in other places across the world; however, somehow some differentiation remains.

8.4.1 One exception from elsewhere: gender is not a main issue

What distinguishes the poor households in the case study from other groups living in poverty around the world is that there was little gender difference on decision making at household level. This finding was revealed from the answers to the question “who is it that normally takes the decision regarding minor household expenditures, serious health problems or housework?” Most interviewees, either male or female in gender, gave similar answers.

For instance, the housewife in case study 2 (see page 255) said:

‘It hardly says (tells) that who makes the decision for our family.’

She originally held an agriculture *hukou* before she joined her husband’s family living together with his extended family on the rooftop. Although she stays at home and looks after the child and does not contribute to the household income, it seems she still has a voice in household decision making.

Another husband said:

‘Mostly, we discuss together. We never made it as a thought that it should be her or me who makes the decision. More often than not, we discuss with each other.’

His wife is redundant and has some long-term illness so she cannot work; meanwhile, she is younger than retirement age and continues to contribute to her social insurance account. The husband has been re-employed after redundancy and his income is much better-off than the average income of Shanghai Lane neighbourhood.

A few female interviewers even answered that they are the household decision-makers. One of them is a lady with disability who is running a small business at home. They are receivers of the state minimum living allowance receiver and her husband is working as a gate keeper of the neighbourhood. They have a daughter at school age. The other one is a housewife who was redundant and has become unemployed since the 1990s, staying at home and looking after an old grandfather and the only son who is receiving higher education. Her husband receives very limited income from their previous work-unit and she has to contribute to her own social insurance account before her formal retirement.

The examples above show that neither physical nor financial capability that these women have or lack would cause gender difference at household level. However, meanwhile, it is found that childcare needs at home have limited the women's capability to seek employment, which is a common issue for the poor women around the world (Narayan et al., 2000b). Mrs C in case study 3 (see page 256) is a example in Shanghai Lane.

“The staff of the community committee used to stand on the ground floor in the lane and shout up to me about available jobs. But after I had the child, they never called me. It is not true that I do not want to go back to work, but my child needs my care.”

8.4.2 Poor housing conditions, environment and ill-being

Some dimensions of their powerlessness can be illustrated with ease. It is well-known that the dwellings of poor men and women are always near disaster hazards or exposed to pollution. Complaints concerning the environment are received as well from the residents of Shanghai Lane neighbourhood (see physical capital on page 219).

We have proved their poor living conditions and human capital through the survey around their livelihood assets capitals. An old lady living on the second floor describes the neighbourhood as “a absolute mouse storehouse.” Limited living space and deficient sanitation has deprived poor men and women from life with quality (see case

study 1 and 2 on page 251 and 254). Mr E in case study 5 (see page 262) said:

‘My wife works every night from 10pm to 6am. I sleep with my son in our only bed. My son is 12 years old. If my wife has one or two days off, she will sleep with the son in bed and I sleep in a deck chair next to them.’

It is seen in the last chapter that poor people trade off their space for income to support their child’s education (see case study 5, 6, 7, and 9 on page 262, 263, 265, and 270). Besides it, poor men and women also have to trade off their health to save expenses in the clinic. Mrs H in case study 8 (see page 267) said:

My husband just starts to get benefits from medical insurance. But it is just like a trick! His medical insurance only covers his hospitalization expenses and we still need to pay all the outpatient service ourselves. We still can not afford to go to the hospital where a cold will cost you RMB 200 (US 30) or RMB 300 (US 43). Normally we do not go to the hospital at all. We only diagnose the disease by ourselves and buy tablets from the pharmacy.

Next, some specific issues will be addressed with more descriptive details.

8.4.3 The past and the present: Insecure livelihoods and vulnerability

1. Problematic livelihoods.

Security has different local meanings to poor people (Narayan et al., 2000a). Based on the study in Krasna Poliana, Bulgaria, Narayan et al (2000a) has drawn four dimensions of security: stability of income, predictability of one’s daily life, protection from crime and psychological security. Fighting for survival and livelihoods are principal factors that cause the insecurity. The previous survey showed that, in Shanghai Lane, most existing residents were redundant workers or pension receivers. Informal business and overwork were common ways to gain basic human needs. However, most redundant workers were still facing very disadvantaged situations in market competition, sudden illness, social justice and seeking employment. The livelihoods of poor people who were forced to choose informal work were in general unstable. The redundant couple

who made breakfasts within the neighbourhood (see case study 7 on page 265) had complained that they had to break occasionally when delegations visited the neighbourhood for various purposes. As it is a “demonstration community” with a high reputation, the Shanghai Lane neighbourhood hosts many visits from different institutes. In addition, the experience of Mrs D in case study 4 (see page 259) shows how easily the livelihoods of poor people could be affected by illness and market competition.

I was running a grocery shop using the window of our extension on the ground floor as a counter. The profit was about several Yuan (less than US 1) each day. I had another job to help make breakfast. Every day I finished my first work at about 9 o'clock and then came back to continue the grocery business. I gave up my work in 2002 after I had two big operations: one an appendectomy and the other a kidney removal. I was unable to work. Later shopping malls opened around here and I could not make any profit from the grocery business so I closed my shop. Now I only sell beers everyday for fun. Some days I can sell a few bottles, some days I can sell nothing.

Worse, difficulties to find employment and problematic social insurance states have increased their insecurity and vulnerability.

I was redundant from a state-owned military supply factory. There is still ten years ahead before my retirement. I need to pay roughly RMB 460 (US 66) into my medical insurance and social insurance accounts every month (before my retirement). I feel regret for my decision at that time. I should not have agreed to accept the lump-sum compensation for removal. I should have been staying in the factory and the work-unit would pay the medical insurance and social insurance for me. But at that time, we were told that the consequences would be totally different. We were afraid if we did not accept the lump-sum compensation we would get nothing when the factory went bankrupt suddenly. Now I feel I was wrong. At that time, I was thinking there were thousands and thousands of people around the country who would be redundant as well. I did believe I could find a job, otherwise how about the livelihoods of others who were facing the same situation as me?

– a redundant lady who has a son in university

For those who still had it, employment could not guarantee their payments on time. As shown in case study 8 (see page 267), the father retains employment status in his previous work-unit after redundancy and his payment was only above RMB 400 (US 57). But he had not received his payments for half a year.

2. Capabilities are weak because of the lack of information, education, skills and confidence.

In Chapter 6 of livelihood assets ownership, it was found that the residents of Shanghai Lane had limited access to information. In addition, they generally felt that they lacked confidence in seeking jobs owing to their age and skills.

As Mr G in case study 7 (see page 265) said:

‘We are so-called ‘40 and 50’s individuals,’ which means we are aged between 40s-50s. We are like half-cooked rice: neither very young nor very old. We are the most disgusting group when we seek jobs. What kind of jobs can we find? None. Worse, we do not have any skills.’

It was found that although the average education level in Shanghai Lane was high school level in general (see page 211), their skills in previous work units were useless in seeking reemployment (for example, see page 252).

3. Social relations are discriminating and isolating. Organizations of the poor are weak and disconnected.

The findings from the PPA analysis of *Voices of the Poor* study (Narayan et al., 2000b) suggested that associations of the poor are very effective at meeting short-term security needs. However, it was found from the previous survey that the rate for attending group activities was rather low in Shanghai Lane. Overwork and the tiring out caused by overwork were partly the reasons that deprived them of social activities. Financial cost caused in social activity was another critical issue that withdrew people from group activities. Narayan et al (2000b) demonstrated in their *Voices of the Poor* study that

around the world social fragmentation is associated with major economic disruptions and frustration that new opportunities are limited to the rich, the powerful, or the criminal; migration in search of employment, and an overall environment of lawlessness, crime and violence combined with failure of systems of police and justice. Among those above, economic difficulties are the principal reasons, which have been summarized by the poor people in Armenia, Latvia, and Ukraine. Mr G of case study 7 (see page 265) answered frankly that he had no choice but to cut off his visits and invitations to friends because it costs money. Although he likes singing and he is a good singer, the only way he can afford his entertainment is to sit in front of a computer and sing through a microphone to people he has never met who have joined the same on-line 'singers club' where people will queue up and sing to the audience who you will never see their faces. In addition, it was also observed that the disappearance of the work unit system increased the loss of social activities. However, the *mah jongg* centre had become a place for sharing information (see page 229).

On the other hand, poor people feel isolated when they ask for help with credit from their social network.

We are the class at the bottom of the society. The lowest rung. Can you tell me who would like to lend money to me? Only my brothers and sisters will. However, they do not have money to lend to me before I clear my previous loans borrowed from them. Nowadays, most people are like us. Only businessmen are excepted. We are too ashamed to borrow more money before we clear the previous debts. Besides, my brothers and sisters are not much better-off. You see, it is even so difficult to borrow money from family members that you could imagine it would be impossible to borrow money from friends. Borrowing money is the biggest issue.

– a redundant lady who has a son in university

Social exclusion is a common issue that most temporary migrants have experienced or suffered. The interviewees felt they did not belong to the community and relied on nothing from the community committee and the neighbours. A temporary rural migrant's family felt upset and excluded when neighbours always suspected them if

something was stolen. Another migrant talked about the injustice she had experienced:

‘Who will help you? Nobody helps. We are on our own. There is no opportunity for us. Who can tell me what kind of employment is available for us? (Why not run your business within the neighbourhood?) No place for us. (You can rent a room on the ground floor.) No way! There is a room on the ground floor and the area is only a few square metres. The owner asks RMB 500 (US 70) per month. He knows you are going to run a business so he will ask such a high price. What can you do? I would be mad if I paid for it. I would have no benefits at all after I paid for the staff, the electricity, the water and the place. He would get the most benefits.’

– a female rural migrant who had owned a barber’s shop
before the neighbourhood nearby was cleared for
redevelopment.

However, on the other hand, existing households blame migrants for their contribution to reduce social cohesion in the community. Distrust, isolation, and crime have reflected the decline of their social capital.

4. Security is lacking in the sense of both protection and peace of mind.

The survey found that the residents in Shanghai Lane felt it to be generally peaceful (see page 227) and that the level of security had been greatly increased after the Community Committee set up the security guard; however, some complaints about lost assets within the neighbourhood were received during the in-depth interviews. In addition, poor households lacked peace of mind, mainly caused by the lack of welfare security.

I am a ‘black’ individual as my personal archive is missing and there is no record of my employment. I had worked in a printing welfare factory. The leadership sold the machine illegally and then disappeared. Nobody had contributed to our social insurance account. No contribution, no employment history record. I am worried about my life after my retirement. Now I can work a little bit and make some money but how about the life when I am totally unable to move. What can I do?

5. Authenticity

Like the poor people in Kenya and Thailand (Narayan et al., 2000b), households within the Shanghai Lane neighbourhood also felt unsafe and powerless to stop theft.

6. Behaviour of those more powerful are marked by disregard.

The back of the rear terraced building of the Shanghai Lane neighbourhood faces a four storied wedding pictures printing base, from which poisonous chemicals were released into the air, causing serious air pollution in the neighbourhood. It was even worse when it rained and chemicals poured into the backyard. One household said:

“We have tried to make some noise about this issue, but nothing has changed as the owner has a relative who is working in the high court!”

8.4.4 The future: Hopes to change

Q: Do you have anything that you want to change in your life?

A: Anyone wants to change; only the dead do not.

Q: Can you tell me three main things that you want to change?

A: Everything!

Before ranking the priority for change in the lives of poor men and women, attentions must be drawn to the context of their desire of change. Firstly, interviewees generally felt hopeless about the changes in their life. Secondly, their priority for change had significant interaction with both of their tangible and intangible assets. Their hopelessness and the complicated reasons that caused their hopelessness will be explained in the next section. This section focuses on their hopes, despite how faint these were.

8.4.4.1 Better housing or shelter is always a priority

Want to change? It is impossible. Your wish can change nothing! If it could, we would

want to improve the dwelling a little bit.

– a redundant lady

The findings drawn from over 20,000 poor men and women in 23 countries (Narayan et al., 2000a) have shown that better shelter and housing are often a pressing priority as they are closely related with physical security and health.

The Shanghai Lane neighbourhood is recognized as relatively good housing compared with squatters, huts or hovels. However, it is not surprising that most interviewees put better housing as the first thing they wanted to change in their life.

The household survey in Wuhan in 2002 found that the desire for ownership was universal among the poor with four in every five low-income households preferring ownership to renting (Zhou and Zhu, 2007:24,45). However, nearly all had no intention to purchase ownership within the next five years and about 90 per cent considered the issue of affordability to be the main obstacle (Zhou and Zhu, 2007:25,46).

8.4.4.2 Children and their education

‘The second thing I want to change is that I could afford to send my son to go to a good university,’ said the redundant father and mother who get up at 4 o’clock in the morning to run a breakfast business as their only livelihood (source: see case study 7 on page 265). The rural migrant family living on the roof (see case study 6 on page 263) spend most of their income on their son’s education. The mother works as a universal housemaid in the morning and a hospitality porter in a private *mah-jongg* recreation centre from afternoon until midnight. Although they work hard, they still can not afford for their son to attend the ‘small-sized class,’ in which children from better-off families have lunch provided by the school and one more hour of courses every day than normal. It is a trend that students join private courses after school to keep up their ranks in competition. It is very costly. However, the rural migrant’s mother still hopes: ‘*If it is possible, we want our child to take more courses.*’

8.4.4.3 Security in employment and social Welfare

Concerns about social security are common among the households interviewed.

If I had better housing, the next thing I want to change is a secured medical insurance.

We are getting older. Some day we will be ill but we do not have money to go to the hospital.

--Mrs H in case study 8

I do not have an employment record. I have nothing in my social insurance account. I am worried about my pension.

—Mrs I in case study 9

I want my wife to retire early so she will receive her pension from now on.

—A redundant worker

8.4.4.4 Other pocket-sized wishes

In Shanghai Lane, there are more disadvantaged groups such as people with disability, elderly, and rural migrants. Their wishes to change are extremely humble.

Mrs I with a mobility disability (see case study 9 on page 270) wished for the removal of the steps of the bus station, where she usually gets on the bus.

The grandmother in case study 2 (see page 255) had very modest wishes. She wished the neighbour would give up making a living by raising dogs at home. She fears the dogs running around might make her fall over. Her second wish was that her youngest son, who had inherited the dwelling from her and used her pension as his main income, would buy a wheel chair for her because she had no place to sit down when it is wet so she has to lean on a pole when she is tired. The story of the old lady proved another truth that the status of elderly people and respect for them is declining, or as the *Voices of the Poor* (Narayan et al., 2000b) reported, isolation, loss of status, and powerlessness are

what the elderly poor in most developing countries have experienced. Although the redundant father and mother (see case study 7 on page 265) made complaints that they did not have sufficient space to dry their clothes, they would have liked to trade off any request to the community as long as the leadership at community level and street level (another administration unit at higher level) stopped bothering them about their informal breakfast business within the neighbourhood.

8.4.5 The gap before a better future: Hopelessness and powerlessness

We have no desire to change as we know nothing will change even though we make a wish. We do not have any ability to change. We get used to not thinking of any change.

Just dawdle away our time. Drift along, muddle along.

– a redundant lady

As mentioned in the last section, hopelessness was general when poor households answered the question about what they wanted to change. ‘Impossible’ or ‘no way’ were common words to describe the change that could happen to them. On the other hand, their answers about who contributed the most to the change in their life reflects their powerlessness, which nowadays has become a symbol of poverty (Friedmann, 1992). Most interviewees only counted on the government and policy to make their life better.

8.5 Existing opportunity structure (PIPs)

Alsop and Heinsohn (2005) suggested the analysis of the opportunity structure through the presence and operation of formal and informal institutions. DFID suggested participatory study and key informant interviewing as good methods for investigating PIPs. Meanwhile, secondary data is also useful in analysis of the government structure (DFID, 1999e:4.11).

In Chapter 6 on livelihood portfolios, the basic governance structure was introduced through secondary documents and key informant interviews (see Section 6.3.1.2 on page 206). No informal institutions have been found in Shanghai Lane. The Community Committee plays a fundamental role in everyday administration. However, in the chapter on livelihood strategies, a few cases have indicated that there are some issues in local management and governance. The following paragraphs will illustrate the management of institutions and some existing issues. Owing to the length of this thesis and the relevance to previous investigations and research questions, three aspects have been focused on: institutions and governance, issues of unemployment, and the issues involved in upgrading.

8.5.1 Local Governance

In Chapter 5, the urban governance structure from the central to the local in China was explained (see page 167) and the role of the Community Committee (*shequ*) highlighted. In Chapter 6, the local government from the Street Office to the Community Committee of Shanghai Lane was explained (see Section 6.3.1 on page 202). The operation of the Community Committee is illustrated in Table 46.

Table 46 Public information on administration of Shanghai Lane (2007-2008)

1.	Policy, regulations, and norms related to residents		
	a) MLSA policy,		
	b) Subsidy of social insurance for redundant workers who are ‘flexibly’ employed		
2.	Tasks received from higher government:		
	Safety and security, birth control, MLSA, social security, community service, service for people with disability, culture and sports, administration of the floating population, education of youth		
3.	Birth control		
	2006 Oct~2007 May, 22 children were born. 22 individuals have received birth control.		
4.	Distribution of disaster and hardship aids		
	“five fives”	59 households	RMB 9,440
	In-kind charity to disabled people	2 persons	RMB 500

Subsidy on medical cost of mental illness	2 persons	RMB 400
Subsidy on education cost of poorest households	7 households	RMB 7,700
5. number of awarded 'model households':		
'Model Household' at district level	1	
'Model Units (<i>danyuan</i>)' at district level:	2	
'Model Unit (<i>danyuan</i>)' at street level:	188	
'Model Household' at street level:	1,388	
6. MLSA receiving households		
May: 81 households. Total subsidy: RMB 29,736.9		
7. Performance of member of Community Committee:		
Mrs A: Excellent	Mrs B: Excellent	Mrs C: Excellent Mr D: Excellent
Mrs E: Excellent	Mrs F: Excellent	Mrs G: Excellent

Source: from the display window of Shanghai Lane (March, 2008)

First of all, the publicity of their work is an indicator of transparency in governance. It is indeed progress in local governance. However, it was concluded in Chapter 6 (see Table 35 on page 231 and Table 36 on page 231) that households obtained very little information relevant to their livelihoods from the community blackboard. Table 46 reflects that their primary work was to implement tasks from higher level government, focusing on social benefits, aid and birth control. However, it should be noted that the total number of households receiving benefits (81 MLSA receiving households and 70 aid receiving households) was very small compared to scale of the entire community (1,494 households in total with a population of 4,427). It was noted that the number of 'Model' households had become an important indicator of success of local governance and most households (1,388 of 1,494) of Yangtze Community were 'Model Households' at street level.

