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Recent Migration in China: Patterns, Trends, and Policies

Kam Wing Chan

Hatfield School of Government
Portland State University
Oregon, USA

The Institute for Far Eastern Studies
Kyungnam University
Seoul, Korea
RECENT MIGRATION IN CHINA:
PATTERNS, TRENDS, AND POLICIES

Kam Wing Chan

This article presents an overview of internal migration in the reform era in China. The important role of the household registration system and government policies in shaping migration patterns is highlighted. Based on differentiating hukou and non-hukou migrations, the article assesses labor mobility in China and trends at various geographic scales in the last two decades, as well as the socioeconomic characteristics and geography of the hukou and non-hukou migrants. A particular focus is rural migrant labor and rural-urban migration, which are explored in terms of their implications for China's development and policies in the years to come.

Introduction

One major consequence of the economic reforms in China has been a dramatic rise in population mobility. "Outside labor" is now a visible and important part of the economy of large cities and coastal export-processing centers. Equally visible is the urban construction boom and the accompanying residential mobility as urbanites increase their housing consumption. The significance of social and economic transformation brought forth by the mobility change in the last two decades is sometimes equated with the introduction of the momentous household
responsibility system and the development of rural enterprises. Population mobility will continue to be important in the coming years as China becomes more open and as the economic structure shifts. The accession to the World Trade Organization (WTO) will only accentuate this process of change. The migration issue is also closely tied to the labor/unemployment issue, and both issues are attracting much current policy concern.

A number of factors have contributed to the surge in population mobility. At the root is the hidden surplus rural labor unleashed by the decollectivization program in the late 1970s and early 1980s. At the same time, rapid expansion of the urban and export-processing sectors has generated demand for tens of millions of low-skilled jobs. Such a synergy in supply and demand was made possible by the concurrent relaxation of migration controls and the development of urban food and labor markets. As migration became more prevalent, many migrants developed support networks, which in turn made migration easier. Urban residents have also moved a lot more than before, largely for better jobs and housing. Demand for housing has fed sub-urbanization of cities.

These mobility changes are the focus of this article. It presents an overview of internal migration in China based on a synthesis of a large amount of materials and information. The article first reviews the institutions controlling migration and then examines the characteristics of recent migratory patterns. The last part looks at the consequences of migration and explores their policy implications.

The Hukou System and Migration

In China migration has been an area of heavy state control in the past and active regulation today. The hukou (household registration) system affects migration in many important ways. People wanting to change residence are required by law to obtain permission from the public security authorities. A change in residence is deemed official and approved only when it is accompanied by a transfer of one’s hukou to the destination. The transfer confers legal residency rights and, most importantly, eligibility for urban jobs and benefits. Such a change is granted only when certain limited conditions are met, especially when the move serves the state’s interests defined in various policies, such as state recruitment and transfers of personnel.

In essence, the hukou system in the pre-reform era functioned as a de facto internal passport mechanism. While approvals for migration because of marriage or for seeking support from a family member within the rural areas or within the same level of urban centers were often granted, rural to urban migration was strictly regulated and suppressed in the 1960s and 1970s. In those days, most of this type of migration was reserved for bringing in the necessary labor force in support of state-initiated programs. An approval for self-initiated relocation to a city from the countryside was only a dream for ordinary peasants. Even today, peasants can travel to many places, but getting a registration to be a full-status urban resident in a medium-sized or large city is still largely beyond their reach.

Given the centrality of the hukou system in Chinese society, understandably, it is essential to classify migrants based on whether or not local hukou is conferred in migration. Hence, there are two categories of migrants: those with local (hukou) residency rights (hereafter, hukou migration), and those without hukou residency rights (non-hukou migration). Officially, only hukou migration is considered as qianyi (“migration”). Anything else is merely renkou liudong (population movement or “floating”), implying a lower degree of expected permanence: The transients are not supposed to (and are legally not entitled to) stay at the destination permanently. Therefore, they are often termed “temporary” migrants. They are not the de jure residents, despite the fact that many non-hukou migrants may have been at the destination for years.

“Rural migrant labor” (mingong) is a large component of the non-hukou migrant population. Hukou migration, on the other hand, is endowed with state resources and often called “planned” migration (jiahua qianyi). The floating population is a “self-flowing population” (ziliu renkou) whose mobility takes place outside the state plan. From a government administrative point of view, the hukou and non-hukou differentiation is the most important. For other (statistical and scholarly) purposes, the criteria for defining migrant are also determined by the geographic boundary a person has to cross, and the minimum duration one has to stay (in
the destination or away from the origin).²

What stands out in China’s recent mobility surges is not only the large numbers of migrants, but also the fact that a great portion of them are “long-term” circulating workers who move between urban centers and villages. These continuing perennial massive waves of “short-term” peasant migrant laborers in the urban areas, however, pose a host of issues and problems, some similar to and some different from those posed by the “permanent” migrant laborers from the countryside. In studying migration in present day China, one needs to have a framework that encompasses this special but popular form of mobility in the country.

