

Rural migration and urbanisation economics essay



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The Chinese government monopolised industrial investment rights prior to the commencement of the reform process. There was a distinct bias towards heavy industry. In this environment it was difficult for small enterprises to develop and therefore China's industrialisation and urbanisation proceeded slowly.[1]The bulk of China's population was thus rural, that was employed in agriculture in some form or the other. China's urban population was further determined by the quantity of food that could be supplied to urban areas. Population influx into urban areas was highly regulated and was in fact prohibited. People's communes in rural areas had the dual social functions of containing the rural population and preventing it from migrating to urban areas. In addition, the government imposed a strict household registration system called the ' hukou' that forbade population movement to urban areas. This system of keeping the peasantry and the urban population in their respective positions included a large measure of social discrimination against the peasantry.[2]Under this system, a household registered as urban was entitled to a wide gamut of social benefits that were denied to the rural population. Since the profitability and capital accumulation of the cities was far below the world average, the cities were not in a position to accommodate further residents with all their incumbent social benefits.

Rural Reform

2. The initiation of rural reform in 1978 is widely regarded as a milestone in Chinese development policy, bringing as it did the abolition of the People's Commune system and the adoption of the Household Responsibility System. Rural reform greatly increased rural household income and accelerated rural development.

The per capita income of rural residents increased by 168.9 percent from 1978 to 1985 and the rate of yearly increase reached as much as 24.1 percent. Another important result of the reform was the relaxation of rural labourers' ties to the land and the transfer of growing numbers of rural labourers to non-agricultural sectors or off-farm activities. From the mid-1980s, rural residents started to open their own enterprises near or close to villages and townships, the now well known 'Township and Village Enterprises' (TVEs). By 1990 these businesses had absorbed about 92.7 million rural labourers, rising to 135.1 million by 1996. However, because of the newfound efficiency and high productivity of the agriculture sector, the number of labourers released from the same was too large to be absorbed by TVEs alone. There thus remained a large "surplus" of labour in rural areas. According to some researchers, only 150 million out of 500 million rural labourers are needed in agriculture, and the surplus 350 million rural labourers require to be transferred to non-agricultural sectors.[3] Rural-urban migration has been regarded as one of main ways to achieve this transfer of surplus rural labour.

Rural-Urban Migration

3. A shift in population from rural to urban areas is both a condition and a defining characteristic of economic development. It has certainly been integral to China's rapid growth. In 1980 China's rural population was 796 million, or 80.6% of a national total of 987 million, while the urban population stood at 191 million. Ten years later, in 1990, the rural population had grown to 841 million but had fallen to 73.6% of the total, the numbers living in urban areas having climbed to 302 million. This trend further

accelerated in the 1990s. By 2003, the rural population had dropped to 769 million, 59.5% of a total of just under 1.3 billion. The growth in towns and cities, meanwhile, had accelerated to 524 million, more than two fifths of the total population of China.[4]The largest rural population in the world further reduced to 757 million in 2004. During the last quarter of the twentieth century, China has experienced perhaps the most rapid urbanization in the history of the world. The urban population increased from 9 percent of the total in 1978 to 41.7 percent in 2004 largely due to a massive migration (both seasonal and non-seasonal) of rural labourers to urban locations numbering well over 100 million.

4. Large-scale rural labour migration was the result of several factors: the relaxation of institutional constraints (including the household registration or hukou system), unemployment in rural areas, sluggish rural development and rural labourers' own agency. A remarkable increase in labour migration emerged after, and to a great extent as a result of, Deng Xiaoping's 'Tour of the South' in 1992, which stimulated investment and produced a high demand for labourers in coastal areas. In the late 1990s, difficulties in rural development gave a remarkable impetus to rural labour migration and resulted in a continuous increase in the number of rural-urban migrants. In 2004, according to the Ministry of Agriculture, 126.0 million rural labourers worked away from their homes for more than three months. Experts on labour markets, estimate that in the coming decade, 12-13 million rural residents will transfer to urban areas annually.[5]

