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Shanghai

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**Urban Secondary Citizens: Low-Skill Temporary Workers
– The Case of Shanghai***

by

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Abstract: The recent huge size of temporary migration attracts great concerns both from the public and the governments in China. In response to this, Chinese governments at different levels tried to keep the control over the massive movement both for political and economic reasons. The major policy tools are to reinforce the household registration system in a new manner, to interfere directly in urban labor markets, and so forth. Obviously, the individual does gain from such a temporary movement, although there are discrimination at job market and for income and benefits against migrants. However, the dual nature of Chinese society so far has not been clearly reconfigured. Instead, a new dual system is being formed within urban China under the shadow of the traditional urban-rural dual system. Under the new dual system in urban China, Chinese rural migrants, such as the ones in Shanghai, continuously become the urban second-class.

I. Introduction

One major feature of Chinese society is a divided urban–rural social and economic system in which urban and rural residents effectively hold two different types of citizenship within a single national population (Chan 1994; Solinger 1999). Within this dual system, urban residents, differentiated by their urban household (*Hukou*) registration status, receive preferential treatment not only in education, health care and housing, but also with respect to jobs and other economic benefits¹ (Cheng and Selden 1994). Although economic and social reforms in the past two decades have opened up new opportunities for rural laborers to both migrate and work in cities, rural labor migrants are still treated in urban areas like second-class citizens. From legal residential status, labor market entrance and placement, income and benefits, to medical care and housing, rural migrants and local urban residents have so far co-existed but have not integrated.

The reasons that temporary workers in cities have become an important issue in China are as follows. First, the total number of temporary migrants, dominated by rural workers, is growing dramatically and has reached 60–80 million (Yu 1999:5). Such a considerable number inevitably draws great attention from the public.

Second, the differences between migrants and local urban residents are shaped, at least partially, by institutional arrangements. One such arrangement is legislation and regulations governing migration in China. Regulations not only govern the *Hukou* registration, but also most, if not all, perspectives concerning migrants, such as labor market administration, business and tax administration, house renting administration, health and family planning administration, and public security administration. As a result, an urban secondary citizen layer has been formed by these legislative arrangements.

Finally, the benefits and the problems associated with temporary labor movement have been the subject of lengthy debate among both researchers and the public. Some view large-scale, rural–urban labor migration as beneficial; for example, providing cheap labor, stimulating development of urban businesses, contributing to urban services, increasing rural

¹ For a recent systematic review of the urban-rural dichotomy in China, see Whyte 1996; Walder 1989, Riskin 1987, etc.

income via migrants' remittances, training migrant workers for rural development when they return, and so on (Duan 1999:50). Others consider the problems, such as pressures on the urban infrastructure; an increase in crime; the emergence of illegal construction and urban slums, which threaten the environment and public health; an increase in unplanned pregnancies and births; the rising visibility of beggars and the homeless; the popularity of illegal labor markets and unauthorized employment of migrant laborers, and so forth (W.D. Wang, 1995; Bakken 1998; Duan 1999).

This paper, therefore, re-exams the issue of low-skill temporary workers in cities — using Shanghai as a case study — from the above three aspects. The next section of this paper presents an estimate of the number of temporary workers in Shanghai. Section III reviews major aspects of legislation and regulations governing temporary migration in China. The benefits and problems associated with the movement of low-skill workers are discussed in Section IV, and concluding remarks follow.

II. Size of the Temporary Work Force

As with human migration elsewhere, China's ongoing internal migration follows a rural-to-urban direction (see Figure 1) with the major destinations being Beijing, Shanghai and Guangzhou, the three largest cities. This migration process is also shaped by both push and pull factors. What is different from other societies is that the current rural-urban migration demonstrates mainly temporary forms of mobility, which might be attributed to the *Hukou* system (household registration) in China.²

² For a detailed discussion of the *Hukou* system in China, see Mallee 1995, Tian Ya 1999, Bakken 1998, etc.

Figure 1: Main Direction of Internal Migration in China



Source: Newsweek, March 7, 1994

Thus, permanent migration in China is defined as a change of place with *Hukou* registration. Otherwise, migration is considered as temporary, regardless of the actual duration of stay and distance of movement. When we discuss the issue of population migration in China, an important identification should be kept in mind. Due to the existence of the *Hukou* system in China, there are two sorts of migration. One is migration with change of *Hukou* registration, and the other is migration without change of *Hukou* registration. The former refers to permanent migration, while the latter is considered temporary. Those who move to another place without changing their *Hukou* registration, or who do not have permanent household registration status in the cities in which they are staying, are the so-called “floating population.” This category includes temporary residents,

rural contract workers, short-term visitors, and people on business trips, etc. This paper focuses on the floating population of Shanghai.

Shanghai is situated on the mid-eastern coast of China, and is the largest and most advanced industrial and commercial city in the country. Its overall growth is due to a long period of migration. In the century before 1949, the total population increased 16 times, of which 80% were immigrants or descendants of immigrants. After liberation in 1949, and especially in the period of reform, great numbers of the floating population rushed to Shanghai. Currently, the permanent resident population of 13 million and the floating population of over 2 million comprise the total population of Shanghai.

The size of the temporary work force in Shanghai has increased dramatically in the past two decades. In the early 1980s, the issue of temporary workers started to attract public concern and academic research interests. The initial research included fieldwork done by the Institute of Population at Fudan University in 1982 and 1983 respectively. According to its conclusions, the estimated number of temporary workers in Shanghai was about 500,000 and 700,000 respectively.

Although this fieldwork provided rough estimates of the size of the temporary work force in Shanghai, the precise data did not become available until 1984 when the Shanghai Municipal People's Government conducted a project of the first sampling survey on floating population in the city. It was followed by five similar surveys conducted in 1985, 1986, 1988, 1993 and 1997. The main purpose of the surveys was to obtain the precise number of the total floating population in Shanghai. The results of the six surveys are reported in Table 1.

