

Press Release on Effectiveness Evaluation of Liaoning Shantytowns Reconstruction

The slum problem is a common problem that exists in various countries of different income levels, but especially outstanding in developing countries. China, which is in the process of reform and opening up and rapid adjustment of energy and economic and industrial structure, is experiencing the largest scale of urbanization ever in the human history. The slum problem is also breeding and spreading in China. Shantytown is a typical Chinese-style slum. According to the statistics, a total of 11.48 million households lived in shanty towns across the country as of the end of 2008, 7.44 million of them were middle-or low-income populations living in urban shantytowns. Although Liaoning Province has been proceeding with shantytowns reconstruction since the middle of 1980s, the reconstruction projects were restricted by many factors, including funds, policy, space, and so on. By the end of 2004, there were still 29 million sqm contiguous shantytowns in Liaoning province, with more than 700,000 households (over 2.1 million people) lived there. Since the State Council approved the Northeast shantytown reconstruction project in 2005, Liaoning Province has carried out comprehensive, integrated and thorough reconstruction of shantytowns. Official statistics shows that, from 2005 to the end of 2011, Liaoning province has completed shantytowns reconstruction for a total of 29.1 million sqm, totally 706,000 households (2.11 million low-income residents) have been improved. The Liaoning Shantytowns Reconstruction project was conducted mainly from top to down in combination with top-down linkage model. Liaoning Shantytowns Reconstruction project has a far-reaching and extensive impact on the economic and social development in Liaoning Province. Government's original intention is to make urban residents have houses to live in, afford houses for long and have good living conditions, and promote the comprehensive improvement of Liaoning economic and social environment through the reconstruction project.

After conducting the on-the-spot investigation to shantytowns and sorting out and reviewing relevant historical documents and data, the Research Group has developed an analysis and a research framework on the impact of shantytowns reconstruction on the economy and society of Liaoning Province under the direction of relevant study and theory. Under the guidance of this framework, the Research Group selected six cities with most severe and most concentrated shantytowns problem: Shenyang, Fushun, Benxi, Chaoyang, Beipiao, Tieling, and Fuxin as the sample cities for research. More than 80% of contiguous urban shantytowns of

Liaoning province are concentrated in these six cities. From the perspective of shantytown residents' welfare, this study focuses on researching the influence and performance of shantytowns reconstruction from six aspects: living space, living environment, economic conditions of residents, social welfare, the government demolition work, and financing and relief.

The basic characteristics of the original inhabitants in shantytowns include low income, low education level, bad working competence, and being aged, sick and disabled.

Firstly, most of the inhabitants in the original shantytown are middle-aged and aged people, with an average age of 48.6, about 1/4 of them are more than 60 years old; secondly, 53% of the inhabitants have only high school degree or even below. Inhabitants with university degree are less than 4%. Thirdly, over half of the inhabitants are employees of the state-owned enterprise or laid-off workers of state-owned enterprises. From the occupation perspective, over half of them are staff and workers of inefficient manufacturing companies and industrial and mining. Finally, the current average household income of residents in shantytowns is about 30,000 Yuan, with an Engel coefficient of 66%, falling into the under-privileged class. Shantytown has become a gathering place for the poor and vulnerable groups. It is difficult for them to improve their living and survival conditions through self-improvement. Shanty towns are "desperate type" slums without bottom-up self-renewal ability.

¹ Data is provided by Housing and Urban Construction Bureau of Liaoning Province

In addition to improving living conditions of inhabitants, the Liaoning Shantytowns Reconstruction project also has a great impact on multiple aspects including economic status, employment, health care, social security and so on. The specific impact includes the following areas:

First, shanties were replaced by residential buildings which led to a qualitative leap of living conditions of poor residents. The living area of poor residents increased faster than the average level of the whole province over the same period. The per capita housing area increased from 12.27 sqm before rehabilitation to 20 sqm, with an increase of 60%. Currently, nearly 80% of people living in shanty towns have two-bedroom apartments, and there is no longer any dwelling below 40 sqm. The new residential buildings are equipped with modern facilities and municipal heating and gas facilities, over 90% of the residents live in comfortable living conditions and have experienced the improved quality of life. More than 80% of the residents believe that heat supply in winter is better than before and facilities

including gas supply make life more convenient. More than 70% of residents believe that water quality has been improved. The degree of recognition of the residents to the improvement of entire community before and after reconstruction is 100%. The satisfaction to the natural environment, air quality, and infrastructure of the new residential community is over 85%.

