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People's Republic of China: Urban Poverty Strategy II

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Preface

This report is based on the contributions by a team of consultants, and these contributions, after revision, will make up the final report. The team is led by Athar Hussain (London School of Economics, UK) and comprises Zhang Xiulan (Beijing Normal University), Mo Rong (Ministry of Labor and Social Security, PRC), Wu Guobao (Chinese Academy of Social Sciences), and Wang Youjuan (National Bureau of Statistics, PRC).

The Development Research Center of the State Council, PRC, is the national counterpart organization for the project and has contributed greatly to its execution. Ms. Shantong Li from the Center has guided the project from the beginning. Ms. Gao Ying has contributed greatly to the project in various capacities, as the coordinator, researcher and translator, and interpreter.

The technical assistance project, of which this report is the end product, was carried out under the direction of first Mr. Lan Wu and later Ms. Wendy Walker of the Asian Development Bank.

The project began on 1 September 2006 and formally finished on 31 December 2007

The project team undertook field visits to three cities Guangzhou, Bozhou and Xian. To ensure a wide coverage, the project commissioned surveys in four additional cities.

Executive Summary

The report covers a wide range of issues concerning migration and migrants under the following headings:

- Introduction
- Migration Policy – Historical Overview
- Migrants and Migration Pattern
- Socio-Economic Profile of Towns and Cities
- Migrant Workers and the Urban Labor Market
- Schooling Migrant Children
- Migrants' Housing
- Migrants' Health and Their Health Care
- Patterns of Poverty and Deprivation Amongst Migrants
- Policy Perspective on Migration

The report is a combination of qualitative and quantitative analyses and policy assessment and recommendations. Except the first chapter (Introduction), each chapter concludes with policy implications of the discussion in the chapter, and the last chapter draws together policy discussion in all the preceding chapters. An overview of the report chapter by chapter is as follows:

Introduction

The introduction has two objectives: to bring out the complementarity between this report and the earlier one entitled “**Urban Strategy I**” and, second, to outline the structure of this report.

Migration Policy – Historical Overview

The historical overview begins in 1958 with the institution of the stringent control on rural-to-urban migration, which managed to keep the share of the urban population constant for 20 years to 1978. It then goes on to chronicle

vacillations in policy between a permissive and a restrictive regime, which eventually gave way to the acceptance of migration as an integral component economic development. Since the the year 2000, the policy stance towards migrants has undergone a radical change; but as yet much of this change has been formal. Substantive improvements in living and working conditions of migrants have yet to take place.

Migrant Population and Migration Pattern

Using the rural household data set for 2004, this chapter outlines the characteristics of migrants, their origin and destination, and duration of their stay.

The principal findings are:

- Most migrants are lone individuals with their families remaining in the countryside. Most of migration is circular rather than a one-way exit from the countryside
- The median migrant is young and better educated than his/her peers remaining in the countryside. Female migrants constitute over a third of the total and tend to be younger than their male counterparts.
- Migrants originate from almost all localities but are concentrated in relatively few localities in the coastal provinces.

SocioEconomic Profile of Towns and Cities

The purpose of this chapter is to sketch a framework for assembling the social and economic profile of towns and cities. The chapter starts by pointing out the unusual features of Chinese cities. According to the framework, the profile of a city should cover its structural features, the composition of its population, state of its public finances, and the inventory of vulnerable inhabitants.

Migrant Workers and the Urban Labor Market

Migrant workers are complementary to, rather than substitutes for local workers. In general, migrants take up jobs shunned by local workers. Compared with local workers, migrant workers get a lower wage, due to a combination of

causes: lower academic and skill qualifications and discrimination against them. The labor market policies concerning migrant workers have to follow a two-track approach. One track should be motivated by the short-term objective of removing discriminatory measures, while the other track should aim at narrowing and eventually eliminating the education and skill gap between the urban and rural laborers (not just migrant workers).

Schooling Migrant Children

Migration has led to a substantial increase in the income of rural households but at the cost of split families and disruption of the schooling of their children. The children who suffer disruption include not only those accompanying their parents to cities but also those who are left behind in the countryside. Although less noticed, the latter can suffer seriously as a result of being left in the countryside, in many cases, to be looked after elderly grandparents, many of them illiterate and themselves in need of care.

Formally, migrant children are entitled to exactly the same treatment as that provided to local children in admission to state schools, the charging of fees, and participation in various competitions. The last few years have seen a substantial improvement in the treatment of migrant children. However, the problem is that equal treatment for migrant children requires resources and a concerted policy. To a degree, both are lacking. In localities with a large number of migrants, schools find themselves short of resources to carry out the government mandate of equal treatment.

Migrant's Housing

The migrant population has to find housing on harsh commercial terms and make do with whatever is available. With a per head income less than half of their urban counterparts, owner-occupied housing is beyond most migrants' reach. The options available to them include rented accommodation of various types and makeshift shelters on site or workplace.

Housing rented by migrants tends to be crowded, cramped, often lacks adequate washing and toilet facilities and, in general, falls short of the acceptable minimum standard.

A major improvement in the housing for migrant workers and families is warranted. As rented accommodation is the most common method of acquisition, the focus of the policy should be on increasing the supply of rented accommodation at the cheaper end of the market

Migrants' Health and their Health Care

Compared with their urban counterparts, migrants are more prone to illness and disability because of their work environment and living conditions and lack of preventive health care. Frequently, migrant workers are in jobs that carry a high risk of illness, injury and disability, jobs that are dirty, dangerous, and dead-end/demanding jobs.

In the event of illness, migrant workers and their families respond in ways that prolong illness and are detrimental to health. Upon falling ill, they would typically let the illness take its natural course in the hope that it would go away. If the illness worsens, they would go to a pharmacy to buy medicines. Visit to a "Community Health Center" or a hospital would be a last resort course of action.

Health care of the migrant population should be integrated with the health care of the local population, of the locality where they are actually living and working. This applies especially to preventive care. It is crucial to ensure that vaccination rates among migrant children are as high as that among local children.

A policy package for migrants' health care should include the following:
a) contributory social insurance, b) means-tested social assistance, and c)

subsidized or free public health measures.

Patterns of Poverty and Deprivation amongst Migrants

The multiple disadvantages from which migrants suffer fall under three headings:

- Low income/expenditure. There are competing arguments in favor of using income or expenditure as the indicator of poverty, but the general approach of using a money measure remains the same, so in this context income/expenditure are used interchangeably.
- Specific deprivations in various dimensions, e.g., poor housing and foregoing needed medical care
- Social exclusion or lack of power

It is not transitory or chronic income poverty so much as other specific deprivations which weigh heavily upon migrant workers. These deprivations affect a much larger percentage of migrant workers than does income poverty. They constitute the principal obstacles in achieving the integration of migrants in urban communities and should therefore be the subjects of policy.

Policy Perspective on Migration

The scale of migration is huge and its impact extends far beyond the laborers who migrate. The impact of migration on recipient communities is concentrated and visible while that on sending communities is dispersed and is likely to go unnoticed.

Certain policy implications follow. To begin with, it has to be acknowledged that inherited policies are inadequate to deal with the problems associated with migration because their principal concern was to control migration rather than to ensure the wellbeing of migrants. Schematically the policy implications are as follows:

- a) There is need for a concerted combination of policies backed by ample resources.
- b) The resources required to deal with problems should be shared.
- c) Thus far, the policies concerning migrants have been biased towards the urban end rather than rural areas. There is need to redress balance.

Chapter 1

Introduction

Until the mid 1990s, internal and external observers alike regarded poverty in China as a largely rural phenomenon. Urban poverty was believed to be confined to the small section of the urban population characterised by "three nos": no ability to work, no savings or other income source and no relatives to depend on. The able-bodied did not qualify for poverty relief; they were obliged to work and the government was obliged to provide them with a job, albeit at a very low rate of pay. From the mid-1990s, the perception of urban poverty underwent a fundamental change. Piecemeal it came to be seen as a problem that potentially threatened a substantial percentage of the urban population, and one that arose out of the workings of the economy. There were three salient differences between the "old" and the "new" urban poor:

- The "new urban poor" were larger in numbers than the "old urban poor".
- The emergence of new urban poverty went in parallel with rising economic inequality in urban areas, which made the contrast between "haves" and "have nots" starker than ever before in the PRC's history.
- Unlike with the "old urban poor", a large percentage of the "new urban poor" were able and willing to work but had no jobs.

Urban poverty, which in the past was barely distinguishable from the then prevalent living standard, now stood out against the background of a comparatively high and rising average living standard. The distinguishing feature of "new urban poverty" was the third point listed above, which reflected a fundamental change in the urban economic environment, especially from 1994. The public sector, traditionally the main source of employment for the urban labour force, was losing jobs. In just five years to 2000 the sector lost 48 million jobs, 33.4% of the total in 1995. The non-public sector was creating new jobs but not in sufficient numbers to offset job losses.

If the appearance of large-scale urban unemployment was one major break from the past pattern, the other one was the emergence of a large and growing population of rural migrants living and working in towns and cities on a regular basis. As outlined in the next chapter, (Chapter 2), the control on rural-to-urban migration was introduced in 1958 and implemented with full rigour until the mid 1980s. From then on, the policy toward rural-to-urban migration vacillated between accommodating and controlling migration. The latter succeeded in slowing down the increased flow but only temporarily; by the early 1990s a large population of rural migrants had become a permanent feature of the urban landscape, especially in the coastal region. A wide economic gap between rural and urban areas has always existed in China but over 25 or so years from 1958, the gap remained below the line of visibility because of rigorous control on the movement of labor. With the emergence in cities and towns of a large population of rural migrants in cities, the rural-urban gap is apparent and visible.

This report is a sequel to the earlier report Urban Poverty in PRC, TAR: PRC 33448 (hereafter referred to as the first urban poverty report or just the first report) which had the following four objectives:

- To estimate urban poverty lines in accordance with best international practice and use these to estimate urban poverty, including the rate, the regional pattern and incidence among immigrants.
- To assess the income maintenance schemes for the urban poor and the unemployed.
- To analyze the trends in the urban labor market and their implications for urban poverty.
- To review existing and potential policy responses to urban poverty and identify possible areas of ADB assistance

The first urban poverty report analyzed poverty from the perspective of the

inadequacy of economic resources (roughly income or expenditure). From this perspective, people are poor when their income falls below a certain level, a poverty line. Such an analysis is an indispensable first step and is a necessary complement to a cash transfer scheme to alleviate poverty, such as the Minimum Living Standard Assistance (MLSA). The approach offers the advantage of simplicity and provides an informative overview of poverty and its incidence pattern with reference to social groups and regions. Similarly, a cash transfer contingent on a means test is a fairly effective first step in poverty alleviation.

A major achievement of the first TA was the calculation of the poverty line for each of the 31 provinces using the urban household data for the whole country. These lines were used to calculate the poverty rate for each province and to derive regional poverty patterns. The first report pointed out that provincial poverty lines varied widely and that the use of one line to calculate poverty seriously distorted the poverty rates. China covers a territory that is as heterogeneous as it is extensive. The value of one poverty line in terms of income for the whole of China is greatly diminished by the fact that consumption patterns, prices and prevalent living standards (or per head income) vary as widely across regions in China as they may do across countries. One poverty line makes as much sense for China as it does for the European Union. A preferable approach is to have poverty lines that apply to sub-national units, such as provinces or cities, and the national line is simply their average. The choice of the geographical units involves a trade-off between going for enough relevant detail and keeping computation within a manageable limit. In the Chinese context, a number of sub-national units for the computation of poverty lines suggest themselves, such as provinces and large/small cities classified by regions. As a first cut, provinces are obvious units of calculation because much of the statistical data is collected and presented along provincial lines.

However, the approach adopted in the first TA suffers from certain limitations and this report seeks to overcome some of these limitations. Its

starting point is the generally accepted observation that wellbeing is a multi-dimensional notion and thus poverty is only partially captured by a poverty line in terms of income. The consensus is that insufficient personal income or consumption (in particular food); although a central feature of poverty, does not cover all its salient aspects. Private income is a means to procuring what markets provide, but well-being also depends on goods and services which markets generally fail to provide in socially desirable amounts. These include primary health care, basic education and housing. In countries where well-being of the population is a central concern of the state, government agencies or non-government civil organisations play a central role in their provision.

Identifying the poor solely with reference to a poverty line overlooks many widespread concerns about specific deprivation. For example, the approach may classify a household as “not poor” even though its housing falls short of the acceptable level and its children fail to complete 9 years of basic education. By its very nature, a poverty line glosses over differences in basic needs across individuals and refers to a representative individual. Added to that, it overlooks the fact the relation between income/expenditure and goods and services for satisfying basic needs differ between individuals. This may be due to differences in conditions governing access to social goods and services may differ between social groups. For example, in Chinese cities migrants do not enjoy the same access to housing and schooling as permanent residents do. The assumption that everyone faces the same price for marketed goods does not hold in some cases. For example, comparing like with like, migrants pay higher housing rents than urban residents do.

There are two ways of bringing out the link between the TAs Urban Poverty Strategy I & II: one is from the policy perspective and the other from the analytical perspective. A cash transfer scheme aimed at poverty alleviation, even when well functioning, does not meet all public concerns with poverty (taken in its broad sense) and deprivations, alternatively termed “human poverty indicators” in

the poverty literature. Questions such as the following still remain and they are particularly relevant with respect to migrants:

- Do all children receive the mandatory number of years of education, which in China is 9 years?
- Does everyone receive primary medical care when needed?
- Does everyone have accommodation that has basic amenities?

Answers to the above questions may be negative not only for individuals or households with a per capita income below the poverty line but, more importantly, also for some individuals or households with an income above the poverty line. The implication is that the relation between income poverty and specific deprivations, such as less than mandatory years of schooling and lack of access to basic medical care, is equivocal. Therefore, there are good reasons to be concerned with both income poverty and specific deprivations. The same points can be made concerning a cash transfer scheme. Looking across countries, it becomes clear that such a scheme is insufficient to meet all concerns about poverty and deprivation. It is supplemented by schemes aimed at rectifying specific deprivations.

The argument is that there are various perspectives on poverty and paralleling that there is not one all-inclusive policy for poverty alleviation but a multiplicity of policies to deal with poverty and specific deprivations. Different perspectives on poverty are competitive in that they seek to displace others. But they are also complementary from the policy perspective. Even when one perspective is accepted as superior to others, the policy or policies corresponding to the chosen alternative cannot displace policies implied by other perspectives. For example, accepting the limitation of the income perspective on poverty does not rule out a cash transfer scheme for poverty alleviation that covers the whole population. The groups identified as poor by various approaches to poverty are neither identical nor completely different. They

partially overlap. It is this partial overlap that justifies a multiplicity of poverty alleviation policies and also of poverty analyses.

As with specific deprivations, in some cases there are also strong reasons for focusing on a sub group instead of the whole population. Specific deprivation instead of being randomly distributed across the national or city populations may be clustered in a sub-group, which may be ethnic, regional or those with a particular social or legal status. In the Chinese context one such sub-group is rural-to-urban migrants.

Turning to analytical reasons for complementing the analysis of poverty in terms of income with that in terms of specific deprivations, it is instructive to examine the assumptions that underlie the best practice method of calculating the poverty line, a method employed in the first urban poverty report. According to the method, goods and services to satisfy basic needs are divided into two broad categories; “food” and “non-food”. The food basket to satisfy the basic need is defined as the one that fits in with the local dietary pattern and is just adequate to provide the daily calorie requirement for an adult. The cost of the food basket is scaled up as appropriate to provide the monthly or yearly cost of the basic diet; it is termed the “food poverty line”. The “general poverty line” (or just the poverty line), which is calculated by regression, is that income at which the expenditure on food is just equal to the food poverty line. The difference between the poverty line and the food poverty line was regarded as the essential “non-food expenditure.

The crucial point about the procedure is that the essential non-food expenditure is not defined with reference to a benchmark, as the food expenditure is with reference to the calorie intake for a normal adult, but as the residual. That is, basic needs other than for food, including housing, medical care and schooling for children, are assumed to be satisfied when the individual is spending enough on food to just satisfy the calorie intake requirement. The

assumption is that if this were not so then the individual or household will be spending less on food than the amount needed to satisfy the calorie requirement. To illustrate what this means take the case of a migrant worker who lives in makeshift accommodation lacking some basic amenities, and pays little in rent. According to this approach, as long as the individual spent enough on food to obtain the calorie requirement for an adult, the expenditure on accommodation will be taken as sufficient to meet the basic requirement on housing, even though generally regarded as sub-standard. Similarly an individual who eschews medical care when ill, but spends enough on food so as to obtain the daily calorie requirement, is assumed to be receiving sufficient medical care.

The income/expenditure analysis of poverty can be extended in several ways. In the present context, the choice is guided by the answer to the question, which concerns are highly relevant to an anti-poverty policy, in its broad sense, but are inadequately covered by the current policies. From this viewpoint, rural-to-urban migrants stand out. Their population is already large and likely to keep on growing as it has done for the last two decades or so. Although rural-to-urban migrants are considerably better off than their peers staying behind in the countryside are, they are caught in a web of disadvantages. The focus of this study is rural migrants living and working in towns and cities.

The next three chapters (2, 3 and 4) provide a background for an analysis of specific deprivations among migrants. The next chapter, Chapter 2, examines the history of policies towards migrants and migrants and charts the changes that have taken place. Within 6 to 8 years since the turn of the 21st century, the attitude toward rural-to-urban migration has undergone a fundamental transformation. Instead of being treated as a reversible phenomenon, migration has come to be accepted as a regular feature of society. The policy aim now is to remove all measures that discriminate against migrants. The emphasis has shifted from controlling migration to absorbing migrants and to raising the level of

education and of technical and vocational skills to the prevalent level in urban areas.

Chapter 3 analyses the rural household data for 2004 to piece together a large corpus of information on the number of migrants, their composition in terms gender, age, education and duration of stay, their origin and destination, and the migration circuit (circular or one-way). The following chapter, Chapter 4, assembles the socio-economic profile of 662 towns and cities, their administrative structure, and their unique features from an international perspective. Two of these are of special importance. First, Chinese towns and cities cover a large area, including an extensive rural hinterland. Thus, close to 90% of the rural population lives in rural counties within municipal boundaries. Second, China is unusual among countries in assigning the responsibility for expenditure on education, health and social security to lower government tiers. This has important repercussions for policy in that the lower the government tiers the greater the variation in their public finances.

Chapter 5 deals with migrant workers and the urban labor market. Compared with their peers, migrants workers are younger, less educated and with little technical training. They are heavily concentrated in certain industries, such as construction and in certain jobs, such as assembly work. Compared with urban workers, migrant laborers work longer hours and have fewer holidays. Recent years have seen a radical change in their legal status. The government has repealed all laws and regulations that put migrant workers at a disadvantage. Now they are formally equal to urban workers, entitled to make use of job search facilities and training courses on the same terms as those provided to their urban peers.

The subsequent three chapters (6, 7 and 8) are devoted to the status of the migrant population in the fields of education, housing, and health care. In all three, migrant workers face restricted access because of the rules that put them

at a disadvantage or because of high prices. Until a few years ago in many localities migrant children were refused admission to state schools or charged a higher fee. But at the formal level, the situation has changed. State schools can no longer refuse admission, though they can charge migrant children a higher fee. The pattern of access of migrant children to state schools varies across cities. In cities with a low concentration of migrants, migrant children face no particular difficulty in gaining admission to the local state schools. But they still face restrictions in localities with a high concentration of migrants. The reason is that currently schools do not receive any subsidy for admitting migrant children. The implication is that the removal of restrictions on access has to be accompanied by extra resources for the schools admitting migrant children.

Turning to housing (Chapter 7), most migrant workers face a very restricted choice. Given their low incomes, purchasing a house is not an option for most; neither is usual rented accommodation. For a large majority the only feasible choice is a bed in a dormitory on the outskirts of town. Classified as “outsiders” migrants are not entitled to subsidized housing, nor are they allowed to join provident funds for housing. The principal policy challenge is to increase the supply of housing that migrants can afford and that meets minimum standards.

Chapter 8 discusses the pattern of use of health care with reference to migrants. It is pointed out that although as a population they are comparatively young, migrants are prone to illnesses because of their work and living conditions. Factors governing access to medical care in the event of illness are the same for migrant workers as they are for the urban population. Like the urban poor, migrants avoid medical care because of its high cost. Their responses to illness range from doing nothing or opting for self-medication, to seeking medical care when forced to do so by serious illness or injury.

Drawing on earlier chapters, Chapter 9 presents a synthetic picture of the patterns of poverty and deprivation among migrants. Particular attention is given to the problems in measuring the incidence of income poverty among migrants.

Chapter 2

Migration Policy – Historical Overview

Since the second half of the 1980s, rural-to-urban labor migration in China has been a socioeconomic phenomenon notable by its scale and impact on the rural and urban economies. The number of rural migrant laborers has since risen, particularly sharply since the turn of the century. Currently, over 10% of the population is participant in the process. The emergence of a substantial population of rural migrants residing and working in cities and towns stands in a stark contrast to the tight control on migration over the 25 years between 1958 and 1983. As elsewhere in the world, given a permissive environment internal migration in China has been driven by the rural-urban income gap, a gap that has always existed. But in the past it did not give rise to migration because of the stringent control introduced in 1958.

The control went together with a deep and wide rural-urban divide. Rural localities were not only on average poorer than their urban counterparts but they were also disadvantaged in the allocation of government social expenditure. For example, whereas basic schooling in urban areas was subsidized, rural localities were expected to cover full cost from own resources; similarly for health care. To begin with, such a biased allocation had a rationale; resources were highly scarce and an egalitarian allocation would have spread them too thinly to be effective. They had to be concentrated in urban areas, where they were comparatively more effective in achieving the intended results, such as producing technical personnel. However, the differential treatment of rural and urban localities lasted much longer than necessary and it is only recently that the government has begun to modify the disadvantageous treatment of rural localities and population. A central factor in differential status of the rural and urban population has been the the “household registration system” (*hukou*), which still survives and but undergoing a fundamental change.

Hukou

Hukou is an administrative device for assigning and establishing personal identity. Like other systems of identification, it lends itself to use for a variety of purposes including control of population movement and sorting individuals for the distribution of goods and services. A key classification in the system has been the division of persons into “agricultural” and “non-agricultural.” The division has turned out to be more than just a description of the source of livelihood. It has become a status classification that can only be altered through administrative discretion and does not change automatically with migration. The label continues to apply to a person even when he or she is no longer engaged in farming. In this sense it is no longer an accurate description of the source of livelihood and partakes of a central feature of citizenship and is similarly used to control migration or to sort individuals into categories with differing entitlements. Over the reform period *hukou* has effectively turned into a device that divides the population into “permanent residents” and “the outsiders” with differential access to social goods, such as basic education and opportunities in the labor market.

Hukou was first introduced in 1951 in urban areas so as to consolidate the social and political control of the new regime and was extended to the countryside in 1955. The latter coincided with the introduction of grain rationing, which divided the population into those “entitled to grain ration” (basically the urban population) and those “self-sufficient in grain” (the rural population). There was always a part of the rural population that did not have enough grain for its own consumption, because of either a natural disaster, or the adverse location, or poor quality of land. Apart from particular years, these sections of the population were supplied grain by the government to bridge the shortfall. The entitlement to grain ration served as a major instrument for controlling population movement for 30 or so years until the mid 1980s when the development of an open market in grain opened an alternative channel for procuring grain. Initially *hukou* was not employed to control population movement; it was only later that it began to be regarded as an instrument to slow down rural-to-urban migration.

Policies towards Migration and Migrants

In 1958, the National People's Congress (NPC) passed the "Regulation Concerning Residency (*hukou*) Registration." The regulation divided the population into two categories "agricultural" and "non-agricultural," a division that has come to represent the distinction between "rural" and "urban." It instituted two requirements for rural laborers intending to migrate to cities to work. The first was to obtain an employment certificate from the Labor Bureau of the destination city, which gave the government an instrument to control the inflow of migrants by simply limiting the issue of the certificate. The second requirement was to obtain from the local Public Security Bureau a clearance to leave. Together, these two requirements constituted a dual system of control and the motivation was to keep rural-to-urban migration down to the necessary minimum.

The control procedures proved remarkably successful in limiting rural-to-urban migration. Aside from minor fluctuations, the ratio of the urban population to the total population remained constant for 20 years between 1958 and 1978. The effectiveness of the procedures was due largely to the organization of the rural and urban economies. The same procedures worked very differently with the transition to a market economy since 1979. The introduction of migration control in 1958 coincided with the organization of the rural economy into communes, a three-tiered, administrative-cum-economic organization. The communes served two functions, which reinforced stringent control on rural-to-urban migration. First, they prevented migration at the rural end, serving as a dam to contain rural population and labor. Second, they were organized to facilitate the propagation of industry, and many did so. Rural industrialization, which has become a distinctive feature of Chinese development, provided an alternative to migration, i.e., transfer of labor from farming to industry without migration. For a time, this remained a preferable option.

The organization of the urban economy also helped to impede the inflow of rural migrants. Over the period, an overwhelming percentage of the urban labor force was employed in the state sector and the remainder was employed in the urban collective sector, which was akin to the state sector. Units in both sectors were predisposed to implement government instruction. The private sector, which is now a major employer of the urban labor force, and the markets did not exist, which made it impossible to evade government control on migration. Added to that, grain was only available in urban areas through the rationing system against the exchange of food coupons, which were only issued to bonafide residents and migrants who had gone through the requisite procedure.

Over the first 4 or so years of the era of “reforms and opening to the outside,” which began in 1979, stringent control on migration remained. But the changes in the rural and the urban economy created an environment less conducive to maintaining a tight control on rural-to-urban migration. The decollectivization of the rural economy, as well as distributing land, freed the rural population of the control on leaving the countryside. Second, the rapid growth of agricultural output induced by the decollectivization of farming weakened and eventually removed the rationale for grain rationing, which between 1958 and the mid 1980s served as a mechanism for controlling rural-to-urban migration outside the approved channel. Third, the lifting of the ban on markets opened up opportunities for setting up small businesses and, eventually procuring grain outside the rationing system.

The year 1984 is a milestone in the history of rural-to-urban migration. A government circular allowed rural laborers to move to cities on their own initiative to seek jobs or run small businesses, under the condition of no entitlement to grain ration. This marked a radical departure from the then prevalent practice of allowing rural workers to leave for cities only under official permission and requiring employers to seek official permission before employing rural workers.

This departure fitted in with the changes brought about by the reforms. Apart from the ones listed above, a change with far-reaching consequences was the erosion of the system of labor assignment in urban areas, which previously gave the government control over labor recruitment, and the grant of increased discretion to enterprises and institutions to recruit labor directly. This meant that wage cost would be a central consideration in recruitment decision, which favored the recruitment of migrant workers because of their lower wages compared to those of their urban counterparts. The loosened control on rural-to-urban migration in combination with the changes brought about by reforms triggered a surge in rural-to-urban migration that reached a peak in 1989. It was during the Spring Festival of that year that the term “rural migrant wave” was used to describe the huge population of rural migrants traveling to and from home – a phenomenon that became a regular annual feature.

The policy between 1989 and 2000 varied between accommodating the increased flow of migrants and tightening control to keep their numbers within manageable limits. The principal instruments of control included the following: requirement to register as a temporary resident; employment permit, setting a limit on the conversion of agricultural into non-agricultural *hukou*; strengthened supervision and inspection of employees on the payroll; and repatriation of rural migrants upon the expiry of employment contract. A salient feature of these instruments is that all apply at the arrival (or urban) end of the migration circuit. In the past (pre-1978), there also existed control at the departure end, which took the form of an official clearance to leave the countryside. But with the lifting of restrictions on travel over the reform period and the difficulty in distinguishing between “travel for work” and “travel for other reasons,” this form of control has fallen into disuse. The period also saw piecemeal relaxation of the rules governing the conversion of “agricultural” into “non-agricultural” *hukou*. However, these remained tied to the continuation of the traditional dichotomy. The principal preoccupation of policy during this period was on the number of migrants, similar

to the policies during the previous 11 years to 1978. Further, the policy was reactive, prompted by changes that had already taken place.