Table 1: Temporary migrants and local population in Shanghai, selected years 1983-97

Year	Temporary Migrants*			Local Population			Temp. migrants as proportion of local population (%)
	No. (10,000)	Average annual increase (10,000)	Average annual increase rate (%)	No. (10,000)	Average annual Increase (10,000)	Average annual increase rate (%)	
1983	50	-	-	1194.01	13.50	1.14	4.19
1984	70	20	40.00	1204.78	10.77	0.90	5.81
1985	134	64	91.43	1216.69	11.91	0.99	11.01
1986	165	31	23.13	1232.33	15.64	1.29	13.39
1988	141	-12	-7.27	1262.42	15.05	1.21	11.17
1993	281	28	14.79	1294.74	6.46	0.51	21.70
1997	276	-1.3	-0.46	1305.46	2.68	0.21	21.11

Notes: *including migrants from other areas and those circulating within the region of Shanghai Municipality.

Sources: W.D. Wang, (ed.), *Floating Population in Shanghai in the 1990s*, 1995, p. 31;

S.H. Zhang, (ed.), *The Floating Population in Shanghai: Present and Prospective*, 1998, p. 25;

Statistical Yearbook of Shanghai 1998, p. 34.

In addition to the above surveys, the Institute of Population and Development Studies (IPDS) at the Shanghai Academy of Social Sciences also conducted a Shanghai Floating Population Survey in 1995 with partial funding from the Ford Foundation. Unlike other surveys, this sampling survey collected more detailed information on temporary workers' occupations, income and expenditures, education level, and hours worked per week, etc. This survey, therefore, provides a relatively rich information base for researchers, and many studies have been carried out using this database (for examples, Wang and Zuo 1997, 1999; Wang and Shen 1999; Zhang, K. 1998a, 1998b, 1999; etc.).

The most recent data in the 1997 survey not only provides information on the number of migrants in Shanghai, but also gives the entire structure of this population group. Detailed information is depicted in Table 2.

Table 2: Characteristics of Temporary Migrants from Other Areas and Composition of Shanghai (1993, 1997)

	Estimated temporary migrants (1,000)		Percentage (%)	
	1993	1997	1993	1997
Total Migrants	2510	2370	100.0	100.0
Sex				
Male	1601	1491	63.8	62.9
Female	909	879	36.2	37.1
Age				
Below 15	254	244	10.1	10.3
15-59	2169	2026	86.4	85.5
60 and over	88	97	3.5	4.1
Education level				
College and higher	48	104	1.9	4.4
Senior high school	238	282	9.5	11.9
Junior high school	1205	1121	48.0	47.3
Primary school	660	488	26.3	20.6
Studying at schools in Shanghai	-	100	-	4.2
Illiterate or semi-illiterate	213	135	8.5	5.7
Pre-school aged children	146	137	5.8	5.8
Marital Status (above 15 years only)				
Never-married	772	605	34.2	28.5
Currently married to Shanghai resident	1454	278	64.4	13.1

Currently married to non-Shanghai resident		1200		56.5
Divorced	7	11	0.3	0.5
Widowed	25	28	1.1	1.3
Reason for migration				
Economic related	1872	1679	74.6	70.9
Education/training	18	78	0.7	3.3
Visiting relatives & friends/medical treatment/sightseeing	620	609	24.7	25.7
Employed sector (Economic related migrants only)				
State owned enterprise	397	318	21.2	18.9
Collective owned enterprise	154	223	8.2	13.3
Joint venture	67	143	3.6	8.5
Private enterprise	129	99	6.9	5.9
State organ and institution	90	20	4.8	1.2
Township or village enterprise	155	160	8.3	9.5
Individual business firm (self employed)	504	565	26.9	33.6
Resident home	-	40	-	2.4
Others	373	111	19.9	6.6
Length of staying in Shanghai				
Less than one month	429	256	17.1	10.8
1 month to 6 months	851	453	33.9	19.1
6 months to 1 year	505	462	20.1	19.5
1 year to 5 years	560	860	22.3	36.3
Over 5 years	166	337	6.6	14.2

Source: Author's calculation based on information from W. D. Wang 1995:178; 310; 395-414, and S. H. Zhang 1998:474-484. Sample size: 44,484 (1993) and 41,558 (1997).

From the data in Table 2, some observations need to be made to distinguish key concepts of this paper. (1) "Floating population" is a frequently used term by China's scholars, and its definition is as previously explained. The words, migrants and temporary migrants, are used as synonyms in this paper. The total number of temporary migrants from other areas reached 2.37 million in Shanghai in 1997. (2) The notion of migrant laborers is defined as temporary migrants with economic-related reasons for migrating to Shanghai. Another category of migrant could also be by working age, but it is being excluded from the category of migrant laborers because the study is not for the sole purpose of employment or the like. According to the 1997 survey, the number of migrant laborers was 1.68 million, accounting for 71% of total migrants in Shanghai. (3) The majority of migrants are considered as low skilled. Most if not all of them are from rural areas, and thus lack urban

and industrial experience. Moreover, their average education level is below that of Shanghai's residents. As many as 70% or more of migrants have less than secondary school education.

III. Legislation, Regulations and Practices Governing Movement of the Low-Skilled

The earliest government regulation was launched in the mid-1980s in response to the dramatic increase in the number of temporary workers that had begun at the onset of the decade. By 1998, over four dozen laws or regulations were enacted governing the movement of temporary workers. Some of the legislation was issued by the national government, while other regulations were carried out by local governments (Shanghai Municipal People's Government). These regulations covered major aspects of temporary movement, namely, *Hukou* administration, labor market administration, business and tax administration, house renting administration, health and family planning administration, and public security administration.

(1) Hukou administration

The Chinese dual-household registration system, which differentiates agricultural and non-agricultural registration status, has marked rural migrants with the permanent stamp of secondary citizenship (Yang 1993, Cheng and Selden 1994, Solinger 1999). Although the system has undergone some significant changes in the past decade, it has not lost its importance in the Chinese social and political configuration. To some extent, it has been reinforced by new conditions established in response to mass labor migration.

The economic boom of the late 1980s and early 1990s, resulting in rural surplus labor on the one side and an increasing demand by the urban economy for laborers on the other, initiated the mass rural-urban labor migration in China. As a consequence, the considerable size of the temporary labor movement challenged the old *Hukou* registration system because it fell under the administration of the department of public security.³ Thus, at the national

³ The major policy concern of temporary migrants focuses on the perspective of public security rather than other issues. This is partially attributed to the general assumption that migrants cause higher crime rates, and partially

level, the Ministry of Public Security launched a new regulation⁴ in July 1985, and at the municipal level, more regulations were formulated governing the increasing number of temporary migrants.⁵

All these new provisions regulate two types of temporary status of migrants. First, they stress that temporary migrants staying longer than three days should register their length of stay at cities and towns. Among them, those who are over 16 years of age and who wish to stay longer than three months should apply for the “*Zhan Zhu Zheng*” (temporary resident certificate). Secondly, those being engaged in business, construction work, transportation, catering and repairing, and similar work should register their non-native resident status if they stay longer than three days. Among them, those who are over 16 years of age and wish to stay longer than three months should apply for the “*Ji Zhu Zheng*” (non-native resident certificate).

