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The Effect of Rural Factors on Migrant Integration in China

A dissertation submitted in partial satisfaction of the requirements for the degree of
Doctor of Philosophy

in

Political Science

by

Adam Tyner

Committee in Charge:

Professor Susan Shirk, Chair
Professor Claire Adida
Professor Stephan Haggard
Professor Edmund Malesky
Professor Barry Naughton

2014

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Chair

University of California, San Diego

2014

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A version of Chapter Four is being prepared for publication as: Tyner, Adam, and Ren, Yuan, "Rural Factors, the Hukou System, and Migrant Integration in China." The dissertation author was the primary investigator and author of this paper.

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ABSTRACT OF THE DISSERTATION

The Effect of Rural Factors on Migrant Integration in China

by

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Doctor of Philosophy in Political Science

University of California, San Diego, 2014

Professor Susan Shirk, Chair

This dissertation examines the integration of rural-to-urban migrant workers in the People's Republic of China through the lens of rural factors. Although there is a commonly held belief that migrants' marginalization in the cities is a result of urban policies which exclude them from urban society in general and urban public services specifically, the dissertation argues that rural factors such as land rights play a role in migrants' marginalization by perpetuating incentives for migrants to maintain contact with the rural areas. Based on thirteen months of fieldwork in China, the dissertation uses survey data and interviews with migrant workers, rural workers, government officials, and other experts to support the argument that rural factors influence migrant integration in China. The dissertation goes on to argue that the effects of rural factors in conjunction

with policy variation across cities has important consequences for recent policy proposals regarding urbanization. Finally, the dissertation explores the question of citizenship in the Chinese context, arguing that while rural policies have consequences for the prospects for active citizenship in urban areas, new technologies offer important new ways for marginalized people to engage their communities.

Chapter One: Introduction: The “Floating Population” and Migrant Integration

Since the beginning of urban economic reforms in the 1980's, the urbanization rate of the People's Republic of China has risen from under 20 percent to more than fifty percent, with more than 250 million people becoming primarily urban residents. They are “primarily urban,” as opposed to simply “urban,” because the large majority of these people still carry rural household registration, or rural *hukou*, and some of them still split their time and labor between rural and urban areas. While the discussions of these migrants in the media and among scholars have focused on their exclusion from urban life through the registration system, there are reasons to believe that this story is not one of simple exclusion from urban life, but rather a more complicated one in which migrants have greater agency and in which other institutions, such as China's rural land institutions, play a role. In particular, this dissertation argues that China's rural land system plays a role in migrants' marginalization and that this process affects both China's urbanization model and the development of citizenship.

The household registration system, which identifies Chinese citizens by their place of origin and their traditional economic function, has long been identified as the most important source of migrants' marginalization in urban areas. The seminal academic literature on these questions, such as Solinger's (1999) *Contesting Citizenship in Urban China: Peasant Migrants, the State, and the Logic of the Market* characterized China's migrants as a “floating population,” (*liudong renkou*) so named because they were thought to be “floating” around the country and between village and city. The floating population was considered to be a rootless and marginalized population both because of the normal difficulties for poor migrants in developing countries and because they were

denied institutional recognition and public services in the areas to which they migrated as a result of the registration system. For this era of scholarship, the “urban public goods regime¹,” was the set of goods to which urban citizens (*shimin*) were entitled, but from which migrants were excluded (Solinger 1999; Davin 1999; West and Zhao 2000; Wang 2004). This meant migrants received poorer quality or lower levels of health care, education, social insurance, and the other public services which constituted the urban public goods regime. This institutional exclusion of hundreds of millions of Chinese citizens is an important feature of China’s development model. By allowing farmers to move off the land and take low-wage jobs in the city while excluding them from the cities’ superior public services, rural people’s welfare was improved without threatening the “urban public goods regime” cherished by established urbanites, and these locally initiated, piecemeal reforms are typical of China’s model of economic reform (Lau et al. 2000).

As migrants have moved from rural to urban areas in search of a better life, they have forged new linguistic communities, transferred skills across regions, and created new ways of conceptualizing social relations in contemporary China. By the end of the 1990’s, China’s migrant population had swelled to nearly one hundred million people, a population larger than that of any but a handful of countries and a population that it was believed could not be denied fundamental citizenship rights in perpetuity. This literature

¹ This is Solinger’s (1999) term. According to economists’ use of the term “public goods,” it is imprecise because such goods are by definition non-excludable, and Solinger’s point is that migrants are often excluded from these goods. Normally I will use other terms such as “public services” to clarify that I am not referring to pure public goods, but any use of Solinger’s term will follow her usage.

emphasized these two salient qualities of the floating population: 1) The floating population was massive, probably exceeding 100 million, and 2) They were denied the rights of those holding urban *hukou*: they could not use local health care facilities, send their children to local schools, or enroll in local social insurance schemes.

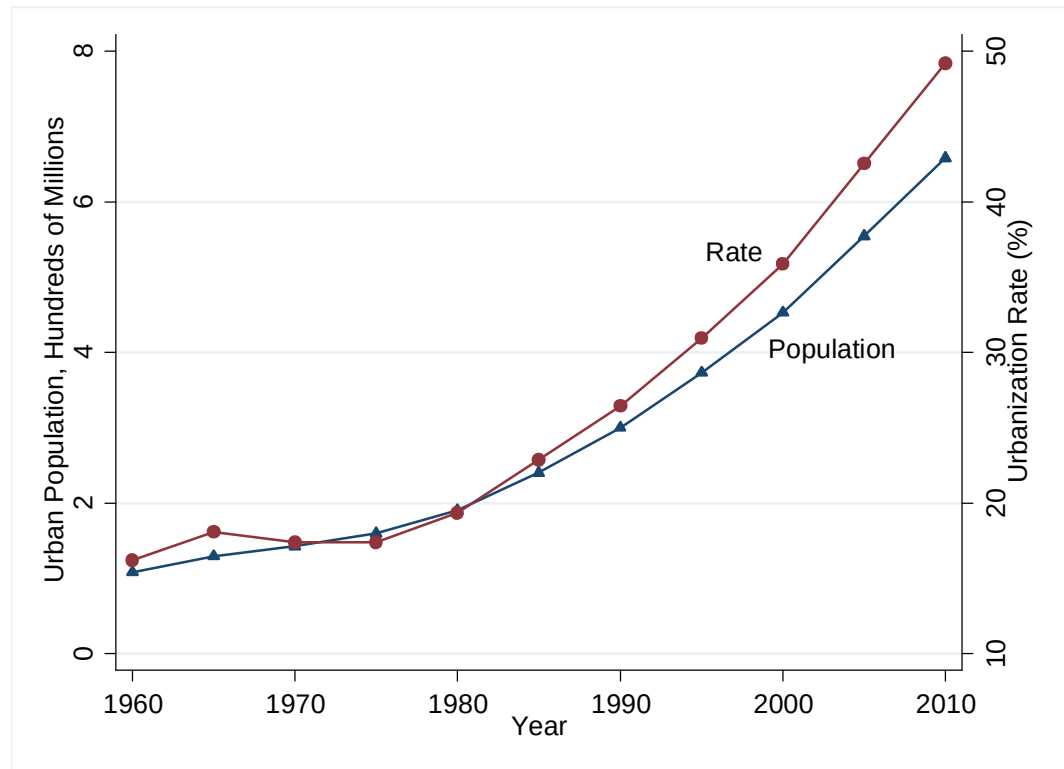


Figure 1.1: Urbanization and urban population in the People's Republic of China. Source: World Bank Development indicators.

This hostile attitude towards the household registration system has not been confined to the ivory tower. Antipathy towards the system is the norm among most people in China, including many of the urban citizens who are thought to benefit from it. In an unprecedented act of protest, in March 2010, thirteen Chinese newspapers published a joint editorial condemning the household registration system and urging

China's leaders to abolish it. The editorial begins, "China has long tasted the bitterness of the household registration system," and it goes on to blame the system for perpetuating institutional inequality, harming the interests of migrant children, and fostering corruption ("The Editorial" 2010). The discussions of the household registration system on social media in China are even more scathing. In May 2014 on Sina Weibo, a Chinese social network platform similar to Twitter, a trending topic concerning the registration system was the sarcastic rhetorical question "America doesn't have a household registration system, so why isn't there chaos?" Virtually every post was critical of the system, and it seems that the most common adjective describing it was "evil" (*wan'e*). I have not formally interviewed anyone on direct opinions about the household registration system, but in my conversations with Chinese citizens, whether urban, rural, or migrants, no one has ever spontaneously spoken up for the system. Even for its defenders, the registration system is only a necessary evil.

Migrant Integration, Marginalization, and *Shiminhua*

Yet migrants' exclusion from the city isn't simply institutional, and the marginalization of migrant workers is not only an effect of the legal inequality of rurally registered people under the household registration system. Not only does it extend to the social and economic realms, the character of the marginalization of China's internal rural-to-urban migrants is in many ways comparable to that which is experienced by international migrants in many contexts. For example, consider Figure 1.2. The figure juxtaposes Google predictive search results beginning with the English term "illegals," a somewhat pejorative term for undocumented immigrants in the United States, and the Chinese "*waidiren*," a similar yet more politically correct term for migrant workers in

China which literally means “outside-place-people,” or “outsiders.” Although unscientific, Google predictive searches provide a rough approximation of the most popular internet searches beginning with a given word, and are thus indicative of what internet users, who are a majority of the urban population in both countries, are generally talking and wondering about².