In keeping with its long-term urbanization strategy of promoting the growth of small cities and towns and slowing down further growth of large cities, in 1992 the government announced the policy of encouraging “local migration,” making it easier for the holders of “agricultural” *hukou* to acquire “non-agricultural” registration for small towns and cities. As a pilot experiment, in a selection of towns, migrant workers with regular jobs were given entitlement to receive *hukou* for the town in which they were working. Giving preferential treatment in the conversion of “agricultural” and “non-agricultural” *hukou* to particular category of migrants, such as those migrating to towns and small cities, was extended and adopted by numerous large cities. A number of cities eased the rules for conversion for those with university degrees, people with particular skills, and those who had purchased a house. Such preferential treatment affected only a very small percentage of the rural population because a large majority lacked education qualification beyond the lower-middle level (junior high school) and purchasing a house in the city was out of the question for most of them.

In 1995 the Ministry of Public Security, the ministry in charge of operating the *hukou* system, issued the new “Rules for Applying for Temporary Resident Card,” so as to strengthen control over migrant population. According to these rules, everyone above 16 years of age wishing to spend more than a month in a locality other than the permanent place of residence was required to register and obtain a Temporary Resident Card, a card that had to be produced in dealings with government or public organizations and for renting accommodation. Failure to produce the Temporary Resident Card attracted a fine or expulsion from the locality. However, the requirement was difficult to enforce because of the difficulty in distinguishing visitors from migrants, the huge numbers of people involved, and the growth of the informal and casual labor market where migrant workers could find work without the employment card. The shortfall in the

implementation of the rules is evidenced by the use of two labels to refer to migrants: “migrants” (*qianyi*) and the “floating population” (*liudong renkou*). The former refers to those with the “Temporary Resident Card” and the latter to those who have not registered and completed due formalities. From the early 1990s the number of the latter far exceeded the numbers of the former. The explanation for this is not insufficient control but the difficulty in implementing control on internal migration in a market economy with freedom to travel.

The emergence in towns and cities of a sizeable population of migrants with an irregular status, i.e., in violation of rules and regulations, forced the government from time to time to reiterate the rules and tighten their enforcement. In 1999, the Ministry of Labor and Social Security issued a circular on “maintaining an orderly labor market,” which reminded labor and social security departments to strictly follow the established procedure when issuing the employment certificate. The circular also suggested a careful scrutiny of the ID card and advised that the irregularities and fraud should be immediately reported to the police. Circulars such as this were more an indication of the widespread non-compliance with the regulations and less a strengthening of the regulation. Only 4 years later in 2003, a circular would abolish the employment certificate.

Change in the Policy Regime

The period 2000-2007 saw the beginnings of a fundamental change in the attitude towards migration and migrants. Many of the restrictions on migration and requirements imposed on migrants, some dating back to 1958, were abolished. The *hukou* for towns and small and medium cities was made available on demand for anyone who satisfied some conditions, such as holding a regular job. The period also saw initiatives by numerous large cities to emulate the practice in towns and small cities of giving *hukou* to all those with stable jobs. Some cities went further and abolished altogether the distinction between “agricultural” and “non-agricultural” *hukou*; included amongst these were two

provincial capitals, Shijiazhuang and Zhengzhou. Further, the quotas for the conversion of “agricultural” into “non-agricultural” *hukou* were abolished. The year 2000 marked a major turning point. Until then, the policies towards migration took for granted the dichotomy between “agricultural” and “non-agricultural.” Their main focus was on the flow of migrants and the size of the migrant population, and the prevalent motive was control. In contrast, changes since 2000 have been based on the recognition that the long-standing dichotomy between “agricultural” and “non-agricultural” itself has become obsolete and should be discarded. It was also recognized that although at the micro level much of the migration was circular, i.e., return to the countryside following a spell of employment outside, at the macro level rural-to-urban migration would be a constant feature, and for a growing number of the rural inhabitants migration would be an exit from the countryside. Accordingly on a piecemeal basis, the focus of the policy shifted to an overhaul of the *hukou* system, which included the removal of the traditional distinction between “agricultural” and “non-agricultural.” The terms and condition of employment of migrant workers, the living conditions of their families, the schooling of their children, and protection they enjoyed when ill and injured during work became major concerns of policy.

In 2003, a State Council circular on providing job search and placement services to migrants called for the abolition of discriminatory regulations and obsolete restrictions on employing migrant workers. These included the requirement on enterprises having to seek official approval for employing migrant workers, the lists of jobs open and barred to migrant workers issued by various cities, and registration requirements for migrant workers. The circular also decreed the replacement of several registrations required of migrant workers with one registration and that the service provided to migrant workers should be the same or of the same standard as that provided to local workers. The circular represented a fundamental break from the past, in that it sought to facilitate the employment of migrant workers instead of impeding it.

Regarding basic schooling for migrant workers' children, the circular stipulated that public elementary and middle schools should adopt a non-discriminatory admission procedure and treat migrant children and local children alike. A complementary circular on compulsory education assigned the responsibility for the compulsory education of migrant children to the local government of the locality where currently resident. The circular also stipulated that the educational environment for migrant children should be improved substantially, and that coverage of 9 years of compulsory education for migrant children should match the level for local students.

In 2006, the central government promulgated Document No.1, "Opinions on Pushing Forward the Building of a New Socialist Countryside" (CCCCPC, Document No.1 [2006]). The "Opinions" outlined a number of measures to take further steps to clean up and stop discriminatory regulations and irrational restrictions on incoming migrant workers to establish and improve a public service network for urban and rural employment, to follow minimum wage regulations strictly and to establish a wage security fund, to resolve effectively the low wage and wage delay problems for migrant workers, to improve the labor contract system, to enhance hygiene and safety protection for migrant workers, step by step to establish a social security system for migrant workers, to follow the law by including migrant workers in the insurance program for work-related injuries and to explore how best to apply the catastrophic illness insurance and pension plan for migrant workers, and to resolve education issues for the children of migrant workers.

In order to implement the central government's Document No.1, that same year the State Council promulgated the document, "Opinions Concerning Solving the Problems of Migrant Workers" (State Council, Document No.5 [2006]). This was by far the most comprehensive guiding document, and it became the blueprint for creating policies to resolve the problems facing migrant workers. It contained many specifications to protect the interests of migrant workers and

their families and outlined a number of measures to resolve the low wage and wage delay problems for migrant workers. It included recommendations to put more effort into employment services and training; to establish social security systems, including insurance for health and work-related injuries and pension plans, etc.; and to include migrant workers in the urban public service system.

Regarding the social security system for migrant workers, the “Opinions” clearly pointed out that solving insurance issues with respect to work-related injuries and catastrophic illness was to be given high priority, and problems concerning the pension plan system should be resolved step by step. The “Circular” required that all employers should enroll migrant workers in work-related injury insurance and make timely payments for this insurance. Where conditions allow, migrant workers with stable jobs may be directly included in the urban worker’s basic health insurance; alternatively, migrant workers can choose to join the New Rural Cooperative Health System in their original areas of residence. Migrant workers with stable jobs may be included in the urban worker’s basic pension plan system. Employers should continue payments for those already in the system. Methods for insurance transfer and continuity between different places should be determined in a timely manner. In the meantime, considering the fact of their mobility and low income, insurance and benefits for migrant workers should be transferred securely and continued so that migrant workers’ social security rights and benefits will be protected.

Regarding migrant worker’s housing problems, the “Opinions” specified that a number of measures should be taken to improve living conditions for migrant workers, including building shared migrant workers’ dormitories and employees’ dormitories. In the meantime, where conditions are good, the employer and the employee should both contribute to the Housing Provident Fund for migrant workers to purchase or rent housing. The “Opinions” also required that the housing issues for long-term living and employed migrant

workers should be included in the city's housing development and construction plan.

Current Situation of a Rural Migrant

Within the framework of current laws and regulations, rural laborers can now do the following:

- Freely move to cities to take up a job, or search for one using job search facilities run by the local Labor and Social Security Bureau on the same terms as their urban counterparts. Employers no longer have to obtain an “employment certificate” to hire migrant workers.
- Upon getting a regular job, obtain *hukou* for towns and small cities and numerous large cities that have taken initiatives to reform the *hukou* system, which is a national system but leaves considerable scope for local adaptation and innovation. Migrant workers still have to register as a “temporary resident” with the local Security Bureau until obtaining local *hukou*, which is now the single registration required of migrant workers.
- Have wider access to social services, such as subsidized training programs, compared to the situation only a few years ago, and have their children educated in the local state schools, depending on the locality, on the same terms as those for the local children.
- Participate in the Social Insurance schemes on terms that vary across cities. In the near future migrant workers will also be able to join a centrally administered pension scheme that permits the aggregation of contributions paid in different cities and provinces and promises a portable pension in retirement. In principle, they are also allowed to join in the provident fund for house purchase run by local governments.

Since 2002, there has been a radical transformation in the legal status of migrants. The transformation has brought tangible benefits to migrant workers. But much of the change is at the formal level of laws and regulations and has made only a little difference to the daily lives of migrant workers. Notwithstanding

the change, a large number of migrant workers work very long hours in conditions that range from dirty to dangerous to health. A large percentage of them live in dormitories or rooms with multiple occupants that are cramped and crowded and may lack basic amenities. Apart from their physical conditions of living and work, migrants are socially excluded.

Policy Implications

The changes since 2000 outlined above amount to a fundamental shift in the policy towards rural-urban migration. The long-standing policy aim of controlling migration flow has given way to the realization that a market economy does not lend itself to a direct control on population movement in the same way as a planned economy did. Since 2000 a major policy aim has been to remove measures and procedures that put migrant workers at a disadvantage relative to urban workers. This has been implemented in a number of areas that are of particular importance to migrants, such as the labor market and basic schooling. Although consequential, the change thus far has largely been formal and legal. It has focused attention on other causes of the disadvantageous position of the migrant population. For example in the labor market, these are the lower educational and vocational qualifications of migrant workers compared with their urban counterparts.

This is recognised by the government and the the general policy goal is to narrow and ultimately close the substantive gap, in for example, schooling and technical and vocational qualification between the urban and migrant and also the rural population. The shift in the policy goal has widespread ramifications for specific policies and their implementation.

The institutional infrastructure for controlling migration is fundamentally different from that needed for reducing substantive inequalities. The former is principally the 'Public Security Network' particularly the Public Security Bureaus at the city level and below. The latter is far more dispersed than the former. It

includes government departments dealing with education, labor market and social security and a wide range of non-government institutions, such as schools, training facilities and job search facilities.

Besides, 'policing population and labor flows' requires far less resources than 'narrowing substantive inequalities' does. The latter has major implications for the public finances. Without complementary financial flows, policies to reduce substantive inequality, such as providing migrant children the same opportunities for basic schooling as that available to their peers, are little more than statements of principles. To the extent much of the goods and services needed to narrow substantive inequality, such as basic schooling and vocational education, are provided by lower government tiers, the policies to reduce substantive inequalities have to be accompanied with increased transfers from higher to lower tiers. The system of inter-governmental transfers and expenditure responsibilities remains yet to be finalized. This severely limits the effectiveness of measures such as giving migrant children the same opportunities for basic schooling as that enjoyed by other children.

Chapter 3

Migrants and the Migration Pattern

Here migration refers to the voluntary movement of rural workers, who leave their home villages for urban areas to seek employment in industry and services. Their urban destination could be any of the 661 localities that fall under the official heading “cities and towns.” Each of these localities has an administrative status in the four-level division: provincial, sub-provincial, prefecture-level, and county-level. The status determines the scope of decision-making powers of the government of the locality. The distance covered by migrants can vary from a short trip to a neighboring town or city to a journey to a city on the other side of the country.

The findings on migrants and migration patterns reported here are based on the data from the 2004 rural household survey conducted by the National Bureau of Statistics (NBS). By design, the survey excludes urban-to-urban migrants and does not distinguish between rural-to-rural and rural-to-urban migration. In the present context, the neglect of the first is not a serious lacuna given that the principal focus of the project is on rural-to-urban migrants. The conflation of the last two does make a difference because rural-to-rural migration is reckoned to be significant. The sample size of the Rural Data Set is 69,000 households drawn on the basis of a multi-stage stratified frame, to ensure a wide geographical coverage. In the first stage 857 counties out of 2000 plus counties are selected, with a particular number selected from each of the 31 provinces. In the second phase 71,000 rural grassroots units of townships and villages are chosen using the same frame as in the previous phase. In the final phase 69,000 households are randomly selected. The NBS rural survey dates back to 1984 and aims to serve a variety of uses. The questions concerning emigration from the countryside for employment were only added in 2001. Until then, one-off sample surveys or the population censuses were the only sources of information on emigration in rural areas.

In the NBS data set there are 312 entries for each household including details of household composition, income and expenditure, and production. For the purposes of reporting the findings from the data, 31 provinces are grouped as follows: Coastal, Central, and Western

Table 1: Provincial Grouping

Coastal (% of total population)	Central (% of total population)	Western (% of total population)
Beijing	Shanxi	Inner Mongolia
Tianjin	Jilin	Guangxi
Hebei	Heilongjiang	Chongqing
Liaoning	Anhui	Sichuan
Shanghai	Jiangxi	Guizhou
Jiangsu	Henan	Yunnan
Zhejiang	Hubei	Tibet
Fujian	Hunan	Shaanxi
Shandong		Gansu
Guangdong		Qinghai
Hainan		Ningxia
		Xinjiang
39.4%	32.5%	28.00%

The “Coastal” region comprising 11 provinces is the largest in terms of population, followed by the “Central” region, consisting of 8 provinces, and then by the “Western” region. In terms of GDP per capita the Coastal Region is the richest, with each province in the group, apart from Hainan, with a per capita GDP higher than the national average. In contrast, in the Central and Western Regions all but two provinces have below average GDP per capita. The two provinces are Inner Mongolia and Heilongjiang.

How Large is Rural Emigration?

According to the NBS rural household survey, the outflow per year of migrant workers from the countryside in the 4 years from 2003 to 2006 for the whole country is as presented in Table 2.

Table 2: Migration out of Rural Areas, Magnitude and Composition

	2003	2004	2005	2006
Migrant workers outflow, million	113.90	118.23	125.78	132.12
Rural labor force, million	489.71	496.95	503.87	516.09
% of the rural labor force	23.2%	23.8%	25.0%	25.6%
Lone migrants (% of the total)	89.60 (78.7%)	93.53 (79.1%)	100.38 (79.8%)	105.68 (80.0%)
Emigrating with household (% of the total)	24.30 (21.3%)	24.70 (20.9%)	25.40 (20.2%)	26.44 (20.0%)

The annual outflow of “migrant workers” represents the total number of rural workers who left their usual locality of residence for work outside during the calendar year. This includes both workers leaving permanently and temporarily. The latter also includes many making more than one trip during or over the years. But a worker is counted only once during the year regardless of the number of trips during the year. There is no minimum duration of trip for a worker to be counted as a migrant, in contrast to, for example, the population statistics which count as migrants only those staying away for six months or more. The above figures cover only the workers; the figures for the outflow from the countryside would be much higher if non-participants in the labor market were also included. They give an idea of the number of rural workers involved in migration. In 3 years from 2003 to 2005, the numbers involved in migration have risen by 18.2 million, and in 2006, over a quarter of the rural labor force was involved in migration, with most of them returning after a period. The notable feature of the figures (Table 2) is the sheer magnitude, not only in absolute numbers but also relative to the total rural labor force.

The data set does not directly differentiate between those who leave the countryside permanently and those who leave temporarily and return after a period. But it does provide a breakdown of the total between those who emigrate individually and those with families, a distinction which overlaps with the one between permanent and temporary migrants. Individual migrants leaving their households behind have a good reason to return, a reason that is absent when the whole household migrates. Individual and household migrants are, however,

related in that emigration of a household may follow temporary migration by some members of the household. The notable feature of the above table is that a vast majority of migrants, between 79 and 80% are lone individuals with their households remaining in the countryside. For most of these, if not all, migration is temporary and, most likely, repetitive. It is the temporary nature of much of migration that shapes most of the salient policy issues concerning migrants, such as housing and their participation in the Social Insurance schemes. However, migration by families, which raises particular issues, is still a substantial 20%. A justifiable assumption is that all lone migrants return to the countryside, and all those who leave with their households leave permanently and are counted as migrants until they are fully integrated. As shown below, permanent migrants will generally constitute a higher proportion of the migrant population in the destination cities and towns than they do of the rural workers leaving the countryside.

The figures in Table 2 represent, for most part, the numbers who leave the countryside or the numbers arriving in cities during the year. This raises the question of how many migrant workers (both temporary and permanent) there are in urban areas at any time. It is this population rather than in- and outflow of migrants that is relevant for policy. The number of temporary migrants depends on both inflow and their average period of stay. Focusing on 2006, the average outflow from the countryside or inflow into cities per month is 8.8 million temporary migrants per month. On average they stay over 8.3 months. Thus, the total number of temporary migrants in the last quarter of 2006 will be just over 73 million, given by (8.8×8.3) , with 8.8 million leaving the cities and the same number arriving from the countryside. The total number of permanent migrants will be equal to the number of permanent migrants yet to be integrated with the local population, one index of which is the conversion of *hukou*. If the integration period is 2 years, then their total number at the end of 2006 will be the sum of the arrivals of permanent migrants in 2005 and 2006, which is approximately 52

million. The total number of migrants, including both temporary and permanent migrants for various integration periods will be as follows (Table 3):

Table 3

Integration Period for Permanent Migrants	Total Number of Migrants, million (Temporary, Permanent)
2 years	125 (73, 52)
3 years	150 (73, 77)
4 years	174 (73, 101)

The general point is that given the institutional impediments to the integration of migrants, the integration period is likely to be long, certainly longer than the average length of stay of temporary migrants. In all such cases the proportion of permanent migrants in the migrant population in cities and towns (the destination) will be higher than their proportion in the outflow from the countryside. Given a long enough integration period, permanent migrants may make up a majority of the migrant population in cities, even though they may constitute only a small minority of workers leaving the countryside.

The division of rural-to-urban migrants between permanent and temporary is universal but there are two features particular to China that raise the cost of permanent relative to that of temporary migration and thus may shift the balance towards the latter and away from the former. One is the household registration (*hukou*) system. The other is the terms on which land is distributed amongst rural households. Arguably these two reduce permanent migration but not temporary migration. The household registration system is not used to control travel or any longer to control the taking up of employment outside the usual place of residence, but it accentuates the differences between migrants and permanent residents and prolongs the time it takes for migrants to integrate with the local population.

The land tenure system acts as an impediment to a permanent emigration from rural areas to urban areas because of the way it is structured and operates in practice. Land plots are not transferred to rural households in perpetuity but are leased for a definite period on a renewable basis. In principle, land leases can be sold or transferred freely, but in practice, this is subject to severe restrictions. Depending on the locality, land allocation to households is occasionally revised to take account of births, deaths, and migration. Long-term absence from the village may lead to the loss of the household land plot. Change of household registration leads to the revocation of the right to a land plot for cultivation and to build a house. Rural households receive little or no compensation for giving up user rights on the allocated land. This arrangement is in effect tantamount to a tax on leaving farming completely. The close connection between the land tenure and the household registration indicates that a change in the framework that underpins the latter, such as the distinction between “agricultural” and “non-agricultural,” has important repercussions on the allocation of land to rural households. The implication is that these have to be taken into account when considering a change in the household registration system. In sum, compared with the hypothetical situation whereby after a period migrants automatically acquire the status of permanent residents and rural households are able to sell their leases freely, the current situation raises the cost of permanent relative to temporary migration.

The migration flows and the migrant population of the magnitudes indicated in Table 2 and 3 point to a substantial impact on the rural economy (the origin) and the destination (for the most part the urban economy). To get a more accurate idea of impact, one needs to take into account two facts. First, lone migrants (temporary migrants), who make up a large majority of migrants, are on average away for 8.3 months, not for the full 12 months. Their numbers have to be multiplied by $(8.3/12)$ to obtain the equivalent number of workers absent for the full 12 months (full-year equivalent). Second, workers who leave permanently no longer have a continuing impact on the rural economy and should therefore

not be counted when analyzing the impact of migration. Two indices of the economic impact of rural-to-urban migration are the ratio of the number of temporary migrants in full-year equivalent to the rural and to the urban labor force. The figures are presented in Table 4.

Table 4

	2003	2004	2005	2006
Full-year equivalent of temporary migrants, million	61.97	64.69	69.43	73.10
Rural labor force, million	489.71	496.95	503.87	516.09
Full-year equivalent of temporary migrants/ Rural Labor force: %	12.7%	13.0%	13.8%	14.2%

The conclusion is that migration has a significant impact on the rural labor market. The impact is unevenly distributed; in some localities the ratio is high enough to cause a labor shortage in rural localities sending migrants. In terms of this index the impact of rural-to-urban migration should be far greater on the urban than on the rural labor market because the urban labor force is substantially smaller than the rural labor force. For example in 2006, the urban labor force was 41% smaller than the rural labor force. Thus, 132 or so million rural emigrants in 2006, most of whom went to urban areas, amounted to 47% of the urban labor force compared with 26% of the rural labor force. In the rural economy the impact flows through two channels: first, through a rise in household income and second, through a lower labor force employed in the rural economy, especially farming, than would otherwise be employed there. The latter indirectly raises rural household income by reducing surplus labor in farming.

Composition of the Migrant Population

The composition of the migrant population in terms of gender, age, and educational attainment is of crucial importance in determining the impact of rural-to-urban emigration on the rural and urban economy and society. As outlined below, the composition at the points of origin is very different from that at the destination points.

Table 5 gives the gender breakdown of migrant workers nationwide and from the three regions at the departure points. There are two notable points about the figures. First, conforming to the pattern in many countries a large majority of migrant workers are male, though women make up a substantial minority. Further, the percentage varies across the regions. It is the highest in the Coastal Region, followed by the Central and Western Regions. Variation in the gender balance is even more marked across cities receiving migrants. For example, in Shenzhen and a number of cities and towns in the Pearl River Delta, women constitute a large majority of migrant workers.

Table 5: Gender Composition of migrant workers - % of Women at Origin

Nationwide	33.7%
Coastal Region	37.4%
Central Region	26.0%
Western Region	23.6%

Second, compared with their male counterparts, women migrant workers tend to be younger. Related to this, they are more likely than male migrant workers to be unmarried. The age profile and the marital status of women migrants reflect a prevalent life cycle pattern of rural women. Many of them do not continue education beyond the age of 15 or 16 and remain single for several years before getting married. It is during this period that many of them become temporary migrants.

To bring out the interaction of age, gender, and migration, Table 6 presents the data for 6 categories: male, female, and all (both male and female) for the rural labor force, including migrants, and for just migrant workers. The last entry in each column gives the median age, which is the summary statistic for the age distribution of the category. There are two notable points about the table. First, both male and female migrants, which are respectively sub-categories of

male and female members of the rural labor force, are clustered at the younger age end of the distribution and have very few older members. Only 19.6% of male migrant workers are aged 40 and above, compared with 45.9% of the male rural workers. Accordingly, the median age of male migrant workers is 8.2 years less than that of their counterparts in the rural labor force, 27.7 compared with 36.9. The age bias is even more pronounced amongst female migrant workers; only 14.4% of them fall in the age range 35 and above, compared with 57.7% of females in the rural labor force. The median female migrant worker is 15.1 years younger than her counterpart in the rural labor force.

Table 6: Age Composition of Rural Laborers and of Migrants by Gender (%)

Age Range	Male		Female		All	
	Rural LF (1)	Migrants (2)	Rural LF (3)	Migrants (4)	Rural LF (5)	Migrants (6)
15-19	15.1	13.3	14.7	28.4	14.9	18.3
20-24	11.9	24.2	11.1	33.7	11.5	27.1
25-29	8.5	16.8	7.5	14.2	8	15.9
30-34	8.6	13.2	9.1	9.2	8.8	12
35-39	10.1	12.9	11.4	7.4	10.7	11.2
40-44	9.5	8.3	10.4	3.7	9.9	6.8
45+	36.4	11.3	35.9	3.3	36.1	8.7
Median Age	36.9	27.7	37.3	22.2	37.2	25.4

Second, the age profiles of males and females, while very similar in the rural labor force, are very different amongst migrants. Across the age ranges the differences between Columns (1) and (3) are minor, as are the corresponding median ages: 36.9 and 37.3. But the differences between Columns (2) and (4), which refer to male and female migrants, are very marked. Female migrant workers are heavily concentrated at the younger age end of the distribution—as high as 62% of them fall in the narrow age band of 15-24 years. In comparison, male migrant workers, although generally young, are more spread out across the age ranges. Particularly striking is the wide gap in the youngest age band of 14-19 years, with a high 28.4% amongst female migrants and less than half of that,

13.3%, amongst their male counterparts. This may be a reflection of the general phenomenon of lower educational attainment amongst females than amongst males (see Table 8 below). The gap suggests that whereas girls predominantly finish education and enter the labor force upon completing the lower middle school, a higher percentage of boys than girls go on to the higher-middle stream and therefore enter the labor force later.

To summarize, the median female migrant is young, just over 22 years of age. She entered the labor force at 15 upon finishing the lower middle school, or after 9 years of basic education. She left to work in a city soon after her 20th birthday. Her sojourn as a migrant worker ended after a few years later upon marriage. The median male migrant worker is 27.7 years old, almost 6 years older than his female counterpart. It is likely he also finished education after the middle school but with some possibility of a period in the higher-middle school stream. He left to work in a city a few years later than his female counterpart. Unlike with her, marriage did not mark a major break in his stint as a migrant worker. Further, his work history consisted of an alternating sequence of work spells in the city and the countryside.

Turning to the educational attainment of the migrant workers, Table 7 presents the distribution of educational attainments for each of the three regions.

Table 7: Educational Attainment of Migrants

	Illiterate	Primary	Lower Middle	Upper Middle	Middle Occupational	Higher
All China						
Coastal	0.8%	12.6%	67.0%	12.7%	5.0%	1.9%
Central	1.4%	14.6%	68.1%	11.7%	3.0%	1.1%
Western	4.5%	24.4%	59.4%	9.2%	2.0%	0.6%

Starting from the lowest rung of educational attainment, there is still a substantial minority that has less than 9 years of mandatory education, which was promulgated in 1986. This includes the illiterates and those with only 5 years of schooling (the primary level). Their percentage ranges between 13.4% in the

Coastal Region and as high 28.9% in the Western Region. A large majority, 65.4% countrywide, has just 9 years schooling, up to the lower middle school.

By way of comparison, Table 8 presents the data on the educational attainment of migrant workers (all regions taken together) and the rural population aged 15 or more, which is a close proxy for the rural labor force. Comparing across educational levels, it is clear that migrants are a significantly better educated section of the rural population. This is due to the fact that migrant workers are predominantly young (Table 6 above) and have benefited from improvements in rural schooling. Nevertheless, the educational attainment of migrants is low. Almost a fifth of them, (18.5) are illiterates or have had only 5 years of schooling, compared to the target of at least 9 years of schooling for all. Further, the educational level of female migrant workers is significantly poorer than that of their male counterparts.