Second, the economic situation of poor residents has been steadily improved and the social security has been enhanced. The economic situation of poor residents has been improved, low income families have decreased and the social security coverage has been expanded. After the shantytowns reconstruction, residents' income increased 60% than before. The increasing of living cost did not result in living burden to residents. The average balances of residents doubled. Over 65% of the original inhabitants in the shantytowns before reconstruction had an annual income below 20,000 Yuan, and after the reconstruction, over 6% of the inhabitants have an annual income over 50,000 Yuan. While reconstructing the shantytowns, the government enhanced the guarantee to low-income groups. Before the reconstruction, 67% inhabitants did not have social insurance and after the reconstruction, 60% of the inhabitants obtained social insurance.

Third, places where crime and disturbances are apt to take place have been reduced. People living there regain the sense of social identity. Nearly 90% of the residents believe that the new environment also improved the social environment, which enhanced their employability, self-awareness of entrepreneurship, and promoted the neighborhood safety and the quality of residents. About 80% of the residents have improved their sense of social identity, quality and competency, and these contribute to good social order.

Fourth, complaints and resentment have reduced and understanding and support have increased. About 80% of the residents felt the government's effort in the shantytowns reconstruction and think that the government was fair, honest and trustworthy during the reconstruction. The time span from demolition to occupancy is generally three years.

Fifth, the shantytowns reconstruction has little impact on the economic situation of the poor inhabitants. According to the survey questionnaire, the inhabitants in shantytowns paid 26,760 Yuan averagely for buying their new apartments, and most of them paid 20,000 Yuan and 61% of the inhabitants full paid. According to our research, the Government has undertaken over 40% of the funds for the shantytowns reconstruction. In addition, social funds were also raised by means of land-transferring fees, policy-related bank loans, priority opportunities provided by government for other commercial development, and financial subsidies. Almost all the residents (99.3%) did not experience fund-raising in the process of shantytowns reconstruction.

After comparing the findings of the six sample cities, the following conclusions can be made that Fushun and Fuxin are the best in many aspects, including improvement of living environment, income increasing, satisfaction with government's reconstruction project, and social environmental improvement. Inhabitants from the slums have shown their highly appreciation to governments. Residents from Shenyang, Chaoyang and Beipiao areas have a relatively low satisfaction to the improvement of living and social environment and government's performance. The overall guiding principle of Liaoning shantytowns reconstruction is "government-dominant and market-operating", difference may exists in the implementation and intervention of government in different regions and different projects. In Fushun and Fuxin cities where shantytowns problems are quite serious, the governments at all levels have given high priority to the reconstruction of shantytowns and been also fully involved in all aspects of the reconstruction. The reconstruction has been completed following the top-down approach. Assessment results show that the top-down approach in which government leads the reconstruction has efficient and high-quality advantages. Shantytowns reconstruction has obtained an excellent result and gained fully recognition of residents. While in the shantytowns reconstruction of Shenyang, Chaoyang and Beipiao areas, the market participates in a lot in the process. Interest game among different participants is involved in the operation steps, consequently, it is hard to avoid problems and contradictions during the implementation of the reconstruction.

The analysis results show that family income level is an important factor affecting house selection in the reconstruction process. It is positively correlated with the area and quality of new residence. This indicates that family income level plays an important role in residence selection. The higher the income, the more extra area can be afforded, so the larger the living space can be bought. In addition, the income level has a positive correlation with the satisfaction of residents with the government. The higher the income level, the more satisfaction with government, so the residents would believe the fairer distribution of the housings and be more satisfied with the compensation. The residents with higher income level think that the extent for the government fulfilling its promise is higher and leading cadres abusing power phenomenon is less. On the contrary, income level is negatively correlated with factors representing living environment, indicating that the poorer residents are more sensitive to the improvement of living environment brought by shantytowns reconstruction and as a result will obtain more satisfaction. Inhabitants concern the most about whether extra cost will be introduced during shantytowns reconstruction. The ones with lower income are more sensitive to costs such as expenses used for renting other houses or other relocation compensation, and thus more discontent emotion are generated.