Only the holders of proper certificates of residency are eligible to apply for a local business licence and open a bank account for business, to join the social insurance scheme, to withdraw remittances or send registered mail, to stay at hotels, to sell valuable personal belongings, etc. Not registering his/her stay, or not possessing one of the above certificates is considered as an illegal stay, which may cause administrative penalty or even criminal charges.

By the end of 1997, over 5 million certificates had been issued in Shanghai. The percentage of temporary workers holding a proper certificate of residency was only 68.51%, while about 22.66% did not have one at all. Of the remaining 8.83%, the share of registered and unregistered migrant workers was 2.67% and 6.17% respectively (Zhang, S.H. 1998:482). In other words, illegal migrants in Shanghai represented 28.83% of the total temporary work force.

to the existing *Hokou* registration system. Regarding rates of migrant criminal activity, see Table 3.

⁴ The new regulation is entitled “Interim Provisions on the Administration of Temporary Residents in Cities and Towns.” See W.D. Wang 1995:415.

⁵ These regulations include “*Interim Provisions on Administration of Migrants’ Temporary Residential Registration*” (1984), “*Interim Provisions of Shanghai Municipality on Controlling Population Mechanical Increase*” (1987), “*Provisions of Shanghai Municipality on the Administration of Temporary Residents*” (1988). Also see W.D. Wang 1995, pp. 345 and 417.

In addition to these resident certificates, non-agricultural *Hukou* registration was made available for certain rural population, but it was generally only applicable in small towns, not cities (Mallee 1995, Wang 1997). In more desirable places, such as medium and large cities, *Hukou* was generally not allowed for open sale. Under a few circumstances where it is possible to obtain an urban *Hukou* status in a large city, the price is often exorbitantly high. In Shanghai, for instance, a new regulation called *Interim Provisions of Shanghai Municipality on the Administration of "Blue-Seal" Residence Register* (W.D. Wang 1995: 428) was launched in 1993. The "blue-seal" *Hukou* is an official Shanghai household registration status for migrants, which may be conveyed on a Shanghai permanent resident household after five years.⁶ According to the regulation, the initial price tag for a "blue-seal" *Hukou* is US\$200,000 if one comes as a foreign investor, or 1 million RMB for a domestic investor (8.2781 RMB = US\$ 1.00 — November 5, 1999). Alternatively, a "blue-seal" *Hukou* can also be obtained by purchasing a commercial house over 80 square meters and over 400,000 RMB in total value in Shanghai⁷, or by being employed as a specialist by Shanghai employers. By the end of March 1997, only 2692 migrants had obtained the "blue-seal" *Hukou*. Among these were 1581 investors, accounting for 58.7% of total "blue-seal" *Hukou* holders. The specialists, commercial house purchasers, and others were 314, 438, and 359 persons, representing 11.7%, 16.3%, and 13.3% respectively (W.D. Wang 1995: 368).

Excepting for the highly skilled (specialist) category, obtaining a "blue-seal" *Hukou* is well beyond the reach of most, if not all, ordinary rural migrants, being equivalent to 150 times their annual income. Commercial housing prices have declined recently due to an oversupply and lack of demand, but even these reduced prices are still well above the reach of most migrants. Moreover, with no chance of sharing the existing free public housing and employment benefits, those who obtained, and in many cases purchased, urban *Hukou* soon realized that what they had paid for was largely a piece of paper. Having an urban *Hukou*

⁶ To some extent, the 'blue-seal' *Hukou* register resembles the landed immigrant status in Canada.

⁷ In 1998, the Municipal Bureau of Public Security issued *The Municipality's Decision to Amend the "Tentative Provisions on Administration of Temporary Residents in Shanghai"*. This resulted in more flexible policies for temporary residents. The double criterion of control set in the former regulations was amended to a single criterion, and the terms were softened. Meanwhile, the original provision that temporary residents of "blue-seal" *Hukou* status become permanent ones of the city within five years was also amended to three years (Shanghai Economy Yearbook, 1999:264-265).

alone is not going to be of much use. In order to live and work in cities and to have all the urban benefits of the current residents, one needs other resources as well.

(2) Labor market administration

The reinforcement of *Hukou* administration just provides the foundation for the overall governing of migrants. A more direct and explicit measure is the labor market intervention by urban governments, which basically favors urban residents over migrants. Urban governments in various parts of China have formulated and implemented explicit regulations to exclude migrants from certain jobs. These measures are used partly to give preference to laid-off urban workers due to reforms of state-owned enterprises.

Since the late 1980s, a series of regulations to this effect have been launched. In 1989, the State Council issued *Interim Provisions on Casual Laborers Used by State-Owned Enterprises* (W.D. Wang 1995: 440). It specifies that state-owned enterprises (SOE) should recruit casual laborers principally within urban areas. However, it also gives SOE the right to recruit casual laborers from rural areas when it is necessary. According to this regulation, these laborers should not be permitted to change their household registration status. Thus, this regulation is considered as an initiator in allowing rural laborers to work temporarily in SOE in urban areas. Undoubtedly, it creates more demand for temporary migrant laborers.

In 1994, the Ministry of Labor issued a more detailed regulation called the *Interim Provisions on the Administration of Cross-Province Mobile Employment of the Rural Labor Force* (W.D. Wang 1995: 454). According to this regulation, once urban enterprises obtain a permit from urban labor departments, they can go to other provinces to recruit rural laborers. Rural laborers must then apply for a Mobile Employment Registration Card before they leave. With this card, they can apply for a Mobile Employment Certificate at urban labor departments.

