



北京師範大學 社会发展与公共政策学院  
SCHOOL OF SOCIAL DEVELOPMENT AND PUBLIC POLICY, BEIJING NORMAL UNIVERSITY



# Implications of the Global Economic Slowdown on Rural and Urban Migrants

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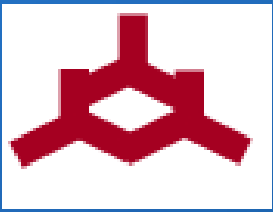
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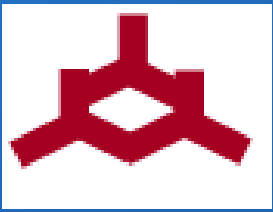
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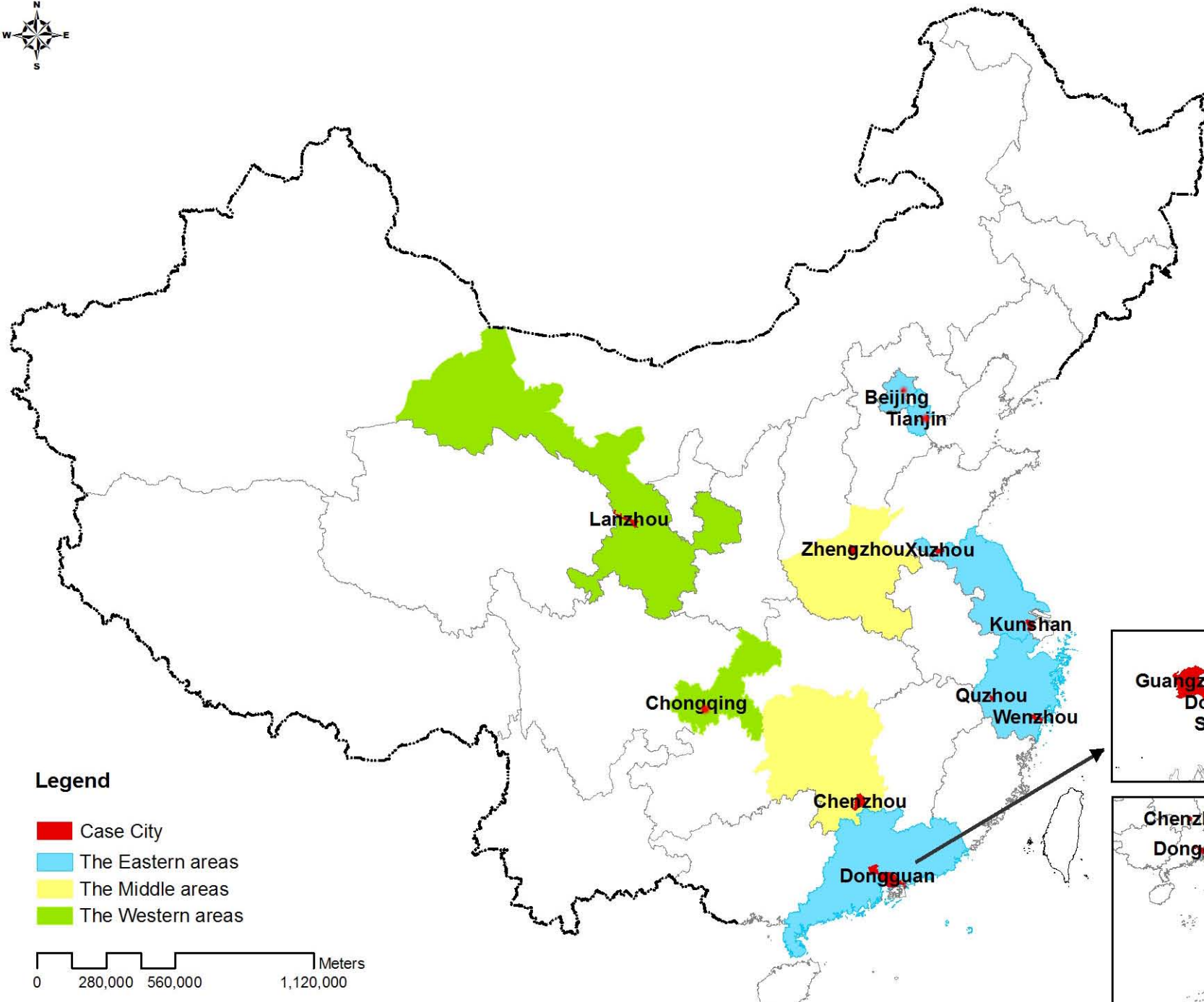
# Background

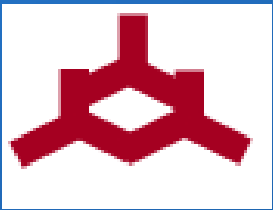
- In developing countries, migrant employment is a key factor for national development through changing the employment structure, improving the efficiency of labor utilization and expanding scope of rural development.
- China is experiencing an extremely rapid expansion of urban-based production of goods and services. This has involved a dramatic shift in the livelihoods of many people from agricultural production to work in an urban area. According to the China Statistical Bureau, 225.42 million nominally “rural” people were seeking a job in an urban area in 2008. This rapid expansion of the urban workforce has made an important contribution to China’s economic growth. It has also contributed to a fall in the prevalence of rural poverty. In 2007, 38.7% of the rural per capita income came from the earnings in non-agricultural sector.
- The world is currently affected by the most serious economic crisis since the 1930s with the commodity and services demands decreased remarkably, therefore unemployment increased in the same way as well. By official figures, at least 20 million migrants in China returned to rural areas after losing urban jobs— eclipsing unemployment figures in other countries. The downturn has led to massive displacement of the migrant workforce, concentrated in precisely those low-skill export-driven and manual labor-intensive sectors that have been hardest hit.