Categories of Migrants

5. In January 1958, the National People's Congress promulgated "The PRC Statute for Hukou Registration". The 10th item of this Statute explicitly stipulated that "all immigrants from rural to urban (areas) have to hold the recruitment certificates from Labour Departments or enrollment certificates from schools or the entrance permission from urban hukou registration authorities". Since then the hukou system classifies all the people either as "agricultural population" or "non-agricultural population" and different hukou status indicates different benefits and securities provided by the State to the residents rather than different occupations. This in fact is the real power of the hukou system in regulating migration. The government assumes the responsibility to provide jobs, housing, education, social and medical services, and certain supplies of daily necessities for the "non-agricultural population" while the registered "agricultural population" do not have any of these benefits and opportunities. In order to maximise industrialisation and to minimize financial responsibility, the conversion from the "agricultural" to "non-agricultural population" status is subject to strict and simultaneous "policy" and "quota" controls. In the pre-reform era, the hukou system functioned as a de facto internal passport mechanism and almost completely controlled rural-urban migration because the state monopolised economic activities, job recruitment, and the distribution of important goods. Most of this type of migration was reserved for bringing in the necessary labour force in support of state-initiated industrialisation programs.

Migration to cities was only a dream to an ordinary farmer.[6] However with the introduction of reforms, population mobility in China has risen

dramatically and is most obvious in major cities such as Beijing, Guangzhou, Shanghai, where large numbers of “floating population” from the countryside congregate. The increased population mobility has greatly challenged the very basis of the traditional hukou system and has forced the government to adjust its policies.

6. Migrants with or without a local hukou face starkly different opportunities, constraints and welfare benefits because the hukou system has long been intensively integrated with the economic and social systems in China.

Considering the significance of the hukou status to the social and economic contours of the migrants, it is reasonable to classify China’s rural-urban

migrants based on whether or not local hukou is conferred on the migrant.

Hence, two types of rural-urban migrants are differentiated, first the rural-urban migration with local residency (hukou) rights (hukou rural-urban

migration) and second, the rural-urban migration without local residency

(hukou) rights (non-hukou rural-urban migration). It has been observed that

the majority of hukou migrants (80.9%) held non-agricultural hukou status

while nearly 95% of non-hukou migrants had agricultural hukou status. Thus

it is clear that rural-urban migrants with agricultural hukou status dominate

non-hukou migration and the majority of current rural-urban migration in

China belongs to non-hukou migration.[7]

7. The large-scale movement of people from rural to urban areas has created the problem of a mainly non-accountable floating population in most towns

and cities. This has emerged as a serious social problem since 1984-85. This

population is as large as 35% in some of the big cities. This floating

population is welcomed in cities with vigorous economies since it provides a

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range of unconventional though vital services. But once the economy slows down, the floating population is seen as a social problem. This is then termed as ' mangliu' or drifting population which puts a heavy burden upon cities.

[8]They have no official papers to prove their identity, nor do they have sanctioned jobs or legal domiciles. They illegally settle in new areas and eke out a living by mostly illegal means. They are today considered a destabilising factor in Chinese society. The ' mangliu' population has emerged in a

very short period of time and on an unprecedented scale, giving rise to serious social problems, hitherto unknown in the history of China. The burgeoning floating population in the cities not only makes population control difficult but also generates serious problems like inadequate housing leading to slum settlements, shortage of transport, overburdened water and electricity services, jeopardised public peace, increase in crime and poor health services. Studies conducted in 1990 indicate that the basic cost of providing an official stamp to the 1.8 million strong floating population in Shanghai would be in excess of 100 million yuan per year. This does not include the cost of housing, basic amenities and subsidies.[9]

Socio-Demographic Character

8. Non-hukou rural-urban migrants are dominated by people who comprise the prime labour age group, particularly the age between 15 to 34. In the age groups of 15-24 year olds and 25-34 year olds, the proportion of non-hukou rural-urban migrants is much higher than those of urban residents and rural residents, by 1.6 and 1.5 times respectively. The peak age group for non-hukou rural-urban migrants is in the 25-34 year olds, while that for

urban residents is in the 35-49 age group. At the age groups of more than 35, particularly more than 50, the proportions of non-hukou rural-urban migrants are significantly lower than those of urban residents and rural residents. In the age group of less than 14 years, the proportion of non-hukou rural-urban migrants is much lower than that of rural residents but slightly higher than that of urban residents. This indicates that rural-urban migrants tend to be concentrated in the most economically active age group. It suggests that a high proportion of the youngest and eldest rural people are left behind in rural areas. Among the rural laborers migrating to the nonagricultural sector, 57.9% of them were concentrated in the age group of 18-30 in the year 2000.[10]