Salient Features of Recent Migration

Types of Migrants and Sizes

Table 1 presents a relatively comprehensive set of major migration series I have recently assembled. The definitional complexities have been treated elsewhere² and will not be repeated here. The annual volume of hukou migrants remained quite stable, between 16 and 20 million, in the 1980s and 1990s, the two decades for which data are available. This reflects strong government intervention in hukou migration that crosses city, town, and township boundaries, through mechanisms such as a quota system. In fact, hukou migration appears to be declining slightly, possibly due to the decline in importance of the hukou system in general. On the other hand, there is a general rising trend in the size of the non-hukou migrant population from the early 1980s to the mid-1990s, as shown by the various pertinent figures assembled in Table 1. For instance, the size of the floating population stock started to grow rapidly in the mid-1980s to about 70 million in 1988, then dropped somewhat in 1989-1991 due to an economic austerity program, but regained momentum around 1992 through probably 1997, reaching about 100 million. Similar upward trends are seen from other non-hukou population figures with long enough temporal coverage.

The rising trend appears to have been arrested in the second half of the 1990s, as the latest available data indicate. The magni-
tude of stock of the temporary population (Series C) between 1996 and 1999 only inched up slightly; in fact, there was even a drop in the rural migrant labor stock in Series E between 1996 and 1997. It is believed that this slowdown in rural outflow was related to the sluggish performance of the urban economy, job competition from laid-off workers of urban state-owned enterprises (SOEs), and increasingly protectionist policies used by local governments against recruitment of outsiders, at least between 1996 and 1999.4

How does the Chinese situation compare internationally? Based on the common index of annual “total amount of moving,” I estimate that the average annual flow volume for late 1990s was close to 70 million.5 This translates into an annual mobility rate, or the percent of the population that changed usual residence in one year, of about 6 percent for China. A rough estimate indicates that China’s migration rate has increased at a rapid pace and has doubled from about 2-3 percent in 1977.6 The major factors of change are the surge in non-hukou migration and intra-urban residential mobility. If we consider those two components as largely market-driven migration, we can argue that the market has now prevailed in generating population geographic mobility in China.

Still, China’s current rate is low by international standards. Though the rate is about the same as that of the low-mobility Western countries (typically 6-7 percent in countries such as Ireland, Belgium, or the Netherlands), it is far below the rates for high-mobility Western countries, such as the United States and Canada (around 16 to 19 percent). China’s rate is also lower than that of Taiwan in 1970-1971 (10 percent), but is slightly higher than that of the Soviet Union in the 1980s7 and much higher than the 1.5 percent for India.8 The annual volume of Chinese internal migration (70 million) is actually larger than that of the United States, which has a similar size in area. In this sense, the “migration density” in China is actually higher than that of the United States, the most mobile large nation based on conventional measurements.

It is important to note that the comparisons thus far still have not taken into account the large volume of short-term circulation in China, much of which is not captured in this type of conventional migration accounting based on a certain extended period of stay that defines a migrant (such as a 6-month stay for qualifying as “temporary population” in Table 1). But short-term circulation is not a trivial part of China’s mobility. Because of the circularity of rural labor, the 40-60 million rural migrant labor stock over a period of fifteen years can translate easily into 100-150 million peasants engaged in work outside the home township at one time or another in that period. This means that some 40 percent of the rural labor force was drawn into the migration circuit outside the home township in the recent two decades.

Social and Economic Characteristics of Migrants

Migration is selective in many respects such as age. Age is mainly related to life-cycle events that generate adjustments in the place of residence. Starting a job, changing jobs until one settles on a career, getting married, and going away to college are all closely connected with migration and, moreover, concentrated in the age of young adulthood. The age structure of Chinese migrants is fairly typical of a migrant population. Rural migrant labor, as expected, is more concentrated in the most economically active age group, particularly between the ages of 15 to 34.11 The 1990 census figures show that male migrants slightly outnumbered the females. Male dominance is more obvious in labor migration in general. This is especially pronounced in some rural migrant labor population, where male migrants outnumber females by 3 to 1.12 This proportion, however, masks some notable regional exceptions such as Guangdong, where migrants from the countryside are predominantly female.13 Marriage migrants, however, are almost exclusively females.14

Overall, migrants and rural migrant workers are better educated than the average population (Table 2). This is partly an effect of age of the migrants (young adults tend to be better educated than old adults). Despite the general similarity of the age structure between hukou and non-hukou migrants, there is a clear polarization of the two groups in educational attainment. Hukou migrants are disproportionately highly educated (senior middle school level and up), while non-hukou migrants and rural migrant labor are heavily concentrated in junior middle and primary school. The most pronounced disparity, which clearly
attests to the highly selective nature on skills of the hukou migration, is seen in the college-educated cohort. While only less than 2 percent of the nation’s population aged six and above had a college level education in 1990, close to one-quarter of the hukou migrants were college graduates! Despite the lower educational level of rural migrant workers compared to hukou migrants, the former is nevertheless better educated than the average rural population. More than half of the rural migrant workers has at least junior middle education. Those who are better educated and have special vocational skills also tend to have a higher propensity to leave, a situation closely related to the nature of the urban labor market. By contrast, migrant workers with no or little formal education have a very low out-migration rate.  