Table 8: Educational Attainment of the Rural Population, Above-15
(%s)

	Illiterate	Primary	Lower-Middle	Higher Middle	Higher
Migrants	2.0%	16.5%	65.4%	11.4%	3.5%
Rural Population, 15+	11.8%	39.9%	40.8%	6.6%	0.9%
Of them Male	7.0%	38.4%	45.2%	8.3%	1.1%
Of them Female	16.8%	41.5%	36.2%	4.8%	0.7%

What are the implications of the low educational attainments of migrants for the types of jobs they do, and how does mass migration affect the educational attainment of younger members of the rural population or would-be-migrants? As shown in Chapter 3, migrant workers are mostly engaged in unskilled and menial jobs, many of which are shunned by local workers. The common occupations for women migrant workers include house maids, cleaners, serving staff in restaurants and hotels, and assembly operations in the manufacturing industry. There is a close correspondence between the low educational attainment of migrant workers and the jobs they commonly have. The causation runs from low education and lack of skills of migrant workers to the job types. The implication is

that migrant workers would get better jobs if they continued schooling beyond the lower-lower middle level.

In general, migration widens employment and should thereby raise return to education and increase the economic incentive to acquire further education. However, this may not be valid in some cases for two reasons. First, in some cases individuals are assigned to jobs on the basis of not only individual qualifications but also the prevalent characteristics of the group to which they belong. Thus, a migrant worker who continued education beyond the lower-middle level may still get the same jobs assigned to the large majority who did not continue. Second, by opening up the possibilities of getting better paid jobs than those available in the countryside, migration increases the immediate cost of continuing schooling beyond the lower middle level, when reckoned in terms of foregone earnings. The implication is not that further education beyond the mandated 9 years is of no consequence. Rather the argument is that leaving it to individuals to continue education beyond the lower middle level and acquiring skills may not succeed in raising the general level. To accomplish this requires a policy aimed at raising the incentive for the whole group.

Origin, Destination, and Duration

There are three basic features that characterize migration circuits: origin, destination, and duration, including whether permanent or temporary, and if the latter, the length of absence. Leaving aside duration, Table 6 presents an overview of the circuits of migration in terms of origin and destination in respect to the three regions. In the matrix the rows denote the origin and the columns the destination. That the same three regions appear in both rows (origin) and columns (destinations) signifies that internal migration neither adds nor subtracts from the total population, i.e., it constitutes a “closed system.” There are 9 different combinations of origin and destination, each of which denotes a migration circuit, and these are represented by 3x3 matrix bordered by a thick

line. The entries in the matrix are expressed as percentages of the total number of migrants instead of the number of migrants, and can be alternatively regarded as the frequency of use of a particular migration circuit. This facilitates comparison and indicates for each migration circuit the percentage of migrants using it. As the sum of entries is 100, the entries can be grouped in various ways and presented as distributions.

All of the nine entries are positive which implies that regions do not neatly separate into sending and receiving regions. For the purposes of the analysis of migration pattern, the circuits of migration can be grouped in the following three ways:

- a two-part division between intra and inter-regional
- a three-part division in terms of destination
- a three-part division in terms of origin

The intra-regional circuits, with the same region as sending and receiving localities, are represented by the three diagonal entries in the matrix, which are underlined, and their sum indicates the percentage of migrants moving within the same region. Correspondingly, the sum of six off-diagonal entries denotes the percentage of migrants moving across regions. The diagonal entries sum to 61.4%, which indicates that a significant majority of migrants move from one location to another within the same region. Here it is worth noting that the Coastal Region accounts for more than half of the intra-regional movement, 33.9% out of the sum 61.4%. As we shall see below, all but a small proportion of migration in the Coastal Region is within the region.

Table 6: Origin and Destination of Migrants
(%s)

→ Destination ↓ Origin	Coastal	Central	Western	<i>Distribution by Origin</i>
Coastal	33.9	0.7	0.3	34.9
Central	25.5	12.8	0.7	39.0
Western	10.6	0.8	14.7	26.1
<i>Distribution by Destination</i>	70.0	14.3	15.7	100

The sum of rows, labeled “Distribution by Origin” (last column), gives the percentages of emigrants originating from each of the three regions. The Central Region is the largest source of emigrants, accounting for 39%, followed in turn by the Coastal, and with a wide gap, by the Western Regions. Similarly, the column sums labeled “Distribution by Destination,” gives the percentage of immigrants received by each region. The Coastal Region is by a wide margin the favored destination of immigrants: i.e., it receives 70% of all migrants, of which almost half are from the Coastal Region itself.

A notable feature is that the distribution of migrants by destination, (the column sums given in the last row), is very different from the distribution of migrants by origin (row sums). The former is heavily weighted towards the Coastal Region, which receives 70% of migrants. In contrast, the latter is more evenly spread with each region accounting for a significant share. The implication is that the impact of migration on recipient localities, and issues associated with the presence of a large migrant population such as housing, schooling, and health care, are of serious concern in a few localities rather than being of equal concern in all towns and cities. This would be even more striking if one were to examine very fine-grained data on migration in- and outflow at the level of urban districts and rural counties.

In contrast to the communities receiving migrants, the communities sending migrants are far more dispersed. The impact of migration on sending communities include a rise in household income due to repatriated earnings and

problems of split households, with one or more family members migrating and leaving behind a part of the family. The problems include the schooling of left-behind children (discussed in Chapter 4) and the care of the elderly.

Comparing the two distributions component by component, for each region the numbers of emigrants is different from the number of immigrants by a substantial margin in the Coastal Region. The implication is that the process of migration in China redistributes population across three regions. The scale of redistribution is given by the figures of net migration, which for a region is given by the difference between the number of immigrants and emigrants. The data on net migration for the three regions is presented in Table 7. A positive sign denotes a net inflow and a negative sign denotes a net outflow. Given that the figures in Table 7 refer to internal migration, the sum of regional in/outflow is equal to zero. Internal migration simply redistributes the population but does not change the total. There are two notable points concerning Table 7. The notable feature is that the net in/outflow of migrants is a small percentage of gross migration, 35.1%. This is due largely to the fact that 61.4% of migration is intra-regional which by definition does not contribute to net migration. However, migration does result in a redistribution of population/labor force from the Central and Western Regions from the Central and Western Regions to the Coastal Region. The division "inter/intraregional" depends crucially on the scale of regions. Broadly speaking, the smaller the regions the higher will be the share of the interregional component in migration. For example, taking provinces as regions will increase the percentage of interregional migration in the total.

Table 7: Net In/Outflow of Migrants
(%s)

Region	Net In/Outflow
Coastal	35.1
Central	-24.7
Western	-10.4
Sum	0

The pattern of net in- and outflow also indicates the likely outcome of the abolition of all restrictions on migration and settlement, that is, a substantial inflow of migrants into the Coastal provinces from the Western and Central Regions.

The pattern of immigration and emigration across regions becomes clearer when entries are expressed as percentages of the regional totals of immigrants and emigrants, which are the same at the national level, but differ across regions at the sub-national level. Table 8 presents the entries as percentages of the numbers of immigrants into each of the three regions. Thus, each column in the 3x3 matrix bordered by a thick line shows the composition of immigrants in terms of their origin for each of the three regions separately.

Table 8: Origin of Immigrants by Regions
(%s)

→Destination ↓Origin	Coastal	Central	Western
Coastal	<u>47.8</u>	5.5	1.4
Central	32.2	<u>86.5</u>	3.1
Western	20.0	7.9	<u>95.6</u>
Column Sum	100	100	100

The notable feature is that whereas slightly over half of the migrants arriving in the Coastal Region (52.2) are from outside the region, a vast majority of immigrants in the Central and all but a small percentage in the Western Region are from the region itself.

Similarly, Table 9 presents the entries as percentages of the numbers of emigrants from each of the three regions, which shows the destination of emigrants from each of the three regions. In both the Coastal and the Western Regions a majority of emigrants move to another locality within the region.

Table 9: Destination of Migrants by Regions
(%s)

→ Destination ↓ Origin	Coastal	Central	Western	Row Sum
Coastal	97.2	2.1	0.8	100
Central	65.4	32.8	1.8	100
Western	40.6	3.0	56.4	100

Of the migrants originating from the Coastal Region all but a very small percentage remain within the region itself. The same is true of the Western Region except that the percentage remaining in the region is much smaller than that in the Coastal Region. In a stark contrast only a third of migrants originating from the Central Region stay in the region.

Duration

As pointed out above (Table 2), close to 80% of migrants are lone individuals with their households remaining behind in the countryside. Most, if not all, of these must be temporary migrants who will be returning to the countryside. Many of these would be repeating the round trip in future. Temporary migration raises the issue of the duration of migration. Table 10 presents the data on the length of absence of migrants from the countryside. The sample consists of lone individual migrants and excludes migrants leaving with their families. The information on duration is collected retrospectively.

Table 10: Duration of Migration

DESTINATION	MONTHS		
	1-3	3-9	>9
Coastal	3.7	30.7	65.6
Central	10.2	47.4	42.4
West	12.7	46.2	41.0
Total	6.0	35.6	58.4

The length of stay depends on the destination. Almost two-thirds of migrants in the Coastal Region, around 47%, stay 9 months or more. In contrast,

the percentage of migrants staying 9 months or more is substantially lower in the Central and Western Regions. The pattern raises two issues: first, the likely reason for the difference and second, the implication of the length of duration. The most likely reason for a longer stay is a longer employment contract, which is more common in the manufacturing than in the construction industry. Here it is interesting to note that the largest employer is the manufacturing industry in the Coastal Region but the construction industry in the Central and Western Regions.

Policy Implications

- **Scale and Duration of Migration**

The scale of migration is huge, even relative to China's massive population. To a degree this is due to the *hukou* system that impedes the absorption of migrants; as a result individuals continue to be classified as a "migrant" for much longer than in other countries. The sheer number of migrants suggests the necessity of a concerted and coordinated policy response to deal with the issues created by migration and migrants, such as basic education of migrant children, health care, housing, and social protection of the migrant population. As pointed out above, policy initiatives in the above areas need to be backed up by substantial government expenditure and that over a considerable period. In most cases the expenditure is too large to be undertaken by the relevant government tiers without transfers from higher government tiers. What is needed is a fund, which is replenished at regular intervals, say every year, that finances initiatives concerning migrants, such as enrolling migrant children in the local state schools.

Although much of migration is temporary in that 80% of migrants are lone individuals with their households remaining behind in the countryside, the average length of stay is not short. It is over 8 months, which is three-quarters of the year. Further, for many workers, migrating to a town or city is not a one-off but a repetitive activity. The implication is that in case of many a migrant, the

qualification “temporary” does not mean “short-term” because they may be spending most of the time in a city year in and year out. The conjunction of “temporary” and “medium- or long-term” may be source of some problems concerning migrants. For example, a percentage of migrants may be living in a make-shift accommodation on a long-term basis because they view their stay as temporary even though far from short. A resolution to the problem lies in granting a change of status after a period of living and working in a city.

- **Positive Selection & Negative Impact on the Countryside**

Rural-to-urban migrants are generally younger and better educated members of the rural population. Further, the percentage of women and children amongst emigrants is significantly lower than their respective percentage in the rural population. Migration leads to an increase in rural household income but it also has negative consequences such as split households and the exodus of the dynamic segments of the rural society. Thus, the negative impact of continued migration on the sending communities in rural areas falls disproportionately on the elderly, children, and women left behind in the countryside. It is to these groups policies to compensate the adverse impact emigration from the countryside have to be directed.

Notable among the adversely groups are a large number of children left behind in the countryside by their parents working in cities. They are looked after by relatives, in many cases by elderly grand parents who themselves may need personal care. The problems of “left-behind children” have not received as much attention those of children who accompany their parents to cities. There is a need for the establishment of a national fund that is available to finance initiatives aimed at migrant children in urban areas and “left-behind” children. These initiatives could take the form of the establishment of boarding schools and the setting up of a network for the personal care of the “left-behind” children. There are examples such grass roots organizations, both governmental and non-

governmental, undertaking such initiatives. But the problem is too large in scale and too dispersed to be left entirely to local initiative.

- **Patterns of Migration**

Regions, whether sub- or supra provincial do not neatly divide into sending and receiving localities. Migrants originate from widely dispersed rural localities, but their destinations are comparatively few urban localities. The impact of migration on recipient communities is far more visible than that on the sending communities. As a result, the focus of the policy concerning migrants has been biased towards the urban end rather than the rural departure points of the migration circuits. It is time to restore balance and give more importance to issues concerning out-migration in the countryside.

Chapter 4

Social Profiling of Towns and Cities

Previous chapter, Chapter 3, focused on migrants at the point of departure, the countryside. The focus of this chapter is on the structure of Chinese cities and towns, which has ramifications for the pattern of migration and the policies to deal with issues concerning migrant workers and their families.

City Structures

China has 661 towns and cities (hereafter referred to as cities) divided into four administrative levels as shown in Table 1.

Table 1: Cities and Towns

Administrative Level	Number
Provincial	4
Sub-Provincial	15
Prefecture-level	268
County-level	374
Total	661

Though counted amongst 661 cities nationwide, the county-level cities are not autonomous units but nested in a higher level city. For example, there are four county-level cities within the boundaries of Chongqing City, the newest of the four provincial cities. These have grown rapidly in numbers due to migration from the surrounding rural areas, which has long been free of impediments applied to migration from rural areas to large cities. They occupy a special position in the urbanization policy, which lays emphasis on the proliferation of small and medium-size cities and controlling the growth of large cities. In keeping with the policy of promoting small cities and controlling the growth of large ones, the number of county-level cities has multiplied over the last two decades.

From an international perspective Chinese cities have the following unusual features:¹

¹ Unless specified otherwise all data is for 2004.

- They cover a large area and include within their boundaries an extensive rural periphery. For example, the urban districts, which make up the urban core, occupy only 12.5% of the total area of 661 cities. City boundaries contain rural counties, as well as urban districts. All but a small percentage of the area of Chinese cities is taken up by rural counties. Shanghai is a notable exception; in the late 1990s, it converted all but one of its rural counties into urban districts. In China, rural areas do not lie outside but inside city boundaries. The original motivation behind each city having enough cultivable land was to ensure that each was self-sufficient in grain and vegetables. Related to the above, the population in urban districts accounts for less than a third (30%) of the total population. Close to 91% of China's population lives within the precinct of cities.
- Reflecting the limited cultivable land area relative to population, numerous rural counties in China have long had population densities similar to those in urban or peri-urban settlements. With rural industrialization, many such counties have also come to derive most of their income from industry and services. They are urban in terms of both population density and the structure of the local economy. Yet they continue to be classified as "rural."
- The Chinese labels "urban districts" and "rural counties" do not correspond to the usual distinction between urban and rural. Defined in terms of a high population density and industry, and services being the predominant sources of personal income, in the Chinese context "urban" extends beyond urban districts. The implication is that for the purposes of poverty analysis, "urban" should include some of the rural counties.

The labels "urban districts" and "rural counties" have an element of arbitrariness to them, but they do matter. The decision-making powers differ between urban and rural units as do fiscal rules. At the level of a city, the rural-urban division takes the form of differential relationship city districts and rural counties to the city government. The city districts, more precisely those under the "jurisdiction of the city government," form the urban core with integrated public

finances. In contrast, the rural counties have a looser connection with the city government and have a greater fiscal autonomy than city districts do. The other side of the fiscal autonomy is less sharing of revenue and expenditure between rural counties than that between districts. Instead of being an integrated fiscal unit, a Chinese city, especially its constituent rural counties, is more like a fiscal conglomerate.

Intergovernmental Fiscal Relations

Intergovernmental fiscal relations in China are complicated by the country's huge size and diversity and as many as four tiers of sub-national governments. China is unusual in assigning responsibilities for providing the bulk of social security, basic education, health care and public safety to lower government tiers whilst providing fairly limited transfers to finance the provision. Cities at the third and fourth tiers account for all expenditures for social security: pensions, unemployment insurance, and other income support and welfare schemes. Counties and townships (fourth and fifth tiers) are together responsible for providing basic education and public health for the rural populace – these two tiers account for 70% of budgetary expenditures on education, and 55-60% of expenditures on health. Some of the problems in relation to social security are discussed in Section 6 below.

Decentralisation in rural areas runs deeper than in urban areas. Apart from a few schemes run by national and provincial governments, most of the social security schemes are organised at the grass-roots level of villages. Such schemes include assistance to poor households and rural pensions. The initiation, operation and financing of rural social protection schemes largely rest with lower tier governments; the higher government tiers (provinces and the centre) confine themselves to the supervision and setting-up of pilot schemes. Associated with this, variations in social security provision are much wider in rural than in urban areas.

The relations between government tiers are both hierarchical and rivalrous. Within limits, each tier jealously guards its domain. When faced with financial stringency, each tier tries to shift the expenditure responsibility to the next tier down while retaining as much revenue as possible. The division of cost between government tiers is determined more by their relative power. As a result, lower government tiers tend to end up with expenditure responsibilities in excess of the revenue at their disposal. To give an example from the distribution of the cost of basic schooling in rural areas, according to a survey conducted in 2004, as much as 78% of the cost was borne by the lowest government tier, the townships. The remaining 22% was split between the next four government tiers: with 9% /paid for by the counties, 11% by the provinces and 2% by the centre³. The cost covered by the townships is raised through local taxes, levies of various kinds and profit from local enterprises.

An overhaul of the system of inter-governmental finances has been high on the reform agenda for a number of years but still remains to be realised. A pooling of social security contributions and expenditures at the provincial level is the policy aim. This can take a number of forms, each of which has implications for the administrative structure, as well as for efficiency and equity.

Urbanization

In China, as elsewhere, the process of urbanization has taken two forms: first, the expansion of existing urban settlements combined with rural-to-urban migration, and second, the urbanization of rural localities, involving a switch of labor from farming to industry or services without migration, which has been encouraged by the government with the slogan “leave the land but not the village.” Compared with international experiences, the second has been far more prevalent in China, and the driving force behind it has been the growth of rural (“town and village”) enterprises (TVEs). Both have administrative implications. The first is accompanied by an occasional re-designation of rural counties as

³ Caijing, 18 October 2004

urban districts. Similarly, the second is accompanied by a re-designation of rural settlements crossing a population threshold as county-level cities. This raises the question of why, during the urbanization process, some rural counties change into city districts, while some others remain counties but with county seats elevated to the status of a town. The answer lies in the benefit of the fiscal integration with the city districts compared with that of retaining fiscal autonomy, which differs between counties undergoing the urbanization process.

Administrative Structure

Generally, Chinese cities have a three-tiered administrative structure, with the municipal government at the top. At each of the bottom two tiers, there are urban and rural units of the same status, as shown in Table 2.

Table 2: Sub-City Level Administrative Structure

Urban	Rural
Districts	County-Level Cities; Counties
Neighborhood Offices	Townships; Administrative Villages

Each of the units in the first tier in Table 2 is a separate budgetary unit with its own revenue sources and expenditure responsibilities. The fiscal status of the units in the second tier is ambiguous and variable in that they may have their own sources of revenue and may also have expenditure responsibilities. There are fiscal transfers from higher to lower government tiers but the framework of inter-governmental transfers remain yet to be worked out so as to fit in with the revenue capacities and expenditure responsibilities of various government tiers. The budgetary positions of the governments of the same tier in a city, such as districts and neighborhood offices, can vary widely. This can create difficulties in meeting social security obligations as these are largely financed by city governments or their subordinate tiers. For example, the cost of urban Minimum Living Standard Assistance (MLSA), the principal scheme for alleviating urban poverty, is commonly split between city governments and their constituent district

governments. Further, neighborhood offices together with the non-governmental units play a nodal role in the operation of MLSA.

Below the bottom governmental tier, there are non-governmental units of "community precincts" (*she qu*) in urban areas, which have replaced "residents' committees," and "natural villages" in rural areas. Focusing on "community precincts," together with the neighborhood offices, these play a central role in implementing the birth control policy, social welfare, and policing. For example, they play a central role in the operation of MLSA, such as sorting out genuine from non-genuine and organizing benefit recipients for public or community works. Building on the experience of popular elections for village council in rural areas, the plan is to select members of the "community precinct council" through elections instead of appointment by "neighborhood offices." Some cities have already had these elections.

Focusing on county-level cities (the first tier in the rural column), these have multiplied in recent years and play a defining role in the pattern of urban development. The most prevalent pattern is an urban cluster comprising a core city surrounded by a number of satellite towns. This pattern is the common outcome of the policy of encouraging the development of small cities. Many large cities with a densely populated rural periphery exemplify this pattern. To give two examples, Chengdu in the South-West, with four county level cities, and Zhengzhou in the Central Region, with five county-level cities, exhibit the stellar pattern. At the other end is Lanzhou in the North-West, where the urban core is surrounded by a rural hinterland with no satellite towns within the city boundaries or in vicinity. The cluster-like pattern, as exemplified by Zhengzhou, is common among large and densely populated cities. It is also becoming the predominant pattern as rural settlements are elevated to the status of towns to reflect the shift of economic structure away from farming and increased concentration of the population due to migration from the surrounding countryside. The Lanzhou type

pattern is comparatively rare and is confined to the sparsely populated cities in the interior.

Classifications of the Population

The inhabitants of Chinese cities are classified in two ways. One is the spatial division according to the current place of residence, in an urban district or a rural county. The other is the division by “personal status” into “non-agricultural” and “agricultural” in the personal register (*hukou*). The qualification “personal status” is appropriate because the designation is inherited in the past from the mother, but over the recent years either from mother or father. The peculiar feature of the personal registration is that the registered place of residence may not correspond to the actual and does not automatically change following migration even after a long period. Although less so than in the past, this classification still matters in terms of employment opportunities and entitlement to social assistance, such as MLSA and the “Medical Assistance Scheme.”

Spatial Division

The interesting feature of Chinese cities is that the “spatial division” of the population does not coincide with its division by “non-agricultural” and “agricultural,” as shown by Table 3.

Table 3: Spatial and *Hukou* Division of the Population, % of Total Population

	Urban Districts	Rural Counties	Row Total
Non-Agricultural	18.1%	12.7%	30.8%
Agricultural	11.7%	57.5%	69.2%
Column Total	29.8%	70.2%	100.0%

The interesting feature is the partial overlap instead of coincidence between the two divisions. The anomaly is that of the 29.8% of the total population resident in urban districts, 11.7% (or 39.2% of the urban district population) holds

agricultural *hukou*. Similarly, of 70.2% in rural counties, 12.7% (or 18.1% of the rural counties population) holds non-agricultural *hukou*. A substantial percentage of the urban district population holding agricultural *hukou* is a result of two factors: first the re-designation of rural counties as urban districts, which does not lead to an automatic re-classification of the personal status of the affected population as it would if the household registration were simply a factual record of the current place of residence, and second, immigration into urban districts that has risen sharply since the early 1990s. The percentages of the urban district population with “agricultural registration” in Table 3 are likely to be under-estimates, as these do not include immigrants who do not register and obtain a temporary residence permit, and are thus left out from the official count. The second anomaly of a significant percentage of the rural county population holding “non-agricultural registration” is due largely to the convention of officials and party cadres holding “non-agricultural registration.”

The first anomaly is not only numerically larger than the second but is also far more consequential from the socio-economic point of view. What it signifies is that almost 40% of the population in urban districts is at a disadvantage in comparison to their co-residents with non-agricultural *hukou*.

Economic Structure

The economic structure of a city can be described in terms of three indices:

the sectoral composition of the city’s GDP

the sectoral distribution of the city’s employed labor force

the spatial division of the city’s GDP between urban districts and rural counties

Whereas the first two are applicable to cities all over the world, the third is in some ways particular to Chinese cities, which reflects their unusual configuration comprising urban districts and rural counties.

Generally, Chinese cities exhibit a trend of declining GDP share of farming and in many cases, also of the GDP share of industry. Correspondingly, most also show a trend towards a rising share of services or the tertiary sector. The former only show the phenomena associated with the expansion of industry and services but not those directly associated with a decline in the GDP share of farming, which take place outside city boundaries. Because of the way in which their boundaries are drawn, Chinese cities mirror both sides of the shift. Turning to the second pattern, this does not concern farming and consists of a fall in the GDP share of industry, especially of manufacturing, and associated rise in the share of services. These go together with changes in the distribution of employment between industry and services, a pattern of change that has come to be termed as "de-industrialization." Unlike the first, the second pattern largely concerns cities and is principally urban and is observed in developed economies or in those that have already achieved a significant level of industrialization. Chinese cities exhibit both patterns of change. Whereas the change in sectoral composition of GDP in Chengdu fits in with the first pattern, those in Zhengzhou and Lanzhou, both of which have experienced a fall in the share of industry as well as of farming, is a mixture of the first and the second pattern.

Sectoral Distribution of the Labor Force

The sectoral distribution of the employed labor force matters for two reasons. First, it affects the pattern of land use and of living. Second, given the sectoral composition of GDP, the labor distribution indicates the relative incomes of employees in various sectors, which is a central determinant of the distribution of personal incomes.

The likely pattern of future change in the sectoral distribution of employment is a steady decrease in the shares of the primary and the secondary sectors and the correlated increase in that of the tertiary sector. A major challenge for the three cities is to create conditions conducive to the growth of

the services sector so as to rapidly absorb the surplus labor in farming and also to provide alternative employment to labor discharged by industry, especially manufacturing.

Generally the labor share of farming is higher than its GDP share. Further, reflecting surplus labor in farming, the gap is much wider in developing than in developed economies. To bring out the significance of a large employment share relative to its GDP share, Table 4 gives the data for the sectoral shares for 2006.

Table 4: Sectoral Shares, %s 2006

	Farming	Industry	Services
% GDP Share	11.8	48.7	43.3
%Labor Share	42.6	25.2	32.2
(GDP Share/Labor Share)	27.7	193.3	134.5

The striking feature of the data in Table 4 is that whereas the gross domestic product (GDP) ratio of farming is a mere 11.8%, similar to that in middle-income economies, the percentage of the labor force engaged in farming is almost four (3.6) times higher at 42.6%, which is similar to that in low-income economies. Put together, the two percentages imply that the output per capita in farming, given by the ratio of its GDP share to its employment share, is less than a third of the average, or a mere 27% of that in the non-farming sector. A GDP share of farming that is a small fraction (say less than half) of its labor force share is a common feature of developing economies and corresponds to a wide gap between non-farm (or urban) and farm (rural) per capita incomes in those economies.

What factors explain the very low relative labor productivity in farming? Two explanatory factors are possible: low land productivity and a high labor-land ratio. The first does not have much explanatory power in the Chinese context. As in other East Asian economies, farming in China is intensive, and productivity per

unit of land (e.g., hectare) is high by international standards. There is scope for raising land productivity further through the adoption of best-practice techniques, while keeping the labor-land ratio constant. But the principal explanation of the low labor productivity in farming lies with three impediments to the transfer of labor out of farming to non-farming activities. The first impediment to rural–urban migration is the *hukou* system, which has diminished in rigor but not disappeared. The second impediment is the land tenure system in which rural households receive little or no compensation for giving up user rights on the allocated land. This arrangement is in effect tantamount to a tax on leaving farming completely. The third is the bias in favor of industry, which has tended to raise the investment cost of transferring labor into non-farming activities and has therefore led to a higher land-labor ratio than it would otherwise be.

Turning to the significance of the above discussion for cities as pointed out above, in China, rural areas do not lie outside but for most part, inside city boundaries. Referring to Table 4 and equating farming with the rural and non-farming activities with the urban sector, which is approximately but not strictly true, the rural income per head is 28% of the average (by definition equal to 100). In contrast, the urban income per head is 154% of the average. Put alternatively, the urban income per head is 5.5 times the rural income per head. This is higher than the gap in the household per capita disposable income, which is around three times but still substantial. What rural-urban income gap of such magnitude suggests that rural-to-urban migration is far from running its full course. The removal of impediments to rural-to-urban migration will increase migration and translate relatively low rural income into a below-urban poverty income.