# Methodology

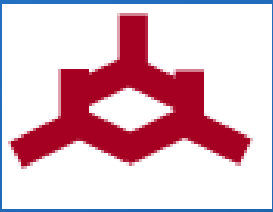
- Time Period
  - February-March: Field Visits in Labor-Importing Areas (Shanghai, Zhejiang, Guangdong) and Exporting Province (Henan)
  - April to June: Large Sampled Questionnaire Surveys in 12 Cities Across West, Middle and East China.
  - August: Field Visits to Shenzhen and Wenzhou
- Survey Sampling Process and Data Limitations
  - Formal: firms recommended by the local governments
  - Informal: market, train/bus station, job fare, job introduction agencies, etc
  - Location: regional difference, industrial structure, concentration of migrations
  - Sample selection issue jobless migrants returned to the countryside





# Data

Region	City	Total	Formal	Informal
EAST	Beijing	1,122	482	640
	Tianjin	566	159	407
	Kunshan	554	482	72
	Quzhou	369	149	220
	Wenzhou	410	410	0
	Shenzhen	289	205	84
	Dongguan	363	234	229
	Guangzhou	343	125	218
MIDDLE	Xuzhou	1,087	466	621
	Chenzhou	483	320	163
	Zhengzhou	809	523	286
WEST	Chongqing	490	348	142
	Lanzhou	994	526	468
TOTAL Valid Observations		7,879	4,329	3,550



# Primary Impact: On Employment

## ■ Difficulties in Finding a Job

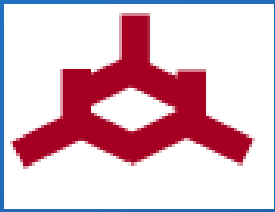
- We asked the respondents the extent that this economic slowdown on their job seeking difficulties. 21.8% said the impact is very big, and 27.4% said the impact is big.

## ■ Taking Longer to Find a Job

- On average, before June 2008, it would take 12.98 days to find a job, and after June 2008, it took 22.21 days to find a job, 9.23 more days, which is 71% longer.

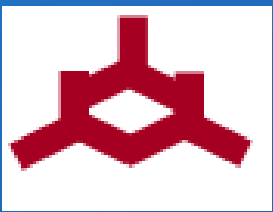
## ■ Unemployment Experience

- The questionnaire survey was conducted from April to June 2009. Because of the global economic slowdown, many jobless migrants went back to the countryside. Our sample will not be able to capture the unemployment experience of those returned migrants. Even we anticipate a large proportion of unemployed has returned to the countryside, when we asked the respondents since the second-half of 2008: “do you have a period that not been employed?” 19.23% of the surveyed said that they have unemployment experience since July 2008, and the total days of unemployment were 58.2 days, which is almost 2 months from July 2008 to June when the surveys were conducted.



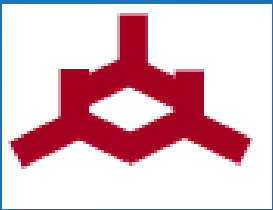
# Primary Impact: On Income and Living Condition

- On Income:
  - We asked the question whether the economic slowdown has any impact on the income. 19.2% said the impact is very big, 27.3% said the impact is big, 32.9% said the impact is fair, and 20.6% of the surveyed said no impact at all.
  - The pathways on the income, besides to unemployment, also include the employers' coping efforts in this crisis. 28.1% of the surveyed said their employers have lowered their salaries, 28.2% of them have reduced their benefits (such as free food, bonus), 22.5% of them reduced overtime which reduced their overtime payments, and 25.8% of them said their companies have workers laid off because there were no orders for their products.
- On Living Condition
  - 50.22% of the surveyed felt their daily living condition is worsened since the financial crisis, and 94.77% of them attribute this decline in daily living to the global economic slowdown.