Table 47 Finance statement of Yangtze Community

Total income:	RMB 9,240	Total expenditure:	RMB 8,752
Budget from local government for payment to committee members	RMB 6,580	Payment to committee members	RMB 6,580
Budget from local government for office cost	RMB 1,300	Office cost	RMB 1,402
Assets income	RMB 1,200	Public, charity	RMB 650
Community service office	RMB 160	Other expenses	RMB 120
Balance: RMB 488			

Source: from the display window of Shanghai Lane (March, 2008)

Table 48 Received donations of Yangtze community

Assets	Value
A computer and printer donated from Wuhan Women's Union	RMB 5,000
Television from District Culture Office	RMB 3,000
A screen from Goldsmith	RMB 7,000
A touch screen from District Labour Office	RMB 8,000

Source: from the display window of Shanghai Lane (March, 2008)

Table 47 shows that the government sponsored most of the expenditure of staff and office costs and the income generated by the community itself was very small. There was no enterprise or, in other words, means of livelihood, based at community level, which distinguishes this urban community from communities in rural areas and urban villages.

The limited income restricted the flexibility and capacity to make any improvement or change. Although the Yangtze Community had received a lump-sum RMB 111,500 in total from the higher government for setting up the new office and new office facilities, it was clear that there was no regular budget to improve the social and physical capital of the community. The donations they received from neighbouring enterprises was

mainly used to invest in their office.

Another noticeable fact was that the payment to staff was rather low, much less than the average income in Wuhan in 2006 of RMB 1,030. It is hard to relate their income to their work load for administrating a population of 4,427 (see Table 49).

Table 49 Payment to the staff

Party secretary(director of committee)	RMB 860	Specialist office in social security	RMB 680
Associate party secretary	RMB 780	Specialist office in MLSA	RMB 680
Associate director	RMB 780	Specialist office in letters and calls	RMB 680
Specialist office in birth control	RMB 720	Specialist office in disabled people	RMB 680
Specialist office in hygiene	RMB 720		
total	RMB 6,580		

Source: from the display window of Shanghai Lane (2008 March)

Poor women and men interact daily with a range of formal and informal institutions. Narayan et al (2000a) has listed the character of institutions from three dimensions: quality of relationships, valued behaviours and effectiveness. The findings of their research of *Voices of the Poor* have shown that most poor men and women think relationships with institutions are crucial to their livelihoods. The relationship criteria include trust, participation, accountability, unity and the ability to resolve conflicts. The behavioural criteria include extent of respect, honesty, fairness, listening, loving, caring and hardworking behaviour. Effectiveness includes timely support and access and contact with the institution.

In Table 46, it is clear that all the committee staff had received 'excellent' for their performance. However, questions remain as to what the indicators were and who had

made the evaluation. Households had given their comments regarding accountability caring and listening. The head of the community committee of Shanghai Lane neighbourhood received very good comments and respect for her accountability, caring, ability to solve the conflict, listening and hardworking. Most interviewees agreed that liked to talk to the head of the community committee when they had minor neighbourhood issues. Unfortunately, this is a comment on leadership only at individual level. As a whole, the issues of inequality and nepotism were found during the process of implementation. As one household described:

“The head is a very good leader, but other staff who are in charge of the work in specific are different. Take the assistance to reemployment of redundant households as an example, my neighbour who is redundant has never been called and informed about the job information. He is still unemployed. However, some households who are close to the staff are always called and offered jobs. Normally, they work for short contracts or they are fired because their skills are not qualified for the work. However, the staff will call them again when new vacancies come. Some households who are qualified are still unemployed.”

The issue is also suggested by another household:

“Since I was redundant in 1994, nobody (from the Community Committee office) has cared about my reemployment. I am going to tell you something I should not tell you, the community committee office almost never introduced jobs to me. I should not have told you this; they must be very uncomfortable when they know it. Anyway you keep it as a secret. We are on our own.”

The following is a story of how the redundant family in case study 7 (see page 265) manages their informal breakfast business within the neighbourhood. Although in the end the father succeeded in defending their livelihood, they credited this to their individual capability to negotiate and their perseverance. Other individuals might have given up their business when they were asked to do so. This couple is described by neighbours as ‘not to be trifled with’ against my impression as ‘warm-hearted and kind people.’ The author suspects they are compelled to pretend to be fierce because of the

pressure to make a living.

“At the beginning when I started my business, they bothered me. I mean the staff from civil administration department and the street administration office. They said Shanghai Lane neighbourhood is awarded the title of ‘community of civilization’ so I can not run this kind of (‘nasty’) business in such a ‘nice’ community. They confiscated our trolley. My wife was in a rage and she questioned the Community Committee office if they had asked the department to stop us. They did not admit that. I suspect they will never admit it. I told them I am determined to run my business. They did not approve it. We had been negotiating for a while and we suspended our business at that time. Some days later, we opened our business again and they wanted to stop me again. This time, there was one leader from the street administration office who wanted to persuade us to give up our business. He had three reasons: ‘community of civilization,’ fire lane and hygiene and pollution problems. He did not know I had worked as a leader of labour union of my work-unit, so I am a person with good eloquence. I defended my idea with words that make sense. Firstly, my business does not shame the fame of the community. What I am doing is something related to livelihood, and something can bring convenience to the whole community. Actually, it is a good thing. Secondly, fire lane. If my business blocked the fire lane, how about the vehicles parked in the lane? You do not think they have blocked the fire lane just because the idea of letting out public space as a parking area to make money is an idea of the Community Committee office? In fact, the vehicles are always there from morning to night while my trolley will only be there for a couple of hours in the morning. They are permanent but mine is moving and temporary. Thirdly, hygiene and pollution. You are welcome to visit us and check my breakfast at anytime. Moreover, I only need boiling water to make the breakfast so I do not produce any pollution at all. In the end, the leader had no more words to say. He suggested an alternative livelihood approach for me: to apply for state Minimum Living Allowance. I told him my household is already a MLSA benefits family. It is a bit more than RMB 100 (US 16) per month for the whole household and together with other allowance is still less than RMB 300 (US 43) per month. What can you do with

RMB 300 per month? There is nearly nothing left after you pay the electricity, water, gas and rental. Lastly the leader said I could ask the community committee to introduce some work for me. But I told them the Community Committee office never informed me about any job information and it is harsh for '40 and 50's' individuals to find employment! In the end, the leader failed and left. After that, they 'open and keep only one eye' on my business."

Narayan et al. (2000b) found in their *Voices of the Poor* study that transaction costs and documentation requirements are the two most common barriers to entry. Here is an example from case study 2 (see page 255):

'We had thought to apply for the state minimum living support allowance. Sister in law had visited the community committee and consulted, but the answer was the norms are more severe than before and my husband is younger than 50 so he is not eligible. It is heard that they think people who are younger than 50 still have the ability to work and that is why he is not eligible. How could we prove it was true or not? We cannot.'

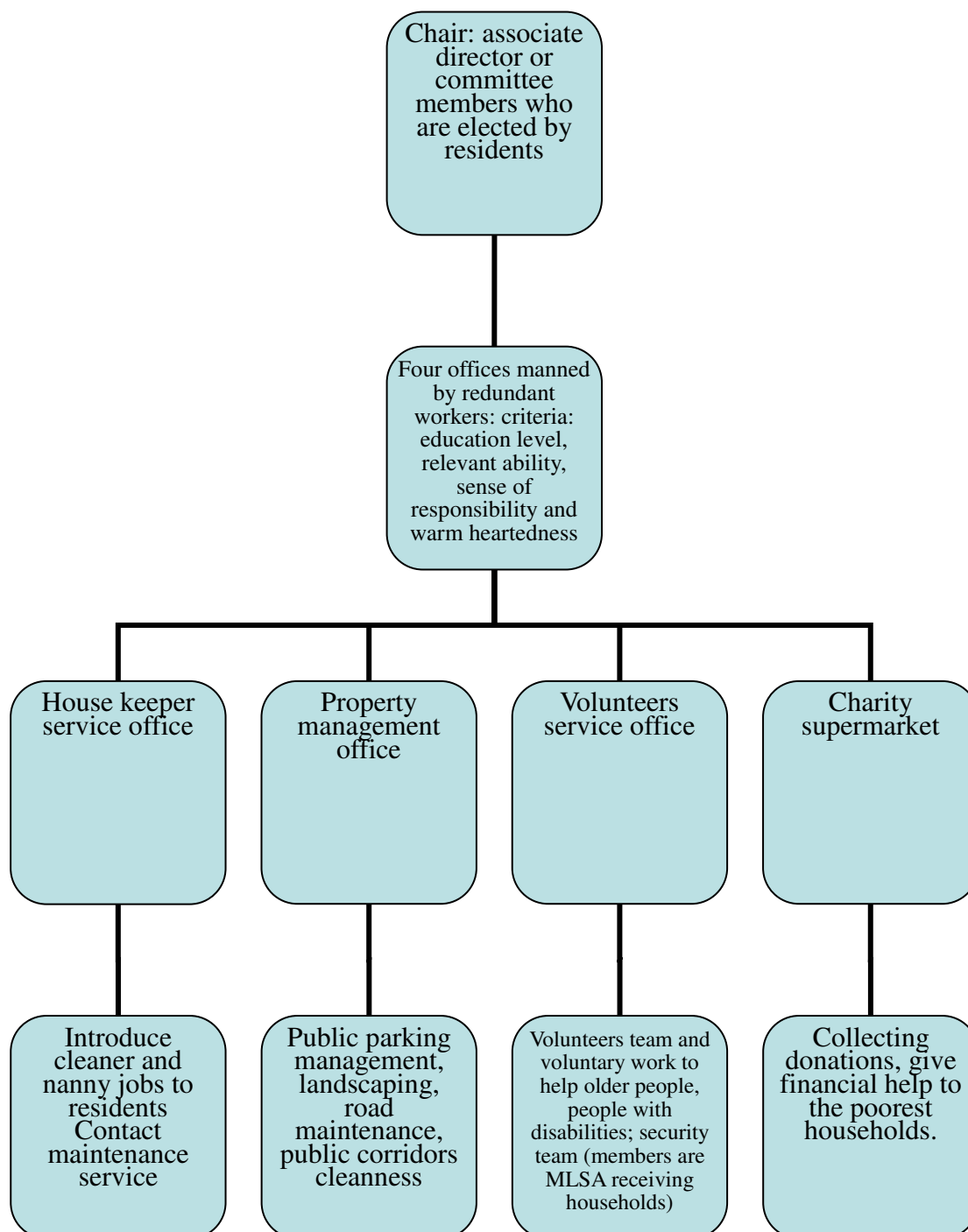
Another example of the redundant widowed mother in case study 4 (see page 259).

When my previous work unit went into bankruptcy in 1997, I chose to become early retired with pension of only about RMB 200 (US 29) per month. At that time, there was not policy for state MLSA. Later after my daughter entered the high school, my pension was increased into RMB 304(US 43) per month. I talked with the Community Committee leadership and asked to apply for the living allowances. However, one of the conditions is average capital income is less than RMB 150. We were just above the line. What can I do? To negotiate with the community committee leadership? No way. They can not change the policy. No space to argue. Just let it be.

Besides the primary governance structure, the Community Committee had appointed several redundant workers (most of them are female) to assist with their daily administration work. The structure and function of community service office was illustrated in Figure 62. The service office was under the supervision of committee staff.

Although the benefits generated by the service office were very few (see Table 47), it had become a bridge between unemployed and redundant workers in the neighbourhood and employment opportunities in the adjacent pedestrianised shopping street. In addition, as an agency of the leasing business in the neighbourhood, it improved the administration of the properties in Shanghai Lane. However, through observation and interviews, it was found that the volunteers' office and charity shops play a very limited role.

Figure 62 The structure of the community service office in Shanghai Lane

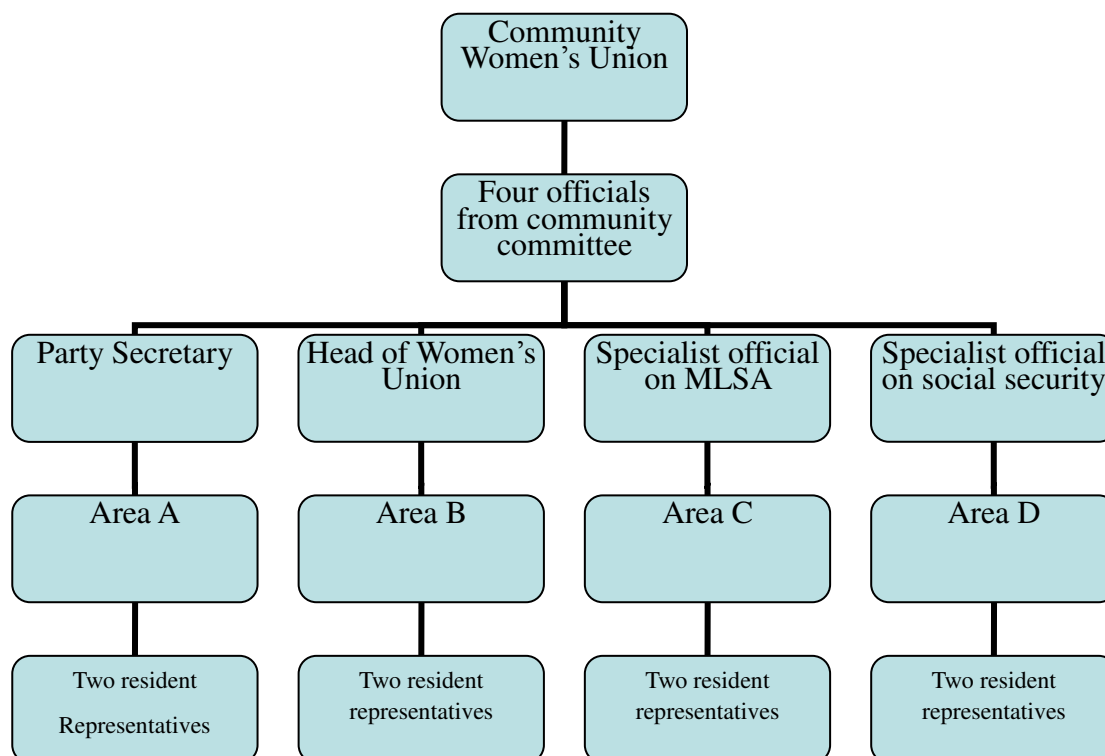


Source: Window display of Shanghai Lane, 2007

In Shanghai Lane, there was also a network to protect women’s rights, which was also directly supervised by committee staff. Women had been provided access to protection and legal aid, which demonstrated an attention to women’s rights in urban

governance in China.

Figure 63 The network to protect women's rights in Shanghai Lane



Source: Window display of Shanghai Lane, 2007

8.5.2 Re-employment issues

As discussed in Chapter 6, there were a considerable number of redundant workers in Shanghai Lane, and either their life was harsh or they had undergone very difficult times (for examples, see case study 2, 4, 5, 7, 8, and 9 on page 254, 259, 262, 265, 267 and 270).

The local Community Committee of Shanghai Lane recognized that employment was a major problem in Shanghai Lane and they had intervened in two ways: on the one hand, they had created more vacancies within the community; on the other hand, they implemented the policies relevant to benefits, aid and subsidy for redundant workers. The following sections will discuss the efficiency of their interventions.

The Community Committee had made several efforts to increase local employment

through the work of the community service office:

- It gave the poorest households priority in security guard vacancies.
- It encouraged the poorest households to contract for the *Mah-jongg* recreation common room. Not only does this provide work but it also increases the social capital at the community level.
- It helped a laid-off single mother find a job working as a temporary cleaner for the three richest households in the neighbourhood.

On the other hand, there was one member of the staff of the Community Committee who worked exclusively on social security issues. Her work included administration of redundant workers, training, and assistance in re-employment. However, several issues in administration emerged during the interview with this person.

‘We have 312 registered redundant workers in total in Yangtze community. Basically speaking, they are all re-employed. We consider redundant workers those who do not come to our office and register as unemployed are employed. For those who have registered as unemployed, they should come to our office to update their ‘unemployment’ status every half a year. If they do not come, we consider them as re-employed. For those who have ‘Flexible/ elastic’ (*linhuo* in pinyin) employment, we consider them as re-employed. ‘Flexible/ elastic’ work (means temporary indeed) normally are short term and labour-intensive. They can not always endure work for long. If we have introduced work to you for three times but you did not take it without a good excuse, we consider you as re-employed. We assume that you do not need this kind of work. Some redundant workers do not have employment, they stay at home but do not like to take the jobs we have introduced, we also assume their households can maintain living without his/ her working and in this case, we consider them as re-employment as well’ (interview with office, 2008).

From the interview above, it is obvious that the method of registration was problematic and the statistics of unemployment and re-employment population were not reliable (as discussed in Section 5.4.1.4 on page 159). At the city level, it is hard to estimate the number of unemployed but have been counted as re-employed. To the contrary, the

Wuhan Statistics Bureau reported that by 2006, the registered unemployment rate was less than 5 per cent and the goal for the 'Eleventh Five-year Plan' (2006-2010) was to keep the registered unemployment rate less than 5 per cent (Wuhan Statistic Bureau, 2006). It is hard to say how much the goal set by higher government has affected the method of registration of unemployment and re-employment.

The second issue is the inequality and nepotism in introducing redundant workers to jobs. As mentioned above (see page 314), some households have complained that the staff only introduce particular households to jobs. The interview with the official confirmed it but she explained:

'There are about twenty or thirty individuals who always visit us, as soon as they lose jobs. Of course we will consider them first when jobs arise. For those who do not have jobs, and stay at home but do not visit us, we assume their households can maintain their livelihood without their income. We consider them as re-employed.'