Table 2. Migrants by Educational Attainment (%)

<table>
<thead>
<tr>
<th>Educational level</th>
<th>National population 1990 (Age 6+)</th>
<th>1990 census</th>
<th>Rural migrant labor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hukou migrants</td>
<td>Non-hukou migrants</td>
<td>Jinan Survey 1995</td>
</tr>
<tr>
<td>College</td>
<td>1.6</td>
<td>22.2</td>
<td>2.2</td>
</tr>
<tr>
<td>Technical middle</td>
<td>1.7</td>
<td>11.3</td>
<td>1.9</td>
</tr>
<tr>
<td>Senior middle</td>
<td>7.3</td>
<td>13.6</td>
<td>9.6</td>
</tr>
<tr>
<td>Junior middle</td>
<td>26.5</td>
<td>26.3</td>
<td>43.2</td>
</tr>
<tr>
<td>Primary</td>
<td>42.3</td>
<td>20.5</td>
<td>30.8</td>
</tr>
<tr>
<td>No or little</td>
<td>20.6</td>
<td>5.6</td>
<td>11.2</td>
</tr>
</tbody>
</table>

Notes: MOA = Ministry of Agriculture.

Table 3 reveals the occupational and sectoral similarities and contrasts between hukou and non-hukou migrants. It is clear that the composition of occupations of hukou migrants (predominantly with urban destinations except marriage migration) broadly resembles that of the urban population as a whole; actually, they are significantly over-represented in professional and technical positions. In contrast, 95 percent of the non-hukou migrants had employment at clerical level or lower. Common jobs were manufacturing frontline workers, construction workers, nannies, and sales and service workers. There are a lot of self-employed craftsmen and small vendors. In fact, self-employment has become a more favored sector for more entrepreneurial rural migrants for good reasons. The large number of farm workers among hukou migrants generally reflects rural-rural marriage migration of women.

Table 3. Migrant Workers by Occupation

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional and technical</td>
<td>14.0</td>
<td>21.0</td>
<td>3.3</td>
</tr>
<tr>
<td>Administrative and managerial</td>
<td>4.9</td>
<td>3.6</td>
<td>1.2</td>
</tr>
<tr>
<td>Clerical</td>
<td>5.6</td>
<td>7.8</td>
<td>1.5</td>
</tr>
<tr>
<td>Sales</td>
<td>8.1</td>
<td>4.2</td>
<td>10.3</td>
</tr>
<tr>
<td>Service</td>
<td>6.9</td>
<td>4.6</td>
<td>9.6</td>
</tr>
<tr>
<td>Industrial workers</td>
<td>38.1</td>
<td>31.9</td>
<td>18.3</td>
</tr>
<tr>
<td>Farm workers</td>
<td>22.5</td>
<td>26.8</td>
<td>55.7</td>
</tr>
<tr>
<td>Unclassifiable</td>
<td>0.2</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>


Among the urban migrants without hukou, a handful might have been able to make it and moved upward via connections or entrepreneurship, but the great majority stays at the margins of the society. The non-hukou urban migrants are often shut out of more desirable urban positions and have to take up the “3D”
(demanding, dangerous, and dirty) jobs. In short, a dual urban social structure has emerged: on the one side those for whom jobs, housing, education, subsidized food, and medical care are an entitlement; on the other, those who must scramble for those goods or even do without them. The occupational composition in Table 3 clearly reflects the polarities in social and economic status based on the hukou divide. In many ways, this dualism is parallel to the formal/informal sectoral dualism elsewhere in the developing world and the local/foreign (and illegal) labor dichotomy in many developed countries.

*Geography of Migration*

Significant disparities in wages and living standards between the urban and rural sectors and between the coastal and inland regions underlie the peasant migratory flows in the reform era. Rural migrant labor moves across different geographic scales to benefit from these income differentials—some to nearby towns outside the villages, others across thousands of miles to big cities on the coast. Figure 1 shows only the largest flows crossing provincial boundaries in 1990-1995 based on 1995 One Percent National Population Sample data. The geographic pattern is broadly similar to that in 1985-1990. Guangdong Province continued to be the largest importer of migrants from outside, estimated at 1.9 million, followed by Jiangsu Province (0.97 million) and the two metropolises, Shanghai (0.72 million) and Beijing (0.69 million). On the “supply” side, Sichuan Province continued to be the largest “exporter” of migrants (1.45 million), followed by Anhui and Henan provinces (each 0.74 million).