Obviously, the purpose of such regulations is to try to put the mobility of the rural labor force under the control of the governments. Nevertheless, many of the huge numbers of rural workers are too impatient to wait for such bureaucratic processes as obtaining cards or certificates, while others are reluctant to pay the required fees. What they have seen from

the regulations and practices is the great demand, chance and hope in urban areas, and many of them start their marches towards cities and towns without any of the necessary documents.

The massive number of rural job hunters who began arriving in cities and appearing on streets everywhere shocked urban governments. In response to this uncontrolled migration, city officials were eager to formulate a series of regulations⁸ to try to balance the pressures of mass migrant flows and urban unemployment. In Shanghai, the major points of regulations are as follows:

(A) Jobs are classified into three categories, A, B and C. Migrants are allowed to be recruited in category A jobs. Jobs in category B can be offered to migrants only under certain circumstances. Jobs in category C are closed to migrant laborers. Over two dozen industries or jobs are off-limits to migrants under this category. Some examples include: finance and insurance industries, front-desk clerks at star-rated hotels, taxi drivers, telephone exchange and elevator operators, kindergarten teachers, warehouse guards, and door security guards (Zhang 1995: 175). Similar policies were also formulated elsewhere, such as in the capital city of Beijing. According to a report from *Beijing Daily* (April 10, 1997), at the same time as certain professions were permitted to open to migrants, the Labor Bureau of one of its city districts also stipulated that at least 35 types of jobs would be closed to them.

(B) Whereas urban employers may save money by hiring cheap migrant laborers, they are required to pay a 50 RMB fee per month for using each migrant laborer, but not local resident, they hire. Moreover, half of all the collected fees, which eventually come out of migrant laborers' labor cost, are used as an unemployment fund, which is only available to urban workers (S.H. Zhang 1998: 435; 540).

In addition to these explicit policies, there are also other, less direct barriers. A significant proportion of urban residents still get some assistance from government institutions to enter the labor market (in Shanghai about 40 per cent of those who found jobs during the last ten years took advantage of this policy). These jobs are no doubt in occupations with higher pay and better benefits. Even for the increasingly large number of

⁸ In Shanghai, these regulations include the *Notice for the Administration of Labor, Household Registration, and Grain Supply of the Labor Force from Other Areas Used by Shanghai Enterprises* (1989), and *Regulations of Shanghai Municipality on the Administration of Enterprises Using and Recruiting the Labor Force from Other Areas* (1993), see W.D.Wang 1995, pp. 443 and 446, and S.H. Zhang, 1998, p. 532.

urban residents who rely on friends or relatives to find a job (this now accounts for over a third of urban residents in Shanghai), their advantage over rural migrants in getting better jobs will not diminish. This is so not only because urban job seekers are better educated, but also because they are better “situated” within the urban social and cultural contexts. Urban youth do not look like “country bumpkins” and more importantly, the social networks they rely on to get jobs are distinctively different from those of rural migrants.

(3) Business and tax administration

The other important phenomenon in China’s economy is the rapid emergence of private business and individual business (self-employment). In order to promote and govern development of private businesses, the State Council issued *Interim Regulations on the Administration of City and Country Private and Individual Industrial and Trading Businesses* in 1987 (W.D. Wang 1995: 460).⁹ According to this regulation, urban unemployed and rural laborers may apply to operate a private industrial and trading business. During the registration process, they can obtain a private business licence and become individual industrial and trading business households.

The private industrial and trading business households are allowed to engage in industries such as, handicrafts, construction, transportation, commerce, the catering trade, services, repairs, and other industries. An individual or a household can operate private industries and trading businesses. The private business is allowed to hire one to two helpers or three to five apprentices, depending on the scale of business.

This type of regulation plays a dual role regarding labor employment. On the one hand, it provides an important channel for the urban unemployed to be self-employed, and releases the pressure of unemployment on urban governments. On the other hand, it allows rural laborers to leave the land and work in non-agricultural sectors. Moreover, it changes the situation whereby rural laborers only work as employees.

⁹ Other regulations include *Procedures on the Administration of City and Country Private and Individual Industrial and Trading Business* (1987) issued by the National Industry and Commercial Administration Bureau; *Procedures on the Administration of City and Country Open Markets* (1983) issued by the State Council; *Interim Provisions of Shanghai Municipality on Banning Non-licenced Businesses and Illegal Trading Markets* (1989); and *Provisions of Shanghai Municipality on Outsider Investment Enterprises* (1988) issued by the Shanghai Municipal Government, see W.D. Wang 1995, pp. 465, 479 and 481.

Taxes as well as fees concerning migrants are some of the more complicated issues. Not only the migrants, but also their employers and landlords are subjected to all kinds of taxes or fees. Every migrant laborer must pay 15 RMB a month as an administration and services fee for their stay in Shanghai. Another 20 RMB is paid for an employment certificate, and 60 RMB per person is required for each health check. Applying for a business licence costs 100-200 RMB. The price for a certificate of family planning is 500 RMB in some places. The rent for a booth at trading markets varies from 400 to 3,500 RMB a month. Employers are responsible for 50 RMB a month per migrant laborer for the employment administration fee, and raising unemployment funds for the urban unemployed or laid-off workers. Landlords are subject to the taxation and administration fees for renting out their houses or rooms (S.H. Zhang 1998: 435-436). All these fees and taxes are, in turn, coming out of migrants' wallets and are part of the cost of living and working in Shanghai.

(4) House-renting administration

With the increasing number of temporary workers moving to cities, the demand for rental housing is expanding dramatically. As with the case of job markets, so, too, has the cities' rental housing market two separate segments stemming from existing regulations. One is the "closed" market, which is only accessible to city residents. More restrictedly, city residents who work in state and collective-owned sectors have the privilege of enjoying the benefits of this market. The basic features are state or public ownership, low and government-regulated rent allocated by city employers, and permanent tenancy, which can be inherited. Houses in this market, theoretically, cannot be sublet. Obviously, city resident status is the passport to this market.

The other rental housing market is the "open" market, which is accessible to outsiders. The major significance of this market includes private ownership, relatively higher and market-regulated rent, contract-based renting, etc. Before the emergence of the commercial housing market in cities, private houses were usually old homes in poor condition and in remote locations. This was the only affordable market for most migrant workers. Recently, the development of the commercial housing market has created more and more private homeowners, the majority of whom are members of the city's wealthy population group. Their houses are either large, or well decorated, or in advantageous

locations; and while they are legally allowed to rent them, the rent is over most migrant workers' heads. Therefore, the majority of migrant workers still stay in the older houses.