The third issue is about re-employment skill training. As found in Chapter 7, the skills that redundant workers had acquired in previous work did not contribute very much to their second job (see case study 1, 4, 5, 7, and 9). As mentioned in Chapter 5, one approach that government had taken to alleviate the issues of large number of redundant workers was to provide re-employment skill training. Every year local government set up a target for the number who will receive re-employment skills training and allocate the numbers to the Street Office and Community Committee. The data from Ministry of Civil Affairs has shown that every year the Yangtze Community Committee Office sent about 40 redundant workers to receive the training. With the subsidy (RMB 600 per person) from the government, the training is free. After completing the training, a Re-appointment card is issued, which is a must-have identity in many cases when seeking jobs as it proves that the holder has qualified in some particular skills. However, this approach contributed very little to the process of re-employment. According to the data from Wuhan Audit Department, in the year of 2008, 3,393 redundant workers received the training; however, only 428 (12.6 per cent)

had been re-employed (Wuhan Jiang'an District Audit Department, 2009). Both the households and officials in Shanghai Lane had raised the issue of the relevance of the subjects of the courses.

‘It is hard to say how useful the training is. For example, a redundant worker aged between 40 and 50 has completed the training of computer but it is very difficult for him to find a job relevant to his course.’

– Community Committee staff

The households had the same complaints:

‘I joined the course of property management and I got the re-appointment card. However, which real-estate company will recruit a property office aged nearly 50?’

The re-appointment card was another criteria for getting unemployment allowance. Many households completed courses which they thought were useless just to get the re-appointment card so that they could receive the unemployment allowance. Unemployment allowance is a benefit for those who do not have an employer who pays their social insurance account. This benefit will cease as soon as they have an employer who contributes to their social insurance account.

The fourth issue is limited access to credit and loan to operate self-employment businesses. It was found in Chapter 6 that households in Shanghai Lane had very little access to credit and loans (see page 241). The government had provided small grant loans to assist redundant workers who were self-employed. However, very few households were eligible to apply :

‘The amount for small grant loans is RMB 50,000. Interest free. You should pay it back within two years. The applicants must be Re-employment Premier Card holders. To obtain a Re-employment Premier card, both adults in your household must have been made redundant from state-owned enterprises. If you are unemployed but have not been made redundant from a state-owned enterprise, you must be a MLSA receiving household and you have been unemployed for more than one year. There are other

criteria to apply for small grant loan, for instance, your household must have a kinship as civil servant who will be the guarantee of your loan. You must have a running business already when you send your application. This loan is intended to assist your existing business but does not support the starting of a new business.’

– Interview with Community Committee staff

The staff explained that they have only completed seven applications since the policy was brought into effect.

8.5.3 Issues in upgrading

Although Chapter 7 has illustrated the considerable investments and improvements in physical capital through upgrading work both at household level by user-initiated transformation work and at community level in ‘883 community action schemes,’ some existing issues have been noted. These are: lack of management, lack of collaborative work, and lack of external representatives.

The pressing issues that households are facing, including elimination of rats and cockroach pests and wall reinforcements, require upgrading work at community level (see Table 34 on page 225). However, from Table 46 and Table 47, it is clear that there were no official staff whose work was specifically focused on the improvement of the physical environment of the neighbourhood. The specialist office in hygiene was mainly responsible for supervision of rubbish disposal, maintenance of landscape in public space and to organize volunteers to clean the public lane before they host important visits as a demonstration of being an ‘elite community.’

In Figure 62, showing the structure of the community service office, it can be seen that the duties of its property management officer included public parking management, landscaping, road maintenance, public corridors cleanliness. However, in the field observation and interviews, it was found that only the service of management of public parking was delivered. The maintenance of landscaping, and public

corridors cleanliness was an urgent task to show to occasional visitors rather than a daily duty.

In the Physical Capital section in Chapter 6, the so-called ‘*sanbuguan*’ (no responsible party) situation of maintenance has been explained (see page 225) and most residents maintained the dwellings themselves (see page 225). The lady who was in charge of the property leasing business was not responsible for the quality of service or maintenance issues, although she might have reported complaints received from renters to the owners.

As found in Chapter 6 (see Table 32 on page 222), there was still a considerable number of households who shared toilets, leading to the upgrading of shared toilets demands between households particularly when there was ‘no responsible party’ as an existing official. There were some successful cases:

‘After the work unit handed over the ownership to the real estate management office, nobody is responsible for the maintenance any more. Three households on the same floor contributed together and we re-decorated the toilet.’

– household interview

Also,

‘Four households have shared the expenses for pipe upgrading of the shared toilet. It was blocked very often. Each household has contributed about RMB 100. After upgrading, the pipe is not blocked any more.’

– household interview

However, lack of collaborative work is still a common issue that restricts people’s ability to improve the quality of service. For instance, it was found from the field observation that in many shared toilets in the rear building, there was no water supply to clean the toilet after use. As one household said:

‘There was a water pipe in the shared toilet. It belonged to our household. But all the

others household use it as well. Then we stopped using it. Each household will bring water to clean the toilet.’

Another example is case study 1 (see page 251) that Mr A can not upgrade the foundation of the ground owing to the lack of collaborative work.

The structure shown in Figure 62 and Figure 63 have successfully involved ordinary households in daily governance. The redundant workers, together with four ‘unit heads,’ have formed a network grounded among residents. However, the purpose of appointing those redundant workers was to assist the committee staff to supervise and implement tasks rather than to represent benefits to the residents. For instance, the main duty of four ‘unit heads’ is to collect the fee for rubbish disposal. In the case of air pollution caused by a local wedding picture printing workshop, nobody will represent residents to negotiate with the side that has more power.

8.6 Summary

This Chapter has attempted to investigate the issue of power in relation to access to assets. The empowerment framework has many similarities with SLF but with a more specific focus on agency and opportunity structure. However, it has been found that assessment of power and agency is more difficult to conduct in empirical work. This chapter has studied the indicators and measures and developed a methodology tailored to this research. The lack of particular assets has been interpreted in the language of powerlessness in line with more in-depth discussion on their power over choice and control and how it affects the livelihoods of poor households. The analysis of policy, local governance and operation has shown the blockages that restrict people in pursuing better livelihoods outcomes. Further triangulation analysis of the findings and suggestions will be found in the next chapter.

Chapter 9: Summary of findings and a way forward

9.1 Introduction

Chapters 5, 6, 7, and 8 have presented a holistic analysis of the livelihoods investigation regarding vulnerability context analysis, mapping of livelihoods portfolios, analysis of coping strategies, and the analysis of the power of the urban poor over choice coupled with a review of the operation of local institutions. This chapter has three parts. The first part sums up the findings from previous chapters and generates conclusions regarding the holistic livelihood investigation. The second part reviewed the weaknesses of the methodology used in this research and suggested ways to improve research in the future. The final part summarized suggestions obtained from this research of relevance to policy makers at different levels.

9.2 Summary of livelihood analysis

“Our task is complex, but in the end we have to be simple.”

Deepa Narayan (2005)

In Chapter 3 and Chapter 4, it was shown that livelihoods investigation is holistic and demands great skills of triangulation. The components of SLF interact with each other and overlap in many ways. For instance, vulnerability reflects the lack of ownership of assets and the strategies that poor people can take are determined by their assets ownership and access to assets, which is affected by the policy and governance as well as by the level of their agency. In addition, the concepts of vulnerability, powerlessness, and poverty are related to each other. Powerlessness is a symptom of poverty and powerlessness linked with lack of assets ownership restricts the resilience of poor households to external stresses and shocks, increasing their vulnerability. Vulnerability and powerlessness are both indicators of poverty. Reduction of vulnerability and greater power and voice are regarded as positive livelihood outcomes.

9.2.1 Vulnerability context

The population in cities continues to grow mainly as a consequence of expansion of

urban areas and migration from rural areas to cities. This fact is coupled with the increased numbers of older people in the urban population. Meanwhile average household size in cities continues to decline. As a result of structural reconstruction in the 1990s, there were a considerable number of households in which the shock of being made redundant was experienced. Redundant workers and pensioners now form the major groups of urban poverty. Rural migrants form another major group of the urban poverty. Both these urban poor households are mostly likely to remain in rented property in the medium term, in particular in types of neighbourhoods that are prime targets for property-driven redevelopment. This thesis has selected formal urban poor households concentrated in municipal housing as the subject of the case study.

Compared to informal urban poor households, the formal poor households (those who have urban *hukou* registration) have more access to the distribution of resources, such as housing, employment, schooling, and public health provision, in accord with their *hukou* classifications. However, the benefits they can obtain nowadays have become extremely limited as a consequence of the collapse of the work-unit based social welfare system. Their stresses have grown since the state has embraced a savings-based social benefits system. The benefits that were free in the previous system, such as housing, medical service, and education are not free any more. Meanwhile, as the shift away from industrial employment into the tertiary sector continues, the poor households who were employed in previously state-owned enterprises have to compete with migrants from rural areas (who are generally younger, and have fewer family members to support) in the labour market.

Although the state sponsors the poorest households with a Minimum Living Standard Allowance, there are a substantial number of relatively poor households, surviving on incomes just above the poverty line who are not covered. For those who benefit from the MLSA, the level of relief is limited as the setting of the poverty line is problematic and provides no guarantee that the receiving households will escape from

poverty.

9.2.2 Assets

Human

The number of female and male residents is nearly equal in Shanghai Lane. The average household size is three. The majority of residents are registered urban households. The number of residents has continued to grow slightly over recent years, mainly through the increase in the number of rural migrants moving in. The number of people who are of working age is much smaller than the numbers of the old and the young. Nearly half residents are aged above 50. In 20% of the households, all members are over 60 years old. 15 per cent of the total population are still receiving schooling. Over 40 per cent of households have one member aged below 20.

Dependency ratio is 2.3 in Shanghai Lane, indicating that each employee supports at least two persons. Nearly 18 per cent of the total population are redundant workers. More than a third of households have at least one laid-off worker and in one in six there are two. In contrast, in 43 per cent of households, at least one member is still receiving education. There is a mean of 1.3 employed persons per household. However, one person per household works more than five days a week.

The level of education is generally high, with more than half the population having completed education at high school level or higher. There are very few residents who have disabilities. The community has a library and a clinic. In the public lane, there is low-impact exercise equipment provided under the ‘883 Community Building Action Plan.’

Physical

The Shanghai Lane neighbourhood has existed for nearly 80 years. The local real

estate management office is the landlord and the residents only have the right of abode. As a benefit of its central location, residents have convenient access to shops, schools, hospital, a river bank park, the employment pool, and to other facilities. The average distance to their work place is less than 4 bus stops and nearly half the heads of households walk to their workplace. Another 20 per cent use bicycles.

The ownership of basic consumption goods is rather high, in general. The use of televisions, telephones, air conditioning, washing machines and microwave ovens is very common. Over half the households have computers and most of them have access to the internet. However, there are very few productive assets. Housing is observed as the only productive asset generating additional income through the letting out of rooms, or through small business being run from home.

Their dwelling in Shanghai Lane is the only home for most households. More than half of households only occupy one room which has to serve as bedroom, living room and even kitchen and bathroom. The mean habitable area per person in Shanghai Lane is 14.6m² (median = 11m²). The median is only just above 10m², the official minimum habitable space per person. For 37% of households the average habitable space is less than 10m².

Overcrowding is coupled with lack of services. Although the neighbourhood has access to basic infrastructure, only about one-third of households have their own toilet and more than one quarter share the toilet with four or more households; nearly half of the households need to share the kitchen with other households. There are a considerable number of households who do not have a suitable place to shower.

Regarding the use of energy, most households prefer using electricity or coal as these are cheaper than gas.

The rents are very low, almost nil for most households who possess the right of abode.

However, the rents are much higher for “non-original renters” reflecting the market level. One issue regarding their physical capital is that the local real estate management office can only provide emergency services but fails to offer regular maintenance. Most residents themselves pay for repairs and maintenance. The most common issues regarding their dwelling are rats and cockroaches, wall reinforcement and the regulation of electric circuits. Meanwhile, the services that households want to improve most urgently are those for pest control on rats and cockroaches, wall reinforcement, leaking roofs and provision of separate access to water. However, these issues cannot be solved at household level as they require collective support.

The existing households have shown a desire to stay near the city centre if they are to be relocated.

Social

Shanghai Lane has a long established community. The average time of the households' occupation of their current dwelling is 30 years. 69 per cent households have lived there for three generations. Most households feel the neighbourhood is peaceful. The level of security has been improved in the last two years. Nearly half the households would be willing to leave their keys with their neighbours during periods they are away. However, there is a rather low attendance rate for group activities and the most popular activity is to meet in the Starlight Room to play *mah-jongg*. There is no community-based organization or association. However, some interesting group activities are observed within the neighbourhood, for instance, people play card games in the lane and older people meet at the main gate everyday.

It seems that local residents have limited access to information as their awareness about public policy is low. Their prime information sources are newspaper, television, and friends and relatives. Regarding employment opportunities, they obtain information mainly from the market or relatives and friends. Although there is a

display window in the neighbourhood, the information displayed is mostly about the operation and performance of staff. There is no detailed publicity about the policies that are directly relevant to the livelihoods of the residents.

Poor households do not have the confidence to borrow money in emergencies, which indicates a rather low social capital. Meanwhile, some social fragmentation has been observed.

Financial

The average income in Wuhan is much lower than in other major cities, for instance, Beijing and Shanghai. Most poor households in Wuhan can not save or have to use their previous savings. The existing MLSA scheme only covers half of the poorest households. However, over 40 per cent “MLSA receiving households” (households receiving MLSA) have to borrow money from others.

Rental is cheap for most residents in Shanghai Lane, almost free in comparison to market prices. Their highest priorities on essential domestic expense (excluding that of housing) are food, children’s education and medical services.

The residents in Shanghai Lane receive very little income. Just over half of households’ principal earners are employed but only half of these are formally employed with stable incomes; 17% of households earn their major income through casual, unskilled and semi-skilled service work. Furthermore, nearly one in ten residents of working age is unemployed. Fortunately, nearly 40 per cent of residents receive pensions that provide a stable income resource for the entire household. Indeed, over one in four households rely on pension as the main household income. Although the level of pensions continues to grow, the range of pension income is significant.

Although most residents are expecting increases in their salary, the price of their daily

expenses on food, gas, water and medical services keeps growing at the same pace or even faster. 60 per cent households in Shanghai Lane do not eat meat frequently and one third of households admit that they have to limit their consumption of meat because of the rises in meat prices.

Most households feel difficulty in borrowing money from others in the case of emergency. They do not use credit and loans nor do they have easy access to either. The range in their Housing Provident Fund is also significant.

9.2.3 Vulnerability reflected from assets portfolios

The household size in Shanghai Lane is small, with a high dependency ratio and high proportion of older people and children in schooling compared to those of working age. There are a large number of redundant workers. Although their average education level is rather high, it does not bring many advantages when they look for employment in tertiary sectors. On the contrary, the relative youth, labour, and skills that young rural migrants possess give them the advantage.

Most households belong to the ‘marginal’ group whose income per capita is low but above the poverty line. Many households undertake casual work and receive unstable incomes. However, their low income is not the only factor affecting their vulnerability. High expenses increase their vulnerability. Most households have children in school and education fees are major expenses of households. Many redundant workers below retirement age, no matter whether they are re-employed or not, have to contribute to their social security account which costs a considerable proportion of the household income. The rising price of gas, food, water, electricity, and medical services has increased their vulnerability. The medical insurance they have does not help much in reducing their expenses on medical services.

The disadvantages in their social capital also determine their vulnerability. As a

consequence of the collapse of work units, the redundant workers have lost their previous kinship connections and social activities in work unit. Playing *Mah-jongg* in the Starlight house has become the only popular group activities. The main sources of information on employment are from the market or friends and relatives but some households have to reduce their social activities to save expenses. They are also vulnerable because they have difficulty in borrowing money from friends or relatives. Most households do not have access to loans or credit.

Regarding their physical capital, although their existing dwellings are cheap and have good access to all kinds of facilities, they are also a prime target for redevelopment, owing to its age, condition, and the value of land in that central location. Poor property management results in the deteriorating condition of the buildings and households pay the expense of what maintenance is undertaken. In addition, meeting the community's most pressing needs for upgrading is not attempted.

9.2.4 Coping strategies

Residents in Shanghai lane have strategies both for reducing expenditure and for generating income.

Strategies for reducing expenditure include:

- Use of grandparental resources, including housing, pension, and childcare.
- Staying in cheap accommodation in the central location
- Staying in dwellings close to children's school or workplace,
- Extending living space and building new rooms for showers or kitchens.
- Extending rooms on the rooftops.
- Using cheap energy
- Not going to hospital
- Reducing social activities
- Reducing meat consumption

Income-generating strategies include:

- Working longer and undertaking work that other people do not want to take.
- Letting out rooms and running informal business at home or within the neighbourhood.

It is noted that investment on children's education has become a prioritized long-term strategy for poor households seeking an escape from poverty. Most households squeeze their expenses on housing to make certain of sufficient funding for education. They trade off their living conditions for a better livelihood outcome in the long term.

It is notable that in Shanghai Lane most strategies arise at the household level and that there is a lack of collective support to deal jointly with larger problems. This is partly owing to the residents' low social capital and partly owing to the existing governance structure.

9.2.5 Agency and power, policy and governance

Female household members have equal rights in household decision making. Their power of choice at household level seems not to be affected by their income or social status.

Better housing, better children's education, security in employment and social welfare are their main desires for better livelihood outcomes. However, the poor households in Shanghai Lane generally feel desperate about any change in their livelihood outcomes. Their hopelessness and powerlessness in the face of change is determined by their lack of asset ownership and their opportunities within the existing structure of policies and institutions.

The prioritized duty of the Community Committee is to implement the tasks set by the local government. Although they have a comprehensive structure in the community

service office and the women's rights network, the quality of management remains the question. The volunteer office assistants are all redundant workers and their work is under the supervision of the Community Committee staff.

The investigation in Shanghai Lane has uncovered some issues in the existing governance system based on the Community Committee:

- There is little detailed information on the public board about policies that are directly related to poor households' livelihoods.
- The households that benefit from government subsidy make up a very small portion of the total population.
- The staff's workload is intense but their payment is low.
- Very little income is generated by the community.
- There is no office and no responsible party for the daily maintenance of the neighbourhood. There is no budget for regular maintenance either.