Framework for Social Profiling of Cities

Schematically the social profile of a city comprises the following:

- Structural Features: Area and its division between urban districts and rural counties. Government tiers include the number of county-level towns.

- Composition of the Population: The population and its division between rural counties and urban districts and between “agricultural” and “non-agricultural.”
- Public Finances: Public income and expenditure per person in urban districts and rural counties; the distribution of expenditure responsibilities across government tiers, especially for social goods, e.g., education and social assistance and expenditure per head on these items.
- Composition of GDP and Sectoral Distribution of Employment: GDP and employment shares of farming, industry, and services and similarly, GDP and employment shares of urban districts and rural-urban income gap in terms of both the national account and household survey data.
- Vulnerable Population: the number of the unemployed, recipients of Social Assistance, and participants in Social Insurance broken down by urban districts and rural counties.
- Infrastructure Indices adjusted for area and the population, the state of housing, e.g., percentage with indoor toilets.
- Human Development Indicators: Educational attainment, infant mortality rates, indices of access to health care, and the incidence of infectious and contagious diseases.

Chapter 5

Migrant Workers and the Urban Labor Market

Here the term “migrant workers” refers only to those who have an agricultural *hukou* (household registration) and have been living and working in an urban locality (city or town). A substantial percentage has left their families behind in the countryside and owns a plot of land there, but a growing percentage of them are with their families and in many cases do not have land. Unlike the first group, most, if not all of the second group does not intend to return to the countryside.

Size and Composition of Migrant Labor Force

The total numbers of rural workers leaving home to work outside is presented in Table 1 below. As this chapter is concerned with the urban labor market, the important issue here is the size of the migrant labor force relative to the urban labor force.

Table 1: Migrant Workers Relative to the Urban Labor Force

	2003	2004	2005
Working age migrants, million	113.90	118.23	125.78
Urban labor force, million	256.39	264.76	273.31
Migrant Workers as % of Urban Labor Force (adjusted for absence for part of the year)	44.4% (33.3%)	44.6% (33.5%)	46.0% (34.5%)

In the years 2003 to 2005, the net number of migrant workers is almost half as large as the urban labor force. But this proportion slightly exaggerates the importance of migrant workers, because it does not adjust for the fact that migrant workers are absent for around a quarter of the year. However, the exaggeration is only slight. As indicated below, the average length of time migrant workers are away from home is approximately 9 months, not the whole year. Multiplying the percentages in the last row by 0.75 adjusts the figure for the fact that migrant workers are not participating in the urban labor market for a quarter of the year. The adjusted percentage ratios, which are given in brackets in the last row of Table 1, thus refer to the migrant labor force measured in full

year equivalents. Notwithstanding the downward adjustment, the percentage ratios are still large. The conclusion is that migrant workers have a substantial impact on the functioning of the urban labor market, not only by raising the labor supply but also acting as a brake on a rise in the wage rate for manual workers.

We turn now to the composition of the migrant workforce in terms of gender, age, and educational attainment, which are of crucial importance in determining the impact of rural-to-urban migration on the rural and urban economy and society.

Referring to the figures in Table 3, Chapter 2, women constitute a minority but still a substantial percentage of the migrant workforce. The percentage is 37.4% in the Coastal Region, 26% in the Central Region, and 23.6% in the Western Region. Female labor migrants differ from their male counterparts in several respects; most important, their occupations are different. They are densely clustered in particular occupations. These include housemaids, waitresses, and assembly workers. Migrant women workers constitute a majority of the labor force in toy factories and the assembly of electronic goods and other consumer goods. Generally these occupations are low paid. Male migrants frequently leave their wives at home to take care of children and to farm, while married female migrants in the large cities of China often accompany their husbands. Marriage has a strong impact on the pattern of labor participation of women but not of men.

The age composition of migrant workers compared with that of the urban labor force is presented in Table 2 below.

**Table 2: Age Composition of Migrants %s
(Age Composition of the Urban Labor Force %s)**

Age band	% Migrants (% Urban labor force)	Age band	%Migrants (% Urban labor force)
15-19	18.4% (10.0%)	35-39	11.1% (13.6%)
20-24	27.4% (9.9%)	40-44	6.8% (12.4%)
25-29	15.9% (11.2%)	45+	8.6% (28.5%)
30-34	11.9% (14.5%)		

For comparison, for each age group the figures in brackets provide the age composition of working-age adults (aged 15-60) in the urban labor force. Migrants are distributed over a broad age range. But compared to the age distribution of the urban labor force, the age distribution of the migrants is heavily skewed towards younger age groups. For example, workers in the age group 15-30 years account for 62% of the migrant workforce but only 31% of the urban labor force. Corresponding to that, the 30+ age group makes up just over a third (38%) of the migrant workforce compared with over two-thirds (69%) of the urban labor force). The contrast is even starker for the older workers (40+): their percentage share among migrants is 15.4% compared with 40.9% in the urban labor force. The median age of migrant workers is just over 25 years, compared with 36 years for urban workers. Following the international norm, taking 65 as the retirement age, half of the migrant workforce has at least 40 years of working life ahead of it. This has certain implications for setting up a pension scheme for migrant workers, which is discussed below.

The net effect of rural-to-urban migration is to increase the proportion of younger workers in the urban labor force, and by the same token also raise the proportion of the elderly in the rural population. The long-term effect of the continued out-migration of younger workers is to accentuate the problem of the support of rural elderly, most of whom do not have an old-age pension.

Turning to the educational attainments and skill qualifications of migrants, the detailed figures are provided in Table 5, Chapter 2. The educational attainment of migrants is low. An overwhelming majority, 84% countrywide, has no more than lower middle school education. A substantial minority, ranging between 13.4% in the Coastal Region and as high as 28.9% in the Western Region have less than the 9 years of education which was made mandatory in 1986. The low educational attainment of migrant workers is particularly serious because a large majority of them are young. Given the steady shift of labor from farming to industry and services, a large percentage of them, and probably the majority, will during their working life leave farming altogether and settle in an urban area.

Like their educational attainments, the skill level of migrant workers is low. Close to three-quarters of them (71.8%) have received no technical or vocational training. However, the percentage of those who have undergone some form of training has been going up, particularly sharply in recent years, as shown by Table 3.

Table 3: % of Migrant Workforce with Technical and Vocational Training

Year	2001	2002	2003	2004
% migrants	17.1%	17.4%	20.7%	28.2%

The sharp increase between 2002 and 2004 is due to the government policy for raising the skill level of the rural labor force, discussed below. Among migrant workers with some training, 59.3% organized their own training, 30% underwent a training program organized by employing enterprises and only 10.7% participated in a training course organized by a government department or agency. The types of jobs migrant workers have are not particularly conducive to acquiring skills. Not only are the jobs unskilled but also they do not have a career structure. A major shortcoming of leaving the organization of their training up to

individuals is that an individual's capacity to evaluate the benefits of training depends on their level of education and previous experiences with training. On both counts rural migrant workers are likely to under invest in training. Their education level is low and most of them have no prior experience of training. In addition, the pattern for women migrant workers is to work for a relatively short period, after the end of compulsory education and before marriage, after which they tend to remain in the countryside, (while their husband may continue to work as a migrant). There is thus little reason for women workers in particular to invest in training which would offer longer term benefits.

To summarize, migrant workers are predominantly young, less than 30 years old, two-thirds of them are male, and one-third female. A vast majority (85%) has lower-middle school education and a significant percentage is illiterate. Most of them (72%) have no vocational or technical training; though, because of the recent government policy emphasizing technical and vocational training of the rural labor force, the percentage of those who have received some training has been going up. A substantial majority (60%) with some training organized it on their own initiative.

Pattern and Conditions of Employment

Migrant workers are not spread evenly across various industries and occupations. They are heavily concentrated in a few industries and within those industries in certain types of occupations. They also seem to be concentrated in certain types of enterprises, such as private and household enterprises. Taking first the distribution by industries, according to the data for 2004, in the economy as a whole the manufacturing industry is the biggest employer of migrant labor with a share of 30.3% of the employed migrant labor. Next is the construction industry with 22.9% of employed migrant labor. Trailing behind by a wide margin are social services with 10.4%, accommodation and catering with 6.7%, and wholesale and retail with 4.6 %.

The distribution of migrant workers across industries varies across regions. The manufacturing industry has the largest employment share (37.9%) in the Coastal but not in the Central and Western Regions. In these two regions it is the construction industry that is the largest employer of migrant workers, see Table 4 below.

Table 4: Distribution of Migrant Workers by Regions and Industries
(%s)

Regions Industries	Whole country	Coastal Region	Central Region	Western Region
Mining	1.8	1.0	4.3	3.4
Manufacturing	30.3	37.9	14.1	11.2
Construction	22.9	18.3	30.1	37.0
Communications and transportation, storage and post	3.4	3.2	4.0	3.7
Wholesale and retail	4.6	4.1	5.7	5.4
Accommodation and catering	6.7	5.9	9.5	7.4
Services	10.4	10.2	11.9	10.0

Migrant workers are not only unevenly distributed across industries, but are also heavily concentrated in certain types of jobs within the industries where they are present in large numbers. Generally, they tend to hold jobs that are unskilled and low paid. Depending on gender, these jobs tend to be physically hard or require manual dexterity, and all involve long working hours. Many of the jobs held by migrants tend to be dead-end jobs, which offer no chance of advancement towards better paying jobs. This is important because it implies that the jobs which migrants hold do not provide an economic incentive to invest time and resources in acquiring skills.

Long working hours and dangerous and unhealthy conditions in which many migrants work contravene labor and other laws. Similarly the minimum wage set by local governments applies to migrant workers as well as to local workers. But cases of migrant laborers working for less than the local minimum wage are common, apparently more frequent than in the case of local workers. There is clearly a problem of the enforcement of existing laws. A convincing answer to the question “why” runs in terms of incentives. Consider the case of an employer that pays its workers less than the statutory minimum wage. Workers may know that they are entitled to the minimum wage but may nevertheless be reluctant to raise the issue with the employer for fear of dismissal or retaliation in some form. The actual outcome depends crucially on the relative bargaining strength of workers and their employers. In cases where there are too few jobs relative to the number of people looking for jobs, both workers and employer may connive together to receive less than the minimum wage. In this case the economic interest induces the violation of laws and regulations.

Hours of Work and Wages

According to an NBS survey conducted in September 2006, migrant workers worked substantially longer than their urban counterparts. On average they worked 6.29 days per week and 8.93 hours per day. Only 15.6 % of the migrant workers worked for 5 days per week, as most of their urban counterparts do. Long working hours are in many cases chosen by migrant workers themselves and not forced on them. Piece rates, when payment is tied to the completion of a task not to time spent on the job and separation from their families provide a strong incentive to migrant workers to work long hours so as to limit the time spent away from home.

Not only do the migrants work longer hours but they also earn less than half of their urban counterparts. According to the 2006 NBS Survey, over half of the migrant workers received a monthly wage of less than ¥800, and 19.7% receive less than ¥500 as their monthly wage. The average monthly wage of

migrant workers at the national level came to ¥966, which was less than half the average monthly wage of their urban counterparts. As with their urban counterparts, the average monthly wage of migrants varies across regions. It was ¥1090 in the Coastal Region, ¥880 (19% less) in the Central Region and ¥835 (23.4% less) in the Western Region. Again like their urban counterparts, women migrant workers earned less than men, ¥777 per month compared to ¥1,068; i.e., 27.3% less.

In addition to receiving a low wage, migrant workers also face the problem of delay in the payment of their wages and ancillary items. Thanks to government intervention, the problem is less serious now than it used to be, but it still exists. According to the NBS Survey, 10% of the sampled migrant workers were owed wages. Among them, 13.6% had frequently been owed money in arrears, and 86.4% occasionally. The delay in migrant workers receiving due payment ranged between 1 month and 8 years with an average of 4 months. Delay in the payment of wages causes a serious hardship to migrant workers most of whom have very limited savings.

Dual Labor Market

The urban labor market with a substantial number of migrants is best described as a two-tiered structure consisting of a primary and a secondary market. Migrants are mainly found in the secondary sector, and the primary sector is largely made up of jobs filled by local workers. Compared to their counterparts in the secondary sector, employees in the primary sector have a higher wage rate and enjoy more fringe benefits and the Social Insurance cover. Further, employees in the primary sector have more secure jobs and in many cases jobs that have a clear career structure. In contrast, jobs in the secondary sector are not secure, and they can be terminated at a short notice. Thus, the secondary sector provides flexibility in the urban economy. The extent of flexibility is particularly significant because migrant labor constitutes up to a third of the urban labor market.

The secondary labor market is of central importance in those industries where demand fluctuates a lot. Notable examples of such industries include the construction industry and certain branches of manufacturing, particularly the export-oriented component of manufacturing, such as toys and electronic or electrical appliances.

Employment Contracts and Participation in Social Insurance

A substantial percentage of migrant workers do not have formal employment contracts, and so too a large number of local workers. When such contracts exist, they are typically short. According to the 2006 NBS Survey, among the sample of 29,425 migrant workers, just over half (15,891 workers) had signed an employment contract. Among those with a contract, 68.7% had a fixed-term contract, 10.53% a variable term contract, and 21.2 % a temporary employment contract. Amongst the 10,849 migrant workers with a fixed-term contract, the average term of the contract was only one year. 75.68 % had a contract for 9-12 months, 7.91 % for 1-2 years, and a mere 10 persons had a contract for 2 years or more.

The new Labor Contract Law that came into force on 1 January 2008 requires all employers and employees to sign a detailed written contract. This requirement also extends to migrant workers and part-time employees, of whom a vast majority currently does not have labor contracts. Further, the employers are required to keep an up-to-date record of their employees, a stipulation aimed at raising the participation rate of employees in social insurance.

The inclusion of migrant workers in Social Insurance and Minimum Living Standard Assistance (MLSA) is of particular importance because labor migration is an integral component of changes in the structure of the economy. The Chinese government is coming to recognize labor and population migration as an irreversible rather than a temporary phenomenon. There are two aspects to the

participation of migrants in Social Insurance schemes:

- collection of contributions
- disbursement of benefits

The problems raised by the first aspect are, in principle, the same for migrants and residents. The only difference is that, compared to the latter, the former are more likely to be in jobs with low rates of Social Insurance coverage, such as casual or informal employment. But the aim of social insurance is not only the collection of contributions but also the disbursement of benefits in return for contributions. In this context, one needs to distinguish between schemes where contributions and benefits run concurrently and where they are separated in time. The former include disability and injury compensation and medical care insurance, which can be extended to migrant workers without any problem, as is already the case in some cities and provinces. The latter group consists of old-age pension and unemployment benefit and raises the problem of how these would be paid to contributors who are expected to be temporary residents of the locality. The problem only arises because Social Insurance schemes do not extend to rural areas, from which most of the migrant workers come, and there is as yet no framework for the portability of benefits across localities. The cities or provinces where migrant workers are included in the pension and the unemployment insurance schemes deal with the problem by offering migrant workers a lump sum pro rata to their contributions at the end of their stay.

According to the 2006 NBS Survey, the participation rate of migrant workers in 4 out of the 5 schemes that constitute Social Insurance follows (Table 5). The scheme which is part of Social Insurance but is not offered to migrants is maternity benefit, which in the aggregate costs very little but is extremely important to women of childbearing age.

Table 5: Participation of Migrant Workers in Social Insurance

Schemes	% Participating	Contribution Paid by Employers	Contribution Paid by Employees	Jointly Paid
Old-Age Pension	26.7%	11.9%	6.6%	8.2%
Medical Insurance	26.2%	12.6%	7.2%	6.4%
Unemployment Insurance	15.4%	8.4%	2.6%	4.4%
Work Injury Insurance	32.5%	23.1%	4.6%	4.8%

Participants in one scheme partially overlap with the participants in other schemes. According to the Survey, about 30% of migrant workers participated in one or other Social Insurance Schemes. The percentage is low but in reality it may be still lower because the survey for the most part excludes the self-employed and casual workers.

Policies Towards Migrant Labor

Since the beginning of the reform era the government policy has varied from strict control and limited migration to the acceptance of rural-to-urban migration as an integral part of economic development. The final phase of changes in the policy towards migration was the issue of State Council Regulation “Some Opinions on Solving Problems Concerning Migrant Workers” (Guofa, 2006 No.5) which laid down the following principles:

- fair treatment of migrants and an end to unfair discrimination
- improvement in labor market services, such as job search facilities and training
- developing services to facilitate the employment of migrant labor
- steady movement towards an integrated rural and urban labor market

A number of policies have been implemented towards the accommodation of migrants. Such policies include the following:

Training subsidy. Various circulars of the State Council provide for a one-off subsidy for vocational training to everyone holding a “Reemployment Preference Certificate,” other registered unemployed in cities and towns, and migrant workers registered as unemployed (hereafter referred to “eligible workers”).

Job search & career guidance. The State Council has mandated all Public Employment Service Agencies to make available free of charge job search facilities and career guidance to “eligible workers,” and to provide migrant workers (whether or not registered as unemployed) access to their facilities on the same terms as those applicable to urban workers.

Integrated rural and urban labor markets. The eventual aim behind the policies listed above is the establishment of an integrated labor market. It is recognized that the time it will take to realize the aim will differ widely between localities. In some localities the process of integration may be very quick. In a number of such areas pilot programs for integration are under way.

The State Council has also established a joint office to deal with policies and issues concerning migrant workers and the rural labor force in general. The central function of the office is to coordinate, supervise, and monitor policies and training concerning migrant workers. The office is under the Ministry of Labor and Social Security, which has drawn up a detailed task list for the office. These tasks include the following:

- setting up pilots for the integration of the rural and urban labor market
- providing vocational skill training to 40 million rural workers between 2006 and 2010
- expanding the facilities for the training of migrant workers through investment in selected training schools and localities

- poverty alleviation through skill upgrading, which is focused on backward localities

Policy Recommendations:

- **Secure the Rights of Migrant Workers:**

Violations of rights granted to workers, including migrants, by-laws, regulations, and declaration of principles are common, particularly so in the case of migrant workers. Examples include the withholding of due pay, which has diminished but far from disappeared; impounding identity cards to stop migrant workers changing employers; long hours of work, in some cases long enough to pose immediate threat to health; and dangerous work environment and conditions.

All such practices are in violation of laws (interpreted broadly to include regulations and official statements); they point to weaknesses in implementation and to the vulnerable social position of migrants.

Warranted to policy responses include strengthening the implementation of laws through improved monitoring and stronger penalties. At least as important, establish channels of communication with migrant workers so as to give them a voice to express their complaints.

- **Remove Discriminatory and Restrictive Practices Against Migrants**

Reinforcing earlier statements, “Some Opinions on Solving Problems Concerning Migrant Workers” issued in 2006 calls for, among other stipulations, removal of all long-established procedures that treat migrant workers differently from local workers. These include restricting or denying labor market services to migrant workers, services such as job search facilities, career guidance, and subsidized training.

In formal terms, migrant workers now have the same rights and privileges as their urban counterparts do. To translate formal equality into actual equality also requires investment in facilities to cope with extra demand arising out of giving migrant workers access to services. Granting migrant workers access to, to take two examples, job search and training facilities on the same terms as that available to urban workers would raise the demand for these services by a third, which is the ratio of migrant workers (measured in terms of “full-year equivalent” to the urban labor force (See Table 1 above). This is a substantial increase and suggests that a measure of this kind should be accompanied by an investment in services; otherwise the measure may lose some of its effectiveness by giving rise to over-crowding.

- **Facilitate Labor Transfer Out of Farming & Develop Integrated Rural-Urban Labor Market**

It is now generally accepted that labor transfer and associated rural-to-urban migration is necessary for arresting and then narrowing the widening rural-urban gap. Related to this is the general goal of establishing an integrated labor market.

This will require not only providing the rural labor force access to labor services but also providing the same services and establishing the supporting institutional infrastructure in the countryside.

- **Raising Education Level and Enhancing Skills of Rural Workers**

As pointed out above the education level of migrant workers is low and most of them have not had any training. The level is even lower amongst those who remain in the countryside.

The deficiencies in rural education and training are recognized by the government as priority items for reforms. Over the last few years, fiscal allocation to rural education and training has risen substantially. The goal should be more

than making up for the shortfalls from the specified standards but also to narrowing and eventually eliminating the training and education gap between rural and urban areas, especially between younger age cohorts.

A major determinant of labor market events over an individual's working life is the changes in the skills or the education level needed to perform work. Assuming a working life of between 40 and 50 years, most of the current cohort of school-age children in rural areas either would not be employed in farming or would switch to a job in industry or services fairly early on during the course of their working life. The implication is that the requisite level of education for rural children is not needed currently to get by with life, but what would be needed in the future to live in an urban environment and take on jobs in industry or services. Viewed this way, the wide gap in education and skill is a serious deficiency that should be corrected quickly through a concerted policy.

- **Promoting Protection Against Common Contingencies**

As indicated and as described in subsequent discussion of health and housing, the participation of migrant workers in the Social Insurance schemes is low and patchy. A number of cities and provinces, such as Shanghai and Chengdu, have introduced special packages for migrant workers. But there is as yet no national framework for the participation of migrant workers in Social Insurance.

A national framework is essential to ensure equity and to institute portability of benefits. The latter is particularly important in the case of old-age pension where there is a long gap between the payment of contributions and the receipt of benefits. It is highly likely that an individual worker would over his/her working life work in a number of different localities. There are two options for dealing with the problem of cumulation of the contributions paid by a mobile worker: first, establish a central scheme for mobile workers, or second, create a

framework for the aggregation of contributions and portability of benefits across jurisdictions.

Chapter 6

Schooling Migrant Children

Introduction

Rising migration always brings with it issues of the education of the children of migrants (referred to in this paper as “migrant children”). In the past two decades, migration in China has expanded rapidly alongside the fast rate of urbanization and modernization. There were 132.12 million rural migrant laborers by the end of 2006 according to data from the National Bureau of Statistics (NBS, 2007). Of these, 26.44 million were accompanied by their families. Emigration of one or both parents necessarily leads either to separation of one or both parents from their children or to emigration of their children, giving rise to challenges both to the migrants and children themselves and also to the policies and institutional arrangements of the governments in the regions, which are the sources and destinations of the migrants.

This chapter aims to describe and analyze one of these challenges, namely the education of migrant children. It estimates the number of migrant children of school age and describes their regional origin; analyses the factors underlying the education of migrant children; reviews the evolution of general and specific policies and institutions relating to the education of migrant children; and finally, discusses the lessons learned from China and overseas and makes policy recommendations for future improvements.

Profile of Education of Migrant Children in China

Migration of one or both parents always leads either to the separation of children from their parents or migration of children. The particular issues for the children’s education depend on whether children were left behind or migrated with their parents (here both are referred to as migrant children).

Children Migrating with Parents and Children Left Behind

The issues here stem primarily from the constraints in adaptation to a new and unfamiliar environment by the migrants and their children and acceptance of the migrant children by the local people and society. The major issues concern (1) whether the migrant children have access to basic education, (2) whether they are treated on a par with local students regarding educational resources and conditions, and (3) whether they achieve average academic standards and get used to their new environment. Usually, these issues show themselves in terms of dropping out versus continuing in education, attending public schools or private schools with poor educational conditions, and being treated equally or discriminated against. Many factors affect these outcomes, including (1) the capacities of the parents of the migrant children to afford necessary living conditions and education expenses, (2) the resources provided by central and local governments, as well as other social organizations for migrant children's education, (3) policies and legislation restricting or supporting migrant children's education, and (4) the attitude of the government and the society toward migrant children's education.

The major concern about the left-behind children's education is the impact of the separation on the psychological and social development of the left-behind children.

Estimation of the Number of Migrant Children by Type

Data from the National Bureau of Statistics (NBS) gives an estimate of 118.23 million rural migrants in 2004, 7 million children aged 6-14 years old migrating with their parents, and over 22 million children left at home separating from one or both parents. The NBS figures on migration may underestimate the number of migrants with their families and therefore, the number of migrant children because the sample usually excluded households who had out-migrated at the time the survey was carried out.

The estimates of the number of left-behind children vary depending on the data sources and assumptions. The estimates for 2000 vary between 15 and 28.5 million children under 14. Similarly the estimated total for 2004 varies between 22 million by NBS and 29 million. There were 132.12 million rural migrant laborers by the end of 2006, and the ratio of the number of left-behind school-age children to the total migrants that had not migrated with their families in 2004 was 23.52%. These figures produce an estimate of 24.86 million left-behind school-age children in rural areas in 2006.

Regional Distribution of Migrant School-Age Children

Duan and Zhou (2005) used the data from the population census in 2000 to estimate the regional distribution of left-behind children (Table 1). These estimates show a large variation in the number across provinces.

Table 1: Regional Distribution of Left-behind Children in 2000

Province	Left-behind Children as % of National Total	Left-behind Children as % of Children in Province
Beijing	0.27	3.26
Tianjin	0.08	1.08
Hebei	1.01	1.50
Shanxi	0.58	1.57
Inner Mongolia	0.55	2.51
Liaoning	0.74	2.27
Jilin	0.41	1.90
Heilongjiang	0.64	2.21
Shanghai	0.25	2.89
Jiangsu	4.68	7.41
Zhejiang	3.40	9.14
Anhui	7.58	11.55
Fujian	3.76	10.88
Jiangxi	8.45	19.38
Shandong	1.50	1.77
Henan	4.46	4.24
Hubei	5.92	10.40
Hunan	7.46	12.53
Guangdong	10.28	11.62
Hainan	6.38	12.62
Guangxi	0.23	2.52
Chongqing	6.22	22.32
Sichuan	14.94	18.71
Guizhou	4.41	9.55
Yunnan	1.67	3.43
Tibet	0.07	2.07
Shaanxi	2.06	5.30
Gansu	1.29	4.37
Qinghai	0.22	3.80
Ningxia	0.12	1.78
Xinjiang	0.36	1.50
Total	100.00	8.05

Source: Duan Chengrong, Zhou Fulin: "A Study on the Status of "left at home" Children in China", *Population Research*, 2005, Vol. 29, No.1

Seven provinces accounted for 61.3% of the national total of left-behind children in 2000, Sichuan province accounting for about 15%, Guangdong for over 10%, and Jiangxi, Anhui, Hunan, Hainan, and Chongqing each accounting for over 6%. School-age children accompanying migrant parents are also unevenly distributed, but less than the left-behind children (Table 2).