In 1987, the Shanghai Municipal People's Government issued *Interim Procedures of Shanghai Municipality on the Administration of Renting Private Houses* (W.D. Wang 1995:490).¹⁰ These regulations stressed that only privately owned houses could be rented out. Landlords who wished to rent out their houses or rooms would have to apply for a certificate and licence from local departments of public security, and the documents had to be prominently displayed in the houses or rooms. The landlords would have the responsibility of registering every tenant and report the information to the local department of public security, who would keep the records for reference if necessary.

In addition to the administration of the certificate, licence, registration and records, the regulations also requested that an agreement be signed between landlord and tenant, and landlord and department of public security to ensure the rights and responsibilities of each participant. The outsider tenants would register and apply for the temporary and/or non-native resident certificate. Landlords would supervise and urge the tenants to register the certificates, and could not rent out their houses or rooms to those outsiders without certificates. Landlords would report to the department of public security no later than the second day after new rental agreements were signed.

Apart from the "closed" and "open" market, there is also, in reality, an "illegal" housing market, which has been created by the migrants themselves. Due to the barriers of access to the "closed" rental housing market and the troublesome process of renting houses or rooms on the "open" market, some migrants have attempted to build their own sheds in empty lots, like urban slums in many developing countries. These shelters, with a concentration of migrants, and crude and terrible living conditions, grew into "villages" such as Zhejiang Cun (village of migrants from Zhejiang province), Xinjiang Cun (village of

¹⁰ Other regulations are *Procedures of Shanghai Municipality on Public Security Control of Renting Houses by Floating Population from Other Areas* (1994) issued by the Ministry of Public Security; *Provision of Shanghai Municipality on Public Security Administration of Renting Private Houses* (1989) issued by the Shanghai Municipal Bureau of Public Security, see W.D. Wang 1995, pp. 494 and 497.

migrants from Xinjiang Uygur Autonomous Region), and Wengzhou Cun (village of migrants from Wengzhou) in Beijing¹¹.

This type of housing is now severely restricted in Shanghai and other large cities. Not only is it below standard living conditions, but it also provides no long-term stability as local authorities may destroy it at any time. Between 1994 and 1998 in Shanghai, for example, about 527 of the sheds were rectified and reorganized by local authorities. The sheds included 21,796 rooms in which 700,000 migrants once lived. The largest of these had over 100 mat sheds, in which 600 migrants were living together (S.H. Zhang 1998: 371).

(5) Health and family planning administration

Public health, preventing epidemics, and family planning are the principal concern of city governments in China. In Shanghai, for instance, the municipal government has issued approximately 10 regulations in the past two decades.¹² According to the regulations, migrants should have their health checked within three months of arrival in Shanghai. Local hospitals take the responsibility for checking the health of migrants and stamp the migrants' temporary (non-native) resident certificates of those who pass the examination. When migrants wish to apply for the "blue-seal" *Hukou*, mobile employment certificate, or business licence, they show their stamped health-check resident certificates to the authorities. In other words, the health check is the precondition for migrants to obtain a semi-permanent resident household registration, or business licence. This stamped resident certificate is also necessary in applying for a job at urban job markets, renting a room and other circumstances.

In addition to the health check and prevention of an epidemic, the family planning of migrants is another important issue. According to the regulations, the floating population should obey the family planning rules of their home towns. Their hometown's birth quota is

¹¹ For references to such villages, see C.G. Wang 1995; and B. Bakken 1998.

¹² Some examples of the regulations are *Interim Provisions of Shanghai Municipality of Floating Population's Health and Preventing an Epidemic* (1994) issued by Shanghai Municipal People's Government; *Procedures of Shanghai Municipality on the Health Check of the Labor Force from Other Areas* (1994) issued by the Shanghai Municipal Bureau of Public Health; *Interim Provisions of Shanghai Municipality on the Administration of Family Planning of the Floating Population* (1994) issued by Shanghai Municipal People's Government; and *Procedures of Shanghai Municipality on Family Planning of the Floating Population from Other Areas* (1991) issued by the National Family Planning Commission, see W.D. Wang 1995, pp. 509-537; and S.H. Zhang 1998, pp. 536-542.

also applicable at their destination city. Any birth without a planned birth quota certificate is prohibited in cities, such as Shanghai, for instance. Migrants are required to bring their family planning certificates during their stay in Shanghai. Within three months of their arrival, migrant women of child-bearing age should have their temporary (non-native) resident certificates stamped by the local governments, and provide their ID and hometown's family planning certificate to indicate that they are qualified in family planning practice. This stamp should be renewed every year.

This stamped certificate is also necessary for migrant women when they apply for a business licence or mobile employment certificate. A fine of 100–1,000 RMB is levied for disobeying these regulations.

(6) Public security administration

The public security administration plays its role of control through the household registration system. However, the increasing growth and frequency of population migration challenges the existing regime. The migrant population has often been blamed for rising crime in the country. According to statistics provided by the Ministry of Public Security, China's crime rate has increased 6 percent annually during the past ten years. Serious crimes have increased as much as 18 percent annually. Statistics recently released by Chinese authorities reveal that the country had 649,000 crimes carried out by migrants in 1995, a 14 percent increase over 1994. In Shanghai, Beijing and Tianjin, migrants committed 50 percent of the crimes, and in Guangzhou and Shenzhen, over 80 percent (cited in Bakken 1998:51-52; also see Table 3).

Table 3: Crime Records of Migrants in Shanghai (1990-1994)

Year	Total crime (person)	Total migrant crime (person)	% of migrant crime as total
1990	20,065	6,690	33.3
1991	20,152	7,812	38.6
1992	13,145	5,748	43.7
1993	18,971	10,159	53.6
1994	21,542	12,349	57.3
1998*	13,000	8,200	63.1

Notes: *From January to July.

Source: W.D. Wang, 1995: 348; S.H. Zhang, 1998: 372.