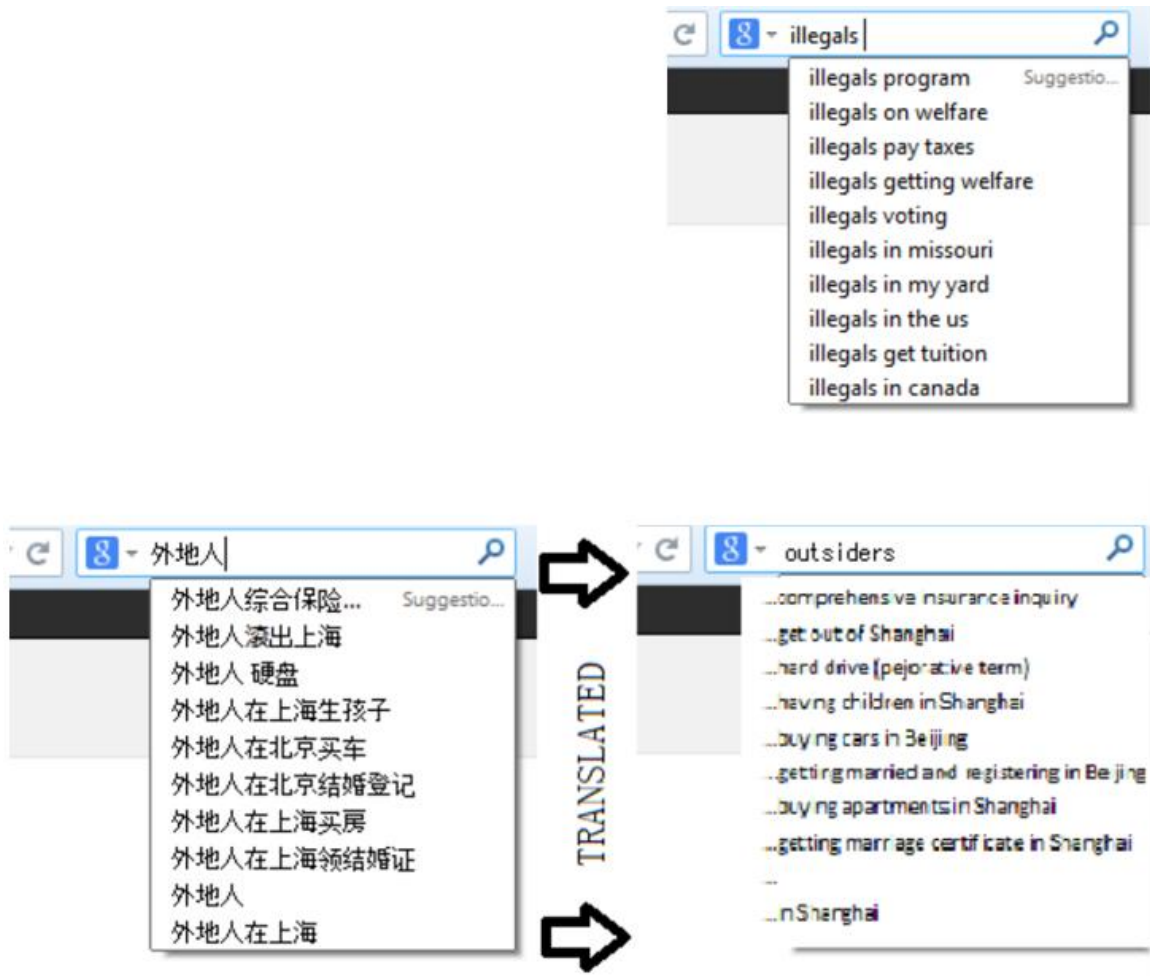


Figure 1.2: “Illegals” and “waidiren” in Google predictive search

² Although Google’s market share in China is small, its predictive searches are much less likely to be manipulated to exclude politically incorrect terms than its Chinese counterparts. In any case, the use of predictive search in any context should never be considered a scientific survey.

In both lists, several of the predicted searches relate directly or indirectly to public goods and services, such as welfare and (presumably subsidized) tuition for “illegals,” and transportation and housing for *waidiren*. Both lists of searches also contain memes perpetuated by people who are openly hostile to migrants. “illegals in my yard” refers to a viral song to the tune of “Feliz Navidad,” which stereotypes undocumented migrant workers in the United States as a population that takes advantage of public services and spreads disease. Likewise, “hard drive” is a derogatory term for migrant workers that comes from puns on the word *waidiren* generated on Chinese online message boards. The second most popular search that began with “*waidiren*” was apparently “*waidiren* get out of Shanghai.” The discrimination and marginalization of migrant workers, even internal migrants like those in China, is not simply an institutional phenomenon, but also a broader social phenomenon.

This connection between different types of integration is an important theme of the present study. In arguing that rural factors influence migrant integration in the cities, the current study will examine several related forms of integration: institutional, social, economic, and political. I call this general process of integration “*shiminhua*,” which means “transforming into urban citizens.” Previous studies have tended to conflate these various types of integration for the simple reason that they are related, and even the Chinese terms for discussing migrant integration, such as *luohu* (“settling”) and *shiminhua*, connote registration transfer as well as social integration and personal behavior. Likewise, the success of recent proposals by the Chinese central government to accelerate urbanization (the subject of Chapter Five) depend on rural people transforming into urban citizens not only in the sense of moving to the cities, but also in the sense of

changing their consumption patterns and lifestyle to be more like those of established urbanites.

In the current study, integration and marginalization are measured both as institutional processes related to the registration system and as broader social processes. Chapters Three and Four look closely at migrants' attitudes towards registration transfer to the city since the institutional integration that comes with registration transfer is an important dimension of migrant integration. Yet the dissertation argues that the effect of rural factors on migrant integration extends to other forms of integration as well. Chapter Four takes two measures of social integration, whether a migrant lives in an integrated area of the city and the number of local friends the migrant greets during Chinese New Year, as dependent variables. Chapter Five highlights the importance of social integration and transformed economic patterns to the achievement of recent policies aimed at using increased urbanization to rebalance China's economy. And Chapter Six argues that the forces inhibiting other aspects of migrant integration are likely to extend to migrants political integration measured as their ability to exercise active citizenship. This way of thinking about integration, marginalization, and citizenship is an important contribution of the current study.

New Trends in the Literature on China's Migrants

During the- earlier period of scholarship on China's migrants, research was normally confined to the conditions in the largest cities which were attracting the greatest number of migrants. When discussing migrant communities and social integration, Beijing's "Zhejiang Village" was a common case study. Zhejiang Village, an urban migrant community comprised largely of people from Wenzhou, in the eastern province

of Zhejiang, was featured in numerous articles and monographs, including Solinger's book and was the subject of anthropologist Li Zhang's (2001) *Strangers in the City*³. Other studies focused on Guangdong's Pearl River Delta, the country's largest regional magnet for migrant workers in the early reform era (e.g. Ngai 1999; Tan 2000). This focus on China's biggest urban areas made sense for several reasons. These large cities were both the most obvious destinations for migrant workers and the most obvious locations for researchers to work. Yet, especially as China's economy has continued to develop and small-scale reforms to the household registration system have been introduced, these cities are not necessarily representative of conditions faced by the majority of China's migrant workers today.

The early studies of China's migrant workers acknowledged important variation among the migrant population, including differences between cross-provincial migrants and within-province migrants, and those between different generations of migrants. Goodkind and West (2002) sketched the outlines of the term "floating population," admitting that the term is a "flexible concept" often tailored to fit the needs of the researcher for a particular project, and they sketch the outlines of the various definitions of the concept that were contemporaneously in use. They focused primarily on definitions of migrants which were based on the length of their migration and whether such migrants are "long-term" or "short-term" migrants. They also mentioned that some migrants have a local temporary residence permit, while others do not. Finally, they quickly mentioned that there are differences to be found among rural to rural migrants as opposed to rural to

³ For a brief history of Zhejiang Village, see Liu and Liang (1997).

urban migrants, different generations of migrants, and outside province migrants as opposed to within province migrants. While these distinctions are important, as China has changed and as more has been learned about the institutions influencing migrants' decision-making and identities, further important distinctions have emerged. Moreover, these heterogeneities in China's migrant populations have consequences for the construction and evaluation of related policies.

While the classic literature on China's migrants focused on their being a large population which was excluded from an urban public goods regime, several developments have made this conception of the floating population increasingly suspect.

First, while China's most affluent "mega-cities", such as Shanghai and Beijing, continue to almost fully exclude migrants from the urban public goods regime, the situation in second- and third-tier cities is not so clear-cut. While these elite cities are certainly magnets for migrant workers, they are not where the majority of migrant workers live. Most of China's migrants live not in the mega-cities, but in other larger, medium and smaller cities, and partaking in the urban public goods regime of such cities is a more complicated than simple exclusion. Chapter Three argues that the big-city bias in the literature on China's migrants has misled researchers about migrant preferences and the prospects for reform. Not only is it much simpler to transfer to some cities than others, there is variation across cities in the access to local public services for migrants who have not transferred. This variation has important consequences for policymaking, a subject taken up in Chapter Five. This attention to the variation in urban policies towards migrants is an important contribution to understanding migrant integration in China.

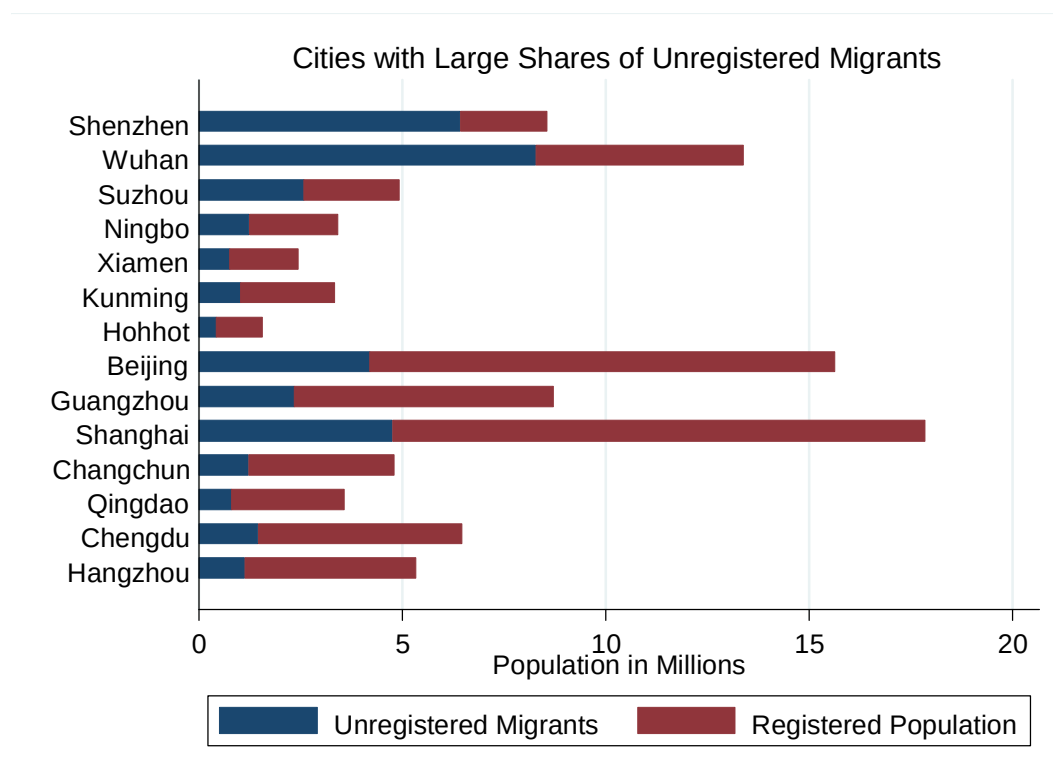


Figure 1.3: Cities with Large Shares of Unregistered Migrants, Ordered from Greatest to Smallest Share of Unregistered Migrants⁴. Source: Chen Dataset and 2010 Urban Statistical Yearbooks.

Other Institutions

A second recent trend in the study of China's migrants is the importance of institutions other than the registration system. The analysis of recent reforms of the registration system by Chinese Academy of Social Science researchers Yu Jianrong and Li Renqing stresses that reform of the household registration system cannot be achieved

⁴ The data for unregistered migrants comes from the Chen Dataset, described in Chapter Three, and is actually the *net* number of floating population for each city. This means that the unregistered number is understated.

outside the context of other reforms. Speaking of the difficulty of reforming the registration system, they say that “it’s not the registration system itself, but a whole set of public finance, social management systems, and legal rights systems which make reform of the system slow and difficult” (Yu and Li 2012). The interrelatedness of the registration system with other institutions helps to explain why fundamental reform has been expected for more than a decade, and yet the system remains intact.