A useful finer differentiation of the inter-provincial migration patterns by hukou status based on 1990 census micro-data shows that there are considerable deviations of the hukou migrants from the above geographic pattern of long-distance migration. While the non-hukou flow streams are mostly moving for jobs and are predominantly from the interior to the coast, crossing thousands of miles to converge at major economic hubs like the Pearl River Delta (Guangdong) and major coastal metropolises, most out-of-province hukou migratory streams were generally quite “conservative,” moving over shorter distances than the non-hukou migra-

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**Figure 1. The Largest 30 Inter-provincial Migration Streams, 1990-1995**


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They appeared to have preferred nearby provinces whose culture, languages, and environment were likely to be similar, and presumably, easier to adapt to. Another characteristic of hukou migratory streams at the upper end is the prevalence of two-way flows for some provinces. There were significant exchanges between many pairs of adjacent provinces, both of similar (e.g., Sichuan and Yunnan) and different (e.g., Jiangsu and Anhui) economic levels.

Inter-provincial flows are but a small part of the overall internal migration picture. Going down to finer geographic scales, data from various national surveys of rural migrant labor, while less systematic and with a greater sampling error (because of smaller samples), provide very comprehensive infor-
formation concerning the geography of rural migrant labor. According to a 1993-1994 study, the size of the stock of rural migrant labor (those who participated in “outside” work, including seasonal labor) at the end of 1993 and early 1994 reached 51 million, accounting for about one-eighth (12.5 percent) of the country’s rural labor force (Table 4). The flow was predominantly toward the urban areas (77.9 percent).

**Table 4. Composition of Rural Migrant Labor, 1993**

<table>
<thead>
<tr>
<th>Region</th>
<th>Total rural labor (1,000)</th>
<th>Outmigration rate (%)</th>
<th>No. of migrants (1,000)</th>
<th>Geographic Distribution (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Within counties</td>
</tr>
<tr>
<td>East</td>
<td>154505.9</td>
<td>8.5</td>
<td>13133</td>
<td>25.6</td>
</tr>
<tr>
<td>Central</td>
<td>143295.6</td>
<td>15.9</td>
<td>22784</td>
<td>44.4</td>
</tr>
<tr>
<td>West</td>
<td>113755.6</td>
<td>13.5</td>
<td>15357</td>
<td>30.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>411557.0</td>
<td>12.5</td>
<td>51274</td>
<td>100</td>
</tr>
</tbody>
</table>

Notes: Rural migrant labor refers to rural workers who had been outside the townships for work in 1993.

Regional classification: East = Heilongjiang, Jilin, Liaoning, Beijing, Tianjin, Hebei, Shandong, Jiangsu, Shanghai, Zhejiang, Fujian, Guangdong, Guangxi and Hainan.

Central = Nei Mongol, Shanxi, Henan, Anhui, Hubei, Hunan and Jiangxi.

West = Xinjiang, Qinghai, Gansu, Ningxia, Shaanxi, Sichuan, Guizhou, Yunnan and Tibet.


The central region was the largest source of rural migrant labor, having the highest labor out-migration rate (15.9 percent) and volume (22.8 million), followed by the western region (13.5 percent and 15.4 million). The eastern region had the lowest rate (8.5 percent, about half of that of the central region) and the smallest volume. Because of the large size of the labor force (population) in the central provinces, this region accounted for 44 percent of the estimated total outflows. The low rate of out-migration in the eastern region is attributed to the high level of development of rural enterprises in many villages and townships, which absorbed local and nearby rural labor. This is not true for either the central or west regions. A great portion of the rural labor migrated within counties (36 percent) and, expectedly, more within migrants’ own provinces (71 percent).

Another interesting trend that has been recently noticed, based on additional information contained in a 1998 survey, is that while the size of rural migrant labor stock was about the same (50 million) in 1993 and 1998, this group had moved to farther destinations in 1998 (Figure 2). There was a drastic increase in the number of rural labor migrants crossing both provincial and regional boundaries. In 1998, this group of very long-distance migrants (“from a different region”) accounted for 31 percent of the entire rural labor migrant stock, compared to only 18 percent in 1993.
Table 5. Percentage of Rural Migrant Labor Population from a Different Province, 1993 and 1998

<table>
<thead>
<tr>
<th>Percentage share</th>
<th>Origins</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>East</td>
<td>Central</td>
<td>West</td>
<td>All Regions</td>
<td></td>
</tr>
<tr>
<td>1993 (total stock = 28.9 million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional share</td>
<td>29.9</td>
<td>45.6</td>
<td>24.5</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Destinations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East</td>
<td>71.4</td>
<td>79.2</td>
<td>52.2</td>
<td>70.3</td>
<td></td>
</tr>
<tr>
<td>Central</td>
<td>21.8</td>
<td>18.9</td>
<td>9.4</td>
<td>17.4</td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>6.8</td>
<td>1.9</td>
<td>38.4</td>
<td>12.3</td>
<td></td>
</tr>
<tr>
<td>Column total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>1998 (total stock = 37.8 million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional share</td>
<td>11.0</td>
<td>55.0</td>
<td>34.0</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Destinations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East</td>
<td>72.7</td>
<td>87.3</td>
<td>79.4</td>
<td>83.0</td>
<td></td>
</tr>
<tr>
<td>Central</td>
<td>18.2</td>
<td>9.1</td>
<td>5.9</td>
<td>9.0</td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>9.1</td>
<td>3.6</td>
<td>14.7</td>
<td>8.0</td>
<td></td>
</tr>
<tr>
<td>Column total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Note: Regional classification is explained in Table 4. Sources: Kam Wing Chan, “Painting a Portrait of the Elephant: Migration in China.”

percent in 1993. Detailed regional breakdowns of those crossing provincial boundaries in Table 5 show that the central region has further consolidated its role as the largest exporter of rural migrant labor crossing provincial boundaries (55 percent in 1998 compared to 46 percent in 1993), and that the eastern region is the destination of a vast majority of inter-provincial rural migrant labor (increased from 70 percent to 83 percent).