# Secondary Impact: On Insurance Coverage

On Insurance Coverage	Total	Formal	Informal
Employer's Action			
Stopped Paying Insurance Premier	3.85%	3.65%	4.18%
Asked Employees to Drop Out of the Pension Schemes	1.41%	1.03%	3.04%
Stopped the Pension Program Coverage	1.69%	1.38%	3.05%
Stopped All Social Insurance Coverage	2.31%	1.93%	3.98%
Migrant Worker's Action			
Stopped Paying Pension Premier	4.38%	3.76%	6.87%
Dropped Out of the Pension Schemes	4.44%	3.61%	7.87%
Was Afraid to Asked the Employers to Enroll into the Pension Scheme	18.77%	18.45%	19.17%



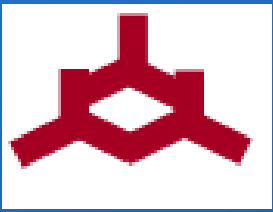
# Secondary Impact on Family Living Condition

<b>Family Livelihood</b>	<b>Total</b>	<b>Formal</b>	<b>Informal</b>
<b>Reduced Food Standard</b>	<b>35.65%</b>	<b>31.65%</b>	<b>40.50%</b>
<b>Sent the preschool children back</b>	<b>16.30%</b>	<b>14.64%</b>	<b>18.33%</b>
<b>Transferred the school children to home schools</b>	<b>11.79%</b>	<b>10.84%</b>	<b>12.97%</b>
<b>Reduced the extracurricular expenses</b>	<b>18.59%</b>	<b>17.23%</b>	<b>20.20%</b>
<b>One of the couple went back</b>	<b>12.86%</b>	<b>12.56%</b>	<b>13.21%</b>
<b>Rent cheaper place to live</b>	<b>38.88%</b>	<b>36.52%</b>	<b>41.66%</b>
<b>Sold assets</b>	<b>5.54%</b>	<b>5.22%</b>	<b>5.90%</b>
<b>Did not to get healthcare when sick</b>	<b>30.35%</b>	<b>27.08%</b>	<b>34.22%</b>
<b>Reduced expenses on clothing, internet access, entertainments</b>	<b>58.69%</b>	<b>57.58%</b>	<b>60.09%</b>



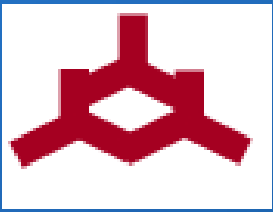
# Coping Mechanisms: Formal Social Protection System

<b>Strategy</b>	<b>Total</b>	<b>Formal</b>	<b>Informal</b>
<b>Unemployment insurance benefit</b>	<b>2.46%</b>	<b>4.29%</b>	<b>1.17%</b>
<b>Job trainings</b>	<b>7.34%</b>	<b>9.93%</b>	<b>4.21%</b>
<b>Employment information</b>	<b>5.63%</b>	<b>5.98%</b>	<b>5.20%</b>
<b>Loans</b>	<b>4.06%</b>	<b>4.35%</b>	<b>3.71%</b>
<b>Cash or in-kind assistance</b>	<b>4.83%</b>	<b>4.13%</b>	<b>5.68%</b>



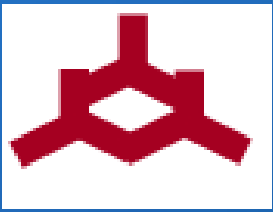
# Coping Mechanisms: Informal Network

<b>Informal Support</b>	<b>Total</b>	<b>Formal</b>	<b>Informal</b>
<b>Borrowed from Friends and Relatives in the jobless period</b>	<b>13.58%</b>	<b>14.14%</b>	<b>13.25%</b>
<b>Changes in Informal Networks since the financial crisis</b>			
<b>Less Friends/Relatives</b>	<b>25.98%</b>	<b>24.47%</b>	<b>27.82%</b>
<b>About the Same</b>	<b>65.00%</b>	<b>68.37%</b>	<b>60.88%</b>
<b>More Friends/Relatives</b>	<b>3.15%</b>	<b>3.39%</b>	<b>2.87%</b>
<b>Hard to Say</b>	<b>5.87%</b>	<b>3.77%</b>	<b>8.43%</b>



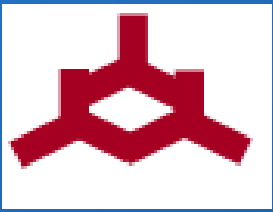
# Main Conclusions: Heterogeneous Impact

- Personal experience has not helped the individuals to escape the risks. This means the risk pooling is less effective when everyone is under threat.
- However, vulnerability varies depending on written contract signed, locations employed, industry engaged, household economic conditions, ties with countryside.
- Generational and educational difference will play a great role in coping with the impact of the global economic slowdown, and the trend of stratification among migrants should be monitored.



# Main Conclusion: Long-last Impact

- On Family Investments
  - Children nutrition and education
  - Old age security
  - Assets accumulation and conversion
  - Social network in the urban areas
- On Labor Market
  - On urbanization process and job market
  - On industry transformation
- A Defining Moment for China
  - On Welfare State development
  - On integration of social protection programs
  - On Institutional reform



# Policy Recommendations

- Cash transfers and temporary relief program should be extended to the migrants immediately, thus the migrants can sustain their consumption levels and provide stimulating demand for local goods.
- Educational assistance should be extended to the migrant children to ensure school attendance. In addition, cash and in-kind support, as well as reduced fees for the pre-school children should be provided to prevent them being sent back to the countryside.
- Poverty alleviation policies should be more inclusive to the migrants by integrating both rural and urban programs, across line government programs, central and local programs.



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*Thank You!*