Table 2: Distribution of Migrant School-Age Children (millions) in 2005

Province	Total Number of In-migrants (millions)	Of which, Number of Working Migrants	Number of Migrant Children of School age	School-age Migrant Children as % of National Total
Beijing	4.00	3.45	0.24	2.71
Tianjin	1.21	1.04	0.07	0.82
Hebei	4.50	3.88	0.27	3.05
Shanxi	1.15	0.99	0.07	0.78
Inner Mongolia	1.46	1.26	0.09	0.99
Liaoning	6.00	5.17	0.36	4.07
Jilin	2.13	1.84	0.13	1.45
Heilongjiang	1.24	1.07	0.07	0.84
Shanghai	5.81	5.01	0.35	3.94
Jiangsu	8.94	7.71	0.54	6.07
Zhejiang	12.06	10.40	0.73	8.18
Anhui	6.10	5.26	0.37	4.14
Fujian	6.38	5.50	0.39	4.33
Jiangxi	5.20	4.48	0.31	3.53
Shandong	2.56	2.21	0.15	1.74
Henan	13.00	11.21	0.78	8.82
Hubei	4.25	3.66	0.26	2.88
Hunan	7.65	6.60	0.46	5.19
Guangdong	26.00	22.42	1.57	17.65
Hainan	4.90	4.22	0.30	3.33
Guangxi	1.10	0.95	0.07	0.75
Chongqing	2.10	1.81	0.13	1.43
Sichuan	9.00	7.76	0.54	6.11
Guizhou	2.52	2.17	0.15	1.71
Yunnan	0.87	0.75	0.05	0.59
Tibet	0.14	0.12	0.01	0.10
Shaanxi	2.80	2.41	0.17	1.90
Gansu	1.00	0.86	0.06	0.68
Qinghai	0.21	0.18	0.01	0.14
Ningxia	0.72	0.62	0.04	0.49
Xinjiang	2.35	2.03	0.14	1.59
Total	147.35	127.05	8.89	100.00

Data source: the number of migrants from Sun, Li, Yang and Huang, 2006, "The Influential Factors and Spatial Distribution of Floating Population in China", *Economic Geography*, Vol. 26, No.6; the number of migrant laborers is estimated by the ratio of migrant laborers to total migrants (86.22%) in 2000 and the number of migrant school-age children is estimated by the author using 8% ratio.

Education of Children Accompanying Migrant Parents

There are two key areas of concern. One is whether migrant school-age children lose or miss education opportunities when they migrate with their parents. Another is whether they can access education in a normal and decent

manner and receive equal treatment with local students in the areas to which they have migrated. Migration, especially migration involving frequent changes of residence is likely to have disruptive effects on the lives and schooling of children migrating with their parents. According to the 2000 population census data, 4.8% of migrant school-age (6-14) children were not in school in 2000. Of these, 4% had never been to school, and 0.8% had dropped out (see Table 3). A survey of nine cities organized by the Women and Children Working Committee of the State Council and UNICEF in 2003 reported that 9.3% of migrant children aged 7-18 were not in school, and less than half (47.1%) of migrant children aged 15-18 were in school (State Council Women and Children Working Committee, 2003). It is hard to evaluate the discrepant findings because the two results are based on different definitions of school age and different times of survey. A survey specially organized for this project found that 3.6% of migrant children aged 6-14% were not in school, very close to the results from the 2000 population census.

Table 3: Educational Status of Migrant School-Age Children in 2000

Education status	Type of migration		
	Within county	Within province	Inter-province
% Literate	97.6	95.6	93.4
% Never been to school	2.6	4.3	6.3
% in school	97.4	96.1	95.1
% drop out	1.3	1.0	0.5
Others	1.3	1.9	4.4
Total	100.0	100.0	100.0

Data source: Duan Chengrong and Liang Hong, 2004. "Status of Migrant children in China", *Population Research*, No.1

Migrant children in China are at greater risk of delayed entry to education. As shown in table 4, among migrant children aged 6, 7, 8, and 9 the percentage that were not in school was 25.9%, 4.1%, 1.8% and 1.2%, higher than the national average. The survey carried out for this study similarly found delayed school entry among migrant children (Table 5). For instance, about 10% of 8-year-old migrant children had not entered primary school; and 24.37% of migrant children aged 14, 11.97% aged 15, and 2.04% aged 16 were still in primary

school although they would normally be in junior high school. However, the degree of delayed schooling varies with the distance of migration. School-age children who migrated within counties went to school at the time same as or earlier than the national average (Table 4). But the risk of delayed schooling was much higher among the migrant children who migrated to a different province. In this group, about one-third of migrant children aged 14 were still in primary school

Education for Migrant Children – State vs. Private (*minban*) Schools

A key indication of equality of treatment for migrants is whether they are educated in state schools in the area to which they have migrated. Compared to state schools, most private schools mainly serving migrant children are poor in terms of facilities and quality of teachers, as well as opportunities for participating in city competitions. No national data are available on the distribution of migrant children between state and private schools. In general, the proportion of migrant school-age children attending state schools is strongly related to the size of the migrant child population and the policies of destination cities concerning the access of migrant children to state schools. Attendance at state or private school is of course related to whether migrants are able to pay for their children's education as well as to how far the local state schools accept migrant children. For example, in North Guangdong, almost all migrant children can go to the local state schools. But in Guangzhou, only 32% of migrant children were attending state schools in 2006. In Shenzhen and Dongguan, only 50% of migrant children attend state schools. The proportion of migrant children attending state schools in Shanghai, Zhejiang, and Jiangsu was 54%, 67%, and 75.6% respectively in 2006. However, in provinces with a smaller migrant population, the proportion is much higher. For instance, over 90% of the migrant children in Hebei province go to state schools.

According to a survey conducted for this study, for parents, two major reasons for not sending their children to state schools are (1) they do not accept

migrant children (69.81% of parents), and (2) the public schools are too far from home, (18.24% of parents). Scarcely any respondents saw the fees charged by the state schools as a hindrance. The parents sending their children to a state school generally regarded the school fee as acceptable, especially those with a stable job and earning 1,000 Yuan per month. Over 60% migrant children attending state schools were charged temporary study fees of up to 500 Yuan, and 23.7% were not charged any fee of the kind. Another issue concerning the schooling of migrant children is the distance to the school. According to the survey data, most of the migrant children went to the nearest school from home. Most respondents (76.8%) with children in state schools reported that their children had not suffered any negative discrimination.

Education of Left-behind Children

Most concerns about the education of left-behind children in China are related to the psychological, behavioral, and educational consequences of the lack of care and supervision from the parents. As shown in table 11, 51.76% of the left-behind children were cared for by people other than their parents according to the data estimated from the 2000 population census. Most of these caregivers were grandparents.

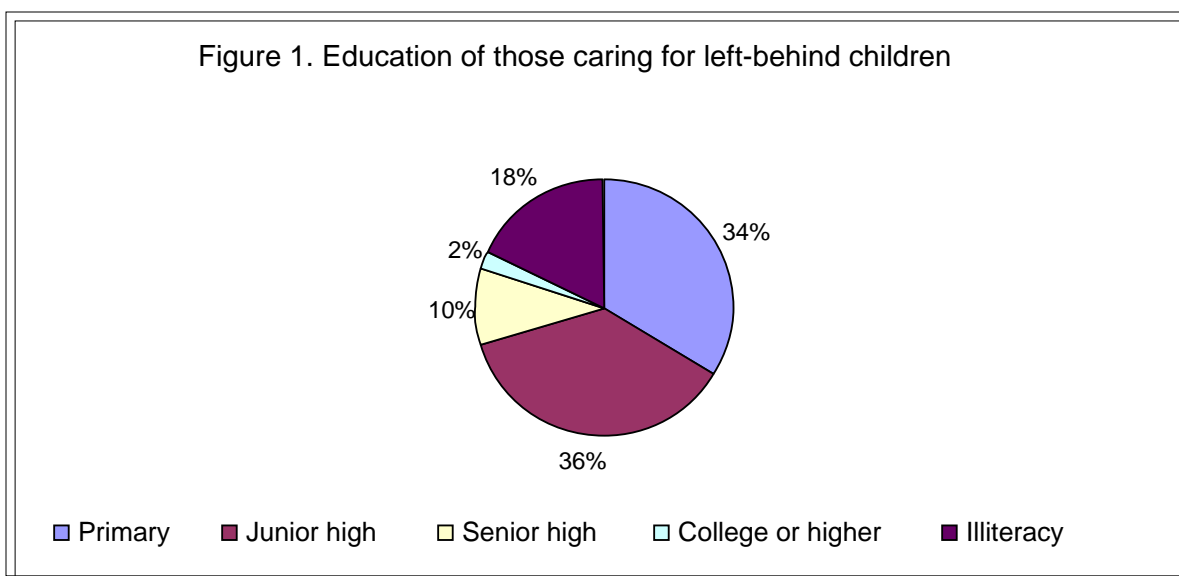
Table 4: Supervision of the Left-behind Children in 2000

Type of Support	% of Total Left-behind Children
Live alone	4.41
Live with father only	2.46
Live with mother only	7.37
Live with father and other family member	8.04
Live with mother and other family member	25.96
Live with family member other than parent	51.76
Of which: live with grandparents	20.60
Total	100.00

Source: Duan Chengrong, Zhou Fulin: "A Study on the Status of left-behind Children in China", *Population Research*, 2005, Vol. 29, No.1

This pattern of caregiving was verified by our own survey data as well as other sources. Our survey data show that about 40% of the left-behind school-

age children were cared for by one of their parents (table 12). Another 60% were cared for by their grandparents or other relatives. A survey by the Qiaocheng District Education Bureau in Bozhou City, Anhui Province, found that 6,696 out of 8,045 left-behind children in primary school and high school were cared for by grandparents (83.2%), while 14.9% were cared for by other relatives, and only 1.8% by others. The absence of parents as caregivers may have adverse effects both on psychological and behavioral development, although relevant data are lacking. Data show that 47% of those caring for left-behind children are over 50 years old. 20.43% are over 60 years old. The average age of these caregivers is 49.62 years. Their educational level is low; 18% are illiterate and 34% only had primary education (Figure 1). That is, over half of those caring for left-behind children are educated to no higher than primary level. The combination of old age and little or no education may restrict their care of their grandchildren to little more than feeding and clothing them.



Review of Relevant Policies and Institutional Issues

The education management system adopted in China since 1985 has been a hierarchy in which local governments take principal responsibilities under

the leadership of the state council. A county-based rural education management system was introduced from 2001 in rural areas, consistent with similar reform of rural taxation and fees. Under this system, district governments and county governments are in charge of making and implementing local compulsory education policies and planning. This decentralized education management system facilitates local government management on the one hand, and sets up something of an institutional barrier for dealing with issues relating to the compulsory education of migrant children on the other. In our field survey, local finance and education departments often complained that providing education for migrants conflicted with the existing education management system and came up against the local financing capacities. Once the policy for free compulsory education in rural areas has been adopted and the central government has provided financial supports for the implementation of the policy, continuation of this hierarchical education management system with local governments taking the principal responsibilities actually implies that the counties from which a large number of rural laborers have migrated with their children may receive education subsidies based on student numbers, which include the out-migrated children, because the subsidy is based on the number of household-registered individuals of compulsory education age. Conversely, the governments in migration destination areas may receive insufficient subsidy because the migrant children, not being registered in that area, are not included in the school-age population on which the subsidy is based.

The system has also brought about problems in the management of students' academic records. According to the present system, local governments are responsible for compulsory education, of which one key responsibility is to prevent students dropping out of school while still of compulsory education age. The academic record management system is a fundamental means for local governments to ensure completion of compulsory education of all school-age children. As this system is based on household registration (*hukou*), it has increased the difficulties for migrant children in transferring from their *hukou*

areas to migration areas and between different migration areas. Recently, a new policy has been proposed to build a unified electronic system for students' academic records, which may facilitate the education of migrant children.

Another issue related to the educational management system is the difference in textbooks used for compulsory education. Different provinces, cities, and even districts have the right to choose the textbooks used in schools in their administrative areas. For example, in Xian, the capital city of Shaanxi Province, different districts use different versions of textbooks. Besides differences in textbooks, the timing for beginning English language learning differs between rural areas and cities as well as among different districts. These factors have increased the difficulties for migrant children in catching up with learning achievements when they move to new areas. There are additional difficulties for senior high school students who are sitting university entrance examinations. Differences in textbooks, requirements, and test papers, plus the *hukou* system, mean that in order to sit their examinations, senior high school students have to go back to their home, or the home where their parents registered their *hukou*.

Finance and Costing

Financing policies are in line with the hierarchical responsibility education management system introduced in 1985. Local governments are responsible for financing the construction and operation of schools, paying the employed teachers' salaries. This system has remained unchanged in the cities since 1985. The budgetary plan for construction and operation of schools in cities is usually based on the estimation of change of number of students in the administrative areas. Because the hierarchic responsibility education management system has not been adjusted to take account of the rapid increase in migrants, estimated operating costs for schools in cities are still based on the per pupil expenses and the number of local students without including migrant children, which produces financial difficulties for the schools willing to accept migrant children (Box 1).

In rural areas, the financing system has undergone a change since 2001. Before the reform of rural taxation and fee reform in 2001, the cost of construction and operation of schools, as well as teachers' salaries, had been covered by the fees collected from rural residents. After 2001, the school construction was mainly financed by county government, and the operation of rural schools was supported by tuition and other fees paid by students. This system has been further adjusted after the enforcement of the free compulsory education policy starting from 2006. Local governments with financial support from central government take full responsibility for financing the construction and operation of rural schools and for providing salaries for employed teachers there.

Policies for financing education have been changing with the adjustment of the education management system and with the change in education development strategies. The policy for financing rural education has undergone three major changes over the past two decades. Before the rural tax and fees reform in 2001, students in rural schools were charged higher fees to cover the schools' operating costs and a part of the teachers' salaries. In 2002 a unified fee system was introduced in rural areas, which directly led to a reduction of education charges and fees in rural areas. Between 1998 and 2004 the total of tuition and other fees collected in rural schools declined by 42%. The policy of free compulsory education in rural areas introduced in 2006 marks the start of a new era in the financing of rural education. In urban areas, change has been relatively slow. In most provinces compulsory education is still not free; in most urban schools pupils still pay tuition and textbook fees. Starting from the autumn semester in 2007, eight provinces - Ningxia, Anhui, Jiangxi, Shanghai, Hainan, Tianjin, Jiangsu, and Zhejiang - have decided to provide free compulsory education to both rural and urban students.

The provisional Regulation on Management of Charges in Compulsory Education Schools stipulated that the education department can collect temporary study fees from students with a *hukou* from an administrative area

different from the one where the school is located. This regulation constitutes the legal basis for schools in the cities to collect additional fees from migrant children.

Policies for Private School Development

In 1997 China issued its first Regulation on Education by Social Forces (civic groups). The Regulation laid down the principles for the provision of education by civic groups and encouraged such endeavors as a complement to the state education facilities. The Law on Promoting Private Education passed in 2002 requires the government to provide support in money and kind, such as land and tax concession to private education. It also gives students educated in private schools the same rights as those educated in state schools in entering a higher school and access to employment.

The policy towards the education of migrant children has undergone a major transformation in recent years, from a highly restrictive stance towards migration of children and their education outside the registered place of residence to active support for the education of migrant children. The major change came with the State Council Decisions on Elementary Education Reform and Development in 2001. For the first time, the responsibility for the basic education of migrant children was assigned to the local governments of the areas where the children were actually resident. Added to this, it was stipulated that state schools would be the main institutions for the education of migrant children. The policy was further clarified and developed in 2003, and its main elements included the following:

- Schools should accord migrant children the same treatment in admission and participation in competition as that given to local children.
- Inclusion of informal schools serving migrant children in the system of establishing standards, evaluation, and approval for private schools.

The new policy stance was further refined with the issue in January 2006 of “Some Views on Resolving Issues Relating to Rural Migrants,” which called for the following concrete steps:

- inclusion of compulsory education of the children of rural migrants in the education development plans and education budgetary plans in the recipient localities
- establishment of primary schools and high schools dedicated to the provision of compulsory education to the children of rural migrants and the requirement on local governments in the recipient localities to cover the non-personnel operating expenditure of schools on the basis of the actual number of students in the schools
- non-discriminatory treatment of the children of rural migrants as regards charges and supervision in compulsory education and ban on charging migrant children the “temporary study fees” or other extra fees

Following the sequence of changes, China has the full range of policies and measures to ensure that migrant children receive the same education and on the same terms as those available to local children. The important issue now is the implementation of the principle of non-discrimination and the measures to make the education of migrant children a principal concern of the state schooling system.

Special Policies Concerning the Education of Left-behind Children

Concerns over the education of left-behind children have been relatively few compared to those over the education of children migrating with their parents. The main reasons are that the left-behind children are less visible than migrant children in cities, and they suffer less noticeable problems, such as psychological and emotional distress.

The “Sharing the Blue Sky Action for Caring for the Left-behind Children” was initiated jointly by a wide range of government and civic organizations. The proposed menu of actions includes:

- developing multi-departmental coordination to address issues concerning to the reform of the *hukou* system
- ensuring that left-behind children have full access to compulsory education, health, and medical care
- promoting investments in the key programs, such as construction of dormitories for the left-behind children
- setting up monitoring mechanisms and a database on the left-behind children

The Action requires the local governments in the out-migration areas to pay attention to the compulsory education of the left-behind children and to provide support in funding, equipment, and additional teachers to the schools with a larger proportion of the left-behind children. The Action Plan has also proposed three-level measures for providing care for the left-behind children. One is the appointment of substitute parents and the development of public welfare projects to take care of the studies and living of the left-behind children. The second one is directed towards the parents of the left-behind children. The proposed actions include steps to further and maintain contacts between migrant parents and left-behind children. The third consists of concrete measures to provide left-behind children with “one to one assistance” (*yi dui yi jie dui zi*).

Policy Recommendations

Migration and the related issues of the education of migrant children will continue to present a major long term policy challenge in China because of the uneven distribution of economic resources and development opportunities between countryside and cities, among regions, and within almost every region. The issues relating to education of migrant children must be considered from the perspective of long-term development. This chapter has outlined the policies and primary legal framework outlined by China’s government for the education of

migrant children. What is needed now is to synthesize and institutionalize the policies and institutional arrangements to ensure the access of the migrant children to compulsory education and professional education in sustainable and practical ways.

- **Coordinating Policies on Education of Migrant Children**

In the past 10 or so years, the central government and sub-central government departments have formulated a set of policies regarding education of migrant children. These mark a crucial departure in the stance towards migration and migrants. But there still remain inconsistencies between policies made at different times. For example, the Provisional Regulation on Management of Charges in Compulsory Education Schools in 1996 stipulated that the education department can collect temporary study fees from students whose *hukou* is in a different educational administrative area. Recently the government required state schools to treat migrant students and local students equally, but without repealing the Provisional Regulation. A similar conflict exists between the policy on national unified computerized management of student academic records and the hierarchical education management system which allocates responsibility to local governments. Under the system, local governments in the *hukou* areas of the migrant children are responsible for ensuring all school-age migrant children complete compulsory education. This does not fit in with making recipient localities responsible for the basic education of migrant children. In addition, there are conflicts between policies on education of migrant children and other policies. The recent policies require local governments to facilitate the admission of migrant children to the public schools in cities. In the meantime, the family planning policies in Zhengzhou, for example, require all migrant students to provide a family planning certificate if they wish to attend state a school. This implies that if no family planning certificate is provided, state schools in Zhengzhou can refuse to admit migrant students.

- **Developing a Special Program for the Education of Migrant Children**

The rationale for setting up a special program for the education of migrant children is provided by the following factors. First, a huge amount of funds is required to address the issues in a sustainable way. There is a very large number of migrant school-age children, including children migrating with their families and left-behind children, and the number of migrant children will continue to increase. Existing education resources in cities are insufficient to meet the needs of migrant children, and the shortfall in care for the left-behind children is even larger because this group has been ignored until very recently. The funds needed include investments for building or expanding schools in cities, building student dormitories and activity stations in rural areas, paying salaries to the increased teachers and other employees, and paying the operating costs of new schools and activity stations. Second, the education of migrant children is a complicated issue, involving more than just providing compulsory education. Besides ensuring the compulsory education in schools, the education of migrant children includes providing assistance for migrant children to adapt to a new environment. Third, it requires the participation of many concerned parties and agencies to address the issues.

Establishment of a Special Fund

It is important that the central government set up a special fund for the education of migrant children from the central budget. The experience of the USA in its Migrant Education Program can be drawn upon to set up the rule for distributing the special fund, allocating it based on the number of migrant school-age children and per pupil expense. The difference in the Chinese context is that part of the special fund needs to be allocated for building schools and other activity stations.

- **Supporting Private Schools for Education of Migrant Children**

The private sector has played an important part in meeting the needs of migrant children for education in the past decade. In spite of the variation of education conditions and quality of teachers among private schools, they can still

play an active role in provision of education for the migrant children. This is because state schools are unable to completely meet the needs of migrant children for compulsory education in the short-term. In order to support private schools in providing education for the migrant children, more policies and measures need to be made besides those put forward in the Law for Promoting the Private Education. First, private schools for education of migrant children should be incorporated into the unified education management of the local government in education planning, teacher training, and evaluation. Second, private schools should share the government's budget for compulsory education according to their contributions. Government's funds for teachers' salaries and for operation should be proportionally allocated to the private schools that are qualified and provide compulsory education. Third, local governments should encourage and support the cooperation between public schools and private schools to improve the capacities of private schools.

- **Promote NGO Activities**

Given the active roles to be played by NGOs and other social organizations, the government should provide more favorable policies and legal supports for the participation of NGOs and other social organizations in developing education for migrant children. The policies to be considered include (1) free and reducing income tax for donations to NGOs which are used for education of migrant children, (2) open public resources to appropriately qualified NGOs and other social organizations that are engaged in the education of migrant children, and (3) loosening the administration and control of the government on the registration conditions of NGOs which provide services for education of migrant children.

Chapter 7

Migrants' Housing

With the increasing migrant population, the traditional method of housing provision based on “*hukou*” has become more and more impractical and has engendered a series of problems. Current studies on the migrant population are concentrated in three areas: obstacles facing migrant people in the acquisition of housing, ways in which the migrant population acquires housing, and the quality of housing available to them.

Obstacles Related to Housing Policy

China has made a series of reforms to the traditional economic system since 1978. With respect to urban housing policy, housing has become market-oriented and commercialized. Before 1999, China's urban residents mainly relied on low-rent welfare housing provided and allocated by the government or employers. This caused a serious housing shortage. By the end of 1999, China's housing allocation system had totally changed. All welfare housing (including non-private housing provided by the government and employers) was eliminated. In the meantime, the government had taken a series of measures to alleviate housing shortages. The measures included:

- Encouraging residents to purchase the public housing in which they were living at subsidized prices. This measure greatly increased ownership by urban residents.
- Allowing residents to build their own housing in developing suburban areas
- Building commercial housing to satisfy the demand from high-income families
- Building affordable housing for medium- and low-income families
- Providing low-rent housing for poor families
- Step-by-step reduction of the regulation on renting and selling of what was originally public housing and cultivating the market for ownership of bungalows or old apartments, or what is known as “used housing” (Weiping Wu and Hansheng Wang, 2002; Leiwen Jiang and Lihua Pang et al, 2005)

However, these housing policies were all designed for urban residents with local *hukou*. The migrant population was not included. A number of researchers found that only residents with local registration qualified for the acquisition of urban housing (Chan and Zhang, 1999; Solinger, 1999; Wang, 2000; Wu, 2002; Wu, 2004; Lihua Wei and Xiaopei Yan, 2005). Public housing, which originally belonged to the housing administration bureaus, had been provided to low-income families with rental prices lower than market rates, but only qualified local urban residents were eligible (Weiping Wu and Hansheng Wang, 2002). In many urban centers banks would only provide loans for the purchase of new commercial homes to the local “formally employed residents.” The used housing market was also only available to qualified local residents with residency registration (*Hukou*). Urban residents might exchange ownership or the rights to use the housing through the housing market or the used housing market. For families that could not afford commercial housing, the government started the “Happy Home Project” (affordable homes) in 1995, but these homes were for buyers with lower annual income below a certain level and with city residency registration (*Hukou*). The migrant population was not covered by the policy and could not benefit from this project (Wu, 1996; Wang and Murie, 2000; Ziheng Zhang, 2005).

The research (Wang, 2000) offered the following conclusions:

- The urban housing market should be open to the middle class.
- Housing policy was weighted heavily in favor of building new housing rather than remodeling old apartments.
- The informal housing market was neglected.
- The officially poor urban residents were entitled to housing subsidies in many local practices.
- Migrants – poor or not – had to rent highly priced condominiums or farmers’ private houses. In addition, these residents were frequently evicted from where they were living due to certain city/town administrative “cleaning and

organizing” policies.

Ways to Acquire Housing

Because of the local residency registration (*hukou*) requirement for urban housing, the migrant population was not covered by the main housing allocation system or subsidies offered to the urban poor. The migrant population would find housing in the following ways: renting/living in employer-provided housing, living in on-site tents or temporary housing, living in the workplace, living in the employer’s home or a relative’s home, or purchasing commercial or self-built housing.

Since commercial housing prices exceeded most migrants’ financial resources, renting – especially within private housing – became the primary housing option for the migrant population. The data generated by the fifth population survey with respect to the housing status of the migrant population in Pudong New District revealed that 69.0% of the migrant population was housed in rental accommodation. In strong contrast, 69.6% of the local population with residency registration (*hukou*) had purchased or built their own housing (Wenqin Kang and Jinhong Ding, 2005). In 2003, 51% of the 4,095,000 migrants in Beijing rented various types of housing (Beijing Municipal Statistics Bureau, 2004).

Even so, migrants were usually unable to afford commercial urban rental prices. Suburban areas therefore became the first choice of location for the migrant population because land and housing prices were relatively inexpensive. In 2003, among migrants who came to Beijing from other provinces, 55.9% lived in the nearby suburbs and 35.0% in more distant districts/counties; the migrant population living in the distant districts/counties was increasing fast. Among 4,095,000 migrants in 2003, the population that lived in the urban districts had decreased by 91,000 compared with 2002, while the population living in the

nearby suburbs had increased by 51,000 and the population living in the distant suburbs had increased by 269,000 (Beijing Municipal Statistics Bureau, 2004).

A survey of rental prices in “villages inside the city” conducted in Guangzhou City revealed that the average monthly rental price was 7 Yuan for 1 square meter, which was one-fifth to one-tenth of the price of surrounding commercial housing (Junfu Li, 2003). The “villages inside the city,” which had a high concentration of low-income migrants, were considered reasonable and worth maintaining. They served as a buffer or filter for rural-to-urban migration, providing a place to become accustomed to urban lifestyles, behaviors, and values. In theory, such places should be for initial settlement only. However, even if the *hukou* could be reformed, the poor economic status of the migrant population and their perception as “low-income class” could not easily be changed. Therefore, migrants could not be prevented from clustering in the low-rent “city-villages” (Lihua Wei and Xiaopei Yan, 2005).

These urban villages were originally rural settlements located in suburban areas. Because of the urban expansion, the village’s agricultural land was gradually taken over for infrastructure and property development. In due course, the village itself became a part of the urban sprawl. However, because of the household registration system (*hukou*), “village” inhabitants retained their agricultural registration. The “village” also retained its original administrative status and remained outside the formal urban management system. Because of their rural status, they were outside the scope of urban planning regulations. Responding to the increased demand for accommodation, villagers built cheap housing to cater to the low-rent segment of the rental market. These villages became havens for migrants. Urban villages are not isolated cases but common in all large cities.

Employer-provided dormitories were another important housing option for the migrant population. These dormitories included temporary housing on

construction sites provided by enterprises and companies. For example, in 2004, 20.6% of the migrant population in Beijing lived in employer-provided housing (Beijing Municipal Statistics Bureau, 2004).

The prices of commercial and self-built housing exceeded most migrants' resources. In Beijing, only 4.4% of the migrant population had purchased commercial housing or had built houses for themselves in 2003 (Beijing Municipal Statistics Bureau, 2004). The percentage was 18.3% in Guangzhou (Ruojian Li, 2003) and 14% in Shanghai Pudong (2000), while in the same period the percentage was 70% for local residents with *hukou*.

Other methods of acquiring housing were limited. For example, in 2003, 8.7% lived in tents on work sites, 5.6% lived at the workplace, 7.3% lived in the employer's or a relative's home, and 2.1% lived in hotels or hospitals, etc. (Beijing Municipal Statistics Bureau, 2004).