Inter-provincial rural migrant labor generated in and from the western region (the region with the lowest per capita income) has witnessed the most rapid increase, with its share rising from about one-quarter to one-third in just five years. In absolute terms, the size almost doubled from 7 million in 1993 to 13 million in 1998. While going to the eastern region was always popular for out-of-province rural labor migrants in the central region throughout the 1990s, those in the west region only caught up with this in large numbers in the second half of the 1990s. In 1993, about half of the migrants from the west moved to the east. In 1998 this percentage rose to an overwhelming level (79 percent). Moving to the east region allows migrants to maximize the largest geographic wage disparities possible. More and more peasants in the poorest provinces are getting this message and taking action.

Social and Economic Consequences

It is clear that economic development in the reform era in China is intimately linked with migration. From an individual’s perspective, migration is often driven by a desire to improve one’s livelihood through taking advantage of the wage differentials in different locales. At the macro level, migration is a redistribution of labor that helps balance its regional supply and demand. It has been well established in the literature that migration can ameliorate or perpetuate sectoral and regional disparities and have many consequences requiring policy attention. Historical experience suggests that modern economic development took place with massive inter-sectoral migration, often among regions, especially in the early stages of industrialization, as the geographical distribution of labor adjusted to structural shifts in the economy.

The Impact of Migrants on Urban Centers

The vast pools of rural migrant labor provide a plentiful supply of cheap labor in sustaining China’s urban economic boom in the reform era. This labor force is also flexible, able and willing to move quickly into new growth areas. It has eased the tightness of the labor supply in low-skilled urban occupations and in many ways made up for the structural labor shortages in cities, which are caused by shifts in occupational preferences of urban workers. They tended to avoid low-skilled, “dirty” jobs, especially in the 1980s and the early 1990s. Some estimates suggest that the full cost of hiring an outside (non-hukou) worker is
only about one-quarter of the cost of a local worker.²⁷ Outside
workers are not only willing to work for less and for long hours,
but also often under unsafe conditions with minimal protection.

Even with increasing protectionist measures in many cities,
outside migrants today still fill many low-skilled positions in
both the service sector (as nannies, restaurant attendants, and
sanitary workers) and in the industrial sector (such as factory
frontline positions in textiles, chemicals, construction, and
mining). Rural migrant labor is also engaged in self-employed small
businesses such as traders and in artisan work, shoe repairers,
tailors, and furniture-makers in cities and some less commer-
cially developed provinces. The increasing supply of labor from
outside has also fostered the development of an urban labor
market. Because of the large numbers of non-hukou entrants into
the urban low-skilled occupations, the competitive pressure is
highest in that sector. In the Pearl River Delta where the indus-
trial labor market in the non-state sector is most developed,
recruitment of workers, both for factory frontline positions and
technical and managerial positions, is largely decided by market
forces. There is an increasing convergence in the wage rates
among low-skilled outside workers in different regions and
gradual development of a national labor market at the lower
ends of the skill hierarchy.

While the economic contributions by migrant labor to the
urban sector are unequivocal, the influx of massive new comers
has also posed some problems to large cities where the migrant
masses congregate. The problem urban residents have com-
plained most about is the rise in criminal and illicit activities. It
is widely believed, and is so portrayed in the media, that the
deteriorating urban public order is connected with the increas-
ing presence of transients from the rural areas. Police figures
cited by Li and Hu,³⁸ for example, show a rising proportion of
transients in police arrests. It is also common to find police sta-

It is probable that transients have a higher crime rate, espe-
cially when they are concentrated in the demographic group
(young male) most apt to commit crimes. Some of them can get
understandably desperate when their meager incomes are

exhausted before finding a job. It is equally true that the media
image of masses of jobless peasants roaming from one city to
another and participating in illicit activities is grossly exagger-
ated, fed by the common xenophobic attitude of the natives and
the easy tendency to scapegoat transients from poor areas.³⁰
While crimes committed by rural migrants might have made
headlines, the reality remains that the overwhelming majority of
the rural migrant workers live quietly and painstakingly in fac-
tories and on construction sites rather than constitute a menace
to law and order.³¹

Another issue that has raised public concern is the pressure
the floating population has put on urban services and infra-
structure. Under the current system, however, many of the urban
“public” services, especially public housing, hospitals, and
schools, frequently exclude outsiders. Access to those services
still depends on possession of the urban hukou, and is for most
part allocated by one’s work unit. For this reason, the inflow of
population to the cities had not made any substantial difference
in the allocation of these services in the last fifteen years.³² Many
in the floating population simply do without these services, or
get them from the private sources—of course, usually at extra-
orid high prices.