Although every office staff member receives 'excellent' comments in their performance reviews, the households' satisfaction with and trust in the office staff remains only at the individual level. Issues of nepotism and unequal treatment have been found particularly when office staff advise redundant workers of available employment. The top-down provision of free training courses for redundant workers by the local government focuses on the number of attendees rather than the subject relevance and quality of the courses.

As a consequence of the top-down governance approach and the focus on the 'numbers' as indicator of success, the staff's attention is given to the number of 'model households,' the number of re-employed redundant workers, the number of those who have completed training course, the numbers involved in the area of birth control, rather than the quality of management and their relationships with residents.

As there are no community-based organizations or external representatives, the voice of poor households cannot be raised and many issues remain without attention. There is very little participation in decision making at the community level. Some wishes, although very simple, cannot be met as there is no representative who can negotiate or coordinate on the behalf of households. This issue, along with the lack of collective support, is particularly apparent in relation to upgrading work on the buildings.

9.2.6 Outcomes

The outcomes of particular livelihood strategies are illustrated in Table 50.

Table 50 Livelihood strategies in Shanghai Lane and their outcomes

Type of strategies	livelihood strategies	Positive outputs	Negative outputs
Expenses-reducing	Use of grandparental resources, including housing, pension, and childcare.	Secured income, free adult children from childcare,	Overcrowding
	Staying in cheap accommodation in central location	More financial capital	Poor living conditions
	Staying in dwelling close to children's school or workplace,	Less expenses, higher human capital,	Poor living conditions
	Extending living space and build new rooms for shower or kitchen.	More physical capital, more financial capital	
	Extending rooms on the rooftop.	More physical capital, more financial capital	
	Using cheap energy	More financial capital	Air pollution
	not going to hospital	More financial capital	Affect human capital
	Reducing social activities	More financial capital	Affect social capital
	Reducing meat consumption	More financial capital	Affect human capital
Income-generating	Working longer and undertake work that other people do not want to take.	More financial capital	Affect human capital

	Letting out rooms, running informal business at home or within the neighbourhood.	More financial capital	
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It is apparent that some livelihoods outcomes will increase vulnerability and thus they are not sustainable outcomes. For example the air pollution caused by the use of cheap fuels has negative effects on human capital. It is hard to make a simple judgment as to whether the livelihood outcomes are sustainable or not as there is always conflict between livelihood outcomes. For instance, many households have chosen to live with grandparents in cheap accommodation which is overcrowded and in poor condition; however, the pension of grandparents increases household income, the central location of their dwelling can save expenses, and close to employment opportunities can help both generate income and save expenses; all of these help them to secure finance for their children’s education which will enhance human capital in the future. This decision involves a trade off made by households themselves according to their assets ownership, their priorities and their desires regarding livelihood outcomes in the long term.

To take the assets capital pentagon as an example, the original assets ownership is shown as in Figure 64.

Figure 64 Original pentagon of assets capital

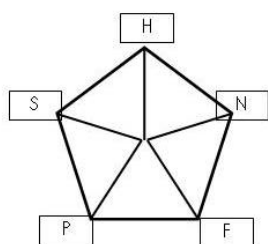
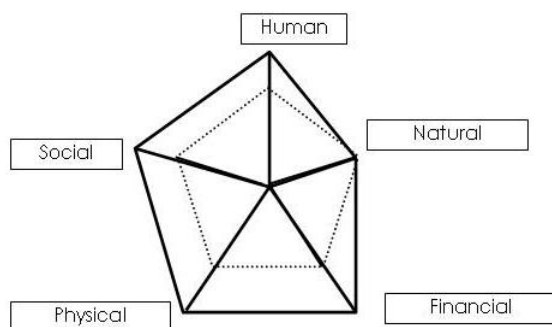


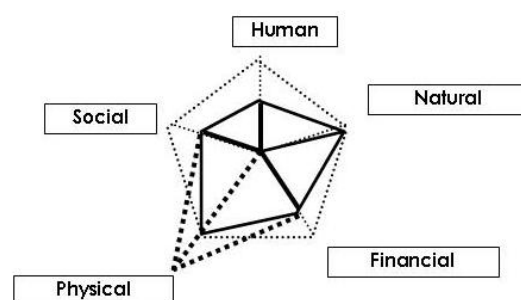
Figure 65 Changes on assets capital pentagon after taking coping strategies in Shanghai Lane



In Figure 65, the poor households in Shanghai Lane can maximize their assets ownership if they stay in existing tenure. The pensioner's income will contribute to their financial capital directly; cheap rents and the central location can save their expenses on transportation and they can remain close to the employment pool, which makes an indirect contribution to their financial capital. Living close to the work place can save their time on transportation so they may have more time to take rest, which will enhance their human capital. Their social capital is stable in the existence of long-established community, and for some households, old neighbours are the main customers of their home based business, which is directly related to their financial capital. Although their living condition is not good as a consequence of overcrowding and lack of maintenance, the user-initiated extensions have provided more living space and mediated the problem of lack of service. More importantly, the income from letting out rooms directly contributes to the household income. All the benefits to their financial capital will guarantee their investment on their children's education, which will enhance their human capital directly.

However, as illustrated in Figure 66 below, if they are relocated or resettled to other places, they will lose all the advantages of their existing tenure, which have negative effects on their human capital, social capital and financial capital. Although their living space may be bigger and the neighbourhood will be modern, it is hard to judge if their physical capital has been enhanced as they have lost their central location.

Figure 66 Changes on pentagon after relocated/ resettled



9.3 Conclusions

The summary of livelihood analysis in Shanghai Lane has demonstrated that the SLA can be employed to undertake research on impoverished neighbourhoods in urban China. The findings from Shanghai Lane have shown that the vulnerability of poor households in Shanghai Lane is firstly, a consequence of external shocks and stresses (mainly caused during the redundancy tide in the 1990s as a result of social and economic restructure and the transition from work-unit to citizenship based social welfare system), and secondly, an outcome of poor livelihood assets and personal agency and power. Within their limited livelihood assets capitals, their existing cheap tenure with central location has become a prime tangible asset to the poor household that can contribute to enhance their human capital, social capital and financial capital. The user-initial extension activities have maximised the livelihood asset ownership with which the poor households can cope and recover from the shocks and stresses, successfully reduce their vulnerability, and more importantly, provide better opportunities for younger generations, to which they give priority. However, their means of livelihood strategies is determined by their personal agency and power over choice, which directly affected by the policy, and operation of local institution. Indeed, owing to their limited financial asset, most poor households have no access to better housing that meet their needs and at an affordable price. For those whose overall livelihood ownership can afford more choices, the current tenure choice is an outcome

of management of their entire livelihoods ownership, a trade off between livelihoods assets and a choice made according to their priorities in longer term. Compared with initial definition of sustainable livelihood that ‘a livelihood is environmentally sustainable when it enhances and maintains the local and global assets, in which livelihoods live. A livelihood is social sustainable, which can cope with and recover from shocks and stresses and provide for future generations.’ Their existing tenure in Shanghai Lane is essential to help the poor households to achieve sustainable livelihood outcomes as it enhances their overall assets ownership, and helps them cope with and recover from external shocks and stresses, and meanwhile, provide for future generations. Any change in their tenure choice, particularly those caused by redevelopment and relocation, therefore, will cause shocks, influence on their overall livelihood assets ownership, increase their stresses and additionally, affect the means that poor households can take in pursuit of better livelihoods (such as informal business, home based business and letting out rooms) and consequently the outcome of their livelihood strategies.

However, it has been found that the application of SLA is highly context specific and the operation in practice requires a specific framework to guide and monitor the process of projects. It should be highlighted that besides that the SLF can be employed to assess the existing livelihood portfolios and identify problems, the result of livelihood analysis can also be used to as a starting point to guide subsequent projects on how to achieve better livelihood outcomes as a common objective. In this sense, it is important to identify relevant indicators of livelihood assets capitals so the livelihood assets ownership can be quantified and compared for monitor and assessment purposes, which is essential in providing information for policy makers regarding housing related interventions. The review of the SLFs developed by other development agencies has pointed out the limitations of other SLFs and the potential for improvement. In addition, the comprehensive livelihood analysis is mainly qualitative work and participation is one of the main principles. Thus, the

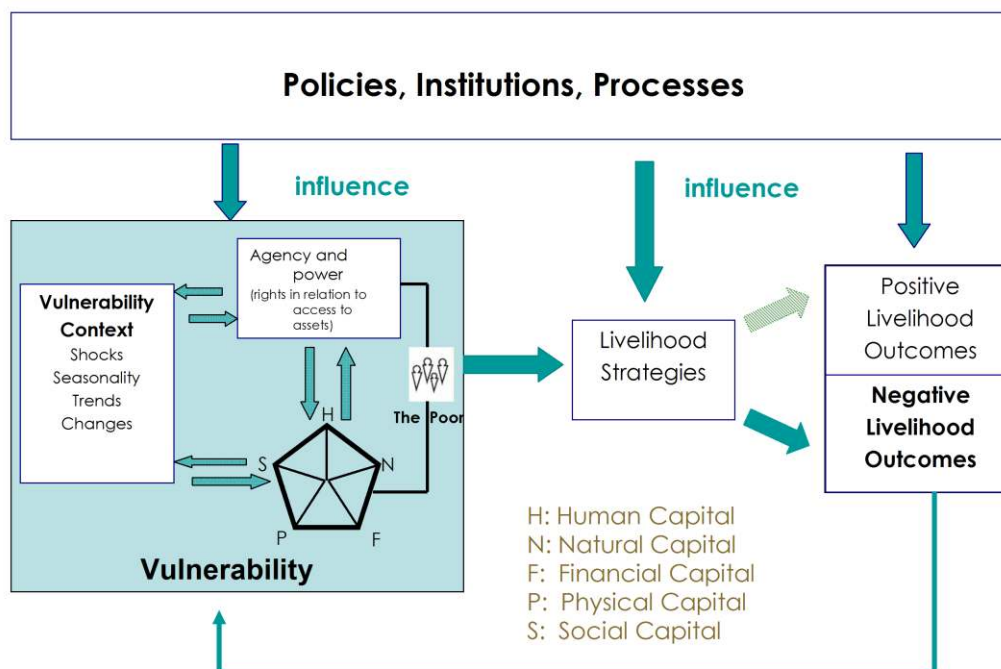
methodology of application needs to be adapted according to the different circumstances although the main principles of holistic, participatory, assets based and incorporating with rights-based perspectives should remain.

9.4 *Adapted framework and its limitations*

It seems that there is a need to distinguish an assessment-based SLF from an empowerment-based SLF. The main problem in application is that of the ambiguity of purpose of use. The uncertainty of the purpose of investigation causes difficulties for new learners to acquire this approach as well as obstacles for its adoption by different sectors. The framework should be divided into two main modes according to the purpose of use.

The SLF in Figure 67 is used to guide a livelihood analysis of the vulnerability of the poor households, what they have (assets ownership, agency and power), their priorities and strategies, their desires for change, how PIPs affect their livelihoods, and how it explores the ways to help them achieve better livelihood outcomes.

Figure 67 Suggested SLF for livelihoods and vulnerability analysis

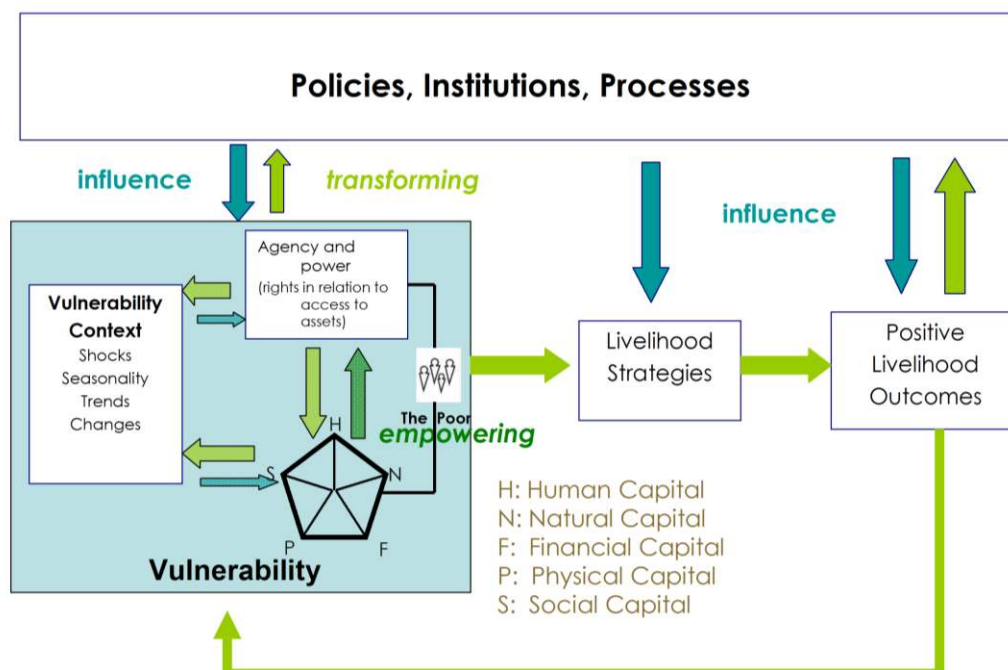


In Figure 67, the vulnerability has both external and internal dimensions. The external environment includes the vulnerability context: the stresses, shocks and trends to which poor households are subject. The internal vulnerability refers to their capacity to cope, which means their resilience capability itself determined by their assets ownership and their agency and power in relation to access to assets. Agency and power is determined by their assets and PIPs and, in turn, their assets ownership is affected by their agency and power in relation to access to assets. There are interactions between the external and internal aspects of vulnerability: the harsher the macro environment is, the more adverse the effects on their assets ownership and the more the restriction on their access to assets; the more assets ownership they possess, the more agency and power they have, the more influence they may have to change the external environment. Poor households have taken necessary strategies to maximize their assets ownership, in most cases, according to their priorities for better

livelihood outcomes in the long term. But not all of their strategies are sustainable. Some may have negative effects. Both the positive and negative strategies have effects on their vulnerability, either reducing or increasing some particular asset capitals. Policies, institutions and processes (PIPs) have an influence over every component in livelihood analysis.

For projects that set SLA principles as a set of development outcomes, after the analysis of their existing livelihood states using SLF in Figure 67, the next step is to employ the empowerment SLF illustrated in Figure 68 to improve livelihood states of poor households, in specific cases, with a focus on particular livelihood components. In the empowerment SLF in Figure 68, the green arrows point out a dynamic process of empowering the poor households and its influences on enhancing asset ownership, more access to assets, transforming policies, institutions, and processes and more freedom in taking the strategies they choose, and generating more positive livelihood outcomes and, in the end, reducing their vulnerability.

Figure 68 Suggested SLF for development projects



However, as DFID (1999c:3.5) stated: ‘improvement in one element (e.g. the policy environment or access to an asset) can not be judged a success before the second-round effects on other livelihood components have been assessed.’ After the empowerment process, it is necessary to use the assessment SLF again to evaluate the effects of interventions.

The SLFs illustrated above still have some limitations. There are some issues that need to be highlighted first. First of all, the adoption of SLA is more significant than the application of SLFs. SLA has been broadly adopted in development practices but it has received critical attention on the issue of operationalising. Although the difficulties of application do exist, the origin of the concept of ‘sustainable livelihoods’ itself has nothing to be questioned, and the way of thinking brought by SLA is more important than practice (see Ashley and Carney, 1999:2). On the contrary, every time some raised voices have questioned the use of SLF, and if we lose the enthusiasm and confidence to undertake this approach, we need to come back to the ‘net’ and ‘pure’ concept of ‘sustainable livelihoods’ of Chambers and Conway (1991) and reassure ourselves in trying to find alternative methods to combat the difficulties.

Secondly, in the process of application, the methods of measuring capital assets are still undeveloped. The evaluation of agency and power and degree of empowerment is not as yet fully established. It might be adapted alongside the discourse in a particular subject.

Thirdly, it must be coupled with a guideline on sequences and steps of investigation in different circumstance with different priorities.

Last but not the least, although this thesis has suggested a process of undertaking livelihood investigation and has developed the indicators, variables, and relevant information to collect, the future user of this methodology should bear in mind that

participatory and context specific in the core principles of successful livelihood analysis. The use of the framework and methodology should remain flexible.

9.5 *Review of the methodology*

The methodology that has been developed in this thesis is a first attempt at employing SLF in housing related studies in urban China. After the empirical work in Shanghai Lane, several aspects of the method were found to be lacking, and need to be developed in future research.

Vulnerability assessments were mainly obtained from context analysis and explained by the lack of assets capital that emerged from the survey. However, participatory methods have been ignored in the vulnerability analysis in this research that vulnerability could be measured from in-depth consultation with particular groups of urban poor men and women using the self-defined vulnerability method illustrated in Farrington et al.'s (2002) *Sustainable Livelihoods Approaches in urban areas*. Farrington et al.'s (2002) report provided an example of use of the participatory evaluation writing method with two groups of rural and urban women in India.

One variable not included in the questionnaire was the skills that both household heads and other members may have acquired. These skills can determine their ability to obtain skilled work when opportunities arise. Although this omission is not significant in this research, because most redundant workers do not require particular skills in their jobs, it is an important question for some groups, for instance, rural migrants, who undertake work in particular fields that require them to acquire specific skills, for instance, chefs, barbers, construction workers and other such types of employment.

Regarding the financial capital in this research, owing to the restriction of this research as a piece of individual work, no useful or accurate data on their income and expenses were obtained from the survey. However, for future research on a large scale at policy

level working with multi-sectors, it would be possible to obtain more accurate information on the income and expenditure in a large sample. Scale may eliminate the restrictions to some extent. However, it should be noted that the data obtained regarding income and expenditure cannot be 100 percent reliable anyway. Another qualitative method, the household budgeting techniques, may be used as a supplementary method to capture the whole picture of how poor households reduce or increase investments on particular assets. The household budgeting techniques may also be useful particularly in studying on urban villages where the socio-economic background is more diverse and consequently the livelihoods strategies are more various. To adopt this method in livelihoods analysis also meets the main principles of the sustainable livelihood approach: to be people-centred and participatory.

A good livelihood analysis needs participatory methods and triangulation using secondary data and survey research. The triangulation of different methods needs a great deal of skill. The author has found that to manage a good livelihoods investigation requires the acquisition of literature regarding policies for social security and housing welfare at a macro level and at the local level. Rich life experience and a deep and broad understanding of the life styles of different groups are both crucial to the production of useful research in this area.