One set of institutions mentioned by Yu and Li which is the starting point of my analysis is rural land institutions. Because transfer of registration to the destination city entails relinquishing rural registration and migrants do not have the option to permanently sell their land rights on the market, factors in the sending areas are likely to impact (potential) migrants’ decisions about migration as well as eventual registration transfer. Ultimately, the extent of migrants’ continued connection to the sending area is likely to have an impact on migrants’ identities in their destination areas, potentially resulting in a kind of *voluntary marginalization* when integration into city society is inhibited by enduring connections with the sending areas. Several studies have examined the impact of rural factors on the migrants’ decision to migrate (Mullan et al. 2011; De La Rupelle et al. 2008; Zhao 1999). Other researchers studying migrant integration into the cities have mentioned that land institutions are likely play a role in the process (Liu 2012; Liu 2008; Cai and Wang 2007). Understanding how rural factors influence migrant integration is important for understanding what kind of reform program might be able to solve the problem of continued migrant marginalization in China. This improved understanding of the process of migrant integration in China is an important contribution of this current study. Moreover, while other scholars have mentioned that institutions other than the

registration system play a role in the marginalization of migrant workers from urban society, Chapter Three and Chapter Four offer several new empirical tests of these ideas using novel measures of migrant integration and rural factors.

Diversity among Migrants

Third, recent research on China's migrants has tended to highlight dimensions of their diversity which had previously not been fully considered. Goodkind's and West's (2002) attempt to define the most salient dimensions of the China's migrants presented a typical take from the earlier era of research. Yet as China's economic development has continued and research on China's migrants has deepened, the importance of other dimensions of variation has emerged. The difference between those working in the formal sector and those working in the informal sector is an important distinction since over the past decades formal employment in the secondary sector has given way to informal employment in the tertiary sector as the main destination for migrant labor. At the same time, the category of "peasant workers" (*nongmingong*) now includes many skilled workers who may face different challenges than the unskilled laborers of past generations. Urban-to-urban migrants are another category of migrants that has received some attention lately, for example as a counterexample to explore the extent of migrant discrimination (e.g. Gagnon et al. 2009).

Much attention has also been given to peri-urban rural workers over the past few years (e.g. Wu and Webster 2010; Whiting 2011). Those whose sending area and destination area share administrative by a common local government face unique circumstances which have increased interest in them. Sometimes these people are called "migrants," and this confusion arises from the fact that these people are often rurally

registered workers in the cities, even if they are from a nearby area. Since they are rurally registered, they face many of the same issues as migrant workers from other parts of the country. But these peri-urban people are in a different position than other migrants for two reasons: 1) They possess peri-urban land which is especially likely to be coveted by local governments and developers. And 2) they are registered under the same municipal jurisdiction as the place where they work. This means that peri-urban workers often have a valuable resource as well as the means to make an exchange with the local government for that resource. These special circumstances must always be considered when making statements about “peasant workers” or “rural-to-urban migrants” (*nongmingong*).

While newer articles have emphasized the distinction between “long-term migration” and “*hukou* migration” (e.g. Connelly et al. 2011), even recent studies have generally ignored the class of migrants who have already transferred their registration to the city. Because of the big-city bias, the conventional wisdom has long been that migrant workers were fully excluded from urban registration unless they at least had a college education. In fact, as will be discussed in Chapter Three, while some cities have no education requirement for transfer, others require much more than just a college education. As transfers have proceeded over time, it is important to understand why some migrants have transferred and why others have not, and excluding the transferred migrants, as often happens in surveys, biases results. Like previous studies, the current study uses some data from surveys which only included unregistered migrants, but researchers studying levels of integration of migrants or migrants’ relative desires to transfer their registration to the city do best not to exclude those migrants who have already made those choices

Many studies are already recognizing this diversity by either studying one particular group of migrants (e.g. Xiong 2009) or by using these previously unidentified dimensions as predictors of migrant behavior (e.g. Ren 2012). Whether taking the micro or the macro route, taking account of these newly appreciated dimensions is crucial to understanding this diverse population. This current study leverages these dimensions of variation to the greatest extent possible given the data available, and as far as possible includes relevant controls to improve the accuracy of the identification of the patterns I describe.

Research Program

The present research was conducted over several years of study while based at the University of California, San Diego. I spent the summer of 2011 in China conducting informal interviews of scholars, government officials, NGO workers, businesspeople, journalists, and migrant workers in order to better understand questions related to migrant integration. Almost all of the hypotheses tested in this dissertation were generated that summer as I lived in dormitories with migrant workers, taught free English lessons at migrant schools, and shared conversations with countless helpful strangers. I had the opportunity to intern at a migrant non-governmental organization, where I could take part in the organization's activities and speak with migrant workers about their situations. During my internship, I also had the occasion to speak to the organization's labor attorneys at length about labor conditions, laws regulating migrants, and legal issues migrants face in the cities. My trip in 2011 gave me the opportunity to conduct 42 informal interviews, and this background allowed me to generate hypotheses which I would later build on theoretically and test with quantitative data.

After completing my dissertation prospectus, in 2012 I returned to China for ten months as a visiting researcher at Fudan University in Shanghai. My research during this time had five main components. First, I discussed my project with a number of experienced researchers and experts and acquired three data sources, two surveys of migrant workers and one dataset describing requirements for registration transfer in 46 cities. Second, I took four short trips to rural areas in two provinces (Anhui and Sichuan) to interview people who lived in rural areas about rural land policies and migration. Third, in order to better understand the situation migrants face in urban areas, I interviewed many people in urban areas, including unregistered migrants, transferred migrants, and people who originally had urban registration. In all, I conducted about 130 semi-structured and informal interviews during this period. Fourth, I began quantitative analysis of the data sources I had acquired. Fifth, I presented preliminary research results at the Graduate Seminar on China at the University of Hong Kong, at the Conference on Civic Exchange in Asia at Zhejiang University, and at the Society and Economics Working Group at the School of Social Development and Public Policy at Fudan University.

After returning to the United States in 2013, I continued my quantitative analysis of the data I had acquired during my field research and began to write this dissertation. I continued studying recent laws and policy statements in order to present an original analysis of new urbanization policies, and I studied recent discourses on citizenship in China in order to present an original argument about how rural policies and the registration system affect migrants' practice of active citizenship. The present work is the result of this three-year process.

Summary of Dissertation

I argue that rural factors, particularly the value of the rural registration, have been generally overlooked in evaluating the integration of rural-to-urban migrant workers in contemporary China, and understanding the impact of these factors is of consequence both for current urbanization plans and for Chinese citizenship. Earlier researchers have neglected that the value of the rural registration is a nontrivial factor in shaping migrants' preferences for registration transfer in the cities because they have focused on unrepresentative cities like Beijing and because the rural registration itself is of varying value. By better understanding rural policies and the effect of big-city bias, we can examine the question of the effect of rural factors on migrant integration in China. I argue that migrant integration is a process of *shiminhua*, and thus is comprised of both the institutional integration associated with the registration system and social integration. Since rural factors inhibit the *shiminhua* process, they also have consequences for the expansion of urban consumption, a main goal of the urbanization plans, and the development of citizenship by migrants.

Chapter Two is about rural rights and also discusses the influence of rural factors on the decision to migrate. In Chapter Two I argue that rural land rights remain insecure for many farmers despite laws meant to provide greater protections. Also, the lack of transfer rights prevents migrants from gaining the full benefit of their land rights and thus inhibits migration. I also examine the so-called “Chengdu model” of allowing peri-urban rural residents to keep their land rights after registration transfer and argue that such a model is of limited applicability for the vast majority of China's hundreds of millions of unregistered migrants.

Chapter Three is about variation in migration policy across cities. I examine the literature on urban policy and discuss the conventional wisdom about city policies towards migrants, arguing that a big-city bias has led to the misconception that 1) all rural-to-urban migrants desire registration transfer to the cities, and 2) the low level of transfers is a result of uniformly restrictive urban policies towards transfer. I show empirically that poorer and smaller cities have lower barriers to transfer and I argue that, in theory, the cities that have the lowest barriers to transfer also have the least incentive to restrict public services to just locally registered people. That such cities are also the poorest cities, and thus probably already have lower levels of public services presents two strong reasons why the benefit to transfer of a migrant in those cities is reduced.

Chapter Four then looks at attitudes towards registration transfer, using 1) land, 2) registration type (rural or urban – rural means non-transferable land rights), and 3) level of economic development in sending area as independent variables of interest. I demonstrate that a negative attitude towards registration transfer is correlated with landholding, rural registration, and higher level of economic development in the sending area. Then I take social integration as a dependent variable, with land ownership and land tenure security as independent variables, and I find support for the contention that these rural factors affect social integration as well as attitudes towards registration transfer.

Chapter Five looks at recent policies put forth by the Chinese leadership that are meant to increase growth and consumption by increasing urbanization. Since these outcomes depend heavily on both increased migration and migrant integration, the chapter shows the challenges of achieving these goals in light of the dissertation's findings about variation in city policies, rural rights, and migrants' preferences.

Chapter Six concludes the dissertation by examining citizenship in China and how rural land policies and the household registration system likely inhibit the development of migrant citizenship. First, it surveys the classic literature on active citizenship, arguing that such citizenship is not particular to the west and that Chinese intellectuals often engage citizenship discourses. I also highlight cases of “non-citizen” citizenship, that is, cases in which people who do not have formal citizenship rights, such as undocumented migrants in the United States, practice active citizenship. I argue that while citizenship-as-identity and active citizenship are related and denial of citizenship-as-identity inhibits political participation, those who are denied citizenship rights can still be good citizens. Finally, I conclude by discussing how new venues for practicing active citizenship have emerged from new technologies and show that these new venues are especially important for marginalized people such as China’s unregistered migrant workers.

Chapter Two: China's Rural Land Institutions and Internal Migration

I. Introduction

While the majority of the focus on China's internal migrants has been on their conditions in the cities, the media and academic researchers alike have sought to bring migrants' sending communities into the conversation as well. Scholars have examined the connection between migration and rural consumption patterns, the relationship between migration and rural land holdings, the effects of rural institutions on migration decisions, and the economic and cultural effects of migration on the sending communities. Rural institutions such as property rights, land rental markets, land allocation mechanisms, and the structure of ownership and production most directly affect the people using the rural land, but these institutions also affect potential migration decisions as well as the interests of migrants who maintain some connections to the sending area. Many modern models of migration stress that migration is a family decision, and that families share the risks and potential rewards of migration by investing in the migrant initially, and then expecting remittances from the migrant if she is successful. Because of China's family-based land system, this decision to migrate brings additional risks of the family temporarily or permanently losing the parcel of land that was allocated to the migrant.

This dissertation's argues that rural factors affect migrants' decision-making and identities, and this chapter focuses on the rural background to this story. In order to better understand the institutional environment faced by migrants and potential migrants in the rural areas, this chapter looks at the history of China's rural land institutions, continued threats to land tenure for contracted land, and how these factors influence migration decisions. Later chapters will evaluate how these rural factors might affect migrant

integration in the cities, and by introducing China's rural land policies this chapter lays the groundwork for those arguments.

A number of pressing questions regarding China's internal migrants cannot be adequately answered without an understanding of the rural side of the story. Zhang Zheng (2011) argues that migrants "who have moved to urban areas in recent years are wrongly seen as permanent migrants," when in reality "they will go back to the countryside" when they get older. But Zhang's claim may depend on the status of both the registration system and rural institutions when the time comes for those migrants to settle down. Both of these systems have seen reform over the past decades, and future reforms are likely to affect migrants' long term interests and, thus, their decisions. Also, the decision to engage in circular migration and temporary migration have been highlighted by other scholars, for example Cindy Fan (2008) and Zhu Yu (2007), as evidence that institutions like the registration system are not as important as others claim. Yet other experts, such as Chloe Froissart (2008), have argued that rural institutions, in conjunction with the registration system, may be facilitating this circular migration pattern.