On non-excludable or less excludable public goods and ser-
sices such as public transportation, piped water, electricity, and
waste disposal, the story varies. Undoubtedly, floaters, given
their size in many big cities, consume a large amount of those
public goods and have strained many of the already inadequate
municipal services, though it must be pointed out on a per capita
basis, these newcomers generally consume less than the urban
average because of their lower purchasing power and accessi-

³³ The real problem appears to stem from the fact that
most of these urban public goods are subsidized and any
increased consumption poses an extra-budgetary burden on local
governments, most of which are already under heavy fiscal pres-

³⁴ The biggest strain migrants have put on the infrastruc-

and truly at times stretched it to the breaking point, is the pressure on the already seriously clogged rail systems during certain peak times. The pressure is very acute during the Spring Festival period every year when most migrants customarily return to their home village to spend time with their families. This generates a traffic load, often ten or twenty times the normal capacity. It is estimated that the rail systems in the 1994 Spring Festival interlude handled about 185 million passenger trips. This includes 25 million out of province journeys, 60 percent of which were made by rural migrant workers. The government was caught off-guard in 1992 by the greatly expanded demand for transport caused by a sudden spurt in mobility as peasant migrants moved more and over longer distances. The inability of the transportation systems to ship all the passengers and the extremely congested rail systems caused not only chaos and frustration but also many injuries and small riots that threatened public order. In recent years, measures taken to dampen the demand for travel during the Spring Festival period have yielded some positive effect, but the problem of moving hundreds of millions of passengers within a short duration continues to be a perennial challenge.

Largely because of the existing hukou system and associated institutions and attitudes, new migrants in cities are easily marginalized. The situation these Chinese newcomers face is comparable to the experiences of ethnic minorities and immigrants in cities elsewhere. Except those working in factories with housing provided, migrants have to find accommodation in the still rudimentary urban housing market. One of the results has been the establishment of "migrant villages" based on village houses or land rented at the urban fringes. These migrant communities are places where new migrants from the same native place, speaking the same dialect, congregate. This is a self-help mechanism, as well as a natural outcome of non-hukou migration, most of which is chained by social networks based on native place. Migrant villages are often without proper infrastructure services and may present a menace to public health. In the second half of the 1990s, as migrants become more established, many family members also arrived in the cities. Providing affordable schooling for migrants' children has now become a major issue of concern among the migrant communities in Beijing and Shanghai.

The Impact of Migrants on Rural Areas

Peasant labor migrates primarily for economic reasons, especially to improve family incomes. Remittances thus become a major contribution by these outside workers to their family back home. The State Statistical Bureau estimates that the average wage of rural migrant workers in cities in 1997 was 5,642 yuan per year. After housing and meal expenses, the average net income per peasant migrant worker was about 300 yuan per month. This is about 3-4 times the normal average rural income. Other studies have also indicated that that about 50-60 percent of their incomes is remitted back home. If we use the 60 million figure for the size of the rural migrant worker population and use a remittance figure of 3,000 yuan per year, this will yield 180 billion yuan a year, which is roughly equivalent to 15 percent of China’s agricultural GDP. As the origins of migrants are not evenly distributed in the country, the impact of remittances is more pronounced in places with higher percentages of out-migrants (such as in inland provinces). It is estimated that rural migrants remitted a total of 7.5 billion yuan in 1994 to their home towns in Anhui, the equivalent of 25 percent of the GDP generated by agriculture in that province or about the same as the total wage bill of all the township and village enterprises in the province. Funan County in the province sent out 110,000 peasant laborers and brought in 200 million yuan per year in the early 1990s. This amount was about the same as the total industrial output value of the county.

Working in the cities is also an important opportunity for many peasants to learn about the modern world and skills. This is particularly crucial to the rural population especially after being isolated for more than two decades under the suffocating policy of rural-urban segmentation in the pre-reform era. Combined with the circularity of movements, these positive effects (along with some less desirable ones, of course) are readily transmitted to the countryside. Because of policy discrimination, most rural migrants cannot settle in permanently in the urban destination place and have to engage in seasonal migration or eventually return to their home villages. The circulatory movements has generated a reverse flow not only of wealth (remittances) but also of progressive attitudes and modern, tech-
mical skills to the peripheral areas. Many returnees continue to find work in the non-agricultural sector. It is not uncommon for them to use the savings, skills, and business contacts they bring back to start up or invest in small businesses. In Moxian County, Anhui, for example, 57 percent of all the 21,000 rural enterprises in the county were set up by return migrants. A similar case is returnees in Fuyang Prefecture in the same province. It is very likely that exposure to the outside world and especially non-agricultural skills have more lasting impact on the development of rural communities than do remittances.