One problem the author has faced has been her youth. Chinese people have great respect for age, experience and title. Young researchers have difficulty in gaining trust and respect from the community. It is ideal to include a senior expert as a research partner to support research workers. But the time of senior experts is precious and they cannot participate during the entire investigation process. Also, ideally the researcher should live within the community. This might be the best way to build trust with local residents, enabling observation of their livelihood strategies in their everyday lives. Although it is very time-consuming and many difficulties and challenges will be faced, the researcher will be able to investigate in greater detail and with greater accuracy.

This method may be necessary in research regarding groups that are more difficult to approach, for instance, rural migrants in urban villages.

There are some difficulties in the application of SLA and operationalizing of SLF, as discussed in Chapter 3, 4 and 8. One lesson learned from the empirical work in Shanghai Lane is that a good way to locate the starting point is from the livelihood outcomes the subjects want to achieve. As DFID (1999e) pointed out, the primary methods of understanding livelihood outcomes is to develop a thorough understanding of local definitions of poverty. For instance, if an individual describes poverty as food insecurity, powerlessness and a lack of access to key services, then the livelihood outcomes they seek might be expected to be food security, a sense of power and dignity and improved access to services. Again, it requires participatory methods that enable the households to define and prioritize the main causes of poverty or vulnerability in the language of SLF. For future housing related studies in urban China, the author would like to suggest that the first step of a project should be to use the self-defined vulnerability method (as illustrated in Farrington et al.'s (2002) Sustainable Livelihoods Approaches in urban areas) and Participatory Poverty Assessments (PPAs) in DFID (1999e:4.13), referring to the indicators of physical capital developed in this thesis. The way to evaluate their vulnerability is through the interpretation of the lack of one or several particular variables of physical assets capital. The more insecurity they have in certain variables of physical capital, the more vulnerability they have (see Moser's (1998) Asset Vulnerability Framework).

A start based on forming a clear understanding of the final objectives they want to achieve will help to solve the most outstanding problem found in this thesis: the scope of the research and how to limit it, which is also a common problem of SLFs (see Carney, 2003).

9.6 *Suggestions to policy makers*

First of all, policy makers should re-consider the value of existing poor neighbourhoods to the livelihoods of poor households and the necessity of retaining it in the face of the tide of property-led redevelopment and urban beautification scheme. From an outsider's eyes, the living conditions in Shanghai Lane are rather poor; from the developers' eyes, the Shanghai Lane neighbourhood should be redeveloped or reused for commercial purposes, and from the viewpoint of policy-makers, Shanghai Lane neighbourhood does not meet the standard of residential building, and it is their responsibility to provide better housing for poor households to move into. However, they have ignored that the tenure choice of poor households in cities is an outcome of livelihood strategies based on their limited assets ownership. The need for cheap accommodation in a suitable location arises from the needs of particular households in their particular life cycles. To most poor households in Shanghai Lane, their existing tenure is their only home. In it they can minimize their expenses and maximize their income so that they can secure finance for their priority, their children's education. In addition, it maximises not only their income, but also the entire household's ownership of livelihood assets with which they can pursue better livelihood outcomes. It is particularly important when some households rely on the existing tenure and community for their business at home. The tenure offered after redevelopment, is either unaffordable (full ownership), or it does not function to produce an income, (low-rental housing cannot be sublet). Worse, they are most likely to lose one advantage that is essential to their livelihood, the location of their home. In order to keep this advantage, they may choose to continue to rent rooms nearby. Under the pressure of rises in rental owing to market pressures, they might adopt other strategies to reduce their expenses that normally cause other unsustainable livelihood outcomes.

There is a trend general to most developing countries that public housing built between the 1950s and 1970s has turned into slums, though this has not received great attention (UN-Habitat, 2006). Ageing and obsolescence is a natural process for every building.

In China, the consequence of the absence of the concept of maintenance in housing policy will emerge in the short-term, medium-term and long-term. In the short-term, it is unavoidable that the deteriorating older neighbourhoods will face the destiny of demolition or eviction. On the other hand, the ‘redevelopment’ approach to eliminating all the urban villages (*chengzhongcun*) will eventually make cheap accommodation very scarce. Consequently issues regarding affordable and adequate housing for temporary migrants will emerge shortly with negative effects on both economic development and social harmony. In the medium-term, the work-unit dormitories intensively built in the 1980s and 1990s will become a new form of ‘slums’ if not enough resources are put into maintenance. They will form new large scale neighbourhoods of poverty for government and local authorities to deal with. The new population of the urban poor would additionally include many work-class residents, a population larger than that of temporary migrants and the poorest households. The issue of providing affordable housing for the lower-class households will be much more severe. In the long-term, the high-rise blocks that have replaced the poverty neighbourhoods will enter their middle-age of obsolescence and the price of maintenance will be very high. The replacement of lifts and reinforcement of the structures will demand massive reinvestment. Without regular appropriate maintenance, the issue of deteriorating high-rise dwellings will be more serious than that currently affecting walk-ups despite the greater wealth of the occupants.

It is foreseen that if we do not alter the way we define, maintain and rehabilitate the deteriorating neighbourhoods, the cycle of slum creation will continue and even worsen in the context of rapid urbanization and economic development. The mission to eliminate ‘slums’ will never be fulfilled. Worse, the environmental and social price of replacing them will be ever higher.

Thus, there is an urgent need for fundamental reform in the housing provision agenda from the national level to local level, with recognition of the profound context of

urbanization and rural-urban migrants, requiring significant changes in political attitudes from comprehensive urban governance to tailored local buildings standards.

9.6.1 Adaptations at national level

Some scholars have warned that the application of SLF insufficiently links micro to macro and small project findings to policy interventions. As Pinder (2009) concluded:

“The framework is good for data collection and analysing people’s assets but it does not necessarily lead to conclusions for programme design, or draw out links between micro-level findings, national policy frameworks and macro-economic issue – for example, using it as a tool in a local community would probably not reveal much about the impact of the current food crisis on the country’s development plans, and even if it did, there would be no mechanism for taking that data to the higher level.”

The main reasons for that are that SL projects are, first, context specific and second, participatory. The holistic livelihood analysis requires careful triangulation of quantitative and qualitative data. Nonetheless the empirical work in Shanghai Lane, together with literature reviews in this thesis have yielded some insights of potential relevance to future policy decisions at national level.

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A pre-requisite of relevant changes in policy will be changes in the political priorities of central government and a change in approach from centralization to decentralization, from market-driven to people-centred and pro-poor, from ‘governance’ and restrictions to enabling, and from promotion of housing ownership to diversifying housing supply options incorporating renting and collective ownership. In the short and medium term there will need to be a movement away from implementation and enforcement of stringent building codes to variety in habitation standards for different income groups. The prevailing situation requires the recognition from the Minister of Housing and Urban-Rural Development of the importance and benefits of maintaining and rehabilitating the deteriorating neighbourhoods and the setting in place of some

legislation and regulations regarding maintenance. Short-term, medium-term and long-term strategies should be devised for different types of buildings, from older residence neighbourhoods to the work-unit walk-ups and the high-rise towers. There is a need for partnerships between the Minister of Housing, Minister of Economy and Minister of Finance throughout all the procedures from policy formulation, housing finance and implementation, beginning with the adoption of an enabling approach. Housing subsidies provided for the supply side (both public and private) should provide higher input on the maintenances and rehabilitation projects of existing resources instead of restricting them to new construction at the expense of whole scale evictions. Housing subsidies provided for the demand side should also encourage existing households and communities to maintain and upgrade their buildings and neighbourhoods. Meanwhile, specific institutions and sectors should be set up in order to help the poor and disadvantaged groups gain more channels of access to housing finance where presently the commercial banks offer more services to the middle-class. The case of GHB in Thailand can be taken as a demonstration (see page 49 of Housing Finance in Chapter 2).

9.6.2 Adaptations at local level

Norton and Foster (2001) suggested that SL projects across different sectors operate better at a local level where local government has more independence over resource allocation. During the implementation process, the political will and the methods that local government may use will be of more importance than the attitudes of central government, particularly after the necessary series of decentralization and liberalization reforms take effect.

Every city is unique in its size, socio-economic context, financial position and the needs of its people. For this reason local development agendas should be adapted with close consideration of the livelihoods of low-income, disadvantaged and excluded groups. Secondly, local government should adapt their own building standards for rehabilitation projects and their own budget plan for subsidies to be exclusively used to

rehabilitate, rather than to demolish and rebuild, and provide support to both the supply and the demand side. Thirdly, instead of creating a new institution, it is better to adapt existing systems to establish a partnership drawing together all the stakeholders from both formal and informal sectors and representatives from poor and disadvantaged groups as well. Fourthly, the partnership team/ panel should participate in every stage of decision making and implementation, particularly in participatory budgeting.

9.6.3 Adaptations at community level – from pilot project (bottom-up)

Friedmann and Chen (2009) suggested that the road towards sustainable development should start from one neighbourhood:

‘When a *Shequ* neighbourhood advances towards a sustainable development, it will become known and famous throughout the city; when a city of sustainable neighbourhoods advances in its agenda towards a sustainable development, the city will become known and famous throughout the country; and when a country of sustainable cities advances towards a sustainable development, the country will become known and famous throughout the world.’

Friedmann and Chen (2009)

Equally, UN-Habitat (1982:58) suggested the following for rehabilitation projects:

‘Governments should initiate small-scale pilot projects before committing resources to larger programmes. These projects should be monitored and public reaction determined so as to ensure maximum acceptability of rehabilitation in affected communities.’

Further and more specifically, UN-Habitat (1982:25) added:

In order to gain experience with the team approach, renewal schemes should not be started on a large scale immediately, nor should a project be handled by too large a team. An initial scheme involving 100-200 houses appears manageable, but that will depend on particular conditions. It is not necessary always to staff teams with civil servants; architects and building engineers outside the civil service may well be engaged for

contracts relating to specific projects.

A demonstration project, as UN-Habitat (2006) described, is a relatively small-scale, self-contained capital expenditure or technical assistance project that serves to demonstrate a particular approach. The benefits of an effective demonstration project are broad-based partnerships and implications of regulatory change, and more importantly, the generation of tangible results on the ground. A successful demonstration should show the ‘partnerships between the public, private, NGO and community sectors, and developing new ways of working together (learning by doing)’ (UN-Habitat, 2006:143).

A demonstration project should start with the inventories. The ‘household years’ indicator (see page 33, the case of National Building Organizations in Delhi) could to be adopted to make an evaluation whether rebuilding or rehabilitation would be more cost-effective. However, the economic cost should not be taken as the only factor that determines the destiny of the neighbourhood. The SLF in this thesis should be employed to make a holistic analysis on the livelihoods assets of the residents, both at household level and community level. The approach and methodology that have been examined in the empirical work in Shanghai Lane could give insights into how to handle primary surveys. Taking the Shanghai Lane as an example, if the government has decided to upgrade the existing neighbourhood rather than asking residents to move out, there will be a need to organize an upgrading project. The aim will be better livelihood outcomes with reduced vulnerability and, in which, the voices of the poor households will be heard, and the assets and capabilities that existing residents already have will be maximized. Partnerships should involve Community Committees, local Real Estate Management offices, Social Security Departments, Planning Institutions, Banks, private developers and representatives of different groups among existing households. Focus groups should be organised throughout all the processes from decision making about the project to budgeting, implementation and project evaluation.

9.7 For Shanghai Lane

Chapters 5, 6, 7 and 8 have demonstrated how to undertake livelihood analysis in Shanghai Lane and the findings have shown that their existing tenure is essential for the entire livelihood of poor households. To take Shanghai Lane as a demonstration project for SLA in housing related study, specific suggestions would be:

1. Security of tenure. Rehabilitation and upgrading projects should replace the existing redevelopment plan. The 'household year' indicator coupled with the livelihood investigation should give support to decision making on whether the neighbourhood should be redeveloped or not.
2. Understanding of the reality and real needs. The participatory study has shown that the most pressing needs prioritized by residents are pest control of rats and cockroach, wall reinforcement, and leaks of roofs, which require collective work at community level.
3. Partnership. Partnerships should be established between Community Committee, Real Estate Management Office, and external representatives of residents. Architects, engineers and surveyor are needed to join in this partnership when repair work starts.
4. Finance and participatory budgeting. There is a gap between the expenses the residents expect to spend on housing and their real rents every month. On the other hand, most residents pay for emergency maintenance when it occurs. It is likely to undertake a survey on how much personal contribution they would like to make for the most pressing needs that the community has decided to tackle. Meanwhile, the local government should invest on the rehabilitation and upgrading projects. The essential part in implementation is that participatory budgeting should be throughout all the stages of process.
5. Employment. The generation of local employment opportunities should be given considerations and priorities throughout the whole process, which might need to involve the Social Security Department.

6. Management. The existing local institute lack management skills. However, the rehabilitation and upgrading projects require higher levels of management and administration. The partnership between Community Committee, Real Estate Management Office and resident representatives still demands a professional co-ordinator who can organise meetings with different sectors, negotiate with local government, exchange ideas with architects and engineers, organise residents to participate in the decision making and participatory budgeting, and in the end, supervise the implementation of projects. This co-ordinator is supposed to take a more permanent post in the community rather than a temporary role because the application of SLA is an on-going process which may continue the circle of assessment and empowerment until the whole community achieves sustainable outcomes. The needs of this role have overlapped with the call of a new profession of social planner, which will be discussed in the following paragraphs.

9.8 *Future Social planners and its Education*

9.8.1 The need of a ‘social planner’ and his/ her role

Indeed, it appears that there are many aspects of governance that can be improved in Shanghai Lane.

Firstly, there should be more staff for the workload they undertake and the population they administer. They should receive higher salaries, more training on management skills and the awareness of SLA.

Secondly, there is the need for an officer who works specially on the physical environment of the neighbourhood. As UN-Habitat (1982:30) argued, owing to the variety of essential management inputs required throughout the operational stages of rehabilitation projects, ‘the co-ordination function may also require the full-time

services of a person experienced in project-control techniques.’ Specifically, UN-Habitat (1982:59) recommended: ‘Governments and local authorities should promote adequate forms of in-service skill training in order to achieve the greatest possible mobilization of resources and their optimal utilization for housing rehabilitation programmes.’

Thirdly, the work performance of committee staff should be reviewed by the households in three aspects: quality of relationships, valued behaviours and effectiveness. The behavioural criteria include the extent of respect, honesty, fairness, listening, loving, caring and hardworking behaviour. Effectiveness includes timely support and access and contact with the institution.

Fourth, the households’ access to information should be more transparent and equal. The public board should advertise more information that is directly relevant to the livelihoods of ordinary households rather than approaching the task from the top. The advertisement of employment information is essential to the poor households. Although there is a website on the name of ‘883 Community Building Action Plan’ on which there is a variety of job information, the survey found that people do not obtain job information from the internet (see Table 35 on page 231 and Table 36 on page 231). It is necessary that either the website needs to promote itself more among the public or the government needs to follow the way that most ordinary people accept and get used to, which is, through people they know.

All the suggestions are indicated also in Friedmann and Chen’s (2009) initiative of the need of ‘social planners’ in contemporary China.

Friedmann and Chen (2009) have developed a new approach towards sustainable neighbourhood planning in China in which they have advanced the concept of *shequ* (SQ) Residents’ Community planners, or more properly, social planners. The

characteristics that a social planner will need to have are, as Friedmann and Chen (2009) have argued, good ‘people skills’; that is,

‘the ability to talk with ordinary folks without dominating, to involve them in a study of their neighbourhood, and to work towards a consensus on such matters as the prioritization of projects.’

Friedmann and Chen (2009) has specified other essential skills that a SQ planner should have, including basic acquaintance of ecological sustainable development, skill in organizing small group discussions as well as running large meetings, a good understanding of physical planning principles, knowledge of how the municipal bureaucracy works, and a solid knowledge of the urban system and its dynamics. In a footnote (Friedmann and Chen, 2009:23), Chen has emphasized that other capabilities beyond skills as a SQ planner should have are those of innovation, enthusiasm and the power to influence others. Chen wrote:

“SQ planners must adopt new ways of doing things. More importantly, they must embrace new ways of being and seeing. They must have a deeper understanding of the complexity around them that prompts them to question what appears obvious to others. They should pursue their goals in ways that engages people’s hearts and spirits. You can not compel someone to take part in a deep self-study cycle. People can only choose to enter upon such a study themselves. That is why social practice is potentially so powerful and yet so exclusive.”

9.8.2 Education of SQ planner

In summary, a good SQ planner, particularly in the context of rehabilitation practice, must have a higher education background in sociology, development planning and physical planning practice as well as project management. Ideally, he/ she would have a one year placement in municipal offices particularly in the department of planning, or the department of housing security and social security, or in a Community Committee. Potentially, he/ she will have opportunities to undertake on-site voluntary work in UN-Habitat, Habitat for Humanity and other NGOs.

Although the systematic training of professional SQ planners is a long-term goal to fulfil, it did not stop Friedmann and Chen (2009) promoting their vision of the framework in education of SQ planners. They suppose this experiment or reform will start from several key universities based on the existing undergraduate courses in town planning, with one academic year in social planning in addition to regular academic study, field work, discussion groups, and role playing.

Friedmann and Chen (2009) showed that the concept of sustainability integrates the triple objectives of inclusiveness, ecological sustainability, and quality of life. The core of this comprehensive perception calls for the collaboration of work units, private sectors, and government (more specifically the Minister of Housing and Urban-Rural Development). Social planners play a role as co-ordinators within those key sectors. From the perspective of rehabilitation, UN-Habitat (1982) stated that the need for co-ordination is greater in rehabilitation programmes than in new construction programmes as it requires overall co-ordination and control to deal with the complexity of the operations themselves and with the participants.

9.9 *Review of chapters*

Chapter 1 introduced the research background and pointed out the existing poverty neighbourhoods in urban China is the main research subject. The beginning of Chapter 1 criticized the goal of ‘comfortable’ housing and how the tremendous progress China made in housing provision has misinformed the attention of mass media while the issues of existing poor neighbourhoods and the people living in them remain unanswered. There are four main types of poor neighbourhoods in China in which urban poor households are more likely to dwell and the municipal housing has been selected as a case study in this research. Chapter 1 briefly reviewed the rapidly adapted housing policy and highlighted issues in current low-rental housing. Chapter 1 outlined the research aims and objectives, which determine a new approach to understanding the

tenure choice of poor households and their real needs. This will help policy makers to make decisions that will improve poor households' entire livelihood rather than diminish it.