Living Environment and Housing Conditions

A number of studies have revealed that the migrant population's living environment and housing conditions were far behind, compared with the registered urban residents (Weiping Wu and Hansheng Wang, 2002; Wenqin Kang, 2005; Chengrong Duan and Ying Wang, 2006; Changqing Qi and Fan He 2006; and Guihong Yang and Jianguo Hu, 2006).

As stated above, migrants mainly acquire housing through renting from owners, such as city residents or farmers. In addition, many migrants are living in employer-provided housing such as dormitories, the workplace, and on-site tents. In many cases, migrants who worked in factories would live in crowded dormitories or on-site tents provided by the enterprises or employment units. Those who worked for construction companies usually lived on the construction site. A small number of migrants without stable employment would usually seek and rent housing in the suburbs. These places had limited facilities. The "public

hygiene issue” was worrisome and “dirty, disorderly, and poor” were prominent descriptors. Some buildings had facades that were not in harmony with the city’s development, and many might have had hidden fire hazards. Quality of life was a concern.

Compared with local residents, quality of life indicators—for example, the number of rooms per household, size of the house/apartment, and other factors such as kitchen, bathroom, tap water, cooking fuel, and bath facilities—were all lower for the migrant population. Most of the housing available to them was high density, high capacity, with poor ventilation and lighting, and outdated design.

Housing Costs and Financial Resources

A series of surveys revealed that migrant people had to pay much more than local residents to own or rent housing. While registered local residents enjoyed many government benefits and subsidies, migrants did not have this advantage and had to pay higher market prices. Even worse, migrants would often be forced to pay extra administrative charges for rental and purchase arrangements (Leiwen Jiang and Lihua Pang et al, 2005; Wenqin Kang, 2005).

The average monthly income of migrant workers in Beijing had reached 1,452 Yuan in 2006, and the median monthly income was 1,000 Yuan. Income levels among migrants varied according to type of employment. Migrants who were employers had the highest average monthly income of 1,990 Yuan; followed by self-employed migrants, with a monthly income of 1,575 Yuan; and then 1,326 Yuan for ordinary employees. House maids r servants had the lowest average monthly income at 817 Yuan (Zhenwu Di and Chengrong Duan, et al, 2007). Their housing purchase price was 7,433 Yuan per square meter, which far exceeded the financial capabilities of most migrants.

Of course some migrants were capable of purchasing houses because their incomes were much higher than the average. For example, Shanghai’s

migrant population survey in 1997 revealed that those who owned their houses had an average monthly income twice that of the typical migrant worker (Weiping Wu and Hansheng Wang, 2002).

Local Experiments to Address Issues of Housing and Health Care for Migrant Populations

Local Practices in Addressing Housing Issues

Along with efforts to build a “harmonious society,” the government is becoming more and more concerned about the benefits available to migrant populations and other disadvantaged groups. Some cities have started to implement practical measures to help incoming workers adapt to urban society. Some have also been exploring ways to solve housing issues for the mobile population, especially for rural migrant workers.

A Low-rent Housing Program for Migrant Workers in Changsha

In 2004, both municipal and district government levels provided 20% for a start-up fund, then took advantage of the interest rate offered by the Housing Provident Fund. Through a bank loan, a government interest subsidy and other ways to raise funds, and a low-rent settlement compound, the “Jiangnan Apartments,” was built for migrant workers. It has a capacity of 4,000 persons and is specifically for low-income migrant workers. The living area is more than 10 square meters for each person, and the rent is 60 Yuan per month. The rooms are apartment style and are shared dormitories. A bed, cabinet, table, chair, and other furniture for daily use are provided. The compound has a full range of facilities. Migrant workers with incomes lower than 800 Yuan may apply. Because many migrant workers did not know about it and the application requirement was strict, a field survey showed that by June 2005, the occupancy rate was only about 6% (Changsha Migrant Worker Low-rent Housing Project Research Group, 2005).

Apartments for Migrant Workers in Chongqing

Chongqing plans to increase the urbanization rate from the current 45.2% to 70% by 2020. This means that over the next 13 years about 8 million farmers will become city residents. To resolve their housing issues and prevent the formation of slums, Chongqing City has started to build apartments for migrant workers as a pilot project. Since 2005, the South Bank District has adopted the model of “government invest, community manage, market operation, and use the apartment to maintain the apartment.” They have invested 2,500,000 Yuan to build seven “Sunny Apartments” that cover the whole community. More than 4,000 migrant workers have moved in. In the next year, the South Bank District will provide 10,000 low-rent housing units specifically for migrant workers and other low-income groups. In the “Sunny Apartment” of the Longmenhao Sub-district in the South Bank District, about 140 migrant workers have a library area, artistic performance team, and their own cultural website. The average living space here for each person is 8 square meters, and the cost for accommodation plus water and gas is only 46 Yuan per month.²

Practical Solutions for Housing Issues for Migrant Workers in Harbin³

To improve migrant workers’ living conditions, Harbin City has taken the following measures: (1) start an experimental project to build apartments for migrant workers; (2) define and promulgate “Harbin City Standards for Building of Temporary Living Places for Migrant Workers on Construction Sites,” in order to begin the process of checking and improving temporary living places located on construction sites; (3) establish and perfect the rental, administration, and service systems. By the end of 2006, the goal is to build a preliminary unified housing consultation platform for migrant workers. Public and low-rent housing will be temporarily exempt from property and sales tax; and (4) establish the Housing Provident Fund for migrant workers and revise the “Guide for Housing Provident

² See “Chongqing Strategic Urban and Rural Reform Confident That Slums Will Not Appear”(http://news.cctv.com/china/20070914/106551.shtml).

³ See “Circular Concerning Print and Send the Work Plan of Resolving the Housing Issues for Migrant Workers in Harbin City” (Harbin People’s Government Document No.20 [2006]).

Fund Management in Harbin”; include the migrants in the Housing Provident Fund system.

The experimental apartment project start-up fund is to be provided by the provincial budget, with the rest of the fund being raised by the Harbin Developing District Management Committee. The apartments will be government-invested, public welfare, and low-rent housing. The building and management of the housing will follow the principles of “whoever makes the investment, will own it; whoever runs it, will benefit” to build and manage it. The City Real Estate and Housing Bureau will be in charge of monitoring and managing the project. The Harbin Developing District Management Committee will be in charge of the organization and implementation of the project. Apartment management will be assigned to a property management company, and rents will be low. Rents will be set by the city’s Price Control Department, based on the principle of small profit and no loss for the operator, with the benefit of migrant workers as a priority. For shared apartments, the rental for bed spaces will be paid by the employer.

Housing Deprivation Among Migrant Workers: An Empirical Study

Housing Condition, Demand and Supply

A study carried out under the aegis of the project surveyed migrant workers in Beijing, Guangzhou, Lanzhou, and Nanjing. Table 1 shows the current housing arrangements of migrant workers. On average, 49.2% currently live in dormitories provided by their employers, with the highest proportion in Guangzhou, nearly 55% (54.6%), and the lowest in Lanzhou, 41%. This is partly due to the fact that a higher proportion of migrant workers in Lanzhou are engaged in the service sector (see Table 1). 40% of the migrant workers live in rented housing; again, Lanzhou differs significantly from Beijing, Guangzhou, and Nanjing. Beijing migrant workers have the lowest rental rate among the four cities

surveyed. Both Beijing and Lanzhou have more migrant workers living in temporary housing.

Table 1: The Current Housing Arrangements of Migrant Workers

Housing Arrangement	Beijing	Nanjing	Guangzhou	Lanzhou	All
Living in Dormitory	50.1%	54.6%	51.2%	41.0%	49.2%
Living in Rented Housing	35.1%	39.6%	40.8%	45.6%	40.2%
Living in Temporary Housing	12.5%	2.2%	5.3%	11.0%	7.8%
Living in Other Type of Housing	2.3%	3.7%	2.7%	2.5%	2.8%

Housing Conditions of Migrant Workers in Dormitories or Temporary Housing

Table 2 below presents dormitory or temporary housing conditions of migrant workers. 10.6% of them live in rooms of less than 5 square meters and a quarter of them live in rooms measuring 5 to 8 square meters. Around 30% of them live in rooms measuring 8 to 12 square meters, and over a third of them live in rooms that are larger than 12 square meters.

However, over 90% do not have private rooms; 30.4% have to share a room with 2 to 4 people and 31.9% of them have to share a room with 5 to 8 people. Around 20% share a room with more than 9 people. Especially in Beijing and Nanjing, more migrant workers are living together with more than 9 people in one room.

In terms of co-resident conditions, Guangzhou is the best among the four cities. Not only are the sizes of the rooms larger and the number of roommates smaller, but 47.4% of migrant workers who live in dormitory or temporary housing in Guangzhou have bathrooms attached to their rooms, which is a big contrast with migrant workers in Beijing and Lanzhou. In Beijing, 46.7% of the migrant workers in dormitories have to walk over 10 meters to access the bathroom; Nanjing comes next with 42.5% of dormitory dwellers walking 10 meters to use the bathroom. On average, 19% of the dormitory or temporary housing residents

have access to an in-house bathroom, 26.7% walk 2 to 5 meters to the bathrooms, 19.3% 6 to 10 meters or more, and 35% have to walk 10 meters or more.

In terms of facilities, 44% have access to TV, 50% have electronic fans, 19.4% have air conditioning, 69.4% have hot water, and 30.7% have heating in the winter. Among the two cities that require winter heating, more than half do not have heating in Beijing, and 60% do not have heating in Lanzhou.

Although housing is provided by employers, a significant proportion of the migrant workers (18.3% on average) still have to pay rent, averaging 133 Yuan per month. The proportion is highest in Guangzhou, where 26.4% of dormitory tenants pay rent and the highest average rent is in Beijing—169 Yuan per month. The smallest proportion paying rent (10.8%) as well as lowest monthly rent (42 Yuan) is found in Lanzhou.

Table 2: Dormitory or Temporary Housing Conditions of Migrant Workers

Variables	Categories	Beijing	Guangzhou	Nanjing	Lanzhou	All
Size	<5	16.4%	10.6%	6.8%	7.0%	10.6%
	5 to 8	20.1%	27.6%	20.4%	32.8%	24.8%
	8 to 12	26.5%	31.6%	31.0%	26.8%	28.9%
	>12	37.0%	30.3%	41.8%	33.4%	35.7%
Roommates	Self	8.5%	13.7%	6.3%	6.7%	8.9%
	2 to 4	28.4%	43.7%	40.9%	48.0%	30.4%
	5 to 8	28.3%	33.7%	33.0%	33.5%	31.9%
	>9	34.9%	8.9%	19.8%	11.9%	19.9%
Bathroom	In-house	8.2%	47.4%	13.2%	7.4%	19.0%
	2 to 5 meters	24.8%	31.0%	21.9%	29.4%	26.7%
	6 to 10 meters	20.4%	9.8%	22.4%	25.6%	19.3%
	>10 meters	46.7%	11.8%	42.5%	37.5%	35.0%
Facilities	TV	48.5%	55.7%	38.3%	31.1%	44.0%
	Electric fan	49.6%	76.1%	57.4%	12.0%	50.0%
	Air conditioning	24.3%	22.2%	24.4%	5.6%	19.4%
	Hot water	71.3%	68.4%	78.3%	58.7%	69.4%
	Heating	46.3%	12.9%	15.4%	40.3%	30.7%
Paying rent		15.0%	26.4%	20.7%	10.8%	18.3%
Monthly rent paid (Yuan)		169	132	79	42	133

Barriers to Renting

Table 3: Renting Options and Barriers for Migrant Workers Living in Non-rental Accommodations

Variables	Categories	Beijing	Guangzhou	Nanjing	Lanzhou	All
Thought of Renting		40.0%	48.6%	31.4%	30.3%	38.0%
Reasons want to rent	Separate personal space	45.5%	58.9%	45.3%	36.3%	48.2%
	Be with husband/wife	27.4%	20.7%	25.8%	33.3%	25.9%
	Current condition is too bad	21.3%	14.7%	21.3%	25.7%	19.9%
	Other	5.8%	5.8%	7.6%	4.8%	6.0%
Reasons not to rent	Free accommodation	35.4%	34.4%	60.3%	69.2%	48.1%
	Renting price is too high	46.2%	41.5%	25.6%	17.4%	34.3%
	Don't know where to rent	3.6%	3.3%	3.3%	5.1%	3.8%
	Too far from workplace	9.6%	11.2%	8.4%	6.0%	9.0%
	Other	5.1%	9.6%	2.4%	2.3%	4.9%

Table 3 above, presents the information gathered on renting options and barriers. Given the poor conditions in the dormitories and temporary housing, as well as other reasons, many migrant workers have considered alternative renting options. Among them, 40% in Beijing, 48.6% in Guangzhou, 31.4% in Nanjing, and 30.3% in Lanzhou have indicated that they have considered renting. Nearly 50% (48.2%) of the tenants want to have a separate space, over a quarter want to stay with their spouses, around 20% dislike the poor conditions, and 6% indicated other reasons for thinking of renting. For those who have not considered renting, economic reasons are the most common; 48.1% like the free accommodation, and 34.3% feel that rental prices are too high. Location (9.0%) and lack of information about renting (3.8%) are additional barriers.

Rental Housing Conditions

Table 4 below, presents the conditions and payments for rented housing among migrant workers. On a monthly basis, Beijing renters pay 420 Yuan rent, Guangzhou renters pay 380 Yuan rent, Nanjing renters pay 247 Yuan rent, and Lanzhou renters pay 191 Yuan rent. Most of the renters do not live far from their workplaces.

On average, their commute to work takes 22 minutes, with the commuting time increasing with the size of the city in which they work (Beijing, Guangzhou, Nanjing and Lanzhou). 57.5% of the Guangzhou renters signed contracts with their landlords, but only 30.8% of the renters in Beijing signed contracts with their landlords.

In terms of type of housing, Beijing's, Nanjing's, and Lanzhou's renters are more likely to rent bungalows. Nearly three quarters (73.9%) of the renters in Guangzhou now live in apartment buildings. It is striking that 12.3% of the renters in Beijing live in basements, and 10.3% of them live in simple apartments with no in-house bathroom facilities and have to share their kitchens with others. In Nanjing, 20% of the renters also live in the simple apartments.

As for the transportation modes, 47.7% walk to work, 19.8% take public transportation, and a quarter (25.8%) cycle to work. It is very interesting to note that most migrants tend to live with their fellow people, with three-quarters of the renters living with other migrant neighbors. 81.8% of the Nanjing renters live with their fellow migrant people; however, more Lanzhou renters are likely to find housing with local residents. This might indicate that the supply of housing in the local residential areas for migrant workers in Lanzhou is better, or perhaps that more migrant workers in Lanzhou are in the services sector, with many of them providing direct services to the local residents. Even living in rented places, 40% rent together with others to share costs.

As for the size of the rental housing, Beijing renters are more likely to rent very small rooms, with 16.7% of them renting rooms of less than 5 square meters. Guangzhou renters are able to rent larger rooms. The majority of the renters (83.2%) pay their rents on a monthly basis, and 10.4% pay their rents on a quarterly basis. As for the facilities, on average 94.2% of the rented housing has running water, but conditions in Beijing are the worst, with 10% of the places

having no running water. While 81.5% of the Guangzhou renters can access their own kitchen, only 34.7% of the Lanzhou renters have their own kitchen. Nearly 90% of the Guangzhou renters enjoy a private bathroom, while only 30.5% of the Beijing renters can have this luxury.

Both Table 2 and Table 4 indicate better housing conditions for Guangzhou migrant workers, who either live in dormitories or rented places; housing conditions and arrangements are much less promising in Beijing.

Table 4: Rental Housing Conditions and Payments

Variables	Categories	Beijing	Guangzhou	Nanjing	Lanzhou	All
Monthly rent paid (Yuan)		420	380	247	191	306
Length of Commute		32	22	21	16	22
Contract signed		30.8%	57.5%	31.6%	34.8%	38.7%
Type	Bungalow	58.6%	11.6%	45.6%	61.3%	44.2%
	Apartment building	14.5%	73.9%	29.7%	27.9%	36.8%
	Basement	12.3%	1.6%	2.8%	1.6%	4.5%
	Simply apartment	10.3%	10.4%	20.0%	9.3%	12.3%
	Other	4.3%	2.6%	1.9%	0.0%	2.2%
Transportation tools	Walking	39.3%	49.0%	37.7%	64.0%	47.7%
	Public transportation	23.2%	22.7%	12.3%	15.9%	18.8%
	Biking	30.3%	21.9%	41.7%	11.5%	25.8%
	Other	7.3%	6.4%	8.4%	8.6%	7.6%
Neighborhood	Local	27.0%	21.4%	18.9%	35.2%	25.9%
	Migrant	73.0%	78.6%	81.1%	64.8%	74.1%
Rent paid	Self-paid	59.5%	49.4%	67.3%	64.2%	60.1%
	Shared with co-residents	40.5%	50.6%	32.8%	35.9%	39.9%
Size (M ²)	<5	16.7%	6.4%	7.4%	7.3%	9.4%
	5 to 8	33.1%	21.7%	21.0%	47.1%	31.1%
	8 to 12	26.9%	30.9%	35.9%	27.2%	30.2%
	>12	23.4%	41.0%	35.7%	18.4%	29.4%
Payment intervals	Each month	81.4%	93.0%	73.8%	84.2%	83.2%
	Each quarter	12.2%	3.2%	16.6%	9.8%	10.4%
	Each year	4.7%	2.0%	4.4%	5.3%	4.1%
	Other	1.8%	1.8%	5.3%	0.8%	2.4%
Facilities	Running water	90.4%	98.3%	97.2%	91.9%	94.2%
	Kitchen	45.1%	81.5%	51.5%	34.7%	52.9%
	Private bathroom	30.5%	89.3%	41.4%	40.4%	50.4%

Rental Demand Analysis

Table 5 estimates the current housing demand. A multivariate logistic model is estimated with 1 indicating the renting option, and 0 indicating the non-renting option. The result shows that controlling for covariates, migrant workers in Beijing, Guangzhou, and Nanjing are less likely to rent than migrant workers in Lanzhou. This is very likely due to the availability of low-cost housing and housing in close proximity to work in those cities. Economic conditions matter for migrant workers in the decision to rent, and older people tend not to rent. They may be more tolerant of the poor housing conditions in the dormitories or temporary housing. No gender difference is found in the decision to rent or not. Compared to singles with no children, married people with or without children are more likely to rent, for two reasons: one is the preference to live with family members, and the second might be due to increased ability to pay as a result of cost-sharing and resource pooling among families. However, larger families are unlikely to rent. Since this model controls the number of migrant workers in the family, it might be a fact that larger families have less migrant workers or have less economic capacity to rent. While the years as migrant workers should have no effect on the renting option, the years in the current migrant city have a very positive effect: the longer they are in the city, the higher the likelihood of renting. People with a college education or above are more likely to rent, but comparing people with no schooling, those with less than a high school education are less likely to rent. People with high-level professional certification are also more likely to rent. People in retail sectors rent more; the type of job also matters in the decision to rent, with contract, temporary, or organized workers being less likely to rent. As for the factor of position within working units, no statistical significance was found.

Table 5: Rental Demand

Variables	Category	Parameter Estimates	Pr > ChiSq	Odds Ratio	Pr > ChiSq
City (vs. Lanzhou)	Beijing	-0.538	22.854	0.584	<.0001
	Guangzhou	-0.765	38.116	0.465	<.0001
	Nanjing	-0.416	13.954	0.660	0.000
Log (last month's income)		0.092	7.245	1.096	0.007
Age		-0.020	10.178	0.980	0.001
Female (vs. male)		0.115	1.596	1.122	0.207
Marital and Children Status (vs. single, no children)	Married with children in urban	1.257	72.649	3.516	<.0001
	Married with children in rural	0.541	20.636	1.718	<.0001
	Married without children	0.781	17.345	2.184	<.0001
	Divorced/separated with children in urban	0.502	1.379	1.651	0.240
	Divorced/separated with children in rural	-0.537	1.506	0.584	0.220
Family Size		-0.074	5.629	0.929	0.018
Migrant workers in the family		0.227	23.029	1.255	<.0001
Years working as migrant workers		-0.006	0.402	0.994	0.526
Years living in this city		0.043	11.643	1.044	0.001
Educational Levels (vs. no schooling)	Primary school	-0.512	5.710	0.599	0.017
	Middle school	-0.422	4.389	0.656	0.036
	High school	0.017	0.006	1.017	0.937
	Occupational school	0.108	0.168	1.114	0.682
	Professional degree	-0.150	0.353	0.861	0.553
	College and above	0.580	5.251	1.786	0.022
Professional certification (vs. no certificate)	Entry-level certificate	0.012	0.011	1.012	0.916
	Middle-level certificate	-0.165	1.477	0.848	0.224
	High-level certificate	-0.556	4.647	0.573	0.031
Employment sector (vs. farming, forestry, animal husbandry and fishery)	Manufacturing	0.503	2.999	1.653	0.083
	Construction	-0.417	2.115	0.659	0.146
	Retail	1.058	10.753	2.881	0.001
	Hotel or food	0.142	0.226	1.153	0.635
	Culture, physical exercise or entertainment	0.019	0.004	1.019	0.953
	Other	0.476	2.815	1.609	0.093
Job type (vs. other)	Contract worker	-0.812	44.597	0.444	<.0001
	Laowu worker	-0.721	15.843	0.486	<.0001
	Temporary worker	-0.720	41.799	0.487	<.0001
Position (vs. other)	Middle/high ranking manager	-0.235	0.614	0.791	0.434
	Technician	-0.278	2.949	0.757	0.086
	General managerial position	-0.199	1.584	0.820	0.208
	Worker	-0.056	0.186	0.946	0.667
	Service	-0.1178	0.7644	0.889	0.382

Potential Housing Demand Analysis

For those living in dormitories or temporary housing, a multivariate logistic model estimated as 1 indicates that the person has considered renting, and 0 indicates that he or she prefers the current place. Table 6 presents the results. Income matters significantly, with people bringing in higher monthly incomes being more likely to think of leaving the dormitories. Older people, again, are not keen to rent, and males are more likely to find rental accommodation. Also, those who are married with children, who have spent years in the city, and have higher educational levels and professional skills are more likely to consider renting.

Table 6: Potential Housing Demand

Variables	Category	Parameter Estimates	Pr > ChiSq	Odds Ratio	Pr > ChiSq
City (vs. Lanzhou)	Beijing	0.119	0.661	1.126	0.416
	Guangzhou	0.014	0.007	1.014	0.936
	Nanjing	-0.199	1.493	0.820	0.222
Log (last month income)		0.110	6.069	1.116	0.014
Age		-0.058	44.084	0.943	<.0001
Female (vs. male)		-0.289	5.124	0.749	0.024
Marital and Children Status (vs. single, no children)	Married with children in urban	0.427	3.047	1.532	0.081
	Married with children in rural	0.473	9.230	1.604	0.002
	Married without children	0.412	2.109	1.510	0.146
	Divorced/separated with children in urban	0.886	1.968	2.424	0.161
	Divorced/separated with children in rural	0.188	0.145	1.207	0.703
Family Size		-0.075	3.150	0.928	0.076
Migrant workers in the family		0.071	1.299	1.074	0.254
Years working as migrant workers		0.006	0.200	1.006	0.655
Years living in this city		0.058	12.343	1.060	0.000
Educational Levels (vs. no schooling)	Primary school	-0.295	0.802	0.745	0.371
	Middle school	-0.019	0.004	0.981	0.952
	High school	0.562	3.074	1.754	0.080
	Occupational school	0.820	4.704	2.271	0.030
	Professional degree	0.582	2.577	1.790	0.108
	College and above	0.704	3.247	2.021	0.072
Professional certification (vs. no certificate)	Entry-level certificate	-0.030	0.042	0.970	0.838
	Middle-level certificate	0.329	3.959	1.390	0.047
	High-level certificate	0.000	0.000	1.000	1.000
Employment sector (vs. farming, forestry, animal husbandry and fishery)	Manufacturing	0.166	0.178	1.181	0.673
	Construction	-0.584	2.353	0.558	0.125
	Retail	-0.558	1.414	0.572	0.234
	Hotel or food	-0.279	0.485	0.757	0.486
	Culture, physical exercise or entertainment	-0.095	0.052	0.909	0.819
	Other	-0.397	1.051	0.672	0.305
Job type (vs. other)	Contract worker	0.315	3.343	1.370	0.068
	Laowu worker	0.161	0.454	1.174	0.501
	Temporary worker	-0.091	0.295	0.913	0.587
Position (vs. other)	Middle/high rank manager	-0.806	3.397	0.447	0.065
	Technician	-0.252	1.501	0.777	0.221
	General managerial position	-0.195	0.848	0.823	0.357
	Worker	-0.149	0.765	0.861	0.382
	Service	-0.038	0.042	0.963	0.837

Housing Purchasing Power

Table 7: Housing Affordability and Purchasing Power

City	Housing Price	Average Net Income of Residents Per Year	Average Income of Migrant Workers Per Year
	(2005)	(2005)	(2007)
Beijing	6,788	17,653	8,446
Guangzhou	5,366	18,287	9,090
Nanjing	4,077	14,997	6,407
Lanzhou	2,590	8,529	3,850

While Tables 1 to 6 present the housing conditions for renters and dormitory dwellers, Table 7 shows that purchasing urban property is also not within the reach of most migrant workers. Not even taking into consideration the rapid increase of housing prices in the cities—especially the big cities—and the increase of urban residents' net incomes since 2005, the average income of a migrant family is half or less than half that of most urban residents. Since many urban residents complain that urban housing is not affordable, for most migrant worker families, owning an urban property is even more difficult.

Conclusion and Discussions

Conclusions

Several conclusions can be drawn from the above empirical estimates:

- Overwhelmingly, migrant workers live in dormitories, temporary housing, or rented places. 40% of the migrant workers rent, but nearly 60% stay in crowded, poor conditions in dormitories or temporary housing—although Guangzhou fares better than the other cities surveyed.
- While many want to have a separate personal space or to be with a spouse, or are dissatisfied with poor conditions in dormitories or temporary housing, economic concerns, a lack of affordable housing near work place, or a lack of rental information have prevented many from even thinking of moving out of

dormitories or temporary housing.

- Currently, most of the renters are still living with their fellow migrant workers, and there is little integration with urban residents. However, assimilation in urban life is still observed, and the longer migrant workers stay in the city, the more likely they are to rent.
- Determining factors in the location of housing is affordability and proximity to the workplace so that migrant workers can walk, cycle, or take public transportations to work. Families with children are more likely to rent, and with more and more migrant families moving to the cities, the demand for rental places will increase. While a large proportion of these rental properties are bungalows, basements, or simple apartments, with more and more of the old communities being pulled down to make room for new, highly priced apartment buildings, the supply of rental accommodation is a major issue to be addressed by the government.
- Given the limited purchasing power of urban housing properties for most of migrant workers, an increased supply of rental spaces is very important so that migrant workers are able to have a decent place to live.

This study makes the following recommendations:

Policy Recommendations

- The improvement of dormitories or temporary housing conditions is necessary since the dissatisfaction level is high and the facilities are poor. For economic reasons and other barriers, migrant workers have no choice but endure these conditions. This study has found that Guangzhou has better conditions in the dormitories and temporary housing. Other cities should learn from Guangdong's experience, and the government and employers should join forces to take concrete action toward the improvement of the tenants' housing conditions.
- It is important to provide rental information to migrant workers, and rental services are needed to help migrant workers find rental accommodation near

their work units. Since home purchasing capacity is very low among migrant workers whose income is much lower than the urban residents, it is very important to improve the supply of rental housing available to them. The experiment in Chongqing of providing apartment lodging for migrant workers needs to be examined and evaluated, and if it shows a positive impact on housing conditions for migrant workers, other cities should be encouraged to follow.