Based on the above analysis, the most fundamental beneficiaries of shantytowns reconstruction are the inhabitants in the shantytowns. The vast majority of residents in the original shantytowns deeply appreciate that the shantytowns reconstruction projects brought improvement to their living conditions, living environment and their spirits. Many changes have also presented the success of Liaoning Shantytowns Reconstruction. These good performance and success are closely related with the system design, planning and coordination, and strategies and methods worked out by

The slum problem is a common problem that exists in various countries of different income levels, but especially outstanding in developing countries. China, which is in the process of reform and opening up and rapid adjustment of energy and economic and industrial structure, is experiencing the largest scale of urbanization ever in the human history. The slum problem is also breeding and spreading in China. Shantytown is a typical Chinese-style slum. According to the statistics, a total of 11.48 million households lived in shanty towns across the country as of the end of 2008, 7.44 million of them were middle-or low-income populations living in urban shantytowns. Although Liaoning Province has been proceeding with shantytowns reconstruction since the middle of 1980s, the reconstruction projects were restricted by many factors, including funds, policy, space, and so on. By the end of 2004, there were still 29 million sqm contiguous shantytowns in Liaoning province, with more than 700,000 households (over 2.1 million people) lived there. Since the State Council approved the Northeast shantytown reconstruction project in 2005, Liaoning Province has carried out comprehensive, integrated and thorough reconstruction of shantytowns. Official statistics shows that, from 2005 to the end of 2011, Liaoning province has completed shantytowns reconstruction for a total of 29.1 million sqm, totally 706,000 households (2.11 million low-income residents) have been improved. The Liaoning Shantytowns Reconstruction project was conducted mainly from top to down in combination with top-down linkage model. Liaoning Shantytowns Reconstruction project has a far-reaching and extensive impact on the economic and social development in Liaoning Province. Government's original intention is to make urban residents have houses to live in, afford houses for long and have good living conditions, and promote the comprehensive improvement of Liaoning economic and social environment through the reconstruction project.

After conducting the on-the-spot investigation to shantytowns and sorting out and reviewing relevant historical documents and data, the Research Group has developed an analysis and a research framework on the impact of shantytowns reconstruction on the economy and society of Liaoning Province under the direction of relevant study and theory. Under the guidance of this framework, the Research

Group selected six cities with most severe and most concentrated shantytowns problem: Shenyang, Fushun, Benxi, Chaoyang, Beipiao, Tieling, and Fuxin as the sample cities for research. More than 80% of contiguous urban shantytowns of Liaoning province are concentrated in these six cities. From the perspective of shantytown residents' welfare, this study focuses on researching the influence and performance of shantytowns reconstruction from six aspects: living space, living environment, economic conditions of residents, social welfare, the government demolition work, and financing and relief.

The basic characteristics of the original inhabitants in shantytowns include low income, low education level, bad working competence, and being aged, sick and disabled.

Firstly, most of the inhabitants in the original shantytown are middle-aged and aged people, with an average age of 48.6, about 1/4 of them are more than 60 years old; secondly, 53% of the inhabitants have only high school degree or even below. Inhabitants with university degree are less than 4%. Thirdly, over half of the inhabitants are employees of the state-owned enterprise or laid-off workers of state-owned enterprises. From the occupation perspective, over half of them are staff and workers of inefficient manufacturing companies and industrial and mining. Finally, the current average household income of residents in shantytowns is about 30,000 Yuan, with an Engel coefficient of 66%, falling into the under-privileged class. Shantytown has become a gathering place for the poor and vulnerable groups. It is difficult for them to improve their living and survival conditions through self-improvement. Shanty towns are "desperate type" slums without bottom-up self-renewal ability.

¹ Data is provided by Housing and Urban Construction Bureau of Liaoning Province

In addition to improving living conditions of inhabitants, the Liaoning Shantytowns Reconstruction project also has a great impact on multiple aspects including economic status, employment, health care, social security and so on. The specific impact includes the following areas:

First, shanties were replaced by residential buildings which led to a qualitative leap of living conditions of poor residents. The living area of poor residents increased faster than the average level of the whole province over the same period. The per capita housing area increased from 12.27 sqm before rehabilitation to 20 sqm, with an increase of 60%. Currently, nearly 80% of people living in shanty towns have two-bedroom apartments, and there is no longer any dwelling below 40 sqm. The new residential buildings are equipped with modern facilities and municipal heating and gas facilities, over 90% of the residents live in comfortable living conditions and have experienced the improved quality of life. More than 80% of the

residents believe that heat supply in winter is better than before and facilities including gas supply make life more convenient. More than 70% of residents believe that water quality has been improved. The degree of recognition of the residents to the improvement of entire community before and after reconstruction is 100%. The satisfaction to the natural environment, air quality, and infrastructure of the new residential community is over 85%.