Chapter 2 argued that the existence of poor neighbourhoods is reasonable in the background of rapid urbanization, and its existence should be accepted. In addition, migrants and poor households always demand cheap accommodation. It reviewed the relevant positive attitudes towards the sub-standard dwellings while whole-scale eviction is a universal trend which, in many cases, makes the poor households more disadvantaged. It argued that adaptation is more economical than eviction and suggested that waivers of building standards are to some extent necessary if we consider the affordability issue and want to encourage more local small enterprises to be involved in the housing provision process. This chapter reviewed the general housing policy approach in developing countries and suggested that the government should understand and respect the diversity in housing demand and should embrace enabling and pro-poor approaches in housing provision policy. Furthermore, this chapter reviewed relevant approaches in upgrading existing neighbourhoods and suggested that enabling, partnership, and participatory are appropriate approaches.

Chapter 3 explained why SLA was adopted in this research. SLA goes to a bottom-up question directly by asking 'whose reality counts?' and putting the poor people in the centre, focusing on what assets what they already have, and what they want to achieve. It looks at the entire livelihood of poor households with a holistic perspective. It promotes participatory, sustainable and pro-poor approaches. It has been generally adopted by different international agencies and owing to its flexible intrinsically nature, different agencies have developed their own frameworks, sharing the same concept of 'sustainable livelihood.' Although difficulties in operationlizing have emerged in practice, it still has broad potential to be used in the urban context and to address issues regarding housing. Giving credit to the unique context in cities, housing has become the

dominant physical asset which affects people's entire livelihood states. Additionally, housing may be the only productive assets that poor households possess in cities.

Chapter 4 compared four frameworks relevant to SLA and developed the framework in this research, which is based DFID's SLF with an urban perspective. Owing to the participatory and holistic nature of SLA, both qualitative and quantitative methods were used to generate a rich, comprehensive and context-specific analysis of the livelihoods of residents in Shanghai Lane neighbourhood. The methodology of investigation of each component of livelihood framework was discussed. The vulnerability context was formed mainly through secondary documentation at macro level. Assets ownership was mainly profiled through household surveys with triangulation with secondary data at local level and household interview. Their limited assets ownership and the priorities poor people give have determined the strategies that they have taken to expand their assets ownership, which was illustrated in household interviews. The outcomes they can achieve and their access to assets are determined by their personal agency and power as well as the policy, institution and processes, which was examined in in-depth household interviews and observations. Specifically, the indicators of four livelihood asset capitals: human, physical, social and financial were selected. In the end, Chapter 4 outlined the entire methodology of the fieldwork and the reasons why Shanghai Lane was chosen as a case study. Further, Chapter 4 revised the questionnaire after the participatory pilot study at the chosen site.

Chapter 5 reviewed the nature of vulnerability in livelihood studies and the definition of external shocks and stresses that form the vulnerability context. Further, Chapter 5 illustrated the vulnerabilities that poor households face in general and highlighted the particular vulnerabilities that urban poor households have. The vulnerability context in urban China is different from other developing countries by reviewing the different shocks and trends that formal and informal poor households in urban China have to experience. Transition economies from socialist to marketing, de-industrialization,

urbanization and demographic changes, and a transforming welfare system, crash together and form an environment that is not friendly to either the formal or informal poor households. The ‘new’ urban poverty is growing but its scale is underestimated. Additionally, Chapter 5 highlighted their vulnerability to housing. Poor households are likely to remain as renters in a medium term, living concentrated in particular types of neighbourhoods that are the prime target of poverty-driven redevelopment. In the end, Chapter 5 summed up the distinctive vulnerability context in urban China.

Assets ownership is another angle to reflect the vulnerability of poor households. **Chapter 6** collected the portfolio of livelihood ownership in Shanghai Lane around their human capital, physical capital, social capital and financial capital. The city of Wuhan is a tier 2 city in terms of GDP. Small household size and aging of population is a general trend in Wuhan. Most poor households live in municipal housing. Shanghai Lane neighbourhood located in the city centre was selected as a representative of municipal housing. Seventy six households were randomly selected for a face to face questionnaire survey. Small household size, large number of older people, redundant workers and children in schools indicated low human capital assets. The central location had many advantages but overcrowding and lack of service was common, which reflected their low physical capital. The low attendance rate at group activities and difficulty of borrowing money in an emergency shows limited social capital in general. Their poor financial capital was signified by low income, poor saving, high expenses, and no credit.

Chapter 6 illustrated the poor assets ownership that households in Shanghai Lane had, mainly owing to the shocks and stresses from external environment discussed in Chapter 5. However, **Chapter 7** illustrated their strategies to manage their limited asset capitals. From the in depth case studies of nine poor households in Shanghai Lane, with triangulation with data obtained from the survey, it was found that common strategies included the use of grandparental resources, working overtime,

living in cheap accommodation with central location, letting out rooms and cut down expenses. Particularly, it was found that staying in existing tenure in Shanghai Lane can maximize assets ownership and help to achieve a better livelihood outcome in the future. Additionally, some households chose to live in Shanghai Lane as an outcome of managing their overall assets capitals according to their priorities at the moment. Although the living conditions in Shanghai Lane were not ideal, most households had extended their living spaces and added service, which improved their physical capital considerably while their overall livelihood benefited from the central location of their dwelling. Meanwhile, the '883 Community Building Plan' scheme enhanced their physical capital at community level.

However, during the investigation, it was found that their capability in pursuit of better livelihood outcomes had been affected by their access to assets. **Chapter 8** specifically explored the issue of power from two aspects: individual agency and power over choice and control, and operation of institution and local governance. The concept of empowerment and the empowerment framework were applied to understand the role of power within the SLF. The two dimensions of empowerment, personal agency and power and opportunity structure (PIPs), determined the access to assets and the livelihoods outcome. Hopelessness and powerlessness was a common sense among the households interviewed. Their desires about better livelihood outcomes, including better housing, better education, security in employment and social welfare and other small wishes in everyday life exclusively relied on the policy and government. The management and operation of the Community Committee (*Shequ*) were essential to the livelihood of poor households and some issues in administration emerged from the investigation.

Chapter 9 has summarised the findings from previous chapters and crystallized suggestions for policy makers at different levels. The holistic summary of livelihood analysis of the case study subject showed that these poor households in urban China,

externally, faced severe environments while, internally, they possessed very limited assets, agency and power. Their tenure choice in Shanghai Lane was an outcome of management of their assets ownership and it was essential for both their expenses-reducing and income-generating strategies which maximize their assets ownership and sustain their pursuit of better livelihood outcomes in the future. Chapter 9 suggested that policy makers adopt the SLA to understand the significance of existing tenure to entire household livelihood and reconsider the value of adapting the existing poor neighbourhoods. Chapter 9 urged reforms from the national to local level with a SLA that puts poor people and their livelihoods in the centre. A bottom-up approach needs to start from pilot work in one demonstration neighbourhood and specific suggestions have been made taking Shanghai Lane as an example. During the process of reforms and pilot study, professional social planners will play an essential role.

The **Epilogue** has further clarified the insights obtained from this thesis to policy makers. Meanwhile, it highlights the contribution of this thesis and points out the way for future research.

Chapter 10: Epilogue

At the time of writing, two items of news are worthy of attention. The first is that the city of Chongqing has announced a scheme of building up 40 million square metres of public rental housing and the rents will be controlled at 60 per cent of the market price (Xinhuanet, 2010). The other is about the poor living conditions of the young graduates in poor neighbourhoods in cities. Young graduates, who have completed higher education but receive a low income, are forming a new large group of urban poor in China. The ‘Ants tribe’ (China Daily Online, 2010; China Daily Online, 2009a), the new name of this group, has become the major renters in urban villages and other poor neighbourhoods in remote areas of cities.

Chongqing has become the first city in China to reinforce the public housing policy of the central government with great efforts. It has taken the public housing of Singapore as a successful example and has determined to become a demonstration city in China that public housing, heavily subsidized and provided by government, will greatly improve the living conditions of the poor households. In the first stage, the goal is to provide considerable number of low-rental housing for poor young graduates and lowest income households. However, as discussed in Chapter 2 (see page 24), this has ignored the fact that Singapore is an island country, which is as small as one of the main districts in cities in China, with a much smaller population and being highly urbanized. It does not have the rural-urban migrant population of any city in China. The emerging issues of the rise in the number of poor young graduates in cities have reflected a natural trend that cities will remain attractive to youth and migrants. Migration is an unstoppable process coupled with urbanization. How will the governments keep up to the pace of demand for housing for such a large floating population, while there is an equally large group of original urban poverty?

This thesis does not suggest that we do not need better housing. On the contrary, it is proposed that the government should pay more attention to housing as it is an important livelihood asset of poor households and it affects other aspects of household livelihoods

in both short and long term. However, 'slums' will never disappear as the trade-off of housing quality is either a temporary coping strategy or a consequence of adaptation to limited assets ownership in a long term. What poor households need is not only a place to live, but a tenure that will benefit their entire livelihood and meets their real needs. It is found that it is common for poor households to trade off their living condition for a better livelihood outcome in the long run. How long they would like to stay in cheap but impoverished dwellings is determined by the varied life circle of each household. However, one thing is apparent, and this is that cheap accommodation that meets their real needs and priorities in particular livelihood circumstances always has a market.

This thesis does not oppose the government initiatives of building large scale low-rental housing and letting it out to poorest households, young graduates, and rural migrants. However, a more critical view needs to be taken of the quick decisions made regarding housing supply in the very complex social, physical and economic settings prevailing in urban China. First of all, the new built public housing should not always be at the price of the diminishment of poor neighbourhoods, which is where most poor households live at present. This thesis has suggested that policy makers should understand the significance of their existing tenure to their entire household livelihood and the impacts of any interventions related to housing on their livelihood, in both the short and long term. The choice of their tenure is an outcome of their strategies to maximize their livelihood ownership and a voluntary trade off for better livelihood outcomes in the future. The improvement of their housing will make sense exclusively when the entire livelihood outcomes have been improved, not only in the short term, but also in the long. If the enhancement of their physical capital is at the price of other asset capitals or potentially better livelihood outcomes in the future, it can not be considered as a successful intervention and it will not contribute to their livelihoods in a sustainable way. More importantly, poor households will not accept an offer that does not meet their real needs.

Secondly, with a focus on quantity aspects of housing (for instance, quality, size, total number of provision) and regarding it exclusively as a consumption asset and basic needs of human being, the existing housing policy has failed to understand the importance of housing to other aspects of livelihoods and the impacts on their livelihood outcomes. In addition, the provision of low-rental housing has ignored the productive functioning of the dwelling.

This thesis raised the question of ‘who’ needs better housing and whose reality counts? Regarding the large scale construction of low rental housing, which takes Singapore as a successful example, does it meet the real needs of poor people? Will it improve their livelihood asset capitals entirely? Or, on the contrary, will it limit the means that they can take to pursue better livelihood outcomes by offering a unitary type of tenure that deprive them of other choices?

If the government intends to provide decent dwellings for renters, the first question is whether the dwellings they offer meet the real needs of poor people and what are the impacts on their livelihood. For instance, is the location close to work places or schools? Will they still maintain their networks so that they can obtain information relevant to their livelihood? The second question is whether it will affect either their income-generating or expenses-reducing strategies? For instance, will it increase their expenses on transportation, food, education and social activities? Will they lose their income from subletting rooms? Will they lose their informal business in the neighbourhood? The final question is if they will have more freedom and agency in pursuing the livelihood outcomes they desire or will they be deprived of freedom of choice?

This thesis has suggested that the first step of any interventions should be based on understanding what the reality is (their vulnerability and assets ownership), what their

real needs are, and the priorities they give. Although better housing is a general desire of human beings, is it the priority of poor households at this particular period of their life?

The offer of a unitary type of dwelling and tenure, either by production of subsidized housing or by redevelopment, at the loss of demolition of impoverished neighbourhoods with good location, has two main disadvantages.

Firstly, the uniform type of dwelling and tenure has deprived poor households from more choices, limited the diversity in their livelihood strategies and their capacity to pursue better livelihood outcomes.

Secondly, it has assumed that the poor households are only the demand side but it has ignored the capacity poor households have and that they can be part of the supply side. This thesis has shown how people themselves take actions to increase their living space and service, which has challenged the top-down approach in which government is supposed to be the only responsible party of providing adequate decent housing for the poor households. This thesis has also called attention on the strategies poor people have taken to cope and to adapt their limited asset ownership and suggest the policy makers should respect the capability shown in their coping strategies and equally the outcomes they have achieved through their own efforts.

Housing for the poor people is not an issue that matters only to the Ministry of Housing. In fact, housing, far beyond being a basic need, and together with its potential as a productive resource, has complex impacts on entire livelihoods of people, particularly those who are poor. This thesis has argued that any intervention related to housing needs a holistic understanding of the impacts on their livelihoods and, additionally, it needs a partnership between different stakeholders who agree to put the benefits of people's livelihoods first.

The author has suggested that governments should develop broader partnerships in which private developers, informal enterprises, community, and individuals can be encouraged and enabled to contribute to housing provision, and not to take the ‘whole world’ on its own shoulders. This requires government to reconsider the diversity of housing options and standards of building they need. In addition, it is suggested that the government re-assess the value and benefits of retaining the existing poor neighbourhoods through the eyes of poor households. How much does the location and existing community network contribute to their livelihoods? What efforts have the households made to improve their living environment? Are there any blockages and obstacles in policy and governance that restrict their capability to make their living environment better? Is there any possibility of unblocking them so that the households will have more freedom to improve their living environment by themselves?

This thesis has noted that the existing Community Committee plays an essential role in deciding the access to assets, the strategies they can take and the outcomes they can achieve. It has pointed to the potential of the Community Committee to become the nuclear force of building a sustainable community and help the poor households in pursuing better livelihoods outcomes. However, the thesis has also suggested that it demands adaptations in some particular policies, operation system and the quality of management. This demands investments in human resources, including increasing the number of staff and their salaries, which has raised another demand for a career of professional social planners.

All the suggestions above require the participation of households, a bottom-up approach that puts the people and their needs in the centre.

This thesis has presented a systematic review of SLA and a case study of applying SLF to study one municipal neighbourhood in urban China and the livelihood of poor residents living in it. It is a first attempt to apply SLA to assist housing related studies in

urban China and has developed a methodology for future research. The main contributions that this thesis has made are as follows:

1. It has developed the methodology to apply SLA in urban China and indicators of each livelihoods asset capital.
2. It has developed the Vulnerability matrix in the urban China context, which is different from the general vulnerability found in other developing countries.
3. It has recorded and mapped the livelihoods assets portfolios in Shanghai Lane.
4. It has demonstrated a method and framework of analyzing housing as part of the livelihood of poor households.
5. It has explored that housing as a prime livelihoods asset which contributes significantly to other aspects of livelihoods and their existing tenure choice is an outcome of their complex livelihoods coping strategies.
6. It has found that poor households themselves have the capability to extend their living space, improve their living conditions and enhancing their physical capital by themselves. In addition, it has urged that these reforms should be performed at different levels.

This thesis has demonstrated a way of applying SLA in housing related research in China. However, owing to the limitations in this research and the broad potential of SLA, there is more work to do and it is possible to develop it into a series research. The suggested subjects for further research on this topic are:

1. to further develop the indicators of assets capitals and measures of power in the context of urban China;
2. to compare the impacts of resettlements/ relocation on the livelihoods of poor households by comparing the livelihoods profiles of Shanghai Lane with those in resettlement neighbourhoods;
3. to study the impacts of redevelopment of urban villages on the livelihoods of rural migrants;
4. to investigate the varied livelihoods coping strategies of different groups of

poor households and find out if any policy will help it towards more sustainable outcomes.

The suggestions made in this thesis can be simplified as several ‘less is more’ clauses: less focus on scale, more understanding of reality; fewer top-down interventions, more participation; less unitary, more diversity; less top-down, more bottom-up; less restraint, more power, and less control, more collaboration and representation. All these words seem to overlap with the concept of participatory planning, which has been universally acknowledged with many established theory, as a main direction of future planning. So is this thesis insignificant? The answer is no. Participatory planning is a means but not the end. Sustainable livelihoods are the end and meaning of all planning. Only when the livelihood of each individual household achieves sustainable outcomes, a community will become a sustainable community, then an entire sustainable city, and a sustainable country and in the end, a sustainable development for all human beings. This thesis has to stop here but it may also be the beginning of further research. The meaning of this thesis is, as Prof. John Friedmann has commented in a letter to the author,

‘of course there are tens of thousands of such neighbourhoods throughout urban China, and they are all different. But we have to start somewhere, and having such data as yours, on even one neighbourhood, is a start.