In response to the rise in crime, government regulations were established with the aim of keeping control over mass migration. Apart from the previously mentioned administrative regulations, new procedures in public security endowed governmental departments with the power to handle matters concerning migrants. In Shanghai, for instance, *Regulations of Shanghai Municipality on the Administration of Taking in and Deporting Floating Population from Other Areas* was approved in 1991 by the Standing Member Committee of the People's Congress of Shanghai Municipality. According to this regulation, the following people should be taken to *Shou Rong Suo* - special sites: (a) beggars¹³ (b) the homeless¹⁴ (c) those who have no regular place to stay and no proper source of income,¹⁵ and (d) others roaming the streets. After being taken to the special sites, they should be deported to their original hometowns within seven days, one month or three months depending on the distance from Shanghai. All the costs of taking in and deporting them should be paid by the migrants concerned or by their legal guardians.

The public security administration also serves as a core and base for the organizational structure of migrant administration in the cities. It is believed that the enhancement of migrant administration is an important aspect for maintaining public security and social stability. Hence, the principle of migrant administration is "to be led by governments, dominated by the department of public security and labor, participated in by all departments concerned, and be a comprehensive administration" (S.H. Zhang 1998: 523). Actually, household registration is under the authority of the public security bureau or its branches, who issue temporary (non-native) resident certificates. It also controls the rental housing market. Therefore, the Shanghai Coordinating Office of Migrant Administration established in 1993 is affiliated with the Shanghai Municipal Bureau of Public Security. The

¹³ Beggars are those who beg at railway stations, harbors, streets, and other public places, including those who pretend to be monks raising funds and wandering from town to town performing acrobatics, etc.

¹⁴ The homeless are those who have no relatives to rely on, no sources and places for living, who sleep on the streets and in other public places. This group includes migrant workers not having found jobs or places to live.

¹⁵ This refers to those who have no temporary (non-native) resident certificates, and who are engaged in business, working in health clinics, picking up garbage, and purchasing second hand goods without any licences or are engaged in illegal businesses.

major tasks of the office are: (a) to be in charge of daily routine work concerning migrants in Shanghai; (b) to coordinate relationships between major departments such as public security, civil affairs, and labor; (c) to establish duties for each district and county; (d) to implement the instructions of the municipal government concerning migrants; (e) to probe and report the immediate situation of migrants in Shanghai to the municipal government, and submit proper advice as well; (f) other duties concerning migrants in Shanghai (W.D. Wang 1995: 366).

IV. Benefits and Problems Associated with the Movement of Low-Skilled Workers

The benefits and problems associated with the movement of labor migrants from rural to urban areas continue to be points of debate as they can be evaluated from economical, sociological, political and other perspectives. Although the issue can be seen from different standpoints, some consensus has been reached, as is reflected in the following discussion.

Benefits:

Many studies suggest that migration of rural low-skilled workers provides the following benefits.

(1) It furnishes necessary labor, especially cheap labor working in the dirty, heavy and dangerous jobs of urban development.

(2) It stimulates development of urban consumer businesses and increases urban GDP and incomes.

(3) It provides services for urban residents and contributes to the development of the urban tertiary sector.

(4) It strengthens cultural exchanges between rural and urban areas.

(5) It releases the pressures on rural employment, and provides conditions for the improvement of technological applications in the agricultural sector.

(6) It increases rural income via migrants' remittances.

(7) It accelerates changes in rural traditional ideology, and advances knowledge and technology.

(8) It trains migrant workers as human capital for rural development when they return to their home towns (Duan 1999:50).

This paper gives emphasis to the following aspects:

(1) Provides cheap labor for urban economies

The rapid economic expansion in urban areas requires considerable numbers of workers, especially cheap laborers, and for large construction projects in particular. Shanghai, for example, completed more municipal works in the past five years than it did in the previous four decades. The city has witnessed the rise of over 1,000 skyscrapers due to the real estate boom of the past few years. Two bridges and a new tunnel were recently completed across the Huangpu River to link the west side of the city to the east side (Pudong). Asia's highest television tower (the Oriental Pearl TV Tower) and largest department store (Yaohan, a 21-storey, 144,000 square meter complex built by a Sino-Japanese joint venture) stands on the east side of the Huangpu River. In 1995, Shanghai completed its first subway line and first overpass highway circling the city. Its second subway line and sky train line are under construction and will be completed in a few years. Its highway ring outside the city has partially opened to the public. A new international airport in Pudong opened to the public a few months ago. Total investment in the city's major projects reached 48.5 billion RMB in 1998 (SSB, 1999: 79). Needless to say, migrants are the main source of the workforce for these projects. In Pudong, for example, about 4,000 new construction projects were started in 1994 and more than three-quarters of the construction workers were migrants from other provinces (cited in Bakken 1998: 32-34).

Second, urban employers, especially those engaged in private enterprise and foreign joint ventures, have sought to hire cheap laborers. Private enterprises have been growing rapidly in the 1990s, increasing from 17,214 in 1994 to 94,705 in 1998. Within the same period, its employees increased from 180,044 to 751,390 (SSB, 1995: 39; 1999: 361). Foreign companies and joint ventures have also employed a large number of migrant workers. Table 2 shows that migrant laborers employed by joint ventures, private enterprise, and individual business firms reached 0.81 million, accounting for 48% of the total migrant work force in Shanghai.

Although the difference in numerical labor costs between migrant labor and the local urban labor force is only about 33% less (see Table 4), the real cost of migrant labor makes up only 58% of that of urban laborers, taking other urban residents' benefits into account (Wang and Zuo 1997). The urban residents' benefits — the so-called “rent of job privilege”— stems from the different institutional arrangements between urban and rural residents, with the latter becoming migrant laborers if they move to cities. The 58% lower cost of migrant labor is a great advantage for urban employers who use them rather than urban laborers.

Table 4: Comparison of Income and Benefits Between Migrants and Local Residents in Shanghai, 1995

Item	Migrants	Local Residents
Hours Worked Per Week	55	42
Average Monthly Income (Yuan)	560	835
Other Income per Month	NA	125
Income in Kind (exclude housing)		13
Mean Length at Current Job (months)	25	200
% Covered by Health Insurance	14	79
% Covered by Pension Programs	10	91
% Having Contract With Employers	36	60

Source: Wang and Zuo, 1997:14.