Likewise, a number of arguments about the effects of the registration system, and potential reforms to it, depend on the extent to which rural institutions and land policies are shaping migrants' decisions. Fan and others have pointed to the fact that some cities have made registration transfer much less burdensome without significantly affecting migrant behavior as evidence that future reforms to the registration system may not influence migrants to settle in the cities or transfer their registrations to the cities. Yet such questions depend to some extent on the effects of rural institutions. Predictions about future reforms of the registration system based on earlier rounds of reform may be

misleading since these earlier reforms were modest, mostly based in smaller cities, and they largely neglected migrants' stake in their rural sending areas. If future reforms differ from this pattern, they will likely have different outcomes.

The Chinese government has recognized the importance of solving rural problems for decades. Traditionally, the government has discussed the so-called "Three Rural Problems" of rural people's livelihood, village economic development, and agricultural production, and all of the most recent Number One Documents following party congresses have focused on addressing rural issues⁵. Rural institutions are important to China's multitudes of farmers, but their importance extends to the cities because China's rural to urban migrants bring rural registration with them when they migrate. Many of the most controversial questions related to policies towards migrants and migrants' own decisions require an understanding of the substance and effects of rural institutions.

This chapter will describe China's rural land institutions over time and show how current institutions shape the migration behavior of China's rural-to-urban migrants. In Part II, it will examine the development of land rights in other developing countries, and discuss the ways in which China's experience may be distinctive. In Part III, it will examine the development of property rights during the PRC era, and discuss the limits of reform through the end of the 11th Five Year Plan (2006 – 2011). (Chapter Five will discuss reforms from 2011 through July 2014.) In Part IV, it will discuss other aspects of rural institutions including rental rights and land allocation mechanisms. In Part V, it will

⁵ The State Council annually releases numbered policy documents. When an issue is discussed by the Number One Document, it can be viewed as a signal of that issue's importance to China's political leadership.

discuss how different institutions may affect migrants' decisions to migrate to the city for work, and introduce the potential effects on rural to urban migrants who are already in the city which are examined closely in Chapter Four. Finally, it will offer some concluding thoughts on future possibilities for the reform of rural institutions.

II. Property Rights Development in Perspective

The development of land use rights and, more generally, private property rights, has followed different paths in different ages and places, and, of course, some governments continue to deny their citizens rights to many types of private property. While early modern philosophers like John Locke saw property rights as the very reason for having a government in the first place, some later philosophers like Marx would find property rights to be anathema to social justice, since property rights are clearly most beneficial to those who already control the most property.

Yet, in a less ideological spirit, numerous scholars have examined the effects of rural institutions on rural economies in developing countries and have generally found that stronger property rights regimes lead to better welfare outcomes for rural workers⁶. The typical process of land rights modernization in many developing countries has been the transition from communal rights to individualistic ones where "customary authority" of the community eventually yields to "individualistic rights, granting ability to transfer the land without needing community sanction" (Besley 1995). In Africa, for example,

⁶ For some examples, see Besley (1995), Field (2002), and Do and Iyer (2008). It should be noted that while strong property rights may lead to greater production no matter who owns the land (Coase 1960), better outcomes for rural workers may depend on some kind of initial land reform which democratizes a feudal economy's land holding system. For a description of land reforms in East Asia, see Griffen et al. (2002) and Bramall (2004), the latter of which takes a skeptical view of the efficacy of redistributive land reform in either increasing production or improving inequality.

traditional rights to cultivation generally exist only when the farmer occupies the land, and the process of the development of property rights is a process of developing “transfer rights” such as the rights to sell, rent, and mortgage the land. As explained below, the development of land rights in China has not followed this path. Instead, because the Chinese state has long been strong and modern and because of China’s particular experience with socialism, rural collectives, and gradualist reforms, the development of land rights in reform-era China has been a process of increasing rural efficiency in the absence of private land ownership.

III. Chinese Land Reforms

As the power of China’s Communists spread across the country, reform of the land system was a top priority for Communist leaders. The Agrarian Reform Law of 1950 was not meant to equalize land holdings among peasants, but rather to redistribute land from an absentee landlord class to the farmers themselves. Sometimes this type of land reform is called “land to the tiller,” and, in China, land rights existed at the household level. Then, in 1956, farms were consolidated and land rights were turned over to rural collectives.

While socialist land reform policies largely succeeded in equalizing peasant land holdings, the new institutions lacked strong incentives to increase production because the state was the sole legal purchaser of grain and such purchases were at low prices. This resulted in low efficiency. In market-based economies, private ownership of land creates strong incentives to use agricultural resources efficiently and to maximize output over long periods of time. As a result of collectivization, farmers in Chinese collectives were generally paid not based on output, but instead in work points which were typically

allocated based the collective's judgment of an individual's contribution. Under such a system of collective land ownership, it is very difficult to remunerate farmers based on agricultural output, and the work point system incentivizes individual shirking while creating virtually no individual incentives to develop more efficient agricultural practices or experimentation with new production methods.

Beginning in China in the late 1970's, socialist countries began to recognize the failure of collectivization and to reform their agricultural economies by adopting new institutions. China was at the vanguard of this socialist reform program when it began rural reforms in 1978, but other countries, including Vietnam and the states of Eastern Europe and the former Soviet Union, would initiate significant reforms to their agricultural systems over the next fifteen years, and these countries' experiences with agricultural reforms would exhibit considerable variation⁷.

After the Third Plenum of the Eleventh Communist Party Central Committee in December 1978, the initial rural reforms focused on increasing grain procurement prices within the context of continued collective farming. Economist Barry Naughton explains that it was local leaders such as Zhao Ziyang (in Sichuan) and Wan Li (in Anhui) who experimented with family farming early after reforms began, and the reforms spread. While in 1980 only 14% of households were engaged in family farming, by the end of 1983 98% of households had switched to the household-based system⁸.

⁷ See Swinnen and Rozelle 2006 for a detailed comparison of the reforms across the socialist countries.

⁸ Naughton's 1993 book *Growing Out of the Plan* is essential reading on the content of the reforms initiated in the early era of "reform and opening".

According to the Household Responsibility System which emerged, households which help agricultural household registration were allocated land based on their size and other local factors, and each household then had the right to profit from additional production beyond a quota sold to the state at a non-market price. In this early period of reform, land use contracts were for only three years, and the collective retained ownership of the land. (To this date, the collective continues to retain ultimate land ownership rights.) According to statistics compiled by Johan Swinnen and Scott Rozelle (2006), in just the first five years of reform, China's agricultural labor productivity (i.e. agricultural output per worker) increased twenty percent and China's agricultural yields increased forty-five percent. The change in the structure of land usage rights is not solely responsible for these beneficial outcomes. The central government also increased grain procurement rates which had the effect of both increasing incentives to raise output and reducing incentives to underreport grain that would have otherwise ended up on the black market. Still, these drastic improvements in such a short time period are evidence of the waste and inefficiency of China's collective agricultural system prior to reform.

Since the introduction of the Household Responsibility System, policies have aimed to increase the efficiency of the rural economy, promote light industry in the rural areas, and maintain connections between rurally-registered people and the rural areas from which they come. Despite contracts that stipulated fixed terms for land use, village-wide reallocations of land were common, with a national average of 1.7 reallocations per village during the decade from the mid-1980's to the mid-1990's, and there was significant variation across villages, indicating local governments made decisions about reallocation "without much regard to the national policy of maintaining allocations for 15

years”⁹. Deininger and Jin explain that reallocations could be village-wide or smaller “readjustments” by which land was transferred “from households who experienced exogenous changes,” such as births or deaths. Village-wide reallocations create the opportunity for local governments to free space for land development by taking small shares of many plots of land.

During this period, high percentages of villages reported rights to rent out land, yet there remained extreme regional variation in the amount of land actually rented out. Despite the adoption of 1998’s Land Management Law, which stipulated that local governments should grant farmers 30-year land use contracts, this period of land rights reform was characterized by local experimentation, weak commitments to farmers’ land tenure security, incipient rental markets, and extraordinary variation across localities.

After the experimentation of the first period of reform, the central government sought to formalize a number of new norms and successful local policies at the national level while strengthening farmers’ rights vis-à-vis local government officials with 2003’s Rural Land Contracting Law (RLCL). Deininger and Jin (2008) say the primary purpose of the RLCL was to curtail unjustified land takings by local government by giving farmers access to the courts to dispute land takings, mandating compensation to affected farmers for all cases of land takings, and regulating land reallocations by requiring the approval of higher levels of government. Long-term land use contracts had been national policy for half a decade at the time of the law’s adoption, yet Deininger’s and Jin’s rich data indicates that nearly a third (29%) of villages experienced at least one village-wide

⁹ Brandt et al., pg. 76.

land reallocation in just the period from 2000-2004. Also, extreme regional variation remained. For example, Shandong province experienced rural land reallocations at roughly double the rate of the national average, while Zhejiang province was well below the national average. In 2007, Renmin University's Ye Jianping also estimated levels of land tenure security across China, finding similar disparities. Deininger and Jin give data showing that while compensation for land takings has risen and land tenure security has improved over time, the RLCL did not end land takings by local governments nor did it effectively establish a uniform national policy on rural land rights. My evaluation of the Rural-Urban Migration in China data collected by researchers at the Australian National University in 2008 and 2009 shows that migrants continued to report significant variation in land reallocation. Twenty-five percent of migrants surveyed had been subject to land reallocation in the past five years from the survey, demonstrating concretely that land tenure rights remain insecure for many farmers and migrants.

Since land is a key source of revenue for local governments (Ding 2007), local governments have strong incentives to oppose the fully protected private property rights. But scholars have pointed out some benefits to maintaining the system of collective rural land rights. For example, Zhang and Donaldson (2008) argue that the lack of individual land rights has protected farmers from predation by agribusiness and improved farmers "bargaining power" vis-à-vis corporate actors as large-scale farming has become more common. Moreover, lacking the right to abandon one's land has meant that most of the people from rural areas have had land to which they could return if other economic strategies, such as migration, failed.