The rural outflows have reduced the population pressures on land in the sending villages. This is especially obvious as most rural migrant labor is from regions of very high population density and from households with very small farms. Out-migration is arguably an effective and cheap way to siphon off surplus rural labor and ease pressure on local land and resources, in addition to providing a valuable source of income through remittances or temporary wage earnings. On the other hand, rural out-migration can also drain away young adults and the educated from the farm sector, leading to aging of the rural labor force.

So far, it appears that the overall impact of out-migration on agriculture is probably quite small. First, the percentage of the rural outflows is still small, averaging about 12-14 percent of the rural labor force. Secondly, about 60 percent of these outflows is seasonal, meaning workers still participate one way or the other (part-time) in farm work, especially during the peak labor demand season. Thirdly, the loss of the physical labor due to migration can generally be replaced by other family labor or contracted labor from outside (as in the case of Guangdong). Of course, to some households, the greater reliance on outside work (remittances) has meant lesser attention to agriculture. This is partly a natural process of labor adjustment as the country industrializes—as those who can do better in non-farm jobs gradually move out of agriculture. In some instances, the total withdrawal of households from agriculture (by leasing out their land) has actually helped greater specialization in agriculture and enhances economies of scale. The moves enable small farms to merge into larger ones.

The real damage to agriculture comes from those who continue to hang on to valuable farmland but only farm half-heartedly. The economic and policy uncertainties faced by migrant workers in the urban areas have fostered an attitude of using farm land more as a fall-back security than farming it productively. The more important concern with the loss of more educated and young rural workers is the longer-term impact on the modernization of the rural sector. The aging of the farm labor force will retard the rate of technological modernization in the rural sector. However, in many regions this is offset by the cash brought in by migrant workers, which allows those working on the farm to purchase fertilizers and other needed modern inputs (such as better seeds) for farming. One study in Sichuan Province shows that about one-third of the remittances from rural migrant workers was used for agricultural production. Families with migrant workers tend to use more modern inputs in farming than those without migrant labor. It has also been argued that out-migration raises the rural labor costs and hence increases the rate of return of capital. This might induce more capital inflow to the farm sector, a crucial aspect of modernization of Chinese agriculture. Of course, the incentives to invest in the farm sector in China are influenced more fundamentally by government policies than any other factor.

Absolute poverty in China is almost entirely restricted to resource-constrained remote upland areas, though there is also a growing number of urban poor, mainly of the unemployed, in recent years. Almost all of the poor counties face extremely scarce arable land and rapidly degrading environmental resources. Because of their remote and upland locations, they are often shut off from the outside world. In short, the "geography" contributes a large part to the poverty. In the absence of massive capital investment, further expanding farm or off-farm opportunities in these regions is severely limited. The only option to increase incomes and lessen the population pressure on the environment is to seek farm and off-farm jobs outside. Generally, the rural poorest have not been as active in taking part in this process, but there is a great potential to realize benefits via this route. Some evidence presented earlier shows that in the 1990s, increasing numbers of peasants in the poorest western provinces moved longer distances (crossing many provinces to the coastal provinces) to seek better-paid jobs, very much following in the footsteps of migrants in the middle-income central provinces. If
this “diffusion” of migration continues, it is likely that the poorest will be drawn into migration more and benefit from it in the future.

**Implications for China’s Development and Policy**

In the last few years, China’s economic growth has been hampered by a lack of internal demand, which is partly caused by the stagnation of rural incomes. In fact, most low-income farm households in 1999 and 2000 have experienced real income declines. Stagnation of rural incomes is related to the inadequate supply of gainful employment for the growing rural labor force. The Chinese countryside contains an enormous surplus labor, which was estimated at 160 million for the early 1990s. A significant portion of labor redundancy in the rural sector exists in the form of underemployment. Although various kinds of non-farm activities (mainly rural enterprises) in the rural sector created about 77 million jobs between 1984 and 1994, the size of absorption was offset roughly by the size of new additional labor supply due to natural increase (87 million in the same period). Real reduction in the size of the rural surplus labor was only possible when rural migrant labor was absorbed by the urban sector. Taking this factor into account, it is estimated that there is still some 90 million laborers at present in the countryside who need jobs. Zhao has estimated that the rural labor force will continue to grow at a rate of about 5-6 million per year in the coming ten years.

Further expansion of the employment absorption capacity of the rural sector has become very limited. Indeed, agricultural employment since 1992 has experienced an absolute decline almost every year. Technological improvements in the agricultural sector will further dampen the demand for labor. Employment in the township and village enterprises (TVEs) also stagnated in the second half of the 1990s (it peaked at 135 million in 1996 but decreased to 125 million in 1998). It appears that the TVE employment may further expand in the coming years, but at a very slow rate (about 2-3 million a year), and it is unlikely that it will repeat the rapid employment expansion seen in the second half of the 1980s and first half of the 1990s. Because of the accession to the WTO, it is expected that China will lose about another 2-3 million jobs in agriculture due to competition from imported farm products. It is also likely that farming is increasingly perceived as a “dead-end” job by rural youths entering the labor force. In other words, many rural youths will simply not consider a job on the farm regardless. As a result, while the average annual natural growth of the rural labor force is estimated to be about 9 million in the next five years, the actual size of those wanting to find jobs in the non-agricultural/urban sector is far larger.