(2) Increased urban consumption

In the years of planned economies, the great number of migrants moving to cities exerted enormous pressure on urban infrastructure, food and goods supply, and employment. With the transition from a planned economy to the market economy in the early 1990s, however, deficiencies became a thing of the past. In fact, such pressures gave birth to a large market for the urban economy. The increasing number of migrants generated huge demands for the rental housing market, food, and daily necessities. Assuming 5 square meters per capita as minimum living space, and 100 RMB a month per capita as the average rent, the 2.37 million migrants created a demand for 11.85 million square meters in rental space, and

generated a total annual rent of 2.844 billion RMB for Shanghai's landlords. Consumption of basic goods by migrants in 1997 is illustrated in Table 5.

Table 5: Consumption of Basic Goods by Shanghai's Floating Population in 1997

Items	Daily Consumption Per Capita	Daily Total Consumption (Demand)
Grain	1 kg	1,185 tons
Meat	0.14 kg	331.8 tons
Water	300 L	711,000 tons
Electricity	0.3 w/h	711 kw/h
Coal	0.75 kg	1,777.5 tons
Rent	5 sq. m.	11.85 million sq. m.

Source: K. Zhang, 1999

From the perspective of expenditure value, a migrant's average monthly expenses per capita are 284 RMB. In other words, migrants spend a total of 8.08 billion RMB a year in Shanghai's market (Zhang 1999). Zhang's study also suggests that 43% of migrant income is used for consumption (average potential consumption rate is 0.43); 0.336 RMB is spent on consumption for every 1 RMB increase in their income (average marginal potential consumption equals 0.336); and every 1% change in their income results in a 0.789% change in their expenditures (average income-expenditure coefficient is 0.789).

(3) Income improvement of migrants

A major expectation among rural migrants is higher income at their urban destination. A comparison of migrants' incomes before and after migration clearly suggests that this expectation is borne out. Table 6 shows migrants' current monthly income and income before moving, by length of stay in Shanghai. Overall, migrants are making more than three times their income before moving to Shanghai. Even for those newly arrived, their income is more than twice their income at home. As we can see by Table 6, the difference in income is substantial.

Table 6: Difference in income after migrating among Shanghai rural migrants, by length of stay

(Unit: RMB/month)

Length of stay in Shanghai	Current Income			Income before moving			Difference	% of Current Income as Before
	Mean	Std Dev	Cases	Mean	Std Dev	Cases		
For Entire Sample	552	367	3,598	166	261	4,089	386	333%
0 to 6 months	527	293	26.4%	232	299	25.7%	295	227%
7 to 12 months	525	328	14.9%	149	217	14.4%	376	353%
1 to 1.5 years	560	399	11.3%	143	183	11.5%	417	391%
1.5 to 2 years	548	355	9.0%	153	219	9.5%	395	358%
2 to 3 years	576	462	12.4%	126	158	12.8%	450	458%
3 to 5 years	572	361	13.9%	148	377	13.8%	424	387%
5 years or longer	586	428	12.1%	139	210	12.3%	447	420%

Source: Wang and Zuo 1997:8.

Migrants' incomes are significantly determined by their demographic and economic characteristics, among which their education level is the most important factor. A regression analysis is reported in Table 7.

Table 7: Regression of Migrant Laborers' Income (1997)

Variables	β	T	Significance level of T
Age:			
31-54	0.018163	2.282	0.0225
over 55	-0.07939	-3.593	0.0003
Gender:			
Male	0.162578	20.763	0.0000
Marriage Status:			
Unmarried	-0.07735	-9.276	0.0000
Education Level:			
Primary School	0.100513	5.763	0.0000
Junior Middle School	0.218213	12.864	0.0000
Senior Middle School	0.369954	19.72	0.0000
Post Secondary	0.860395	35.397	0.0000

Length of Stay in Shanghai:

1-5 years	0.04999	6.928	0.0000
5-10 years	0.106686	8.370	0.0000
over 10 years	0.104534	5.888	0.0000

Occupation:

Construction Laborer	0.256509	21.903	0.0000
Industry Laborer	0.033334	2.633	0.0085
Transportation Laborer	0.253538	14.331	0.000
Handicraft	0.012103	0.850*	0.3952
Farmer	-0.06706	-3.12	0.0018
Trading Businessman	0.195442	16.165	0.0000
Catering Trade Sever	0.049584	3.061	0.0022
House Keeper	-0.07086	-2.894	0.0038
Vender	-0.08154	-5.213	0.0000
Investors	0.846471	14.758	0.0000
Second Hand Goods Purchaser	-0.07294	-1.639*	0.1012
Garbage Picker	-0.63216	-6.047	0.0000
Constant	5.940533	302.597	0.0000
R	0.4938		

Notes: *Not significant at 1% level.

Source: S.H. Zhang, 1998:216-218.

Problems:

The benefits associated with rural laborer migration are not always directly obvious to, or are ignored by, many urban residents; but the problems are more visible because migrant groups are accused of being the source of a range of problems, some of which were highlighted earlier (see W.D. Wang 1995:347-352; Bakken 1998; Duan 1999, etc.).¹⁶ This paper stresses the issues reflecting the problems associated with temporary labor migration, as follows:

¹⁶ Other research on this issue includes, "The collected works of the First National Forum on issues concerning women migrant workers' rights and interests" (1999).

(1) Discrimination of income

Unequal treatment in employment between migrant laborer and urban labor is regulated by government regulations, as previously mentioned. Income differential is also an important indicator of urban discrimination.

Whereas rural migrants do earn a much better income compared with what they earned at home, their income level is still substantially lower than that of local residents. As was shown in Table 4, while working, on average, 13 more hours per week than urban employees, rural migrants receive a mean monthly income of only two-thirds that of urban employees. If other income and income in kind for urban residents is included, urban employees receive, on average, 73 percent more than a migrant laborer; or, in other words, a migrant laborer receives an income of 58 percent less than an urban worker.

Such income differential does not include the most important subsidy for urban residents, namely housing. Most rural migrants live in cramped, temporary, and low-quality housing. Of the 4,448 households surveyed, nearly half (48 percent) rent housing space, about a quarter (26 percent) live in dormitories, and over a fifth (21 percent) live in shelters on the work site. Among the 2,282 migrant households who either rent or own a housing unit, only 18 percent have their own kitchen and only 11 percent have their own toilet. For local households, the numbers are 73 percent and 60 percent.¹⁷

Rural migrant laborers also receive few other social benefits when compared with urban residents. Again as seen in Table 4, only 14 percent of rural migrant laborers in Shanghai have health insurance and only 10 percent have any pension program, compared with 79 percent and 91 percent, respectively, of local employees. Among the more recent migrant workers — those who have been in Shanghai for 10 years or less — only 4 percent reported having old age pension and only 10 percent had health insurance. These meager benefits illustrate the marginal status of rural migrants. They are clearly a different species of worker in urban China.