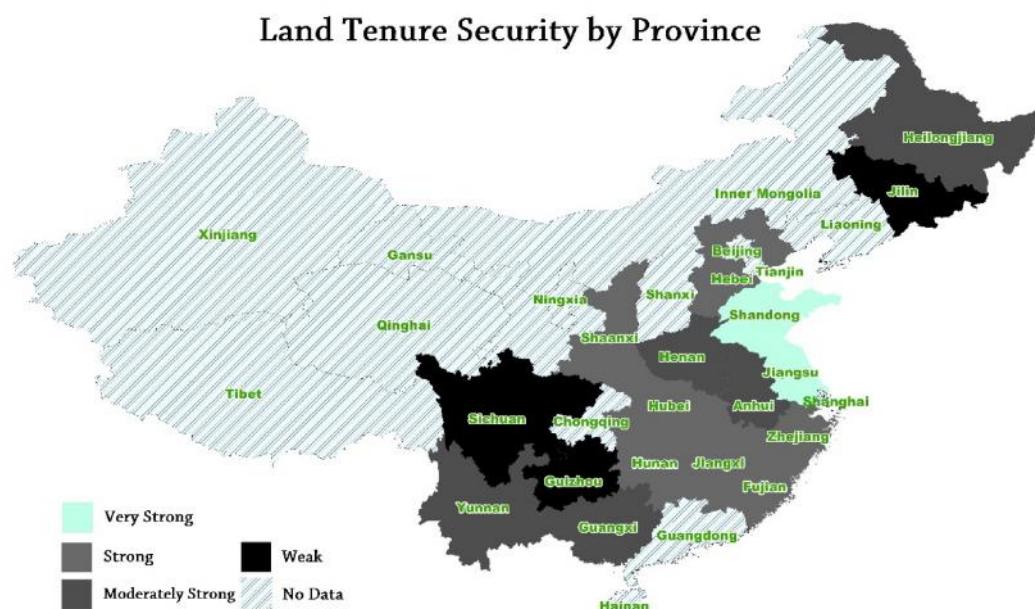


Figure 2.1: Land Tenure Security by Province. Source: Ye and Xu (2007)

The controversial 2007 Property Rights Law, like earlier laws, did not fully clarify the rights of Chinese farmers or establish rights to sale, transfer, mortgage, or inheritance of rural farmland. The 2007 law was the subject of intense controversy between those who advocated full private property rights and those who believed that such rights were potentially harmful to poor people and inconsistent with the PRC constitution. Advocates of full privatization of rural land argued that a lack of clarity concerning property rights led to underinvestment and corruption (Liang 2006). On the other side of the argument, leftists argued that private property rights endangered farmers' welfare and contradicted socialism. The Associated Press reported that Beijing University's Gong Xiantian posted a letter of protest to the law online that was endorsed by 3,000 people. People's University professor Yang Xiaoqing also criticized the law

from the left, arguing that the law could lead to corruption by making it possible for the government organs to “directly sell property to private citizens and foreigners without the consent of the whole people” (Yang 2005). As it turned out, the term “land use rights” (*tudishiyongquan*) appears only once in the law, under the provisions for operation rights (*jingyingquan*) and usufruct rights (*yongyiquan*)¹⁰. The debates over the appropriate extent of property rights continues. As Chapter Five will discuss, some policy statements have begun to call for not just increased prosperity for rural people, but for “more land rights,” and the extent to which these rights will gain new protections will have consequences for China’s farmers and migrants (Communiqué 2013).

In sum, despite several sets of policies meant to protect property rights, China’s farmer have usage rights, but to this point do not have private property rights. While laws protect land rental, enforcement mechanisms are not always complete and significant variation across localities remains. But what does all this mean for China’s rural to urban migrants?

IV. Rural Institutions and Migration Decisions

Scholars of migration typically believe that increased property rights protections free excess labor in the rural areas to move to other economic sectors in other locations, allowing more efficient allocation of labor across the economy¹¹. For example, Yang (1997) modeled the theoretical effect of the land tenure system on migration and predicted that the “special land arrangement in China imposes high migration costs and

¹⁰ See Mertha (2009).

¹¹ For example, see Lohmar (2000) and de Brauw (2009).

may deter permanent family out-migration from agriculture.” If farmers know that their rights to land in the rural areas are protected, they can go to the city to work without worrying that their land will be taken. When full transfer rights prevail, farmers have the further benefit of being able to monetize their land rights by selling or renting their land. Transfer rights also imply increased access to credit, since a farmer can borrow against the value of the land. For a poor farmer, such transfer rights may enable otherwise impossible capital investments which may make migration more beneficial. Of course, farmers who have given up their land and whose investments fail may have dim futures and could potentially become a burden to society.

In China, where farmers do not have transfer rights, it is not immediately obvious what effect increased property rights will have on migrants’ migration decisions. If migrants believe that physically leaving their land may result in the land’s reallocation, efficiency-enhancing migration may be deterred. This would imply that the variation in land tenure security discussed above has consequences for China’s rural workers, migrants, and patterns of migration across China. Moreover, China’s household registration system may also play a role. If holding a rural registration implies entitlement to land, perhaps initial migration decisions are relatively unaffected while migrants are wary of transferring their registrations to their destination cities. Interestingly, the value of a migrant’s rural registration may facilitate circular migration or may make the acquiring of an urban registration – often assumed to be a high priority for migrants – less attractive in some circumstances, such as when the destination city is relatively poor.

Where strong land tenure security exists, the development of rental markets should also affect migration decisions. The ability to rent land enables the landholder to

benefit from her property rights while not being physically present, allowing the migrant to reduce the opportunity cost of migration. Thus, such institutions should enable increased migration.

A number of studies have empirically examined the effects of rural institutions on the initial migration decisions, in China, and elsewhere (e.g. Mullan 2011; De La Rupelle 2008; Liu 2008; Giles and Mu 2011). These studies have focused on land tenure security, and have attempted to discern the extent to which greater land tenure security increases farmers' likelihood of migrating for work in the city.

In 2005, a team of western researchers led by Katrina Mullan used surveys in two poor provinces, Guizhou and Ningxia, to examine the effect of land tenure security and the effects of rental institutions on migration¹². They measured land tenure security by asking rural people whether they predicted that their land use contract would be violated and by asking village leaders whether land would be reallocated before the end of the contract periods. In all, 51% of rural people predicted reallocation before their contract ended, and 28% of village leaders admitted there would be reallocations before the village contracts allowed them¹³.

This study found a clear link between land tenure security and migration, and found that land rental rights facilitated migration when land tenure security was high. This connection between land tenure security and migration was true both for agricultural

¹² Mullen et al. (2011).

¹³ Both agricultural land and forest land areas were examined, and 87% of farmers said that land rental was allowed in their village. Sixty-five percent of forest land areas allowed land rental, but the researchers do not explain the prevalence of rentals in these places or the extent to which rental contracts are legally enforceable.

land and for forest land, but for forest land, rental markets were not important. This is evidence that rural people fear expropriation if they are not physically present on the land.

Although using slightly older data, another group of scholars examined the question of land tenure security from another angle, that of migration patterns. While Mullan's study had defined a migrant as anyone who had left the village for employment purposes during the year, a team led by Maëlys de la Rupelle considered whether land tenure security might lead to the kind of temporary migration patterns described by Cindy Fan (2008). They found that experiencing a land reallocation in your village led to less time spent working outside the village. This effect can be seen clearly in Figure 2.2, where the curve which represents migrants whose villages had just experienced land reallocations is shifted to the left. The mode of migration length is 50 days shorter for migrants coming from villages which had recently experienced land reallocation. De la Rupelle's study also highlights the importance of gender to land tenure security arrangements and, consequently, to migration patterns. While numerous laws require equal protection of rights for men and women, they found that "in some villages, women are entitled to less land than men under explicit reallocation rules." For women, the relationship between land tenure security and migration was even greater than for men, presumably because women faced an even greater risk of land expropriation.

Because of its novel methodology, one last study on this topic is worth mentioning. In 2012, using data from the Chinese Ministry of Agriculture, the development economists John Giles of the World Bank and Ren Mu of Texas A&M University employed an instrumental variable method to examine the question of the land

tenure security's effect on migration decisions. They show that the share of village households who are members of the same patrilineal clan negatively correlates with land reallocation because large clans facilitate reallocation among themselves and because local officials are subject to better monitoring. They also find that village elections reduce the likelihood of land reallocation in the year before the election. By showing that the proportion of village members who are part of the same patrilineal clan is unrelated to migration decisions except to the extent that the clan makeup affects land reallocation, they are able to identify the effect of the land tenure security in the village on the migration decisions¹⁴. They find a very strong effect. According to their model, responding to a higher probability of village-wide land reallocation, "farmers reduce their probability of migrating by 4.3%."

While these studies rely on data collected prior to the implementation of the 2007 Property Rights Law, we have already discussed that land tenure insecurity remains an issue for China's farmers. Since land tenure insecurity persists in some places, its effects on migration probably persist as well.

It is clear that the development of rural institutions in China has shaped migration patterns as hundreds of millions of migrants have moved from the countryside to the cities. This dissertation argues that the effects of these rural institutions persist even after migrants have migrated. Relying on interviews with migrants, rural people, academics, NGO workers, and government officials, Chapter Four will develop this argument that

¹⁴ See Giles and Mu (2012). For more information on the instrumental variable method, see Leigh and Schembri (2004).

rural institutions affect migrant integration in the cities through the value of the rural registration.

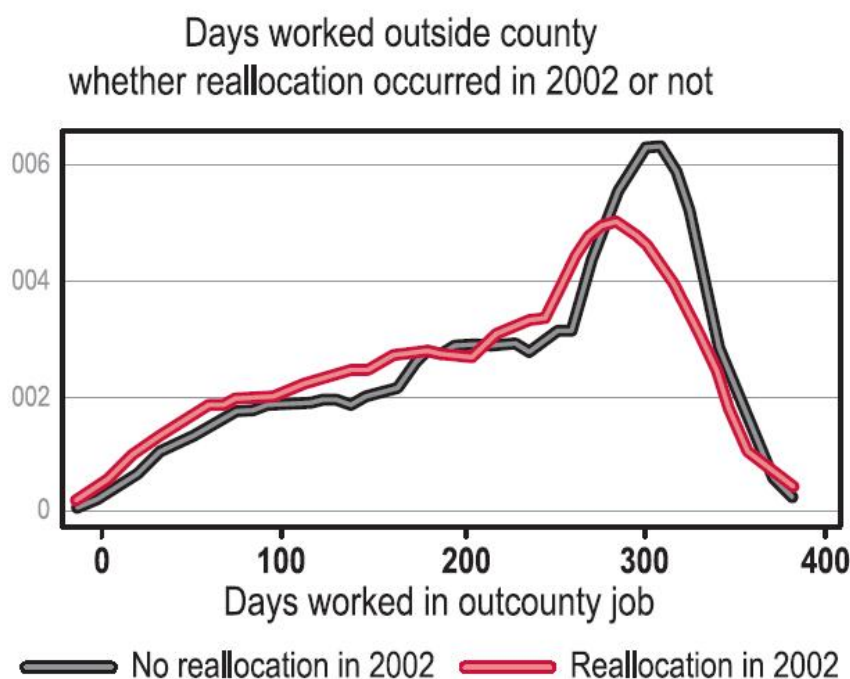


Figure 2.2: Land Reallocation and Days Outside County. Source: Chart reproduced from de la Rupelle et al. (2008)

Another important issue relates to China's household registration (*hukou*) system. People whose traditional economic activity is agricultural are granted agricultural registration, and this registration normally entitles these rural workers to rights to certain agricultural resources, such as land. While migration may threaten such rights, transfer of registration to another location requires abandoning the original registration; part of the procedures for registration transfer is notifying the authorities in the original area of registration that transfer is being undertaken. Thus, land rights are likely to affect not only initial migration decisions, but attitudes towards registration transfer as well. Chapter Four will take up this question.

V. Another Round of Land Reform

A number of attempted reforms to both the registration system and rural institutions have changed the nature of rural land rights and promoted migration in a number of important ways. While the rural land system returned to household-based farming system under Deng Xiaoping, recent reforms such as the RLCL and the Property Rights Law have only marginally improved rural land rights under a continued system of collective ownership. China's embrace of foreign trade and investment and marketization of the economy has led it to become the world's second largest economy, but a new round of land reform which included privatization of rural land would probably still face significant opposition. There are still some incremental steps which could continue the strengthening of rural people's rights without being labeled "privatization." For instance, rural contracts can be extended to longer time periods and legal protections from local government land requisitions can be strengthened. Also, allowing higher courts to review cases of controversial land re-allocations would provide an extra protection against illegitimate expropriation. These steps are simply extensions of the current policy which would leave land tenure more secure, ensure that farmers are the beneficiaries of land value increases, and complete the process of maximizing rural to urban labor mobility.