Appendix

Appendix1: Indicators, information and correlation between livelihood asset capitals

Table 51 Correlations of information on assets capital

(1) Assets capitals	(2) Correlation	(3) Information
Human capital	<i>Individual</i>	
	A. Household head's age, sex, education, skill, employment and occupation (1 x frequency)	1. Household head's age, sex, education, employment and occupation 2. Household head hukou classification, location
	B. Hukou classification, location (2 x frequency)	
	C. time spend on the way to workplace (20a) x frequency)	
	<i>Household</i>	
D. Household sizes (3 x frequency)	3. Occupants of each household by sex, age, schooling, education level, employment, overworking, relation to household head	
E. distribution of employed/pensioners/schooling per h/h size (3 x D x frequency)		

	<p>F. Education level (3 x frequency)</p>
<p>Physical capital</p>	<p><i>Dwelling size and domestic space</i></p>
	<p><i>Tenure</i></p> <p>G. Tenure patterns (h/holder) 4a) x frequency-)</p> <p>H. Tenure status (4x frequency)</p> <p>I. Owning housing else where (5 x frequency)</p> <p>J. Function of dwelling (mixed; solely residence) (6 x frequency)</p> <p>K. Tenure security (7 x frequency)</p> <p>4. Tenure status of head of h/h a) Ownership (inherited owner/tenants, priv. tenant, pub. tenant, priv. purchase, pub. Purchase) b) length of stay in the house c) reasons for present tenure d) preferences of tenure type e) intention to stay in the city</p> <p>5. Owning housing else where</p> <p>6. Function of dwelling</p> <p>7. Tendency of demolition</p>

Appendix 1

	<p><i>Domestic space</i></p> <p>L. Distribution of area per person (occupancy rate) (D x 8x frequency)</p> <p>M. Use of space by activities (9 x 10 x frequency)</p> <p>N. Demand from additional or different types of space (8 x 9 x 10 x D x frequency)</p>	<p>8. Number and area of rooms a) priorities for change</p> <p>9. types and area of private open space (incl. veranda) a) priorities for change</p> <p>10. uses of rooms and private open space (incl. commerce) a) shared use of space b) desirability and priorities for change c) demand for privacy</p>
<p>Physical capital</p>	<p><i>Domestic services</i></p> <p>O. Availability and demand for improved services (11 x 12 x 13 x 14 x 15xfrequency)</p>	<p>11. Availability of water</p> <p>12. Availability of drainage</p> <p>13. Availability of electricity</p> <p>14. Method of garbage disposal</p> <p>15. Priorities of demand for improved(11,12,13,14)</p>

	<p><i>location and Public services</i></p> <ol style="list-style-type: none">16. location of post office<ol style="list-style-type: none">a) frequency of use of post office17. priorities for change in location of public services: daily shopping, school, clinic, cinema, recreation space, religious centre, post office<ol style="list-style-type: none">a) location and frequency of top three18. location of relatives often visited19. location of place of work20. means of transport to work<ol style="list-style-type: none">a) travel timeb) travel cost21. Desirability and priorities for change in location or means of transport to work
--	---

**Financial
capital**

Financial resources

P. Income distribution by h/h size

(22 x D x frequency)

Q. Tendency of income

(23 x frequency)

R. H/h income distribution by source

(22 x D x frequency)

S. Access to credit

(24 x frequency)

T. H/h expenditure by h/h size

(25-30 x D x frequency)

U. H/h expenditure by h/h income

(25-30 x 22 x frequency)

V. Financial balance of last year

(31 x frequency)

W. Ability to pay rent by h/h income by present rent

(32 x 22 x 26 x frequency)

X. Ability to pay rent by h/h size by present rent

(32 x D x 26 x frequency)

22. H/h occupants income

a) H/h income from employment sources

b) H/h income from non-employment sources

c) income from rent

23. Tendency of formal income next year

a) Tendency of informal income next year

24. Use of credit card

a) access to credit card/loan

25. H/h expenditure on food

26. H/h expenditure on rent

27. H/h expenditure on rates

28. H/h expenditure on water

29. H/h expenditure on electricity

30. H/h expenditure on others

a) cigarette, wine & drink

b) clothing

c) domestic expense and maintenance

d) health care

e) communication(tele, internet)

f) entertainment, social activities, travelling

g) transport cost

31. Financial balance of last year (in debts, have savings, just in balance)

32. Willingness to pay rent (expenses on housing)

Social capital	Y. Availability of networks (33 x 34 x 35 x frequency)	33. number of people you can borrow money equal to about one month wages
	Z. Information and communication (36 x 37 x frequency)	34. availability of sharing of childcare
	AA. Social cohesion and inclusion (38 x 39 x frequency)	35. extent of trust within community
	Sociability (40-45 x frequency)	a) tendency of trust within community
		b) reason of loss of trust in community
		36. frequency of use of telephone
		37. sources of information about policy; market, and employment
		a) tendency of availability of sources
		38. differences in characteristics among residents
		a) possibility to cause problem
	b) reasons of problems	
	39. violence and crime among community	
	a) means	
	b) tendency	
	40. number of public activities attended last month	
	41. number of visitors last month	
	42. number of your visits to others last month	
	43. types of visitors	
	44. number of group recreational activities attended last three months	
	45. number of festival/ceremony attended last year	

Appendix2: Questionnaire (English version)

No. _____ Date: ____ dd ____ mm Unite: _____ Level: _____ Room: _____

1	1. Gender of the household head	1 or 2	1=male 2=female
2	2. Age of household	Number	
3	3. Male household	Number	
4	4. Female household	Number	
5	5. Male retired	Number	
6	6. Female retired	Number	
7	7. Male laid-off	Number	
8	8. Female laid-off	Number	
9	9. Male receiving education	Number	
10	10. Female receiving education	Number	
11	11. Male unemployment	Number	
12	12. Female unemployment	Number	
13	13. The reason why he/she does not have job?	1 to 4	1=Unable to find work 2=Ill/incapacitated 3=Small child /other members to care for 4=Other(specify)
14	14. Male household who work more than five days one week	Number	

15	15. Female household who work more than five days one week	Number	
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How old are your household member?	Below 20	16. How many are male?	17. How many are female?		1
	20~29				2
	30~39				3
	40~49				4
	50~59				5
	60 and more				6

What was the highest education certificate you reached?

Illiterate	18.	1	Please indicate the proper number of your household's education level	19.	20. Male Fem ale	1
Primary School		2				2
Secondary School		3				3
High School		4				4
Undergraduate or higher		5				5

Occupation of principal earner	Regular salaried worker (with welfare security)	21.		1
	Casual wage worker (skilled)			2
	Casual wage worker (unskilled, service, or labour)			3
	Self-employed			4
	Unpaid family worker			5
	unemployment			6
	Other (specify)			7

Is your hukou registered at current address?	Current address	22.		1
	Other address in Wuhan			2
	Other cities			3
	Rural areas			4

Do you have the right of abode of	Certificate issued by local property office	23.		1
	Certificate issued by work unit			2

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your dwelling?	Renter/tenants, no certificate	<input type="checkbox"/>	3
How long have you been living in current address?	<input type="text"/> years	24.	
How many generations have been living here?	One generation	25.	<input type="checkbox"/> 1
	Two generations		<input type="checkbox"/> 2
	Three generations		<input type="checkbox"/> 3
Do you own a house elsewhere? (not counting a family house in which he/she has a right to live) Where is it?	None	26.	<input type="checkbox"/> 1
	Home rural area		<input type="checkbox"/> 2
	In another town or city(not home area)		<input type="checkbox"/> 3
	In this city		<input type="checkbox"/> 4
How did the house come into your possession?			
Bought from Work - Unit		27.	<input type="checkbox"/> 1
Bought from multiple government			<input type="checkbox"/> 2
Bought from market/individual			<input type="checkbox"/> 3
Rent from individual			<input type="checkbox"/> 4
Rent from public sector			<input type="checkbox"/> 5
Inherited or relatives of household owner			<input type="checkbox"/> 6
Other (specify)			
How much?	28.	When?	29.
If you buy or rent it from market, what are the reasons you choose to live here?	Good location	30.	<input type="checkbox"/> 1
	Reasonable price		<input type="checkbox"/> 2
	Social relationship (have friends or relatives here)		<input type="checkbox"/> 3
	Other (specify)		
How long do you	Less than 3 months	31.	<input type="checkbox"/> 1

intend to live here?	3~6 months	<input type="checkbox"/>	2
	Less than 1 year	<input type="checkbox"/>	3
	1~3 years	<input type="checkbox"/>	4
	3~5 years	<input type="checkbox"/>	5
	More than 5 years	<input type="checkbox"/>	6
	Always	<input type="checkbox"/>	7

How many rooms your household have occupied?	32.	<input type="text"/>	
What is the area of habitable rooms? (use area)	33.	<input type="text"/>	m ²
The area of other rooms (like kitchen, bathroom if you have your own)	34.	<input type="text"/>	m ²

Do you have any added loft?	No	35.	<input type="checkbox"/> 1
	Yes, used as sleeping space		<input type="checkbox"/> 2
	Yes, used as study/ work place		<input type="checkbox"/> 3
	Yes, used as store space		<input type="checkbox"/> 4
	Yes, used as other purpose (specify)		<input type="checkbox"/> 5

How many households share the kitchen with you?	No, I have my own one	36.	<input type="checkbox"/> 1
	With other household		<input type="checkbox"/> 2
	With another two households		<input type="checkbox"/> 3
	With another three households		<input type="checkbox"/> 4
	With more than three households		<input type="checkbox"/> 5

What kind of fuels you use in kitchen :	37. gas	1	coal	2	electricity	3
	How many households share the toilet with you?					
	No, I have my own one	38.	<input type="checkbox"/>	1		
	With other household		<input type="checkbox"/>	2		
	With another two households		<input type="checkbox"/>	3		
	With another three households		<input type="checkbox"/>	4		
	With more than three households		<input type="checkbox"/>	5		

Appendix 2

39. Do you have shower? Yes 1 No 2	Where?	I have my own bathroom	40.	<input type="checkbox"/>	1
		In the toilet		<input type="checkbox"/>	2
		In the kitchen		<input type="checkbox"/>	3
		In my room		<input type="checkbox"/>	4

From where you get the cold water?	I have my own water tank	41.	<input type="checkbox"/>	1
	I have my own piped water		<input type="checkbox"/>	2
	I share the water fee with another one household		<input type="checkbox"/>	3
	I share the water fee with another two households		<input type="checkbox"/>	4
	I share the water fee with another three households		<input type="checkbox"/>	5

42. How to get hot water?	coal 1	gas 2	Electronic kettle 3
	Gas radiator 4		Electronic radiator 5

If you have any added as following, please tick and complete:	01.area	02.time	03.cost
43. kitchen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
44. toilet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
45. bathroom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

46. Who built?	Myself/employ sb.	<input type="checkbox"/>	1	Other (please specify)
	Local property office	<input type="checkbox"/>	2	

47. Do you use any places as work shop/workplace	Yes	<input type="checkbox"/>	48. If yes, used for what kind of work?
	no	<input type="checkbox"/>	

Please use the number 1,2,3 to tell us the first three service you think	Water inlet	<input type="checkbox"/>
	downcomer	<input type="checkbox"/>

49. that need to be improved	Sanitary sewer	<input type="checkbox"/>
	Electric circuit	<input type="checkbox"/>
	Wall reinforce	<input type="checkbox"/>
	Roof leaking	<input type="checkbox"/>
	Rats and cockroach	<input type="checkbox"/>

50. if you find some problems with pipes, wires or roof, what will you do?	Other (specify)	<input type="checkbox"/>
	Tell the local property office	<input type="checkbox"/>
	Tell the community committee	<input type="checkbox"/>
	Call the help hotline of major	<input type="checkbox"/>
	Pay sb. to repair it	<input type="checkbox"/>
	Repair it myself	<input type="checkbox"/>

50. Other (specify)	<input type="checkbox"/>
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501. About the future of Shanghai Lane, your attitude is	
No redevelopment, no move, continue to live here	<input type="checkbox"/>
I do not mind, if being redeveloped, I will move; if not, stay here	<input type="checkbox"/>
Look forward to redevelopment, want to move to new apartment	<input type="checkbox"/>
Others (please specify)	<input type="checkbox"/>

If as a result of redevelopment, you have to move out of the Shanghai Lane, the government and developer provide three options of resettlements located within 5 kms of Shanghai Lane, can be reached within half an hour by bus, they are: an public low rental housing (built area is about 50 m²), an economically affordable housing (EAH) (built area is about 60 m²), and commercial apartment (more than 60 m²),

51. As far as the housing type is concerned, you think	
I will accept any offer as long as I don't spend any money. Go to 54	<input type="checkbox"/>
Resettlements of EAH, would like to purchase the extra area	<input type="checkbox"/>
Resettlements of commercial housing, would like to purchase the extra area	<input type="checkbox"/>

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If Shanghai Lane will be redeveloped as commercial housing, I prefer resettlements with the same area in Shanghai Lane and will purchase the extra area at market price with discount, would like to pay property fee at the rate of commercial housing (go to 54)		4
Just want to have the compensation fund (go to 52)		5

52. then move to live with son or daughters	Go to 58		1
Will consider the public low rental housing	Go to 58		2
Will continue to rent other unit nearby	Go to 53		3
Will consider to purchase second-hand property	Go to 53		4
Will consider to purchase commercial housing from the market			5

Where is your preferred location?	Near neighbourhood	53.		1
	Always in central city			2
	Never mind, just mind the price			3

54. How about the area?

No not need so big, it will be enough an apartment with built area of 40~50 m ² ,	
It is all right	
I want a bigger one with built area of 70~90m ²	
I want a bigger one with built area of more than 90 m ²	

55. How about the style?

one bedroom plus a living room	
It is all right	
Bigger, three bedrooms with one/two living room	
Other(specify)	

How can you afford it?	I can afford it myself with my savings	56.		1
	The savings is not enough, I need to borrow money from my family			2
	The savings is not enough, I need to take mortgage from the bank			3
	I cannot take mortgage on my name, I need to use my son/daughter to take mortgage			4
	I can not afford the ownership, will rent it firstly and buy it later			5

If you can not finance it, what is the reason?	57.	
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How much you know about the current low rental housing policy?	I have no idea at all.	58.		1
	Know a little, not exactly			2
	Generally speaking, I know the regulations.			3
	Know it very well			4

What are the three most important sources of information about the current housing policy and the redevelopment proposal of Shanghai Lane neighbourhood?

Relatives, friends, and neighbours	59.		1
Community bulletin board			2
Local market			3
Community or local newspaper			4
Radio			5
Television			6
Groups or associations			7
Political associates			8
Community leaders			9

Appendix 2

An agent of the government 10
 Internet 11

Please choose from the above, what are the three most important sources if you or your household want to find some paid-work?

In general, compared to two years ago (in 2005), has access to information improved, deteriorated, or stayed about the same?

First	60.	<input type="checkbox"/>	
Second	61.	<input type="checkbox"/>	
Third	62.	<input type="checkbox"/>	
	63.	<input type="checkbox"/>	1
Deteriorated a lot		<input type="checkbox"/>	2
Deteriorated a little		<input type="checkbox"/>	3
Stayed about the same		<input type="checkbox"/>	4
Improved a little		<input type="checkbox"/>	5
Improved a lot		<input type="checkbox"/>	

How far is your work place from your house? 64.

<input type="checkbox"/>	Bus stops	<input type="checkbox"/>	
<input type="checkbox"/>	Private car/taxi	65.	1
<input type="checkbox"/>	Train, tram or ferry	<input type="checkbox"/>	2
<input type="checkbox"/>	Bus or minibus	<input type="checkbox"/>	3
<input type="checkbox"/>	Motorcycle	<input type="checkbox"/>	4
<input type="checkbox"/>	Bicycle	<input type="checkbox"/>	5
<input type="checkbox"/>	Foot	<input type="checkbox"/>	6
<input type="checkbox"/>	Other methods	<input type="checkbox"/>	7

Please tell us the current means and cost of transport to work,

<input type="checkbox"/>	<input type="checkbox"/>	66.	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	67.	<input type="checkbox"/>

Total time per

If you suddenly faced a long-term emergency such as illness of principle income earner, and will need a big amount to have operate, what will happen to you? (multiple choice)

No affections at all, will get the payment and pension as usually, the medical insurance will cover the most cost of operation 68. 1

Will loss the income or the job, no enough medical insurance available 2

Will apply for Minimum Living Standard Security fund

Need to borrow money from relatives and friends 3

Borrow from traditional savings scheme or go to pawnshop 4

Will apply for Credit card from the bank which can maintain living expense for a while

Other (specify)

If you still needed extra money for the operation, , how many people beyond your immediate household could you turn to, each of whom would be willing to provide an amount of money equal to about one month's total income of your household?

No one	69.	<input type="checkbox"/>	1
One or two people		<input type="checkbox"/>	2
Three or four people		<input type="checkbox"/>	3
Five or more people		<input type="checkbox"/>	4

If you suddenly had to go away for a day or two, could you count on your neighbours to take care of your children?

Definitely	70.	<input type="checkbox"/>	1
Probably		<input type="checkbox"/>	2
Probably not		<input type="checkbox"/>	3
Definitely not		<input type="checkbox"/>	4

If have no child, replace the question into 'Could you leave your house key to your neighbours if you suddenly had to go away for a day or two but you have plants or pets to look after?'

In your opinion, is this neighbourhood generally peaceful or marked by violence?

Very peaceful	71.	<input type="checkbox"/>	1
Moderately peaceful		<input type="checkbox"/>	2
Neither peaceful nor violent		<input type="checkbox"/>	3
Moderately violent		<input type="checkbox"/>	4
Very violent		<input type="checkbox"/>	5

Compared to two years ago (in 2005), has the level of violence in this village in this neighbourhood increased, decreased, or stayed the

Decreased a lot	72.	<input type="checkbox"/>	1
Decreased a little		<input type="checkbox"/>	2
Stayed about the same		<input type="checkbox"/>	3
Increased a little		<input type="checkbox"/>	4
Increased a lot		<input type="checkbox"/>	5

Appendix 2

same?

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What the two most important groups activities you or your household attend frequently? (three or more people get together or take some responsibility in some organizations or associations)

Activity 1

Activity 2

How often anyone in this household participate in this group's activities, e.g. by attending meetings or doing group work?

Group1		Times per		73.	
Group2		Times per		74.	

How does one become a member of this group?

Group 1	75.		1
Group 2	76.		2
Born into the group			3
Invited			4
Required to join			5
Voluntary choice			
Other			

What is the main benefit from joining this group?

Group1	77.	
Group 2	78.	

Improves my household's current livelihood or access to services	1
Important in times of emergency / in future	2
Benefits the community	3
Enjoyment/ Recreation	4
Spiritual, social status, self-esteem	

Other

--

In order to obtain a holistic view of the socio-economic background of your household, we need to know the income and expense of your whole household.

Income obtained from your employer		per		79.	
Pension		per		80.	
Housing provident fund		per		81.	
Income from rent		per		82.	
Medical insurance		per		83.	
Other		per		84.	
Total		per		85.	

Please choose the number from the below:

Your expected formal income next year will be	86.	
Your expected informal income next year will be	87.	

Decrease more than 20% (including 20% less)	1
Decrease less than 20%	2
About the same	3
Increase less than 20%	4
Increase more than 20% (including 20% more)	5

How much do the people in your household spend on the following? Use

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whichever period is most useful and specify it. The answers will be rationalised to annual amounts in coding

How much on food?		per		88.	
How much on rental?		per		89.	
How much on water?		per		90.	
How much on electricity?		per		91.	
How much on administration fees?		per		92.	
How much on gas?		per		93.	
Other		per		94.	
Total		per		95.	