Economic Discrimination

9. A survey of the employment characteristics reveals that non-hukou rural-urban migrants are mainly employed in industry, construction, commerce and restaurant, and service sectors, According to a sample survey on rural labor in 1998,

among the total rural laborers transformed to the secondary and tertiary industries (about 28 million), 62.9% of them were employed by industry, construction, commerce and restaurant, and service sectors. The majority of non-hukou rural-urban migrants are self-employed or employed by privately owned enterprises. 65% of rural floating population was self-employed or employed by private-owned enterprises, which was significantly higher than that for urban residents (21%). In fact, 33.4% of the rural floating population was self-employed while this figure for urban residents was only 5.5%. In contrast, the majority of urban residents (73.5%) were employed in stated-

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owned, urban collectively owned, joint ventures and foreign enterprises while only 12.9% of rural migrants were employed by them. This survey reveals that the majority of employment opportunities in cities are actually created by the migrants themselves.

10. In urban areas the floating population and local urban residents participate in segmented labour markets. A survey of the floating population in Shanghai found a clear division between the floating population and local residents in terms of occupational composition, living conditions and income and benefits. There is also much evidence of occupational stratification at the national level. According to 1990 census data, nationally only 3% of all long-term temporary migrant employees are in professional/cadre/clerical positions compared with 24% for permanent urban residents. It is common for the floating population to do jobs that the urban populace do not want. These jobs are often the so-called 'Three-D' jobs - jobs which are dirty, dangerous and demeaning, which are common in industries such as construction and mining for males and sanitation and textiles for females. In most cases occupational stratification has been institutionalised. Some municipal governments have implemented regulations to protect urban labourers through reserving specific job categories for them.[11]

11. The migrants' most important gains are economic. Compared to rural villagers, workers in cities are much better off financially, but in contrast to permanent urban residents, migrants continue to be discriminated against. Despite their growing numbers, migrants are still relegated to informal and lesser paying jobs. Low levels of education in rural China mean migrants are less likely to secure high-wage employment in a modern marketplace that

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increasingly values human capital. Once in the cities, migrant workers continue to be exploited, working long

hours with little employment security or social welfare benefits.[12]Rural migrants work much longer but get less income than urban residents. 56. 9% of rural migrants have to work well beyond 50 hours a week (70 – 80) while most urban residents (78. 6%) work 40-49 hours a week.[13]Despite their much longer working hours, rural-urban migrants get paid far less than urban residents. The recent global economic crisis has undoubtedly affected the lives of many migrant workers and their families. Widespread layoffs and factory closings, especially in coastal areas predominately dependent on manufacturing exports, have left some 10-20 million migrants jobless. While the migration flow from rural to urban areas has slowed, it has not ceased, and more importantly, a massive return migration has not occurred.

[14]However the layoff of large numbers of urban residents due to the financial crisis has further weakened the economic frailty of the migrants.

Non-Income Welfare Differences

12. There is a great deal of social discrimination against migrants with respect to access to decent quality housing, social insurance and social assistance programs and access to basic public services such as education. The average area of housing per capita for migrants who often have to stay in informal dwellings is much lesser than that for local residents and is often without provision of drinking water, sewage, and heating. Migrants have almost no chance of obtaining pension, unemployment insurance, or health insurance benefits, partly because most work in the private sector where such benefits often are not provided, and partly because of discriminatory

policies of local governments. In contrast, most local residents have pension programs and have health insurance. Migrants also have to pay significantly higher school fees for their children if they do not have local hukous. Migrants have almost no access to social insurance programs. Overall, inequality between migrants and local residents in non-income dimensions of welfare is much higher than is reflected in a simple comparison of income per capita levels or income-based poverty measures.[15] This is thus a major cause of dissatisfaction and social turmoil amongst the migrants who constitute a very large part of the Chinese urban population.