Additionally, farmers can eventually be given full transfer rights, which to this point have not existed. This would allow farmers to use their land as collateral, increasing their access to credit. Further, allowing migrants to liquidate their land would enable investments which could significantly increase their welfare outcomes in the city. Like China, Vietnam has not privatized land, but extensive land titling in Vietnam occurred over the past two decades and legal protections for transfer rights have been enshrined in

law¹⁵. Like their Chinese counterparts, Vietnamese farmers still face threats of land expropriation from local governments and land use contract length is comparable to that of China. If transfer rights continue to develop, however, better outcomes for both farmers and rural to urban migrants can be expected.

One reason for opposing full marketization of land is that land in the rural areas has traditionally been a kind of insurance policy for migrants who may not succeed in their goals or who may benefit from a stable agricultural income in the case of economic downturn. Moreover, the so-called “moral economists” have theorized that rural people are risk-averse and prefer guaranteed subsistence to the risks of the market¹⁶. These arguments, however, neglect a number of important factors to China’s rural people as well as some important recent trends in China’s mobile labor force. For one, many Chinese scholars have pointed to the unique characteristics of China’s so-called “new generation” (*xinshengdai*) migrants¹⁷. This generation of migrants came of age in the reform era and moved to the city as teenagers or young adults. Their lack of farming experience and acclimation to urban life make it highly unlikely that someday they would “return” to a life of farming which they in fact had never really known. Also, even as rural people have moved to the cities, agricultural output is even higher today than it was at the beginning of reform. Economists have shown that industrialization releases low-

¹⁵ Vietnam’s experience with land titling and continued land tenure insecurity is very similar to China’s. For more on Vietnam’s rural reforms, see Do and Iyer (2008), Ravallion and van der Walle (2008), and Ngo (2005).

¹⁶ For a good discussion of the “moral economy” argument as well as an incisive critique, see Popkin (1979).

¹⁷ I’m indebted to Zhejiang University’s Professor Yao Yinmei for bringing this important distinction to my attention.

productivity labor from the rural areas to the industrial sector¹⁸. Since output has increased even as labor from the rural areas has shifted to the cities, creating enormous increases in productivity, it is hard to believe that migrants who returned to the rural areas to farm would be welcomed back to till the land. In their absence, the land itself has changed as consolidation and mechanization have changed China's agricultural sector permanently. Indeed, such consolidation and mechanization would continue and accelerate if China pushes forward with reforms, and there is significant potential for further increases in agricultural productivity. The arguments that land constitutes a fallback option for China's migrants do not appreciate the scope of China's social change and neglect the economics of some imagined and historically unprecedented "de-urbanization" that would supposedly occur in the event of an economic downturn. In the event of such a downturn, perhaps some migrants will return to rural areas where the cost of living is low, but any idea that China's "new generation" migrants will be returning to rural areas to rejoin the agricultural economy is a fantasy. Such a false belief that the land is a fallback option for China's multitudes of rural to urban migrants may distract policymakers from active development of more appropriate insurance schemes.

The question of migrants' land has received significant attention from Chinese scholars, and some innovative solutions have been proposed. While long leases and transfer rights are one potential solution, Nankai University economist Liu Hongyin proposed a different method of solving this problem in his 2012 article "Let Migrants 'Bring Land into the City' During the Urbanization Process" (Liu 2012). Liu laments that

¹⁸ For a discussion of this theory, see Fei and Ranis (1961).

migrants are faced with the “hard choice” of gaining urban identity or keeping their rural land rights, and suggests they be allowed to keep their rural land rights even if they adopt local urban registration. While this is a potential solution to the urban land problem, it is likely not practical. As mentioned above, a central problem of the registration system reform is that it requires coordination across localities. The migrant is simultaneously under two jurisdictions, and it is costly and complicated for those jurisdictions to coordinate to solve the migrant’s registration problem.

Over the past decade, a number of scholars have also examined the institution of “trading land for insurance” (*yi tudi huan baozhang*). This system initially seemed promising since it allowed migrants to trade a useful asset, their land, for additional rights to social insurance in urban areas. Yet from the beginning, this institution faced a number of difficulties. In 2000, Chen Yi noted that the money given to rural people in compensation for giving up their land or having their land requisitioned was often insufficient to buy into urban social insurance schemes and thus “other sources of funding would also be required.” Later analysts found further problems with the model, noting that even as land prices rose on the market, “farmers cannot share in this profit” because of local government policies (Zhou et al. 2011). Perhaps most problematic is that the land system is entangled with other systems, both across institutions and geography. Zhou et al. noted that the prospect of migrants “trading land for insurance is not only connected with the land and social security systems, but is systemic issue touching the registration system, education, employment, and various other sectors.” Speaking more broadly about reform of migration policy, Yu and Li (2012) noted that “it’s not the household registration system itself, but a whole set of public finance, social management

systems, and legal rights systems which make reform of the system slow and difficult.”

The interaction of rural institutions with the registration system will be further addressed in Chapter Four, and Chapter Five will explain why intergovernmental fiscal relationships will themselves likely require reform in order to enable reform to these other systems.

Another example of these difficulties is the so-called “Chengdu model” of registration system reform, which demonstrates how even comprehensive reform across government institutions can remain problematic. Chengdu’s reforms to the registration system were premised on the idea that farmers can keep their land rights even after obtaining urban registration, much as Professor Liu suggests. The problem is that Chengdu can only carry out this policy for the people under its geographic jurisdiction. Chengdu cannot offer migrants from other parts of Sichuan, let alone other parts of China, the right to keep their rural rights after registration transfer, and thus the Chengdu model has a very limited application to the rural people in the counties under Chengdu’s administrative control, as shown in Figure 2.3. The Chengdu model is an extension of the locality-based reform model which has been a great success for reforming many aspects of the Chinese economy¹⁹.

¹⁹ Xu (2011) says that “almost all successful reforms in the past three decades were introduced through local experiments.”

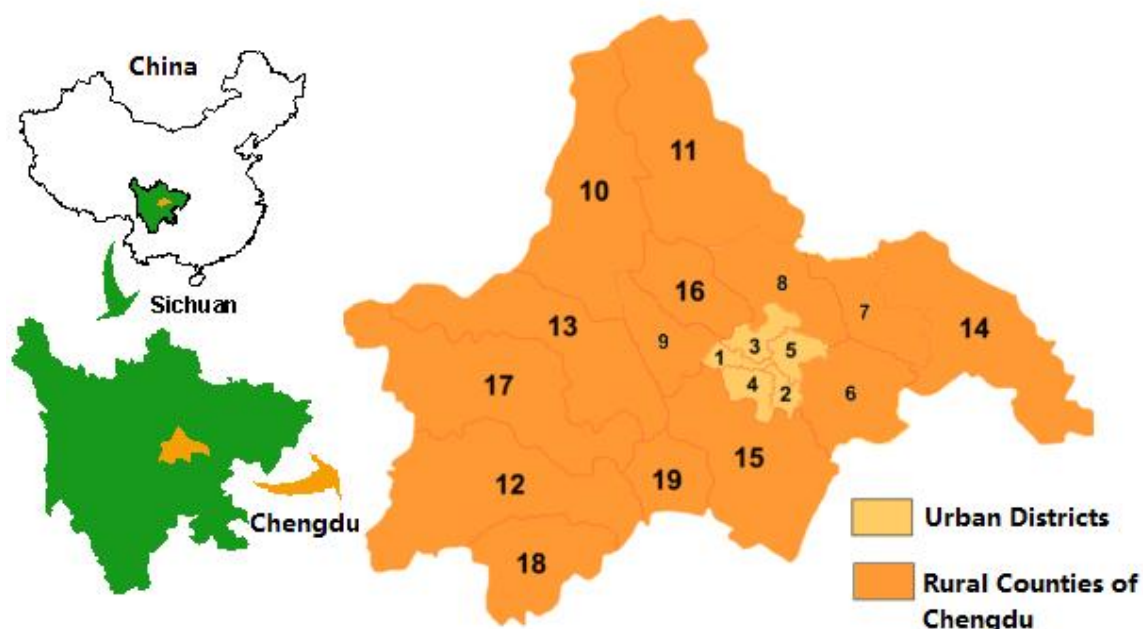


Figure 2.3: Urban Districts and Rural Counties of Chengdu. Source: This map was created using open source maps located at <<http://commons.wikimedia.org>>

Yet because of the need for reforms across systems as Yu and Li described, and because of the need for policy coordination across far-flung localities, locally-initiated reforms will likely be insufficient to solve these problems. Much of China's economic success in the period of reform and opening has come from allowing local governments to experiment with reforms, and this is often the best model for reform in a large country. Many economists have credited China's "fiscal federalism" and other types of policy decentralization for releasing local governments to initiate creative policy solutions which have ultimately transformed the Chinese economy²⁰. But because of the complicated nature of these issues, and because it is local governments who are most

²⁰ For example, see Montinola, Qian, and Weingast (1999).

likely to profit, at the expense of average citizens, from land requisitioning in the first place, locally-initiated reforms are likely to perpetuate these problems. Also, as a professor at a provincial-level Communist Party School in a migrant donor province said to me, despite efforts by the central government to ensure migrants' land use rights, "the local government can not only easily go around the central government's policy, even easier is ignoring citizens' economic and social rights." To solve the Three Rural Issues, achieve the stated objectives of the new leadership, and promote the welfare of China's least advantaged groups, farmers and migrant workers, bold reforms from the central government, not just locally-based reforms, are likely to be required.

Chapter Three: Variation in Urban Migration Policy and Migrant Exclusion from the City

I. Introduction

Although the dissertation's central argument is that rural factors influence migrants' integration into urban society, urban policies themselves are an important factor in this process. These urban policies have been the focus of traditional arguments about the marginalization of migrant workers in China, but I will argue in this chapter that there exists variation in the level to which migrants are excluded from urban citizenship. That migrants are not always actively excluded from urban registration is important to the dissertation's argument that part of the story of migrants' marginalization in urban China is a kind of *voluntary marginalization* by which migrants choose to remain outside the urban system. This chapter helps clarify migrants' potential choices by exploring the question of variation in city policies towards migrants across space and time, and by especially focusing on the variation in barriers migrants face to getting local urban registration (urban *hukou*) in their destination cities.

The chapter has two main objectives. First, I aim to refute the claim that urban registration per se is extremely difficult or impossible for most migrants to attain. I will show that in many types of cities, including some of the bigger cities, migrants often have the option to transfer their registration, and the costs to transfer are often not prohibitive. Second, by arguing that cities are the best unit of analysis to explore policy variation, by offering a simple model of city policies towards migration policy, and by empirically testing hypotheses drawn from the model, the chapter will make a novel argument that one reason reforms to the household registration system have not facilitated high numbers of registration transfers by migrants is that the cities which have most reformed in terms

of making registration transfer easier are likely to be the same cities where migrants have the least incentive to transfer.