Employment in urban areas will also be a serious problem in coming years. In addition to the existing large urban unemployment, about another 10 million workers in state-owned enterprises (SOEs) are expected to be laid off in the next five years. The employment situation China will face in the coming several years is difficult as net labor supply will outstrip demand. The urban sector does not have capacity to accommodate more labor transfers from the rural areas. The situation, however, may change around 2006 or 2007 as the size of the urban labor force experiences a decline, creating some room for rural migrant labor. This demand will be much greater if rural migrant labor is more freely allowed to replace some of the existing less productive urban workers when an integrated rural and urban labor market is established in China.

Another potential source of new jobs in the near future lies in the tertiary sector, especially in smaller (county-level) cities and towns. It has been observed that the agglomeration effect and service multiplier effect of the TVEs in China have not been brought into full play due to their generally dispersed locations and localized orientations. A modest relocation of these rural enterprises to nearby urban centers will boost the growth of the tertiary sector in these centers and generate jobs for rural migrant labor. With a larger tertiary sector, these smaller urban centers can also help to generate growth in agriculture by functioning as service points for agriculture and the rural population. Indeed, in the last two years, these urban centers have become more popular destinations of rural migrant labor.

Furthermore, there is a great potential in using labor migration (including organized export of labor and resettlement) to combat poverty, especially in remote and resource-constrained
regions. This will represent a shift from China’s conventional approach, which places emphasis on developing the local economy. As pointed out before, the rate of migration is still quite low among the poorest group in the rural sector and in poor regions such as the west. Lower education levels, lack of relevant contacts, and lack of monetary resources to pay for transportation are barriers to exploring outside non-farm opportunities. Measures can be designed to help the rural poor overcome these major short-term and long-term mobility obstacles. These may include offering low-interest migration loans, encouraging labor recruitment agencies to go to these counties, and promoting more long-term investment in education.

Given the above considerations, China should focus more on creating gainful employment, together with labor market reforms, as a major policy in the years to come. When there is economic growth and when there are expanded resources generated from growth, it is easier to reform and dismantle restrictive measures governing labor migration. Such a policy will include an industrial strategy that is built on the right input mix that reflects China’s comparative advantage (plentiful labor). Understandably, further reforms and rural-urban integration of labor markets are going to lead to dismissals of unproductive state workers concentrated in certain age cohorts and industries (middle-aged and traditional producer industries). Layoffs carry the risk of triggering urban political turmoil. To mitigate these social and political dangers and resistance to the market reforms, the government should consider compensating for those who lose out in this transition so that the urban workers can accept a more open and competitive labor market. This approach is probably a more acceptable and realistic way in the current Chinese context as recent reforms in China are bound to produce gainers and losers. In the longer term, a comprehensive safety net for workers has to be built.

There are some short-term merits in keeping migrant labor flexible (“floating”) without permanent urban citizenship, as outlined before. However, a more stable migrant labor force is economically more efficient, especially as migrant workers gain skills and experience and move up to skilled occupations. From equity and socio-political stability standpoints, there are significant advantages in assimilating internal migrants and making them equal members of the urban community. Breaking down labor market barriers and allowing freer migration within the country are strategies for China’s economic growth and long-term stability. Some advances have been made in the last two years in liberalizing the urban hukou system. Totally dismantling the migration restriction policies is a complex task as it affects the interests of many social groups and different levels of governments differently. It is important to have a careful phasing of the liberalizing measures so that migration to cities becomes manageable, even in the short run.

In specific terms, it appears that the government can expand the current “blue-stamp” hukou as preparation for full urban citizenship for migrant workers, including them in skilled occupations and gradually expanding this benefit to all migrant workers who have secured urban jobs (or set up businesses) for an extended period (say, three years). Lack of access to basic education (primary and secondary schools) and housing are two major obstacles that prevent permanent settlement of many relatively established rural migrant workers in the cities. Therefore, developing affordable, low-cost social facilities for migrants should become a priority for the receiving regions. As migrant labor has already been an inseparable part of the labor force in many large cities, local governments should be able to see the long-term advantages and importance of providing social facilities for them instead of leaving them out.

NOTES
2. These are criteria used by many studies internationally. See Ronald Skeldon, Population Mobility in Developing Countries (London: Belhaven Press, 1990).
3. Kam Wing Chan, “Painting a Portrait of the Elephant: Migration in
5. Chan, “Painting a Portrait of the Elephant.”
6. Ibid.
8. Ibid.
12. Ibid.
15. Fan Li and Xiaoyun Han, “Wai chu dagong ren yu mian ling jie gu he ren qin hua goucheng” (The Educational Composition and Age Structure of Outgoing Workers), Zhongguo Nongcun Jingji (Chinese Rural Economy), No. 8 (1994), pp. 10-4.
18. Dorothy Solinger, Contesting Citizenship in Urban China (Berkeley, Calif.: University of California Press, 1999)
19. Ibid.
20. Chan, “Internal Migration in China.”