How often do you buy meat from the market?	Basically we do not eat meat at all.	96.		1
	Fortnightly.			2
	Once one week.			3
	Every a couple of days.			4
	Every day.			5

How does the jump of the meat price affect the daily diet of your household?	No affection at all.	97.		1
	Have affected our recipe a little bit.			2
	Have affected our recipe a lot			3
	Totally changed our recipe.			4

971. Do your household use credit card for consumption?
 Yes. 1 Go to 98 No. 2 Go to 971

972. The reason why you do not use it.
 No awareness 1 Do not like it. 2 Not eligible 3

973. Do you possess the items listed below:
 i. Telephone Yes. 1 No 1

ii. Television	Yes	<input type="checkbox"/> 1	No	<input type="checkbox"/> 1
iii. Computer	Yes	<input type="checkbox"/> 1	No	<input type="checkbox"/> 1
iv. Internet	Yes	<input type="checkbox"/> 1	No	<input type="checkbox"/> 1
v. Microwaves	Yes	<input type="checkbox"/> 1	No	<input type="checkbox"/> 1
vi. Washing machine	Yes	<input type="checkbox"/> 1	No	<input type="checkbox"/> 1
vii. Air conditioning	Yes	<input type="checkbox"/> 1	No	<input type="checkbox"/> 1
viii. Gas radiator	Yes	<input type="checkbox"/> 1	No	<input type="checkbox"/> 1
ix. Electronic radiator	Yes	<input type="checkbox"/> 1	No	<input type="checkbox"/> 1
x. Solar radiator	Yes	<input type="checkbox"/> 1	No	<input type="checkbox"/> 1

Renter/tenants will be asked from the following:

How do you feel about the current rent?	Good value	98.		1
	Just so so			2
	Rather high			3
	Too high			4

What is your expected rental next year?		99.		1
Decrease more than 20% (including 20% less)				2
Decrease less than 20%				3
About the same				4
Increase less than 20%				5
Increase more than 20% (including 20% more)				

If you had to rent the same number of rooms as you live in here and it is new built low-rental social housing of government, what is the maximum amount would you be willing to pay in rent per month? 100.

Appendix 3: Questionnaire: (Chinese Version)

No. _____, 日期: ____月____日 楼号: ____层数: ____间: ____.

户主性别	男	1.		1
	女			2
年龄	(多少岁?)	2.		
本户共有多少人?	3. 男性			
	4. 女性			
有几人退休了?	5. 男性			
	6. 女性			
有几人下岗职工?	7. 男性			
	8. 女性			
有几人还在上学? (接受教育)?	9. 男性			
	10. 女性			
有几人没有工作? (除了退休和还在上学的小孩以外)	11. 男性			
	12. 女性			
没有工作的原因?	找不到工作	13.		1
	因病不能工作			2
	要照顾小孩或其它成员			3
	其它 (请注明)			4
有几人每周工作六天或七天?	14. 男性			
	15. 女性			

请分明注明您家人在不同年龄段的人数

20岁以下	16. 男性 几 人	17. 女性 几 人		1
20~29				2
30~39				3
40~49				4
50~59				5
60岁以上				6

您所受教育程度?

文盲	18.		1	请填入相应人数依照您其它家人所受教育情况	19. 男性		20. 女性		1
小学			2					2	
初中			3					3	
高中			4					4	
大专			5					5	
本科及以上			6					6	

家里主要收入者目前的职业类别:

固定职工 (有保障)	21.		1
临时工作 (有技能)			2
临时工作 (无技能, 劳力, 服务类)			3
自雇			4
给自己家生意帮忙 (不计收入)			5
无业			6
其它 (请注明)			7

请问您户口是当前住址吗?

当前地址	22.		1
武汉市其它住址			2
其它城市			3
农村			4

你拥有这所房屋的所有权吗?

有由房管局颁发的住房产权证	23.		1
有由单位颁发的住房证/			2
无住房证, 承租者			3

你住这个地址多久了?

<input type="text"/>	年	24.
----------------------	---	-----

曾经有几代人住在这里

一代	25.		1
二代			2
三代			3

你在别外还有住房吗? (不包括其它家族成员那里你可以偶尔居住的)

没有	26.		1
乡下老家有			2
在另外一个城市 (非老家)			3

Appendix 3

有的话，在哪？
)
 在武汉市 4

你如何具有这里的居住权的？
 从原单位买的 27. 1
 从房管所买的 2
 从市场个人上买的/二手房 3
 从私人那里租的 4
 从房管所那里租的 5
 从父母那里继承或与房主有亲戚关系 6

其它（请注明）7

如果是买的，花了多少钱？ 28. 何时？ 29.

如果你是房屋市场上租或者买的房子，
 是什么你选择居住在这里的理由？
 地段好 30. 1
 价格好 2
 社会关系（有朋友或亲戚在这里） 3
 其它（请注明）

你打算在这里住多久？ 31. 1
 少于三个月 2
 3~6 个月 3
 少于一年 4
 1~3 年 5
 3~5 年 6
 五年以上 7
 一直住在这

有几间房间？ 32.
 房间面积多少？ 33. m²
 建筑面积
 居住面积

包括 其它面积（厕所，厨房如有自用的） 34. m²
 不包括

有加建的暗楼吗？ 35. 1
 无 2
 有，用作睡觉的地方 3
 有，用作学习工作的地方 4
 有，用作储藏的地方

有，用作其它用途，注明 5

和几家共用厨房？
 有自己独立的 36. 1
 两家共用 2
 三家共用 3
 四家共用 4
 和五家及以上共 5

厨房里烧火是用：
 和几家共用厕所？
 37. 煤气 1 煤炭 2 电 3
 有自己独立的 38. 1
 两家共用 2
 三家共用 3
 四家共用 4
 和五家及以上共 5

39. 家里洗澡有淋浴吗？ 在哪里洗？
 有 1 有独立的洗澡间 40. 1
 没有 2 在厕所里 2
 在厨房里 3
 在自己房间 4

从哪里接冷水 41. 1
 有自己独立水箱 2
 有自己独立水管 3
 两家平摊水费 4
 三家平摊水费 5
 四家平摊水费

如何烧洗澡热水？ 42. 1 烧煤炭 2 电水壶 3
 煤气热水器 4 电热水器 5

如果是自己加建的 43. 厨房
 44. 厕所
 45. 浴室

	0 1 面积	0 2 时间	0 3 花费
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

46. 谁修建的？
 自己或自己请人修的 1 其它
 房管所来修的 2

你有任何房间是当作工作间的吗？ 47. 1 有
 2 没有
 48. 有的话用作什么？

Appendix 3

<p>请按先后顺利用数字 1、2、3 列出您觉得最需要改善的三个方面</p> <p>49.</p>	进水管		1
	排水管		2
	厕所排污		3
	电路电线		4
	墙体加固		5
	漏雨		6
	老鼠蟑螂		7
	其它请注明		8
<p>50. 如果发现管道或者屋顶设施出现问题, 需要维修, 您会:</p>	找房管所		1
	跟居委会反映		2
	打市长热线		3
	自己花钱请人来修		4
	自己修		5
其它请注明			
<p>5 0 1. 就上海村未来发展而言, 您希望:</p>			
不要动, 就这样, 不想搬, 想一直住在这里,			1
无所谓, 要搬就搬, 不搬就一直住			2
快点拆, 住伤了, 想换地方住新房子			3
其它			4
<p>如果因为某种原因, 您将搬出上海村, 作为异地安置的还建房, 在周围 5 公里, 公交半小时内到达的地方, 有 5 0 平方米的廉租房, 有 6 0 平方米左右的经济适用房, 有比 6 0 平方米更大的商品房, 您觉得:</p>			
<p>51. 就住房类型而言, 您希望</p>			
希望还建还多少是多少, 有个地方住就可以, 不会多花钱—转到 5 4			1
希望是按原面积还建, 多余部分自己按经济适用房购买—转到 5 4			2
希望是按原面积还建, 多余部分自己按商品房优惠价格购买—转到 5 4			3
如果上海村继续作为高档住宅开发, 仍愿意按原面积住在这里, 多余面积按市场价享受一定优惠购买, 愿意付相应管理费, —转到 5 4			4
只要拆迁补偿金, 回答 5 2			5
52. 然后搬去与子女同住	转到 5 8		1
租用还建房中新建廉租房	转到 5 8		2
继续在附近租房	回答 5 3		3

考虑购买二手房	回答 5 3		4
自己别处购买商品房	回答 5 3		5
哪里是你比较倾向的选址?	在这个社区附近	53.	1
	总在市中心		2
	无所谓郊区只要价格便宜		3
54. 面积	不需要那么大, 建筑面积 4 0 ~ 5 0 平方米的一室一厅就够了		1
	两室一厅, 建筑面积 5 0 ~ 7 0		2
	希望再大一些, 建筑面积 7 0 ~ 9 0		3
	希望更大一些, 建筑面积 9 0 平方米以上		4
55. 户型	不太适用, 一室一厅就够了		1
	两室一厅		2
	更大一些, 三室一厅或两厅		3
其它请注明			4
资金来源?	自己的积蓄和住房公积金完全可以	56.	1
	自己的不够找子女和家人朋友借		2
	借不够要自己找银行贷款		3
	自己贷不到要以儿女的名义买房贷款		4
	根本支付不起, 希望先租后买		5
原因		57.	
您对当前廉租房政策了解多少?	什么都不知道	58.	1
	知道一点, 不太确切		2
	比较了解		3
	十分了解		4
以下哪三个是你获取关于当前住房政策和有关上海村未来发展的主要信息来源?	亲戚, 朋友和邻居	59.	1
	社区公告板		2
	本地集市		3
	社区或当地报纸		4
	收音机		5
	电视		6
	群体或社团		7

Appendix 3

	政治团体	<input type="text"/>	8
	区委会	<input type="text"/>	9
	政府某机关	<input type="text"/>	10
	网络	<input type="text"/>	11
		<input type="text"/>	1
60.	如果您或您家人想找一份工作，	第一	<input type="text"/>
61.	以上哪些是您的信息渠道？或者说，	第二	<input type="text"/>
62.	一些商家打折或者市场做活动促销的信息从哪里获得？	第三	<input type="text"/>
63.	总的来说，与两年前相比较（2005年），信息渠道是提高，降低了，还是基本相同？	下降得非常多	<input type="text"/>
		下降了一点	<input type="text"/>
		保持得差不多	<input type="text"/>
		提高了一点点	<input type="text"/>
		提高了很多	<input type="text"/>
64.	你家里主要收入者工作的地方离你住的地方有多远？		<input type="text"/>
		站公共汽车站	<input type="text"/>
65.	请告诉我们您当前去工作所采用的交通方式和费用	私家车/的士	<input type="text"/>
		地铁、轻轨或轮渡	<input type="text"/>
		公汽或巴士	<input type="text"/>
		摩托车	<input type="text"/>
		自行车	<input type="text"/>
		步行	<input type="text"/>
		其它办法	<input type="text"/>
66.	总时间	<input type="text"/>	<input type="text"/>
67.	总费用	每 <input type="text"/>	<input type="text"/>

如果你突然面临一个对长期有影响的突发事件，比如说主要收入者生病了需要一大笔钱看病并且无法工作在相当长的一段时间，你们家庭会？

68.	没有什么影响，可以请病假在单位，照样拿工资/退休金	<input type="text"/>	1
	有很大影响，会没有收入或失去工作	<input type="text"/>	2
	申请低保，向居委会求助	<input type="text"/>	3
	需要找亲戚朋友借钱	<input type="text"/>	4
	需要去当铺当东西	<input type="text"/>	5
	可以依靠银行信用卡维持日常生活	<input type="text"/>	6
	其它	<input type="text"/>	<input type="text"/>

如果你突然需要一笔钱看病动手术，除了自己和家人的积蓄以外，仍然差钱，大概等同于你家一个月收入，你可以分别向几个人借到这笔钱？

69.	没有人	<input type="text"/>	1
	一两个人	<input type="text"/>	2

	三或四个人	<input type="text"/>	3
	五个或更多	<input type="text"/>	4
70.	如果你突然需要离开家一两天，你能指望你的邻居替你照看小孩吗？	绝对可以	<input type="text"/>
		也许可以	<input type="text"/>
		可能不行	<input type="text"/>
		绝对不行	<input type="text"/>

如果没有小孩，将问题替换为你会把你家的钥匙留给你邻居吗如果你突然不得不离开一两天但是你有植物或者宠物去照看？

71.	以你的观点，这个街区总的来讲是平静的还是不安全？	非常太平	<input type="text"/>	1
		比较太平	<input type="text"/>	2
		谈不上太平或者不太平	<input type="text"/>	3
		比较暴力的	<input type="text"/>	4
		非常暴力的	<input type="text"/>	5

72.	总的来说，与两年前相比较（2005年），犯罪率是提高，降低了，还是基本相同？	下降了很多	<input type="text"/>	1
		下降了一点	<input type="text"/>	2
		基本持平	<input type="text"/>	3
		上升了一点	<input type="text"/>	4
		上升了许多	<input type="text"/>	5

您或者您家人经常参加的群体活动是哪些？（三或三人以上的社会活动或是某社团、组织的成员）

活动 1

活动 2

隔多久你家庭成员参与这个团体活动？比如说参加活动会议或承担集体工作？

73.	团体 1	<input type="text"/>	次	<input type="text"/>	<input type="text"/>
74.	团体 2	<input type="text"/>	每	<input type="text"/>	<input type="text"/>
75.	他/她是如何成为这个集体的一员的？	集体 1	<input type="text"/>	<input type="text"/>	<input type="text"/>
76.		集体 2	<input type="text"/>	<input type="text"/>	<input type="text"/>

1	出生于这个集体	<input type="text"/>
2	应邀成为一员的	<input type="text"/>
3	被要求成为的	<input type="text"/>
4	自愿成为的	<input type="text"/>
5	其它原因（请注明）	<input type="text"/>

Appendix 3

参加这个团体的好处是什么? 团体1		77.	<input type="text"/>
	团体 2	78.	<input type="text"/>
提高了我们家庭当前的生计或者各种服务的途径			1
在未来有危急情况的时候十分重要			2
对整个社区有益处			3
享受/休闲			4
精神上追求, 社会地位的象征, 荣誉感			5
其它 (请注明)	<input type="text"/>		

为了综合评价您家的经济社会情况, 我们需要了解您的收入。请您可以告诉我全家一共有多少收入吗?

从雇主那里得到的收入	<input type="text"/>	元 / 每元	<input type="text"/>	79.	<input type="text"/>
从退休金那里得到的收入	<input type="text"/>	元 / 每元	<input type="text"/>	80.	<input type="text"/>
住房公积金	<input type="text"/>	元 / 每元	<input type="text"/>	81.	<input type="text"/>
出租收到的收入	<input type="text"/>	元 / 每元	<input type="text"/>	82.	<input type="text"/>
医保多少	<input type="text"/>	元 / 每元	<input type="text"/>	83.	<input type="text"/>
其它	<input type="text"/>	元 / 每元	<input type="text"/>	84.	<input type="text"/>
总和	<input type="text"/>	元 / 每元	<input type="text"/>	85.	<input type="text"/>

请从以下数字中选择填入:

你预计明年正式收入将	86.	<input type="text"/>
你预计明年非正式收入将	87.	<input type="text"/>
下降20%或更多		1

下降少于20%	2
保持不变	3
上涨不过涨幅小于20%	4
上涨不过涨幅大于或等于20%	5

您家庭分别花费多少在以下项目上? 依情况采用不同的时间单位, 在最后统计的时候换算成以年为单位。

多少在食物上?	<input type="text"/>	元	<input type="text"/>	88.	<input type="text"/>
多少是房租	<input type="text"/>	元	<input type="text"/>	89.	<input type="text"/>
水费多少?	<input type="text"/>	元	<input type="text"/>	90.	<input type="text"/>
电费多少?	<input type="text"/>	元	<input type="text"/>	91.	<input type="text"/>
多少在物业管理费?	<input type="text"/>	元	<input type="text"/>	92.	<input type="text"/>
煤气费多少?	<input type="text"/>	元	<input type="text"/>	93.	<input type="text"/>
其它如电话费上网费	<input type="text"/>	元	<input type="text"/>	94.	<input type="text"/>
合计花费	<input type="text"/>	元	<input type="text"/>	95.	<input type="text"/>

您多频繁买一次猪肉?	我们基本不吃猪肉了。	96.	<input type="text"/>	1
	一两次一个月。	.	<input type="text"/>	2
	一个星期一次。	.	<input type="text"/>	3
	每两三天。		<input type="text"/>	4
	每天。		<input type="text"/>	5

您怎么认为猪肉涨价对您日常菜谱的影响?	没有影响到我们的家庭饮食习惯。	97.	<input type="text"/>	1
	对我们的每日食谱有一点冲击。		<input type="text"/>	2
	对我们的每日食谱有很大冲击。		<input type="text"/>	3
	完全改变了我们的每日食谱。		<input type="text"/>	4
	根本买不起。		<input type="text"/>	

971. 你们家有消费信用卡吗?
有 1 没有 2

972原因:				
不了解	1	不喜欢	2	不够条件
9 7 3	您家里有如下设备吗?			

Appendix 3

i电话	如有, 可以留下以便以后核实情况吗?
ii有线电视	iii电脑
	iv宽带上网
	v微波炉
	vi洗衣机
vii空调	viii煤气热水器
	ix电热水器
	x太阳能热水器

无住房证承租者从以下开始问:

你觉得当前租金?	买的很值	98.	<input type="checkbox"/>	1
	还凑和		<input type="checkbox"/>	2
	有点高		<input type="checkbox"/>	3
	太高了		<input type="checkbox"/>	4

明年你预计房租是多少?	下降20%或更多	99.	<input type="checkbox"/>	1
	下降少于20%		<input type="checkbox"/>	2
	保持不变		<input type="checkbox"/>	3
	上涨不过涨幅小于20%		<input type="checkbox"/>	4
	上涨不过涨幅大于或等于20%		<input type="checkbox"/>	5

如果你从政府廉租房租用和你现在所住相同房间数, 每个月你最多愿意付多少钱?	100.
---------------------------------------	------

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