Scholarly literature and media attention on China's internal migrants have focused on migrants' exclusion from the cities and barriers to migrants' integration. Since migrants who do not hold local household registration have a different legal status and access to inferior public services in comparison with locally-registered people, it is often said that migrants are a kind of second-class citizens in the cities²¹. Despite changes to both laws and migration trends, recent scholarship on China's internal migrants has continued to emphasize the exclusion of migrants from urban society. Kam Wing Chan and Will Buckingham (2008) noted that reform of the household registration system had been "localized" and that accessing urban registration in "a small urban centre" may have become possible for some migrants. Yet, four years later, Chan's (2012a) "Migration and Development in China: trends, geography, and current issues" declares that "only a very small number of rural migrant workers are given urban *hukou* every year, given the near impossibility of obtaining one without a college education or a lot of money, as the literature on this subject has amply demonstrated". So is obtaining urban registration a process which is becoming increasingly accessible to migrants, at least in small cities, or is it still a "near impossibility" without a college degree or enormous wealth?

Studies which have examined large trends in registration reform in China have generally argued either that the reforms have been too ineffectual or timid (e.g. Chan 2012b; Yu and Li 2012) or that need for reform has been overstated (e.g. Fan 2008; Zhu

²¹ Chapter Six examines the potential for migrants to exercise active citizenship.

2007). Unfortunately, most of these studies have attempted to generalize from the experiences of one type of city, China's largest metropolises, and have thus largely ignored the important variation across China's cities. In the same way, the popular media have often sold a simple narrative of migrant oppression, a narrative easily corroborated with stories of migrant schools being shuttered in Beijing or Shanghai and easily squared with preconceived – and often accurate – notions of rich urban people exploiting poor rural workers. In reporting and studying the experience of migrant workers and the policies of China's cities, there has been a pervasive big-city bias, the tendency to make claims about the difficulty of registration transfer based on one type of city, which the present work aims to help remedy.

The question of variation across cities is of crucial importance to understanding migrants' attitudes towards integrating into the cities and towards transferring their registrations to their destination areas. The focus on unrepresentative cities like Shanghai and Beijing has obscured the fact that urban registration is of varying value. Not only do some cities simply have lower levels of public services than others, but policies towards migrants vary as well. Where Chapter Four focuses on the opportunity cost of relinquishing rural registration, this chapter sheds light on the varying marginal value of urban registration, i.e. the value of urban registration to a migrant who lives in the city but lacks local urban registration.

This chapter will proceed as follows. Part II will discuss the literature on intergovernmental relations in the PRC and argue that examining city policies, as opposed to provincial, district, or some other level, can yield new understanding about migrant integration in China. Narratives of reform trends have typically emphasized a

general lack of opening to urban registration or a general lack of desire among migrants for registration transfer. I argue that the observations which have led to these arguments are compatible with an alternative explanation: that the cities which have the most liberal transfer policies for migrants are those where the marginal value of transfer is lowest and thus migrants have the least incentive to transfer. Part III formalizes this explanation by offering a simple model for thinking about urban policies towards migrants. I then explain how predictions regarding migrants' preferences for transfer can also be derived from the model. Part IV introduces some simple empirical tests which find that cities which have higher quality public services are more restrictive in allowing registration transfer and, relatedly, that such cities also require greater levels of education from migrants in order to transfer. I argue that this helps explain the observation of few migrant transfers to urban areas. Finally, Part V discusses the results of this chapter's analysis and suggests one way the registration system might evolve to become less restrictive.

II. Urban Policies and Registration System Reform

Variation in Urban Policies Towards Migrants

In this section I will argue that we should expect substantial variation in city policies. Since cities have significant autonomy in setting local economic policies and policies towards migrants constitute a classic case of a policy area over which local governments in China maintain control, we should expect not only variation in city policies, but variation which can be explained by examining city factors.

Key to understanding the question of the extent of local autonomy over policy towards migrants is understanding the extent of political centralization and the

mechanisms available to the center for enforcing the center's policy preferences on lower levels of government. Arguments which have stressed economic decentralization and the consequent importance of local economic initiatives to promoting growth have been central to explaining China's decades of sustained growth since the period of "reform and opening" began under Deng Xiaoping in the late 1970's. Gabriella Montinola, Yingyi Qian, and Barry Weingast (1995) summed up this model of reform as "Federalism, Chinese-style," in which "provincial and local governments under the market-oriented reforms enjoyed a wide range of authority within the market environment," while the central government continued to ensure a common market and imposed harder budget constraints. Thus, local governments could leverage local comparative advantages in developing local economies, but could not expect bailouts. Under this model, local governments retained important control over policy.

These arguments were countered by Yang (2006) and Solinger (1996) who argued that the center's power had not receded to the extent that the market-preserving federalism camp had maintained, and the ability of the center to unilaterally change policy undercut the decentralization argument (Zhang 1999). Yet they do not account for two counter-arguments, one economic, the other political. A number of scholars pointed to the ways that local governments' extrabudgetary revenue skyrocketed during the early period of reform and led to genuine autonomy of local governments (Qian 1999, Bai et al. 1999, Wang 1995, Wong 1991, Montinola et al. 1995). At the same time, local officials, particularly provincial leaders, rose to power in the central government, tilting political power towards to provinces (Shirk 1993). The combination of the increased

economic and political power of the provinces vis-à-vis the central government preserved significant latitude for local governments to make policy.

What, then, are the limits to local autonomy? The *nomenklatura* system stipulates that higher level officials select the officials at the level below them, meaning that predatory behavior faces a threat of punishment from above, and the strength of this system has increased in the reform era (Huang 1996)²². Implicit is a principal-agent model in which a given official is an agent of the official at the level above her. China's Cadre Responsibility system, by which lower-level officials sign performance contracts with higher-levels of government, emerges from this system (Edin 2003; Whiting 1995). These performance contracts stipulate high-priority "hard targets," lower-priority "soft-targets," and top-priority "veto issue targets," which, if missed, would "cancel out all other work performance" (Edin 2003, 39).

This logic implies that local governments are conditioned on a few important issues which are of high priority to their superiors and that attention to various policies is limited. If all targets could consistently be met, of course, there would be no ranking of importance; in such a world, perhaps all targets would be veto-issue targets. Because of the impracticality of such a system, the number of priorities is limited. This means there is a zero-sum quality to policy priorities. If an issue is of high priority to a level of government, it can effect change at the lower levels, but the attention and effort paid to

²² Xu (2011) calls this model of political centralization with economic regional decentralization "regionally decentralized authoritarianism." Blanchard's and Schleifer (2001) argue that China's economic reforms were more successful than Russia's China's *nomenklatura* system constrained local government predation. In contrast Russia lacked "political centralization" and thus lacked a mechanism by which to remove corrupt local officials who pursued personal enrichment at the expense of the local economy.

that issue must subtract from the attention paid to other issues. Edin refers to this phenomenon as the ability of the center to be “selectively effective.” Naughton and Yang (2004) put it this way: “Each time the hierarchy gives priority to one objective, it temporarily draws resources away from other legitimate objectives.”²³

Does this mean that local officials will simply flout the demands of their superiors if a policy change is not given priority by being labeled a “veto issue” or “hard target”? Monitoring by the principal of the agent is unnecessary when the interests of the principal and the agent are already aligned. The agent cannot “shirk” when his interests are already identical with those of the principal: the concept of “shirking,” which assumes conflict of interest between agent and principal, does not even apply to such situations. Many policies promoted by higher levels of government are not burdensome unfunded mandates but policies in which the locality also has an interest, for example because they directly or indirectly affect economic development or another priority issue or it presents an opportunity to capture rents. Thus, it would be surprising if local government officials did not typically attempt to fulfill the wishes of their superiors in such issue areas. The system breaks down in issue areas in which the center promotes a policy change which is costly to the local government and is also not deemed a high priority “veto issue” or “hard target”. In such cases we should expect lots of shirking by local governments and we cannot expect that such policies will be quickly or fully implemented.

²³ An important consequence of this model of governance is that reforms are not “scalable” in that a pilot program which succeeds in effecting some outcome based on greater prioritization cannot be scaled up without diminishing the effectiveness of central control in other areas

Will a local government implement a given policy coming from a higher level of government?

	Interests aligned with higher level	Interests not aligned with higher level
“Veto issue” or “Hard target”	Implement	Implement
Not “Veto issue” nor “Hard target”	Implement	Shirk

Figure 3.1: Local Government Policy Implementation

Concerning local policies towards migrants, should we expect (1) that they are typically veto issues or hard targets which receive significant monitoring and attention from the center, (2) that they are issues regarding which the center and local government’s interests are aligned and therefore little monitoring is necessary, or (3) that they are likely expensive soft targets on which the local government is likely to shirk?

There is compelling evidence, both from the scholarly work on China’s domestic policies and from interviews and analysis conducted in conjunction with the present project that policies towards migrants are of the third kind: they are policy areas of low priority to the center and in which carrying out the center’s policy is expensive to the local government. First, the literature on veto areas and hard targets has not emphasized

policies towards migrants as of interest in cadre evaluation (e.g. Edin 2003; Pan 2013)²⁴. Second, there can be a substantial gap between the stated policies of local governments, which often emphasize the center's policy, and actual implementation of the center's policy. For example, when I talked to local officials in a large city in eastern China, the officials stressed that all migrant children had legal access to the city's public schools, in line with the stated preferences of the central and provincial governments. Yet when I interviewed migrants in that city and talked with officials at a local public school, it became apparent that school overcrowding limited migrant student enrollment and that public schools continued to charge onerous fees. Davies and Ramia (2008) likewise found that local governments told interviewers that they were complying with policies which promoted more openness to migrants, but that "without adequate funding for governance reform, local governments will continue to manipulate central regulations to maintain the status quo." Third, policies towards migrants are often expensive unfunded mandates, policies which require the local government to expend greater resources or to reallocate resources from established urbanites to migrants. Policies which require greater openness to local public schools for migrant children, for instance, require either increased education funding or reallocation of resources from current students to migrant students²⁵.

²⁴ Neither Edin (2003) nor Pan (2013), both of which are dedicated to discussing the implications of the cadre responsibility system, mentions local policies towards migrants.

²⁵ Tiebout (1956) found that when relocation costs (i.e. barriers to migration) are low, local governments can achieve optimal public goods provisions. He shows that "communities below the optimum size seek to attract new residents to lower average costs." Yet this model assumes a homogenous population, and the introduction of heterogeneity leads several studies to conclude that migration and local public service policies are not as value-neutral as Tiebout originally seemed to claim (e.g. Benhabib

Fourth, city-level policy variation is acknowledged by both provincial and central governments. Guangdong province has implemented a points system to regulate access to local urban registration, but even under that system there exists city-level variation in the number of points required for migrants to obtain local registration (Yu and Li 2012; Wang and Huang 2010; Zhang 2013). Also, during the latest round of reform hype since 2013, the central urbanization work conference which was led by Premier Li Keqiang announced that the type of reform to the urban registration system that would be pursued would explicitly vary by the type of the city. According to state media reporting on the conference's conclusions, while small cities would have barriers to local registration "completely opened" (*quanmian fangkai*), larger cities should "reasonably determine" (*heli queding*) restrictions, and the populations of "megacities" (*teda chengshi*) should remain "strictly controlled" (*yan'ge kongzhi*) (Wang 2013)²⁶. That urban registration policies are generally set at the city level explains why scholars have focused on this level of analysis.