- As families with children will be more likely to rent for the sake of their children's education, and as many of them are currently living with their fellow migrant workers, schools need to consider the issue of assimilation in urban living for the children of migrant families. Housing conditions in many cases reflect school conditions, and it is important to consider the schooling issue when policies designed to improve housing conditions are formulated.
- Although low-income housing policies are extended to migrant workers, the thresholds are still high for the migrant families and enforcement of these policies needs to be strengthened.

Chapter 7

Migrants' Health and their Health Care

As pointed out in Chapter 2 migrants are predominantly younger members of the rural labor force. The median age of female migrant workers is 22 years and that of male migrant workers is 27.7 years. The implication is that the incidence of illness among migrants should be lower than that amongst the urban population. But this is not necessarily the case because there are other factors that make migrants more prone to illness and disability. These include:

- work environment
- living conditions
- sexual conduct
- lack of preventive care

Frequently migrant workers are in jobs that are shunned by local workers and carry a high risk of illness, injury and disability, jobs which are sometimes referred to as “3-D” (dirty, dangerous, and dead-end/demanding) jobs. According to a survey conducted by Tan and her associates in 1994, about one-third of migrant workers in six cities in the Pearl River Delta believed that their health had been adversely affected by their working conditions, particularly by noise, dust, and poisonous chemicals (Tan, 2002). The cases of high rates of injury and death amongst migrant workers are numerous and common. A report on work-related accidents and illness submitted to the State Council in 2000 identified migrant workers as principal victims of all work-related health problems.

Work-related health problems include long hours of work, neglect of safety precautions, and dangerous work environment. Accidents involving loss of fingers or arms are common and too frequent by international standards. The rates of work-related injury and short- and long-term damage to health are particularly high in industries and jobs with a high concentration of migrant workers. These include the construction industry, particularly jobs on construction sites, and the mining industry, especially make-shift coal mines. One indicator of

the high rate of physical injury amongst migrant workers is the proliferation of clinics offering surgery to reattach severed fingers and arms. There were about 300 clinics in Kai County, Sichuan Province, offering such services. There were 200 similar clinics in Jinjiang County of Fujian Province. While the clinics in Sichuan mainly serve returned migrants, the Fujian ones deal with those injured in local work places and sites (Huang and Zhan, 2003).

Migrants often live in accommodation that is crowded and unhygienic and are thus susceptible to the spread of infection. The stereotypical male migrant is a worker at a construction site who works long hours and lives in a makeshift shelter on the site. The stereotype female migrant is a young unmarried factory worker who lives in a dormitory. The combination of a poor living environment, long hours of work, and mobility makes migrants potential carrier of infectious and contagious diseases.

Young and cut off from family networks, migrants are susceptible to risky conduct and are thus vulnerable to sexually transmitted diseases and HIV infection. The Chinese Ministry of Health has singled out migrant workers as a high-risk population for HIV transmission. Due to their low educational attainment, they are often less mindful of the risks associated with commercial sex. Experiences in other countries suggest that migration may give rise to a vicious cycle in the spread of the HIV virus: migrants are more likely to be infected, and in turn, their mobility contributes to further spreading of the virus, particularly by bringing the virus to the countryside where medical facilities are poor. According to Beijing's Health Bureau migrant workers accounted for about 80% of Beijing's new HIV carriers in 2006.⁴

The neglect of preventive care is one factor contributing to a comparatively high rate of incidence of infectious diseases in the migrant population. The vaccination rates among migrant children tend to be significantly

⁴ GOV.cn, January 26, 2007.

lower than the average for the local urban population. For example, in Guangdong Province, one of the top destinations for migrant workers, the vaccination rates for rubella, polio, and BCG among migrant children are much lower than those for local children. A major reason for the low rate of vaccination among migrant children is that their presence is unregistered and they fall outside the established network of maternal and child health care. Correspondingly, the occurrence rate of these diseases among migrant children is disproportionately high (Li, W.S., 2002). This not only affects the health of migrant children but also places local children at risk.

A survey conducted under the aegis of this project found that during a migration spell, which is on average just over 8 months long, 65.8% of the migrant workers experienced at least one episode of illness or injury. The survey found little variation between males and females and between the four surveyed cities. A sample of 493 migrants surveyed in Beijing at the end of 2000 yielded findings similar to the above. Over a third of the sample, 36.4%, had been sick once or more, and 13.5% had been sick three times or more during their stay in Beijing.

Response to Illness

Low income and restricted or no access to financial help in the event of illness on the one hand, and the high cost of in- and out-patient medical treatment on the other, forces migrant workers and their families to respond to illness in ways that prolong illness and are detrimental to health. Upon falling ill, migrants would typically wait and see to begin with, letting the illness take its natural course in the hope that it would go away. If the illness worsens rather than improves, they would, following a common pattern among low income groups, go to a pharmacy to buy medicines. A common refrain amongst the urban poor is “the local pharmacy is our hospital.” The choice of medicines may be based on advice by the peer group or a recommendation by the pharmacist. In many cases, they would seek medical care only when the illness becomes

unendurable. For example, gastric ulcer is a common disease among migrants. But migrants often buy painkillers when suffering stomachaches, with the gastric ulcer developing further due to the delay in treatment. Being young, migrants are generally able to endure the illness for some time and continue working as usual, but at the cost of developing in future an illness more serious than the current one.

According to the survey of 493 migrants in Beijing cited in the preceding section, amongst those who had been sick, well over half, 59.3%, endured their illness without seeking any medical treatment because of lack of money. Of the 40.7% who sought medical care, the average cost of treatment per person came to 958 Yuan. Of this total, the migrants receiving medical treatment paid just over 92%, 885.6 Yuan per person, and their employers paid on average 72.3 Yuan, less than 8% of the total.

A more detailed picture of the deterrent effect of the combination of relatively low income and relatively high cost of medical care is illustrated by the findings of a survey of 1,193 migrants with an outside *hukou* conducted in 2003 in Guangzhou. Their average monthly cash income was 723.7 Yuan. At that time, among 28 provincial hospitals in Guangzhou City, the average charge per outpatient course of treatment was 168.5 Yuan and the average charge per inpatient course of treatment was 10,509.5 Yuan. Migrants had to pay from their own pockets 89.6% of the outpatient charge and 100% of the inpatient charge. Outpatient charges were similar for both migrants and permanent residents, but inpatient charges were lower for migrants than for Guangzhou residents. Nevertheless, relative to average income the inpatient charges were higher for migrants than for permanent residents, and even at the lower rate, the average inpatient course of treatment exceeded the average annual income of a migrant worker in Guangzhou. The configuration of income and medical charges meant that in many cases migrants did not have any option other than to forego

necessary medical treatment (Li Ling and Jun Liu et al., 2005, 2006, 2007; Hua Liu and Jun He, 2006).

The incomes of migrants are not only low on average but also unequal. The problem of skimping on essential medical care or foregoing it altogether, is particularly serious amongst migrants with a low disposable income, which takes into account not only income but also prior claims on that income. Their problem is illustrated by a survey in Shenzhen Baoan district conducted in 2004. Of the 1,269 migrants covered by the survey, 7.0% had a monthly income of less than 450 Yuan, which was lower than the minimum wage of 465 Yuan in Baoan District in 2003. The 1,269 migrants had an average monthly income of 1,122 Yuan compared with the average monthly income of 2,341 Yuan for resident workers. Besides their own living expenses, migrants had several pressing demands on their limited incomes. Many of them had to send some of their income to their families, and some migrant workers with children in local schools had to pay substantial amounts in education fees. Because of their meager disposable income and lack of social security cover, many of the migrants were reluctant to seek medical care in cases of mild illnesses. They were simply unable to pay for the treatment of serious illnesses. The usual pattern amongst migrants was to bear minor illnesses and in more serious cases, go to a pharmacy or clinic to buy some medicine. A visit to a community health center was called for only in cases of serious illnesses. In many private clinics and pharmacies, medicines were sold by tablets instead of by packages so as to reduce the payable amount.

For most migrants a visit to a big hospital, where the standard of medical care is high, is out of the question. One consultation for a minor ailment, such as the common cold, may cost some migrants most of one month's salary. Giving birth in a big hospital in Beijing costs several thousand Yuan, far in excess of what many migrants can afford. As a result, a substantial percentage of migrants are forced to choose home delivery with a higher risk of complications. The

financial difficulty also forces some migrant workers to cut short their treatment, which has serious consequences when treatment consists of taking antibiotics. In that case not completing the course of treatment creates antibiotic-resistant strains of the disease, making it necessary to use more expensive antibiotics in the future. An additional cause of not receiving necessary medical care among migrants is the lack of knowledge about available medical facilities. According to a survey of migrant women in Jiading District of Shanghai over half, 55.5%, did not know where they could receive advice concerning reproductive health (Zhang, 1999: 56).

When migrants seek medical care, the choice of the provider of medical care varies across localities. In Guangzhou, migrants are more likely to choose hospitals compared with migrants in Beijing, where a visit to a community health center is more likely. In cities such as Lanzhou, a visit to a private clinic would be more common than in other cities. Generally the cost of treatment for a particular illness varies widely depending on the provider. Hospitals not only provide inpatient and specialist outpatient treatment, but also outpatient treatment for simple diseases. The government is trying to promote community health centers as a low cost alternative to hospitals. The recommended order for seeking medical care is “first the community health center and then the hospital.” In practice, the order is likely to be “first the local pharmacy and then the community health center.” However, such centers are still in the initial stage of development and present in some areas but not in others. A visit to a hospital, if it takes place, is more likely to be to a small one, which is usually cheaper than a large one. This leads on to the issue of the high cost of medical treatment and deficiencies in the provision of medical care.

The major impediments to receiving requisite medical care include, first, a rapid rise in the cost of medical care over the reform period, and second, deficiencies in the financing of medical care and in the cost containment system. Over the last 30 or so years, medical care costs have risen much faster than the

increase in household per capita income, notwithstanding the high growth of the latter. Large hospitals often have their own pharmacies or are tied with pharmaceutical companies, and sale of medicines to patients is an important source of revenue for hospitals. As a result, over-prescription has become an endemic feature of the Chinese medical system. Hospitals and doctors also often conduct unnecessary but expensive tests for patients. It is generally recognized that a radical reform of the health care system not only requires a substantial reduction in the percentage of costs payable by patients but also an overhaul of the delivery system and an effective system to reduce costs while maintaining the quality of medical care.

Extending the coverage of health insurance schemes, especially to disadvantaged groups such as migrants is of central importance. But it is not sufficient to ensure that the migrant population receives adequate medical care as and when needed. This aim also requires an overhaul of the current system of medical care with the aim of lowering the cost of out- and inpatient treatment. It also requires an assistance scheme to those with insufficient contribution record so they can receive medical care in the event of illness.

Participation in Health Insurance

The percentage of the migrant population participating in a health insurance scheme, the urban scheme, or “rural cooperative medical insurance scheme” (RCMIS) has been low, even in those cities with a high health insurance coverage. Below (Table 1) are some 2003 figures of the participation rate for health insurance for the migrant population.

Table 1: Migrant Participation in Health Insurance, 2003

Locality	% Migrant Population Participating	Which Scheme
Jiangsu Province	15%	Health Insurance
Shenzhen City	28%	Hospitalization Insurance
Chengdu	34%	Health Insurance
Pudong, Shanghai	21% of migrants employed by large enterprises	Health Insurance
Pudong, Shanghai	9% of migrant employees of private enterprises	Health Insurance

There are two notable points about the above figures. The first is the wide variation across localities and the second is that the participation rates, although variable, are low. The above localities are not representative of the whole country. All four are test-beds for bringing migrant workers under the umbrella of health insurance schemes. The participation rates in those localities are likely to be much higher than in most cities.

The participation rate also varies across groups of the migrant population. It is higher amongst the younger and better educated and those in stable and formal jobs. In contrast, the rate is low amongst those in casual and informal jobs (Yingfang Hua, 2004). This is due in part to the fact that the first group would remain in one place, while the second group may be mobile, moving from one locality to another in search of employment.

The participation rates also depend on the type of employer. Usually migrant workers employed in enterprises, especially state-owned and foreign owned, have a higher rate of participation than that amongst the self-employed and casual workers. The participation rate also varies across industries; it is surprisingly low in the construction industry (Yingfang Hua, 2004), which has a high concentration of migrant workers and has a high risk of injury and accidents. Usually migrant workers employed in enterprises have a higher rate of participation in health insurance than migrant owners of individual businesses,

migrant workers hired by individual businesses, and temporary workers. According to a survey in Chengdu, the list of enterprises classified by ownership status when ranked in descending order by the participation rate in health insurance ran as follows: state-owned enterprises, joint-stock and foreign capital enterprises, and private enterprises. The same survey also revealed that although there were a lot of migrant workers in the social services and construction industries, the participation rates of migrants in the health insurance scheme in these industries was among the lowest. (Wu Hu and Wei Zang, 2005). In Shanghai Pudong New District, the rates of participation in social health insurance for migrant workers in enterprises and in individual businesses were 6.8% and 2.9% respectively (Sheng Yan and Zhenhua et al., 2004). In Jiangsu province, migrant workers who had joined health insurance program were mainly in large, more organized township enterprises (Yingfang Hua, 2004).

The above pattern is complemented by the findings of the survey conducted under the aegis of the project. On average, 11.2% of the migrant workers surveyed had health insurance coverage, under both the Labor Health Insurance plan and Rural Cooperative Medical System (RCMS). 12.5% had only urban labor health insurance coverage, 28.6% of them only rural RCMS coverage, and 47.7% had no health insurance at all. Health insurance coverage either by labor insurance or by RCMS is lowest in Guangzhou and Beijing and highest in Lanzhou. However, Guangzhou migrant workers have better urban labor health insurance coverage than the other three cities, and it is more than 10% higher than the Lanzhou migrant workers. More than 40% of the Lanzhou migrant workers have RCMS coverage only. The highest labor health insurance coverage is in Nanjing (29%), Guangzhou has 25%, Beijing around 23%, and the lowest is in Lanzhou (less than 17%). Males have higher labor health insurance coverage and/or RCMS coverage across all cities surveyed. Older migrant workers recorded lower health insurance coverage rates.

Social Insurance for Migrant Workers

Shanghai and Chengdu took the lead in raising the participation of migrant workers in health insurance by setting up special Social Insurance packages. These packages are derived from the urban Social Insurance schemes. On 1 September 2002, Shanghai issued its “Temporary Measures for Comprehensive Social Insurance for Migrant Workers.” On 1 March 2003, Chengdu Municipal Government enacted its “Temporary Measures for Comprehensive Social Insurance for Non-urban Resident Migrant Workers in Chengdu City.” It outlined methods for non-urban resident workers— migrant workers— to join the comprehensive social insurance system.

Shanghai’s comprehensive social insurance was specifically designed for workers from outside the city and applies to “government agencies, social groups, enterprises (including foreign construction companies, people-run non-enterprise units, individual business organizations), and migrant workers or migrant employers. It is aimed at temporary residents of Shanghai City residents, i.e., those with an outside *hukou*, but it excludes household employees, farming employees, and special professionals employed from outside. “Temporary Measures” has provided work-related injury insurance, serious illness inpatient insurance, and subsidies to the aged.

The contribution base for the special insurance package is set equal to, not the actual pay but a percentage of the previous year’s average pay. Currently the base is set at 60% of the city’s average wage in the previous year, which may exceed the actual pay of migrant workers at the lower income end of the income scale. The contribution rate, payable by employers and their migrant employees and the self-employed migrant workers, is set at 12.5%. Shanghai’s comprehensive social insurance provides the following benefits over the insured period: covers a percentage of the cost of in-patient treatment in the event of illness and work-related injuries over and above a deductible, which has to be paid by the migrant worker. The cost over and above the deductible is split

80%:20% between the Social Insurance scheme and the beneficiary. The deductible is set at 10% of the city's average wage in the previous year, which may be very high for migrant workers on a low income. There is a cap on reimbursement and that is set at four times the city's average annual salary in the previous year. To qualify for the full cap a person should have contributed to the scheme for at least one year.

In Shanghai, the number of contributors to the comprehensive insurance package for migrant workers has been increasing each year. The number of contributors was 303,000 in 2002. In 2003 there was a total of 3,750,000 migrant workers in Shanghai, of which 3,000,000 were eligible to join the insurance package. The rest were farming employees, household workers, and employed skilled professionals. About 1,000,000 migrant workers had joined the comprehensive insurance program, representing 33.33% of the total. By the end of 2005, there were 2,477,000 migrant workers participating in the insurance package. The package seems to have been highly successful in attracting migrant workers. However, if the aim is to ensure a full coverage of the migrant population, then the two-thirds of the migrant population who did not join the insurance package point to a weakness of the insurance package.

Although migrant workers have the same formal status, they differ widely in educational attainment, income level, their willingness to join the insurance package, and the length of time they had worked in Shanghai. Given the heterogeneity of the contributors, one rate of contribution and one schedule of benefits cannot satisfy the differing needs of the contributors. It may even discourage both high-income and low-income people from joining the insurance package. Furthermore, Shanghai's current comprehensive social insurance package is not designed to link with the basic social insurance. A "white-collar" worker from, say Beijing, is not allowed to join the basic social insurance package until he/she has succeeded in obtaining Shanghai *hukou*. On retirement, he/she receives only the second tier pension based on the

accumulated pension contributions in the personal account, but he/she does not receive the basic pension. If this white-collar worker wants the basic pension, he/she has to join the pension scheme in Beijing, his/her *hukou* city, as a self-employed.

Chengdu City's comprehensive social insurance package provides five benefits including compensation for work-related or accidental injury, reimbursement of charges for inpatient hospital treatment, old age pension, a personal medical account, and maternity benefit for female workers.⁵ Since the target group consists of migrant workers, the local workers with an agricultural *hukou* are also included. But migrant workers with non-agricultural *hukou* are expected join the urban social insurance system.

The contribution base has three levels: 60%, 80% and 100% of the city's average salary in the last year. The contribution rate is 20% of the contribution base, of which the employer pays 14.5% and the individual 5.5%. The individual's payment is deducted from his or her salary by the employer, and the employer submits it to the government. If the individual does not have an employer, the total payment is made by the individual. In practice, most of the enterprises set the contribution base level at 60%, which is the lowest of the three options.

A migrant worker participating in an insurance package is entitled to part reimbursement of the cost of in-patient treatment for an illness or work-related injury after paying contributions for 6 months continuously. The percentage of the cost reimbursed depends on the deductible and the co-payment rate.

⁵See "Supplemental Regulations for Comprehensive Social Insurance for Non-local Resident Workers in Chengdu" (Chengdu Government Document No.77 [2006]); "Implementation Details for Supplemental Regulations for Comprehensive Social Insurance for Non-local Resident Workers in Chengdu" (Chengdu Bureau of Labor and Social Security, Document No.3 [2007]); "Temporary Measures for Comprehensive Social Insurance for Non-local Resident Workers in Chengdu."

Chengdu City has clear rules for insurance transfer and continuity between comprehensive insurance package and the urban basic social insurance systems. For rural migrant workers who had joined the basic old-age pension and the basic health insurance and work-related injury insurance for urban workers, according to the policy before the implementation of the new measures, the employer may decide not to enroll them in the special insurance package and continue with the existing insurance arrangement according to the regulations. However, the employer may also decide to change and shift enrolment of the special insurance package. The old individual pension account can be changed into a personal comprehensive insurance account. The years that the pension contribution has been paid are honored. If the health insurance account has a surplus, it may continue to be used. If the participant's *hukou* changes after joining the comprehensive insurance program, then the person is transferred to social insurance for urban workers.

Approximately 400,000 migrant workers lived in Chengdu in 2004. After 1 year of comprehensive social insurance implementation, by the end of 2004, 160,000 or 34.25% had joined the insurance. In 2005, the city planned an expansion with the goal of having 200,000 migrant workers join comprehensive insurance. If the number of migrant workers does not change, the insurance participation rate is expected to be more than 50%.

The common features of special insurance packages for migrant workers are as follows:

- An adaptation of the basic urban health insurance scheme to the particular circumstances of migrant workers.
- The contribution base is hypothetical and set at a fraction of the preceding year's average wage in the locality.
- The insurance benefits are only available for a restricted period. The insurance cover is withdrawn if the contributor leaves the locality where he joined the scheme.

- The finances of the special insurance (?) are managed separately and the accumulated contributions are kept in a separate account.

Apart from Shanghai and Chengdu, a number of provinces and cities have established a special health insurance package for migrant workers. These include Beijing City, Shanxi Province, Qingdao City, Dalian City, and other areas. Chongqing has also introduced a special package but this only covers catastrophic illnesses and inpatient care.

Grouped and Categorized Health Insurance

Since the need for health insurance is different for different subgroups with different characteristics, most scholars have suggested an alternative approach to health insurance, that is, to treat migrant population groups separately. Gongcheng Zheng, from Renmin University, Beijing has put forward a proposal to improve the delivery of medical care to the migrants under the heading of “grouped and categorized.” The theme running through the proposal is that migrant workers form a heterogeneous group. They differ according to the length of stay, the types of jobs they have, and the extent of their integration in the urban economy and society (Gongcheng Zheng, 2002; Gongcheng Zheng, 2004). The proposal divides migrant workers into three categories:

- Urbanized migrant workers fully settled and with a regular job
- Seasonal migrant workers who come in the off-season when there is no farming work and return to the countryside after a spell
- The third category includes the miscellaneous group who constitute a large majority. The workers in this group are often mobile, moving from place to place depending on the availability of work.

The gist of the proposal is to have a number of health insurance schemes instead of one. The first group of migrant workers should be treated as part of the urban labor force and included in the basic urban health insurance scheme. At

the other end of spectrum are seasonal migrant workers who maintain close links with the countryside and are effectively part of the rural labor force. They should be included in the Rural Cooperative Medical Insurance System, which is undergoing a fundamental change. For the middle category of mobile migrant workers, it is difficult to have an immediate policy response.

A similar proposal is advanced by Zhaiwen Peng and Libin Qiao (2005). They divide migrant workers into two categories: first, the “urbanized group” with a stable job and well adapted to urban life and second, migrant workers isolated from the urban society and mostly in informal and casual employment. The first group should be regarded as permanent urban citizens and should be included in the basic urban health insurance system. Their *hukou* should be changed accordingly. For the second group, the priority should be given to the protection of their rights as employees and citizens. For those amongst them who are financially well-off, a comprehensive social security package similar to that offered to migrant workers in Shanghai and Chengdu might be suitable. What the second groups needs more is a medical assistance scheme that subsidizes the cost of medical treatment rather than an insurance scheme.

In 2005, Yingfang Hua has also suggested a health insurance system based on categorizing migrant workers. This proposal is similarly for migrant workers with irregular employment and income. Priority should be given to establishing a health insurance scheme that covers catastrophic illnesses only and confines itself to subsidizing the cost of inpatient treatment.

The survey conducted under the aegis of this project enquired whether or not respondents actually went for inpatient treatment when needed. Amongst the respondents 18.3% went without the needed inpatient care because of financial reasons. The percentage varies across the subgroups defined by insurance coverage. The percentage was 14.9% for those covered by both insurance

schemes and 15.8% for those covered by urban health insurance. In contrast, the percentage was 21.7% for those covered by RCMS only.

Recommendations Concerning Health Care of the Migrant Population

- Health care of the migrant population should be integrated with the health care of the local population, of the locality where they are actually living and working. This applies especially to preventive care. It is crucial to ensure that vaccination rates among migrant children are not lower than that among local children.
- Separate schemes for particular category of individuals, such as migrants, should be regarded as temporary arrangements.
- It is clear from the experience in China and elsewhere that a contribution-based health insurance scheme, regardless of design, cannot ensure that everyone is provided with needed medical care in the event of illness. The participation rates in the special insurance packages for the migrant population are around a third. The implication is that measures to provide needed medical care to migrants should comprise three components:
 - a) contributory social insurance
 - b) means-tested social assistance
 - c) public health measures

Thus far the focus has been on the first component only. It is important to widen the scope of health policy to the other two components as well.

- The Rural Cooperative Medical Insurance Scheme (RCMIS) needs to be adapted to cover the health care costs of rural residents while working in cities temporarily.
- A concerted policy to contain cost, especially hospital cost, is needed. The policy to promote the Community Health Centers is a good one and requires promotion. Given the heavy reliance on pharmacies for medical advice by low income groups, it would be useful to train pharmacists to serve as providers of simple medical advice and to direct patients needing medical attention to community health centers.

- Health insurance policies should expand reimbursement policies to qualified private clinics and community health services for all insured, and particularly for migrant workers.
- A general problem in China that affects healthcare of the whole population and not just of migrants is the very low government subsidy to healthcare by international standards. The budgetary allocation has been going up sharply in recent years, but it needs to go up much further before it brings about a substantial reduction in out-of-pocket expenses.

Chapter 8

Patterns of Poverty and Deprivation Amongst Migrants

As shown in previous chapters, migrants suffer multiple disadvantages, which may be grouped under three headings:

1. Low income/expenditure. There are competing arguments in favor of using income or expenditure as the indicator of poverty, but the general approach of using a money measure remains the same, so in this context income/expenditure are used interchangeably.
2. Specific deprivations in various dimensions, e.g., poor housing and foregoing needed medical care.
3. Social exclusion or lack of power.

There are a number of issues involved in defining and measuring poverty. Is the focus solely on material aspects of life, or does it also extend to the social and cultural aspects? Is the concern with what may be achieved on the basis of disposable resources, or with what is actually achieved? Given that most rural-to-urban migration is circular, a temporary stay in a town or city followed by a return home, how crucial is the time dimension of deprivation?

Each of the above represents a particular aspect of poverty. They overlap, but only partially and each aspect is relevant for policy. The implication is that alleviation of poverty amongst migrants requires a combination of policies directed at various disadvantages, rather than just one, such as low income.

The average wage rate of migrant workers is Rmb 783 per month, slightly less than half of the average wage of local workers in towns and cities. The wage rate among migrants varies regionally: the regional averages are Rmb 794 p/m in the Coastal Region, 718 p/m in the Central Region, and 706 in the Western

Region. Further, it varies by gender; the average wage rate is lower for female migrants than for male migrants. It also varies by age and education. The minimum wage provision, whereby local governments fix the local wage rate for their locality, also applies to migrant workers. In principle, if a migrant worker is employed and paid the minimum wage, then his/her income is higher than local poverty line as defined by the “Minimum Living Standard Assistance” (MLSA). The local government is expected to observe the following ordering when determining the following, defined on the monthly basis:

MLSA Allowance < Unemployment Insurance Allowance < Minimum Wage Rate

However, the officially set minimum wage rate is not fully enforced. There are numerous instances of migrant and local workers receiving less than the statutory minimum. Because of their low bargaining position, the violations are more frequent among migrant than among local workers. More serious is the delay or the non-payment of wages. The problem was particularly serious in 2003, when the central government started its campaign against non-payment of wages. It has since diminished but far from disappeared and is still common in the construction industry.

Recovering wage arrears is made difficult by the indirect recruitment of migrant workers, whereby a contractor recruits the workers and supplies the recruited workers to various enterprises according to demand. The new labor contract law that came into force on 1 January 2008 should make it easier to pursue claims of unpaid wages.