Second, the economic situation of poor residents has been steadily improved and the social security has been enhanced. The economic situation of poor residents has been improved, low income families have decreased and the social security coverage has been expanded. After the shantytowns reconstruction, residents' income increased 60% than before. The increasing of living cost did not result in living burden to residents. The average balances of residents doubled. Over 65% of the original inhabitants in the shantytowns before reconstruction had an annual income below 20,000 Yuan, and after the reconstruction, over 6% of the inhabitants have an annual income over 50,000 Yuan. While reconstructing the shantytowns, the government enhanced the guarantee to low-income groups. Before the reconstruction, 67% inhabitants did not have social insurance and after the reconstruction, 60% of the inhabitants obtained social insurance.

Third, places where crime and disturbances are apt to take place have been reduced. People living there regain the sense of social identity. Nearly 90% of the residents believe that the new environment also improved the social environment, which enhanced their employability, self-awareness of entrepreneurship, and promoted the neighborhood safety and the quality of residents. About 80% of the residents have improved their sense of social identity, quality and competency, and these contribute to good social order.

Fourth, complaints and resentment have reduced and understanding and support have increased. About 80% of the residents felt the government's effort in the shantytowns reconstruction and think that the government was fair, honest and trustworthy during the reconstruction. The time span from demolition to occupancy is generally three years.

Fifth, the shantytowns reconstruction has little impact on the economic situation of the poor inhabitants. According to the survey questionnaire, the inhabitants in shantytowns paid 26,760 Yuan averagely for buying their new apartments, and most of them paid 20,000 Yuan and 61% of the inhabitants full paid. According to our research, the Government has undertaken over 40% of the funds for the shantytowns reconstruction. In addition, social funds were also raised by means of land-transferring fees, policy-related bank loans, priority opportunities provided by government for other commercial development, and financial subsidies. Almost all the residents (99.3%) did not experience fund-raising in the process of shantytowns reconstruction.

After comparing the findings of the six sample cities, the following conclusions can be made that Fushun and Fuxin are the best in many aspects, including improvement of living environment, income increasing, satisfaction with government's reconstruction project, and social environmental improvement. Inhabitants from the slums have shown their highly appreciation to governments. Residents from Shenyang, Chaoyang and Beipiao areas have a relatively low satisfaction to the improvement of living and social environment and government's performance. The overall guiding principle of Liaoning shantytowns reconstruction is "government-dominant and market-operating", difference may exists in the implementation and intervention of government in different regions and different projects. In Fushun and Fuxin cities where shantytowns problems are quite serious, the governments at all levels have given high priority to the reconstruction of shantytowns and been also fully involved in all aspects of the reconstruction. The reconstruction has been completed following the top-down approach. Assessment results show that the top-down approach in which government leads the reconstruction has efficient and high-quality advantages. Shantytowns reconstruction has obtained an excellent result and gained fully recognition of residents. While in the shantytowns reconstruction of Shenyang, Chaoyang and Beipiao areas, the market participates in a lot in the process. Interest game among different participants is involved in the operation steps, consequently, it is hard to avoid problems and contradictions during the implementation of the reconstruction.

The analysis results show that family income level is an important factor affecting house selection in the reconstruction process. It is positively correlated with the area and quality of new residence. This indicates that family income level plays an important role in residence selection. The higher the income, the more extra area can be afforded, so the larger the living space can be bought. In addition, the income level has a positive correlation with the satisfaction of residents with the government. The higher the income level, the more satisfaction with government, so the residents would believe the fairer distribution of the housings and be more satisfied with the compensation. The residents with higher income level think that the extent for the government fulfilling its promise is higher and leading cadres abusing power phenomenon is less. On the contrary, income level is negatively correlated with factors representing living environment, indicating that the poorer residents are more sensitive to the improvement of living environment brought by shantytowns reconstruction and as a result will obtain more satisfaction. Inhabitants concern the most about whether extra cost will be introduced during shantytowns reconstruction. The ones with lower income are more sensitive to costs such as expenses used for renting other houses or other relocation compensation, and thus more discontent emotion are generated.

Based on the above analysis, the most fundamental beneficiaries of shantytowns reconstruction are the inhabitants in the shantytowns. The vast majority of residents in the original shantytowns deeply appreciate that the shantytowns reconstruction projects brought improvement to their living conditions, living environment and their spirits. Many changes have also presented the success of Liaoning Shantytowns Reconstruction. These good performance and success are closely related with the system design, planning and coordination, and strategies and methods worked out governments.