Crime

13. Crime is more often than not, the symptom of marginalisation and inequity in society. The migrant population in China is combating not only economic but also social discrimination. The incidence of crime is thus much higher in this stratum of society as compared to the local urban residents in China. In a case study of crime in Beijing it was found that the percentage of floating people among the criminal suspects is increasing every year. This has increased from 18.5% in 1986 to more than 50% in 1994 alone. The incidence of petty crimes has shown an unusually high involvement of migrants. Furthermore, serious and violent offences, which are significantly related to gambling, prostitution and drugs are increasing drastically in the enclaves of the floating population. With the incidence of crime, the severity of punishment and official response has also risen exponentially. Surveys in Beijing show that 42.4% of all criminals among the floating population were sentenced to life imprisonment in 1990. This figure increased to 44.6% in 1992, 50.3% in 1993 and 63.7% in 1994. Crimes committed by the floating

population comprised property offences, homicide, larceny, aggravated assault and drug trafficking. Gang crimes were also common and accounted for 23% of all crimes committed.[16]

Environmental Effects

14. Rapid industrialisation that is leading to unprecedented migration and urbanisation is resulting in many new challenges in China. China, after a considerable period is facing extensive food shortage due to an appreciable reduction in cultivable land because of urban development. In addition, China's water supply problems have been aggravated causing further problems for agriculture and urban populations alike. Many of these problems can be attributed to the Urban Heat Island Effect, which is producing green house gases and increasing surface temperatures. China holds seven percent of the world's arable land at present. It has two thirds of the arable land it had four decades ago whilst its population has increased by a factor of 2. 3. The rate of industrialisation and the consequent urbanisation is expected to increase from the present 42% to about 65% in 2050. This rapid rate is reducing valuable farmland by 0. 5% annually. [17]This in addition to

creating serious food and water security issues in the future is also contributing to social inequity between the rural and urban areas.

Analysis

15. Rural-urban migration has to a very large extent been responsible for the miraculous industrialisation of China leading to its present status as the world's manufacturing hub. It has also helped elevate income levels and the

standard of living in rural areas by way of remittances. However, this migration that has been unprecedented in scale has led to rapid urbanisation and expansion of Chinese towns and cities. This in turn has resulted in multifarious ills that are inherent with a sudden and uncontrollable explosion of population in urban areas. Statistics related to Rural-urban migration and subsequent urbanisation in China are placed at Appendix R. The vast discrimination due to the hukou system has led to two different classes of people who are competing with each other over the available employment and social resources. Large-scale economic inequity, inadequacy of infrastructure and a manifold increase in crime are only some of the social tribulations that have resulted from such a large migration of people. Matters have become all the more worse because of economic transition of SOEs leading to large-scale layoffs that have further increased the competition between locals and migrants for employment.

16. Migrants themselves are not the only group touched by geographic movement. To circumvent the costs and uncertainties of migration and, more importantly, to retain land rights, rural families often send young adults to work in cities while others stay to tend the fields. Geographic separation divides families, removing labor from local production, and emptying villages of young people. The remaining family members, often the elderly, are forced to perform many of the tasks traditionally undertaken by others, including tending farms and raising children. This is surely but steadily eroding the agrarian base of the Chinese economy. The lure of money in urban areas is

resulting in the young dropping out from schools and colleges and heading for cities. This too has long-term social implications. The fact that the Chinese state, for the first time since 1949, does not have over-riding control over these events is eroding the communist system in place.

17. The problems discussed, though prevalent in many urban localities in developing countries, have far more serious connotations for China. China being a

communist country has been a highly controlled and regulated society wherein the legitimacy of the rule of the CCP is dependant on it maintaining the moral high ground provided by socialism. The problems faced by the urban poor and migrants have led to the erosion of this phenomenon opening the doors for social unrest that has the capacity to threaten the stability of the state. The large numbers involved, the floating nature of the population, the environmental and ecological effects and the extreme dependence of the Chinese economy on the global financial conditions, make the migrant section of Chinese society very vulnerable to economic and hence social shocks. The alleviation of this condition will not only require immense resources but also strong political will. The persistence of these issues over a period of time is likely to have an adverse affect on the Chinese economy.