There is also income diversity between males and females. Wang and Shen (1999) find that female migrant laborers earn only 70 percent of the income of male migrants, and

¹⁷ The numbers for local households are based on a sample survey of Shanghai households conducted by the

only 66 per cent of urban female workers' income, relying on nominal income alone. Even after controlling for factors such as age, length of work per week, educational and occupational background, female migrant laborers still earn about 18 percent less than female urban laborers, and 25 per cent less than male migrant laborers.

(2) Education of migrants' children

The surveys show that more and more of the floating population have brought their children with them to Shanghai. This raises the issue of schooling. Due to the restrictions of *Hukou* registration, non-Shanghai residents have to pay extra fees for enrolling their children in a local school, apart from the normal tuition fees and charges. Generally speaking, the extra payment is about 1,200 yuan per student a term, or 200 yuan per student a month (IPDS, 1998). The total charge is a burden for many migrant families. As a result, many children of migrant families are not able to enroll in local schools, which can be a major disappointment for parents. Being influenced by the Chinese traditional thought of *Wangzhi Chenglong* (expect children to be dragons), migrants' aspirations for their child(ren)'s education are extremely strong, as shown in Table 8.

Table 8: Comparison of Income-demand Coefficient Between Shanghai's Resident and Floating Populations

Category	Shanghai's Residents ^a	Shanghai's Floating Population ^b
1. Food	0.4123	1.0840
2. Clothing	1.1305	1.0025
3. Family equipment and services	1.9178	-
4. Health and medical care	0.5590	-
5. Transportation & telecommunication	-	1.6478
6. Entertainment, education, cultural services	1.2153	0.4926
7. Housing	0.9714	1.1791
8. Miscellaneous goods and services	1.7383	-
9. Child(ren)'s education	-	2.3923

Source: (a) M. L.Li 1997:122

(b) Author's calculation based on the sampling survey conducted by IPDS, Shanghai Academy of Social Sciences, 1995.

Strong aspirations for children's education on the one hand, and limitation of extra payment for enrolling in a local school on the other, created a gap between supply and sufficient demand. To fill the gap, an affordable supply has been provided by the migrants themselves. Some of them established spontaneous private schools, so-called *Liudong Renkou Zidi Xuexiao* (Schools for migrants' young generation). Teachers are also migrants with relatively higher education levels, and some are local retired teachers. All students are children of the floating population. This kind of school has become widespread in Shanghai. In some household committees or townships, there are 7-8 such schools in a community. The scale of school varies from 30-40 students up to 300-400 students (IPDS 1998).

It is regrettable that existing legislation and regulations currently forbid this kind of school. The main reasons are poor conditions, for instance, the school building may be a former pig shed, or there may be a lack of clean water and other facilities; and informal structure, for instance, outdated textbooks, lack of operating capital, insufficient teachers, and so forth (IPDS 1998).

V. Concluding Remarks

China's reforms have opened the gates of cities to the hundreds of millions of rural Chinese who had been kept outside the city walls for decades. It is clear that rural migrants are a major labor supply for the urban economy. In Shanghai, and in other urban areas as well, the extraordinarily low fertility of the past two decades and the booming economy will no doubt imply a continued shortage of labor supply and a continued need for rural migrants. Urban labor demand opens up both new economic and social mobility opportunities for rural Chinese.

In spite of the increased freedom to move and a clear presence of rural migrants in Chinese cities, the dual nature of Chinese society (namely urban and rural sectors operating under different economic systems and enjoying different social and economic benefits) so far has not been clearly reconfigured. The migration streams, while occurring on a massive scale, have so far not resulted in a clear direction of economic and especially social

integration between urban and rural areas and between urban and rural Chinese. Instead, a new dual system is being formed within urban China under the shadow of the traditional urban-rural dual system. The new dual system is clearly reinforced by governmental legislation and regulations, some of which have been established as a response to the occurrence of massive migration. The differences between urban and rural residents within the new dual system is summarized in Table 9.

Table 9: Summary of Distinguishing between Urban Residents and Migrants in Cities

	Urban Residents	Migrants
Household Registration	Permanent urban resident.	Temporary (nonnative) resident; costly 'blue-seal' <i>hukou</i> .
Labor Market	Protected job privilege; (re)entry assistance from government and local social network; more benefits associated with employment.	Employment permit (registration card and certificate); being excluded from some categories of jobs; lower paid and no other benefits.
Business and Tax	No taxes and fees are charge for resident, employment.	Taxes and fees for resident; for employment permit; for business license; for health-check; for family planning certificate; for renting a market booth and a room to stay.
House Renting	Access to 'closed' house-renting market; many house owners become landlords.	Being excluded from 'closed' market; concentrated in 'open' and 'illegal' market;
Health and Family Planning	Health-check and family planning certificate is not required.	Required having health-check; bring family planning certificate; and be renewed every year.
Public Security	Under regular control.	Being taken in and deported under circumstances

Under the new dual system in urban China, Chinese rural migrants, such as the ones in Shanghai, continuously become the urban second-class. They are driven to cities as a result of economic desperation. Once in the cities, their stratified *Hukou* status is by no means changed, and employment is quickly segregated into special industries and occupations, normally not wanted by urban residents. The income of migrants, while a significant improvement over what they earned in their hometowns, has maintained its distance far behind that of urban resident employees. Moreover, literally none of the urban welfare benefits have been made available to rural migrants. Most rural migrants do not have access to normal housing. Subsidized urban housing is beyond their social rights and commercial housing is beyond their economic reach. The same is true for child care and children's education, and for hospital care. They would either be denied or would have to pay the exorbitant fees because of their "outsider" status.

The chances for rural migrants to assimilate in urban China are therefore rather grim. In this sense, the term used by Chinese media for migrants — "floating population" — captures the nature of the migration process both accurately and vividly. Migrants float on the surface of Chinese urban society, but do not settle in. Consequently, while rural migrants and urban residents need each other and interact with each other both economically and socially, they are still living in two different worlds.

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