Turning to the poverty line, the usual analysis of poverty is conducted in terms of expenditure or income required for meeting basic needs. Depending on what it is used for and who determines it, a poverty line can be either:

- just a diagnostic line
- or both a diagnostic and a “benefit line” (line used for poverty relief)

The two are in principle distinct and can be very different. The diagnostic poverty line is purely for the purpose of identifying the poor. It is not constrained by how to provide assistance to those below the poverty line. Such a line can also serve as a benchmark for assessing the adequacy of the existing benefit lines and setting a horizon for poverty alleviation. A notable example of such a line is the \$1-a-day line. In contrast, the benefit line serves to identify recipients of social assistance and determine the magnitude of assistance. Therefore, it is directly affected by the concern with the financing of assistance. The obvious example of a “benefit line” in the Chinese context is one used to determine eligibility for MLSA, i.e., a household is entitled to an allowance when its income per head falls below the line determined by the local government. For most migrant workers, the MLSA line is not relevant because they are entitled to MLSA in the locality of origin, not where they are actually living and working.

What line should be used to analyze income/expenditure poverty amongst migrants? The answer is that it cannot be one poverty line because of two crucial differences between migrants: first, the duration of their stay in an urban locality varies very widely and second, while a large majority of migrant workers are separated from their households, which are still in the countryside, a percentage of them are accompanied by their households. The latter group will grow in numbers over time because they are less likely than the former to return to the countryside. Whether the household is split between the city and the countryside or is entirely in the city matters because the household is the unit of consumption based on the sharing of incomes. Further, the official poverty lines are very different for urban and rural areas and so too is the cost of living. Whereas the official poverty line for rural area is Y683 person/year, the urban poverty lines, as used for providing MLSA ranges between Y1,200–Y3,600 per person year with

an average of Y2,016. A rural poverty line calculated from an integrated urban-rural household survey and a consistent definition of income, which currently does not exist, would still differ from the urban poverty line because of differences in the cost of living.

There are strong arguments in favor of treating migrants with their households in an urban locality in the same way as the local population for the purposes of analyzing poverty and providing assistance, after a period such as 6 months, which is the time period used in Chinese statistics to distinguish between visitors and migrants. But there is no clear cut choice in the case of migrants with split households. There are two possible alternatives. The first is to use a weighted average of rural and urban poverty lines with weights being equal to the split of household members between the city and the countryside. The second is to focus on individual migrants as urban units and disregard the part of their households still in the countryside. Both alternatives suffer from disadvantages, but the second is preferable as being more transparent.

How does the incidence of income/expenditure poverty amongst migrants compare with that among local workers? An answer is provided by an analysis of a one-off survey conducted by NBS in 1999 (hereafter referred as the 1999 survey) aimed at collecting data on issues concerning the urban population, such as housing and migration as well as income and expenditure. In contrast to the sample of around 39,000 used for annual urban household surveys, the 1999 survey used a sample of 137,000 households supplemented later by an additional sample of 3,600 immigrant households. The additional sample was collected because the first sample contained too few immigrant households, only 2.6% of the total. Sampling was restricted to immigrants who have been resident in the current locality for at least 6 months. The data sample covers 146 cities, 80 county towns, and 72 townships drawn from all 31 provinces. Aside from the population censuses, the 1999 survey provides by far the most comprehensive coverage of the urban population.

However, the data set is not well-designed for poverty analysis for three reasons. First, the 1999 survey collected household income and expenditure only for the month of August 1999, when the survey was conducted. Neither income nor expenditure is evenly spaced over the year. As a result, income and expenditure reported for one month is likely to show much greater fluctuation than would monthly income and expenditure obtained by dividing the yearly total by 12. For example, whereas the 1999 survey records a significant number of households with zero incomes, annual household surveys report none. Second, unlike the annual urban survey, the one-off survey did not collect data on components of expenditure, which rules out the possibility of focusing on comparatively regular items of expenditure, such as that on food, for the purposes of poverty analysis. Third, the income and expenditure data in the 1999 survey are subject to a high margin of error because they are based on a one-off response by sampled household rather than on several visits by surveyors.

Two related implications follow from the above considerations. First, the poverty rates obtained from the 1999 survey are not strictly comparable to those obtained from the regular annual household survey. The former is likely to be higher than the latter because of the comparatively high dispersion of income and expenditure in the 1999 survey. Second, the analysis of poverty amongst immigrants has to be from the comparative perspective of poverty among permanent residents. Around 95% the sample in the 1999 survey is comprised of permanent residents, which makes the survey biased. To ensure comparability between migrants and permanent residents a matched sub-sample was selected from the 1999 survey as follows: in the first round, all households with zero income were excluded. In the second round, for each of the 31 major cities a sub-sample of permanent resident households was selected on a random basis such that their number is the same as that of immigrant households. The 31 cities, which cover all the major urban centers, include 26 provincial capitals and 5 other major cities: Dalian, Ningbo, Xiamen, Qingdao, and Shenzhen.

The 1999 survey does not provide any information on expenditure other than the total for one month. This makes it impossible to recalculate the poverty lines for the 31 cities using the method outlined in Ravallion. As a result, the incidence of poverty among residents and immigrants is analyzed in terms of the poverty lines for 31 cities calculated from the 1998 annual urban household survey. These lines are reported as part of Table 1 below.

Table 1: Comparative Poverty Rates, Migrants, and Locals

	<i>Poverty Line</i>	<i>Poverty Rates</i>		
		<i>Locals (loc)</i>	<i>migrants (mig)</i>	<i>(mig/loc)</i>
Beijing	3118	4.6	10.3	2.3
Tianjin	2912	3.5	11.9	3.4
Shijiazhuang	2706	5.1	13.3	2.6
Taiyuan	1894	14.9	17.4	1.2
Huhot	2144	23.0	28.7	1.2
Shenyang	2118	22.9	15.0	0.7
Dalian	2901	14.1	14.3	1.0
Changchun	2048	8.3	8.1	1.0
Harbin	1899	7.1	7.6	1.1
Shanghai	3652	5.8	18.3	3.1
Nanjing	2972	9.5	29.0	3.1
Hangzhou	3414	7.1	7.8	1.1
Ningbo	2940	3.7	5.7	1.5
Hefei	2283	12.2	10.9	0.9
Fuzhou	2161	3.8	2.7	0.7
Xiamen	3543	8.2	2.0	0.2
Nanchang	1747	12.8	19.0	1.5
Jinan	3017	11.0	39.3	3.6
Qingdao	3209	16.8	12.1	0.7
Zhengzhou	2504	11.2	20.5	1.8
Wuhan	2428	6.3	15.1	2.4
Changsha	2488	8.4	5.0	0.6
Guangzhou	4221	9.2	15.0	1.6
Shenzhen	6227	0.0	16.9	
Chengdu	2742	17.2	10.7	0.6
Chongqing	2612	16.9	9.4	0.6
Xian	2644	27.5	17.9	0.7
Lanzhou	1676	8.6	12.5	1.5
Xining	1668	16.2	9.8	0.6
Yinchuan	2547	11.4	22.7	2.0
Urumqi	3026	14.2	54.0	3.8
All Cities		10.3	15.2	1.5

A notable feature of the table is the strikingly high poverty rates in some cases: for example, amongst locals in Huhot, Shenyang, and Xian and amongst immigrants in Huhot, Nanjing, Jinan, Zhengzhou, Yinchuan, and Urumqi. Also notable are the wide variations in the poverty rates both amongst locals and immigrants. These two features partly reflect the type of data used to derive the poverty rate. On average (the last row entitled "All Cities", Column 3), the incidence of poverty amongst immigrants is around 50% higher than amongst locals, a figure that appears plausible. One may also note that in 10 out of 31 cities (almost a third) the poverty rate amongst immigrants is lower than that amongst locals, which emphasizes the point that the poverty rate amongst migrants should not be assumed to be always higher than among permanent residents.

Migrants occupy a disadvantageous position in the urban labor markets. They are restricted to jobs that permanent residents do not want. Moreover, they may receive a lower pay for the same job than permanent residents do. Given these facts, the presumption is that the incidence of poverty is higher among immigrants than among permanent residents. This may well be true in many instances. However, the conclusion is not automatic and may not always hold. Here, two considerations are relevant. First, low pay does not automatically translate into poverty. The chances of a person in full-time employment falling below the poverty line are low because poverty lines are low relative to the corresponding local average wage. Second, the unemployment rate among immigrants may be lower than that among permanent residents. The reason is that decision to migrate may be conditional on the promise of job. Further, a migrant may have an incentive to return home upon losing a job and returning to the locality when another job appears likely. In contrast, a permanent resident may have no other option but to remain in the locality.

There is a significant problem of income poverty amongst migrant workers. Earnings of migrants are unequal, and a percentage may have incomes

that fall below the local minimum wage or even the local poverty lines. For example, in a survey of 1,269 migrants conducted in Shenzhen in 2004, 7.0% of the sample had a monthly income of less than 450 Yuan, which was lower than the local minimum wage of 465 Yuan per month and in some cases, even the local poverty line. The other dimension of income poverty is variability. In some cases earnings may average to a figure higher than the local poverty line but fall below the local poverty line for a significant period of time. This is highly likely when wages are paid with a delay, as frequently occurs with migrant workers and in the case of casual workers.

Ultimately, one must recognize that poverty lines— however defined—will always represent an arbitrary cut-off point that, alone, may not offer the best guide for policy making. More important than searching for the ‘single best’ poverty line is to explore the sensitivity of poverty estimates to the choices and assumptions behind the statistics, as well as the use of alternative lines and measures.

Specific Deprivations

Often, it is not transitory or chronic income poverty so much as other specific deprivations which weigh heavily upon migrant workers. These deprivations include:

- Crowded and cramped housing short on basic facilities.
- Unsafe work environment.
- Foregoing medical care or resorting to self-medication when ill. Migrants are more likely than locals to be in jobs without medical insurance and because of their household registration are not entitled to medical assistance.
- Obstacles and impediments to migrant children receiving basic education and their poor educational record.

These deprivations affect a much larger percentage of migrant workers than do income poverty. They constitute the principal obstacles in achieving the goal of removing all unjustifiable differences between the sections of the population and building an integrated labor market that spans both urban and rural areas.

These deprivations are mutually reinforcing and have knock-on effects. For example, crowded and unhygienic housing increases the risk of illness and is conducive to epidemics or pandemics. Similarly poor housing may contribute to a poor educational performance among migrant children. Another dimension of specific deprivations is that as a result of their impact on children, their impact carries on to the next generation.

Lack of Power and Social Exclusion

Migrants suffer from handicaps that do not affect local workers, or not to the same degree. Inordinate delay in the payment of wages is one of these, and the other is the practice of employers impounding the ID cards of migrant workers.

The issue here is not economic, but one of social status. The remedy lies in changing the structure and rules that segment the population into groups with different privileges and benefits. Broadly, although unintentionally, this is what the distinction between holders of agricultural *hukou* and non-agricultural *hukou* has engendered, and the goal should be to create one class of citizenship where all have the same rights and status. One specific remedy is to give migrants a voice. At the moment, problems concerning migrants are identified by outsiders (non-migrants). Migrants themselves do not play any significant role in voicing their problems or disadvantages, nor do they play any role in proposing corrective policies. As an example, one way to give a voice to migrant workers is to require all enterprises employing a significant number of migrants to have a consultative committee and/or legally backed complaints mechanism. Another

measure would involve strengthening and widening the remit of the joint office established by the State Council (see Chapter 3), which at present has a focus on skills training and labor market integration, to provide a wider overview of the process of migration and the welfare of migrants. Issues affecting migrants form part of the work of numerous different government departments. Given the importance of migration and the number of people affected, there are strong arguments for establishing a body with overall responsibility for the welfare and economic issues concerning migrants and their households.

Policy Implications

Income poverty is less of an issue among the migrant population than in the population as a whole. As pointed out in Chapters 2 and 3, migrants are predominantly young. Given that rural-to-urban migration is primarily driven by economic difference between the countryside and cities, migrant workers are highly motivated to take up employment. Two measures that can have a substantial impact on reducing the incidence of income poverty among migrants are: first, a more vigorous enforcement of the minimum wage and second, continuing and strengthening the campaign to eliminate long delays in the payment of wages.

Specific deprivations, such as foregoing needed medical care in case of illness; poor and crowded housing; dangerous, unhealthy working environment; and low educational attainment are far more serious issues among migrant workers than is the incidence of income poverty. The government has removed the nexus of laws and regulations that served to discriminate against migrants. This is an important step but not sufficient to end the disadvantages from which the migrant population suffers.

The specific deprivations from which migrant workers suffer are not particular to them; they also affect the urban poor, albeit less seriously. The implication is that what is needed is a vigorous policy to deal with specific

disadvantages, such as substandard housing, poor educational attainment, and ill health due to shortcomings in curative medical care and public health policy.

Chapter 10

Policy Perspective on Migration

It is 50 years since the National People's Congress (NPC) divided the population into "agricultural" and "non-agricultural," with the stipulation that the former would normally be self-sufficient in grain and the latter, largely urban residents, would be entitled to receive a ration of grain. To ensure the survival of grain rationing, rural-to-urban migration was brought under a tight control, which proved to be remarkably effective. For 20 years between 1958 and 1978, the percentage of the urban population in the total remained constant, bar minor fluctuations. The success was due largely to the organization of the rural and urban economies. For a time it seemed that China has bucked the common trend of a large-scale rural-to-urban migration in the train of economic development, thus avoiding the negative consequences of a hasty and uncontrolled urbanization.

The personal division "agricultural" and "non-agricultural" still survives and runs through the household registration (*hukou*) system. At the beginning, the designation "agricultural" indicated that the household was located in a rural area and derived its income from farming. But over time "agricultural" and "rural" have diverged at the edges, though, for the most part, still overlap. As pointed out in Chapter 4, the division "agricultural" and "non-agricultural" in *hukou* does not fully coincide with the spatial division "urban" and "rural". Around 40% of the population in urban districts holds agriculture *hukou*. The eventual cause of this anomaly is the control of rural-to-urban migration, which operates by restricting the conversion of "agricultural" into "non-agricultural" *hukou*. When a rural county is redesignated as an urban district, as part of urbanization, the inhabitants of the newly created urban district continue to hold agricultural *hukou*. The same happens when a person from a rural county migrates to a city.

The division “agricultural” and “non-agricultural” acquired a life of its own; and has been used for a variety of purposes such as for ascertaining entitlement to social assistance benefits. The distinction has long outlived grain rationing, which ended in 1988, and is finally disappearing. A number of cities have already abolished the distinction and 13 or so provinces will be doing so in the near future as part of a reform of the *hukou* system. However, the abolition of *hukou* has little justification. Shorn of what it has been used for, it is a device for assigning and ascertaining identity and, as such, it has a useful role to play.

Here, it is important to emphasise that “agricultural - non-agricultural” distinction in *hukou*, although prominent, is just one component of the rural-urban division that runs wide and deep through the Chinese economy and society. Historically, the “rural-urban” division, which applies to localities, has involved a web of differences, including in the framework of public finances, provision of social goods and services and the allocation of investment. In the 1950s faced with extreme scarcity of resources, the government decided to concentrate resources in urban areas. The bias in favor of urban areas became an integral feature of the system of public finances and lasted well beyond the circumstances that justified their introduction. It is only recently that the government has redressed the balance in favor of rural areas. The implication is that the rural-urban economic gap is in part a cumulative effect of government policies over several decades and the abolition of the distinction “agricultural - non-agricultural” in *hukou* does little to narrow the gap, if at all.

As indicated in Chapter 2, the year 1984 was a watershed in the history of rural-to-urban migration. A government circular allowed rural laborers to move to cities on the condition of no entitlement to grain ration. This marked a departure from the then prevalent practice of allowing rural workers to leave for cities only with official permission and requiring employers to seek official permission before employing rural workers. This departure fitted in with two changes brought about

by the reforms that began in 1979. The first was the decollectivization of the rural economy, which made surplus labor in farming more apparent and weakened the control on leaving the countryside. The second was the combination of the lifting of the ban on markets and the erosion of the system of labor assignment in urban areas, which previously gave the government control over labor recruitment, and the grant of increased discretion to enterprises and institutions to recruit labor directly.

The 1984 reform was intended as no more than a slight loosening of the stringent control on rural-to-urban migration. This minor change turned out to be the first in a sequence of changes over 23 or so years that has completely overturned the regime of controlled migration instituted in 1958. The change was far from steady. In fact between the mid-1980s and the turn of the 21st century, the policy vacillated between loosening in response to growing demand for manual labor and tightening controls on migration as and when there was a surge in immigration. The last 5 or so years since 2002, have seen a radical transformation in the policy stance towards migration. Instead of being concerned with controlling migration, the policy aim has shifted to removing laws and regulations that discriminate against migrants and to upgrading the skill level of migrants. The past assumption that China could avoid large-scale urbanization through a diversification of the rural economy has been set aside and migration is accepted as an inevitable component of economic development.

What caused the dramatic turnabout in the stance towards migration? Briefly, there were two causes. One was the growing difficulty in maintaining control. Given the freedom to travel, it was difficult to separate visits from migration to work, especially when that was casual and informally arranged. By the late 1990s, the number of migrants who had not satisfied various requirements exceeded the numbers of those who had. Second, migrants were needed to provide labor to sustain the boom in the construction industry that began in the early 1990s and for export-oriented industries in the coastal cities.

Stringent control on migration was incompatible with the strategy of maintaining a high growth rate and attracting foreign direct investment.

Following the change over the 5 or so years since 2002, a rural laborer can now freely move to towns and cities to work or to look for a job using the job search facilities run by the government. He/she still needs to register as a “temporary resident,” the only registration that is required. After a period, he/she is entitled to a subsidized training course. Upon getting a regular job, he/she can get *hukou* of the locality if it is a town, a small city, or one of the large cities that has changed its *hukou* system. He/she can join the Social Insurance scheme and is also entitled to participate in the local housing provident scheme that until recently was open only to the native population. With the implementation of the new “Labor Contract Law” that came into force on 1 January 2008, he/she has redress for unpaid wages.

But much of the change remains at the formal level of laws and regulations and has as yet made only a little difference to the daily lives of migrant workers. Notwithstanding the change, a large number of migrant workers work very long hours in conditions that range from dirty to dangerous to health. A large percentage of them share dormitories or rooms with multiple occupants that are cramped and often lack basic amenities. Deterred by high cost of medical care relative to income, a worryingly large percentage of migrant workers go without needed medical care in the event of illness. The multiple deprivations from which the migrant populations suffer is not particular to migrants. Even if less serious, the low-income urban population suffers from the same problems. The implication is that policies to combat deprivation should be broad enough to cover everyone who suffers from the deprivation rather than targeted at a particular group. Although urban localities are the sites of the problems associated with migrants and migration, one has to keep in view the adverse impact of rural-to-urban migration on the countryside, which frequently goes unnoticed.

The scale of migration is huge, even relative to China's massive population. Over a quarter of the 517 million strong rural labor force is involved in the migration process. The impact of migration extends far beyond the laborers who migrate. Through household ties and kinship links, migration also affects the non-migrant members of rural labor force. Further, as its causes remain, rural-to-urban migration would not only continue but also grow in scale. Migrants originate from widely dispersed rural localities, but their destinations are comparatively few urban localities. The impact of migration on recipient communities is concentrated and visible while that on sending communities is dispersed and is likely to go unnoticed.

Migration leads to an increase in rural household income but it also has negative consequences such as split households and the exodus of the dynamic segments of the rural society. Thus, the negative impact of continued migration on the sending communities in rural areas falls disproportionately on the elderly, children, and women left behind in the countryside. The implication is that there is a need for policies that deal with the problems in the countryside as well as with the ones in the urban areas.

Certain policy implications follow from the scale of migration and its ramifications. To begin with, it has to be acknowledged that inherited policies are inadequate to deal with the problems associated with migration because their principal concern was to control migration rather than to ensure the wellbeing of migrants. Schematically the policy implications are as follows:

- Given the scale of migration, a concerted combination of policies backed by ample resources is needed to deal with the problems associated with migration. As migration on a large scale would continue in the future, the policies and institutions should be designed so as to function on a continuing basis.

- The resources required to deal with problems are large; they should be shared among government tiers both horizontally and vertically rather than leaving it to localities to finance the policies needed to deal with their problem. This will require the central government to part-share the cost of major policy responses, such as the schooling of migrant children or initiatives to improve housing for migrants.
- Thus far, the policies concerning migrants have been biased towards the urban end rather than the rural departure points of the migration circuits. It is time to restore balance and give more importance to issues concerning out-migration in the countryside.
- The principal concern of policies should be the problems, such as low educational attainment and skimping on medical care in the event of illness, rather than a particular group. The reason is to avoid an anomalous situation where policies deal with a problem only when it affects a particular group, such as migrants, but not others, such as the low-income groups in urban or rural areas.

Violations of the rights of workers as provided by laws, regulations, and declaration of principles are common, particularly so in the case of migrant workers. Examples include the withholding of due pay, a problem that has diminished but has far from disappeared; impounding identity cards to stop migrant workers changing employers; long hours of work, in some cases long enough to pose immediate threat to health; and dangerous work environment and conditions. All such practices are in violation of laws (interpreted broadly to include regulations and official statements). What is needed is a concerted strategy to improve the implementation of laws and regulations. Warranted to policy responses include strengthening the implementation of laws through improved monitoring and stronger penalties. At least as important, establish channels of communication with migrant workers so as to give them a voice to express their complaints.

The educational level of migrant workers is low and most of them have not received any training. More worrying, the level is even lower amongst those who remain in the countryside. The deficiencies in rural education and training are recognized by the government as priority items for reforms. Over the last few years, fiscal allocation to rural education and training has risen substantially. The goal should be more than making up for the shortfalls from the specified standards but also to narrowing and eventually eliminating the training and education gap between rural and urban areas, especially between younger age cohorts.

A major determinant of labor market events over an individual's working life is the changes in the skills or the education level needed to perform work. Assuming a working life of between 40 and 50 years, most of the current cohort of school age children in rural areas either would not be employed in farming or would switch to a job in industry or services fairly early on during the course of their working life. The implication is that the requisite level of education for rural children is not needed currently to get by with life, but what would be needed in the future to live in an urban environment and take on jobs in industry or services. Viewed this way, the wide gap in education and skill is a serious deficiency that should be corrected quickly through a concerted policy. The policy implication is that as well as being concerned with immediate problems such as shortfall from the mandatory 9 years of education, the education policy should keep in view the long-term aim of narrowing the education gap between different sections of the population.

As outlined in Chapter 5, the participation rate of migrant workers in the Social Insurance schemes is low and patchy. A number of cities and provinces such as Shanghai and Chengdu have introduced special packages for migrant workers. But there is as yet no national framework for the participation of migrant workers in Social Insurance. A national framework is essential to ensure equity

and to institute portability of benefits. The latter is particularly important in the case of old-age pension where there is a long gap between the payment of contributions and the receipt of benefits. It is highly likely that an individual worker would over his/her working life work in a number of different localities. There are two options for dealing with the problem of cumulating the contributions paid by mobile workers. The first is to establish a central scheme for mobile workers, which raises the problem of a link between that scheme and the normal scheme. Further, the cost of a centralized scheme is likely to be high because the centralized scheme will have to have an institutional structure of its own and may have, at least to begin with, a few members. The alternative is to adapt the present structure to the needs of mobile workers. This will require the creation of a framework for the aggregation of contributions paid over working life in various localities and the portability of benefits across jurisdictions.

In the past 10 or so years, the central government and sub-central government departments have formulated a set of policies regarding education of migrant children. These mark a crucial departure in the stance towards migration and migrants; but there still remain glaring inconsistencies between policies made at different times and are still valid. For example, the Provisional Regulation on Management of Charges in Compulsory Education Schools in 1996 gave the local education department the power to collect temporary study fees from students whose *hukou* is in a different educational administrative area. Recently the government required state schools to treat migrant students and local students equally, but without repealing the Provisional Regulation that sanctioned a discriminatory treatment. A similar conflict exists between the policy on national unified computerized management of student academic records and the hierarchical education management system, which allocates responsibility to local governments. Under the system, local governments in the *hukou* areas of the migrant children are responsible for ensuring all school-age migrant children complete compulsory education. This does not fit in with making recipient localities responsible for the basic education of migrant children. In general, in

situations where the population is mobile the appropriate arrangement is to allocate responsibility for basic education to the recipient communities or to the original communities in the case of children left behind. The rule should be to assign responsibility where the child is. The same should apply to public health measures such as the immunization of children.

The allocation of responsibility has financial consequences. These are large in the case of the basic schooling of children. As pointed out above, migrant children (that is, those who move) originate from widely dispersed rural localities, but following migration, they are concentrated in few localities. What is needed is to separate the sharing of costs from the allocation of responsibilities. In general, there is no reason for the two to coincide. The pattern of cost sharing should be such that each locality is capable of discharging its responsibilities with the same degree of sacrifice as that made by other localities. For an equitable sharing of the cost of educating migrant children, what is required is a significant contribution by the central government that is divided up among local government so as to distribute the cost equitably.

Besides the one mentioned above, there are other conflicts and inconsistencies between policies on education of migrant children and other policies. The recent policies require local governments to facilitate the admission of migrant children to the public schools in cities. In the meantime, the family planning policies in Zhengzhou, for example, require all migrant students to provide a family planning certificate if they wish to attend a state school. This implies that if no family planning certificate is provided, state schools in Zhengzhou can refuse to admit migrant students. This requirement may be difficult to satisfy when the locality or origin is far away from the locality of destination.

As the dissatisfaction level with dormitories and temporary shelter is high amongst migrants, there is need to bring about an improvement in such

accommodation. One option is to set minimum standards for such accommodation and set up a monitoring mechanism to ensure compliance. Concrete evidence that it is possible to achieve substantially better conditions in dormitories is provided by dormitories for migrant workers in Guangzhou. A positive approach to improving housing is to combine the setting of standard and monitoring compliance with loans to upgrade substandard property.

It is important to provide rental information to migrant workers, and rental services are needed to help migrant workers find rental accommodation near their work places. Since house purchase is not a feasible option for most migrant workers because of low income and the transitory nature of their stay, it is very important to improve the supply of rental housing. The experiment in Chongqing of providing apartment lodging for migrant workers needs to be examined and evaluated, and if it shows a positive impact on housing conditions for migrant workers, other cities should be encouraged to follow.

Health care of the migrant population should be integrated with the health care of the population of the locality where migrants are actually living and working. This applies especially to preventive care. It is crucial to ensure that vaccination rates among migrant children are as high as that among local children.

Concerning health care insurance, the following observations are in order:

- Separate schemes for a particular category of individuals, such as migrants or children and youth before they enter the labor force. They suffer from the serious disadvantage of raising costs when high cost is a major impediment in widening access. They should be regarded as temporary arrangements.
- It is clear from the experience in China and elsewhere that regardless of design, a contribution-based health insurance scheme cannot ensure that everyone is provided with needed medical care in the event of illness. The

participation rates in the special insurance packages for the migrant population are around a third. The implication is that measures to provide needed medical care to migrants, as indeed for other sections of the urban population without health care insurance cover, should comprise three components:

- contributory social insurance, when membership is a feasible option
- means-tested social assistance
- public health measures

Thus far, the focus has been on the first component only. It is important to widen the scope of health policy to the other two components as well.

The government has set the target of covering almost the whole of the rural population with the Rural Cooperative Medical Insurance Scheme (RCMIS) by the end of 2008. As most migrants are from rural areas, there is need to adapt RCMIS to cover the health care costs of rural residents while working in cities temporarily.

As health care cost is a major barrier in ensuring that everyone has adequate medical care in the event of illness, a concerted policy to contain cost, especially hospital cost, is needed. The policy to promote the Community Health Centers as a low cost source of medical care has much to commend itself and needs to be extended. Given the heavy reliance on pharmacies for medical advice by low-income groups, it would be useful to train pharmacists to serve as providers of simple medical advice and to direct patients needing medical attention to community health centers.

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