1996, Freeman 1986, Epple and Romer 1991, Brown and Oates 1987). In China, this heterogeneity is obvious. In line with fundamental economic theories of migration, such as neoclassical economic theories (e.g. Sjaastad 1962) and later theories (e.g. Harris and Todaro 1970), migrants are typically much poorer than the average for the urban population: this income disparity is of course much of what motivated migration in the first place. Furthermore, one of the greatest additional costs to city governments associated with registering migrants is the cost of the non-workforce population, such as children's education and care for the elderly. Yet under the present system families often do not migrate as a family unit, and city governments can thus get the benefit of migrant labor without the cost of additional social service outlays. For these reasons, Tiebout's model cannot be applied to the public goods provision of Chinese cities. Not only do city governments have strong incentives to shirk from the any pro-migrant policies from the center, but also they may have strong incentives to under-provide social services to their migrant populations, as will be discussed further in Part III of this chapter.

²⁶ For a discussion of recent urbanization policies, see Chapter Five.

Reforms to the Household Registration System

City governments have pursued countless reforms of local policies towards migrants since the first large waves of migrants began appearing in Chinese cities in the late 1980's. Reforms which opened the "urban public goods regime" can be divided into two dimensions: those which granted outsiders local urban registration and those which expanded access to social services to unregistered migrants. A prototypical example of the former type is the selling of "blue-seal" registration (*lanyin hukou*) to migrants in China's largest cities in the late 1980's and 1990's. The blue-seal registrations were not permanent registrations and did not require the migrant to forfeit her original registration, but typically they could be converted to a normal household registration after a period of time²⁷. Kam Wing Chan and Zhang Li (1999) said that the blue-seal registrations were developed by local governments to simply serve their needs by selecting the richest migrants and extracting rents from them, and that the central government merely tolerated the practice under the policy of "local need, local benefit, local responsibility, local validity." In the early 2000s the blue-seal registrations would be formally abolished, but the blue-seal registration's basic principles, that skilled or wealthy migrants could gain access to urban registration and that more desirable cities would extract greater rents, lived on. The following sections of this chapter will explain these principles in greater detail.

The other way for cities to open access to the urban public goods regime is to make a greater share of public services available to non-locally-registered people. For

²⁷ For a fuller discussion of the blue-seal registration policies, see Wong and Huen (1998) and Wang (2005), chapters three and four.

example, many cities created some opportunities for migrant children to get education locally. In interviews with school administrators and migrant workers with school-age children, it became clear that with enough money to spend on extra fees and bribes to school teachers and administrators, it has long been possible for migrant children to attend normal urban public schools. However, because most migrants are low-paid workers, most migrant children attend school in the migrant sending area, where education is at most very cheap and is normally free to local children. Still, many cities offer some resources for migrant students, although they are often of inferior quality to local public schools or face overcrowding (Goodburn 2009). For example, the Shenyang government is reported to have insisted to local school officials that “children of migrant workers should be exempted from temporary school fees.” Parents, however, complained that applying for the waiver was complicated and that they received mixed signals from the school and the municipal government about their children’s rights (Luan and Yu 2006).

Increased provision of local public services to migrants can occur with regard to any of the ways in which migrants receive inferior public services. Just as city buses do not discriminate by registration status, cities can move to equalize treatment of migrants by allowing them access to local health insurance and pension schemes, allowing migrants into local public schools, providing subsidized housing for migrants, and granting access to any other public service on a more equal basis. As will be discussed further below, opening the urban public goods regime in this way reduces the incentive for migrants to transfer their registrations to the cities as it reduces the marginal benefit of local registration.

Since the late 1980's, there have been multitudes of local reforms of the registration system that have either changed the rules for registration transfer or afforded various sets of social services to the non-locally registered population²⁸. The incremental nature of these reforms has led to the argument that while there have been some important reforms which have rationalized the system and marginally improved migrant welfare, the reforms have not gone nearly far enough to resolve the fundamental contradictions within the system (Wang 2005, Chan 2012a). One important study found that in only 715 families, no doubt all wealthy elites, had taken advantage of a program that was meant to grant Beijing registration to migrants (Wang 2005, 190). Chapter Five will examine the prospects of the Chinese leadership's urbanization plans in more depth, but it is worthwhile to first examine whether or not transfer is even possible for migrant workers since it has been argued that transfers do not occur because migrants normally lack the option to transfer.

To What Extent Is Transfer Possible?

During the 2000's China underwent substantial urbanization and that increased rural-to-urban household registration transfer also occurred (e.g. Cai 2010). Chan (2012a) points out that in fact much of the data which supports the appearance of these phenomena are statistical artifacts and reflect *reclassification* as opposed to urbanization or registration transfer. For example Cai calculated registration transfers to the city by measuring the change in the local non-agricultural population and removing the part of

²⁸ In the interest of simplicity, in this chapter agricultural registration is called "rural registration" while non-agricultural registration is called "urban registration". Chan and Buckingham (2008) describe in detail the changes in the ways that the household registration has been categorized over time.

this change which was due to natural increase, and he argued that the large numbers of transfers were evidence of successful reform. Chan argues that this calculation ignores the importance of local governments changing city-controlled counties into urban districts (*xian'gaiqu*) and reclassifying rurally registered people under the city's administration as urban residents. Chan's point, that much of the supposed increases in urban population and in urban registered population are not a result of migration or registration transfer, is well taken, and Chan himself has done much important work explaining the registration system and making sense of the numerous and often overlapping administrative classifications used by various Chinese government departments (e.g. Chan and Zhang 1999, Chan and Buckingham 2008, Chan 2012a, Chan 2012b)²⁹.

Arguing that the household registration system has not been significantly relaxed, Chan (2012a) says that "It is quite likely that the number [of transfers] would not exceed 100,000 for the whole nation in any given year in recent years." If this is true, it seems to be strong evidence that the registration system is still very strict. One problem in evaluating such claims is simply semantics. Chan, for example, does not count college educated rural-to-urban migrant workers as "rural migrant workers" even though such workers are rurally registered, migrants, and workers. Thus, the claim that there are only 100,000 annual transfers of rural migrant workers ignores these skilled workers, and when these workers are included Chan's own estimate jumps to 3.0 million per year.

²⁹ Another important article on these statistical issues is Zhou and Ma (2005).

Table 3.1: Requirements for local urban registration under the regular employment track. Source: Chen Dataset

(Regular Employment Track)	Shanghai (1 of 46)	Changchun (24 of 46)	Jilin (46 of 46)
Lowest Education Required	University degree	Secondary degree	None
Lowest Skills Required (ordinal 0-3)	2	0	0
Employment Requirement	Yes	Yes	No
Residency Requirement (years)	7	4	No
Housing Requirement	Yes	No	Yes
Number of Additional Restrictions	7	2	0

But this claim that very few rural migrant workers can transfer their registrations to the cities every year faces an additional problem: big-city bias. Again, consider Chan's piece. He says that "evidently" few migrant workers transfer to the city, "given the near impossibility of obtaining one [registration transfer] without a college education or a lot of money, as the literature on this subject has amply demonstrated." The "literature on this subject" which Chan cites is his own paper (Chan and Buckingham 2008) which explicitly bases its evaluation of the barriers to registration transfer in the cities on "a sample of large cities, the destinations of tens of millions of peasant migrants and about which we have reasonably good information." Of course, many of China's rural-to-urban migrants are living in such "large" cities. But basing estimates of the number of

registration transfers on migrants' experiences in only one type of city is likely to lead to bias.

The argument that migrants are almost always excluded from registration transfer is partly based on the common belief, sometimes implicit, that almost all migrants prefer registration transfer. While refuted by both survey data and arguments that migrants prefer circular migration (such as Fan 2008), this misunderstanding persists. For example, in discussing the quality of the urban public goods regime, Chan (2012a) says that “given the disparities between the two major *hukou* [registration] types [rural and urban], people with agricultural [rural] *hukou* will always wish to convert to the non-agricultural [urban] category.” Chapter Four will discuss in greater depth the potential value of rural registration and explain the exceedingly common phenomenon of rurally registered migrants expressing a desire to keep their original rural registration. For now, it is enough to point out that Chan himself answers the implicit question of why migrants would not “always wish to convert” to urban registration while simultaneously raising the question of variation in city policies towards migrants when he (with Buckingham) argued in 2008:

A very small gain rural migrants may have under this round of initiatives is the possibility of obtaining a *hukou* in a small urban centre (mostly towns but also some county-level cities). This has been made substantially easier since the late 1990s. But small urban centres are not where most peasant migrants want to go, because of the relative lack of job opportunities and social welfare and amenities in comparison with major urban centres. Moreover, those accepting a *hukou* in small towns are required to give up their entitlement to land in their home village, a potentially huge financial loss in some areas.

(Chan and Buckingham 2008)

The other main response to this wave of registration system reforms argued not that reforms were too timid, but that the reasons why migrants were not applying in droves for registration transfer was that household registration reform was not the answer to migrants' problems³⁰. These scholars have argued that migrants did not desire integration or transfer to the cities and that they benefited from the current system by dividing labor and sharing risk across family members in different areas (Fan 2008; Zhu 2007). This argument will be examined closely in Chapter Four.

My analysis of data on policies regulating registration transfer across 46 cities indicates that there is, in fact, substantial variation across cities in their openness to migrants' registration transfer³¹. Figure 3.2 shows that almost all of the cities have a substantial net number of migrants, and the median city in the dataset has a net of 292,000 migrants. Obtaining urban registration is achieved by using one of several tracks, such as investment, tax payments, employment, education, and marriage, with the criteria for gaining registration in a given city will vary depending on which track is being utilized. For example, an applicant for registration transfer who uses the investment track

³⁰ In the words of Cindy Fan (2008), arguments "that emphasize the *hukou* system alone risk privileging top-down, structural and institutional explanations over bottom-up, household and individual level perspectives."

³¹ The dataset referred to in this chapter as the "Chen Dataset" was compiled by Chen Xiao at Fudan University in 2010. It contains data on household registration system policies, particularly policies governing registration transfer, for 46 Chinese cities. Specifically, it contains data pertaining to several registration transfer "tracks," such as investment, housing, skilled employment, and regular employment. (Only data from the skilled and regular employment tracks are used in this chapter for reasons described in Appendix A.) Chen and her associates published three papers (Chen et al. 2011; Wu et al. 2010; Zhang and Tao 2012) using this data and their main finding was that economic development correlated with the index they constructed from their policy data and economic profiles of the city. For a fuller discussion of this dataset and the indices used in this chapter, see Appendix A.

may not be subject to an education requirement, while one who employs the employment track may need a college degree. A description of the requirements for admission to local urban registration for the most restrictive city (Shanghai), median city (Changchun), and least restrictive city (Jilin) on the “normal employment” track is presented in Table 3.2. This table shows that in the most restrictive city, Shanghai, a migrant who applies for local registration under the normal employment track is required to have a university degree, seven years of residency in Shanghai, and have steady employment and housing. On the other hand, Jilin, the least restrictive city in the dataset, has no education, residency, or employment requirements. Contrary to the claim that a college education is often necessary for transfer, according to the Chen Dataset, only twelve of the 46 cities restricted transfer to migrants on the regular employment track³² to those with either college education or the highest professional qualifications. For transferring migrants in these less restrictive cities, the primary direct cost to registration transfer is home ownership, and although buying a flat in one of China’s first-tier cities is out of the reach of most migrant workers, in many of the second-tier cities such a purchase may not be cheap, but neither is it prohibitively costly for a majority of migrant workers.

³² See previous footnote.

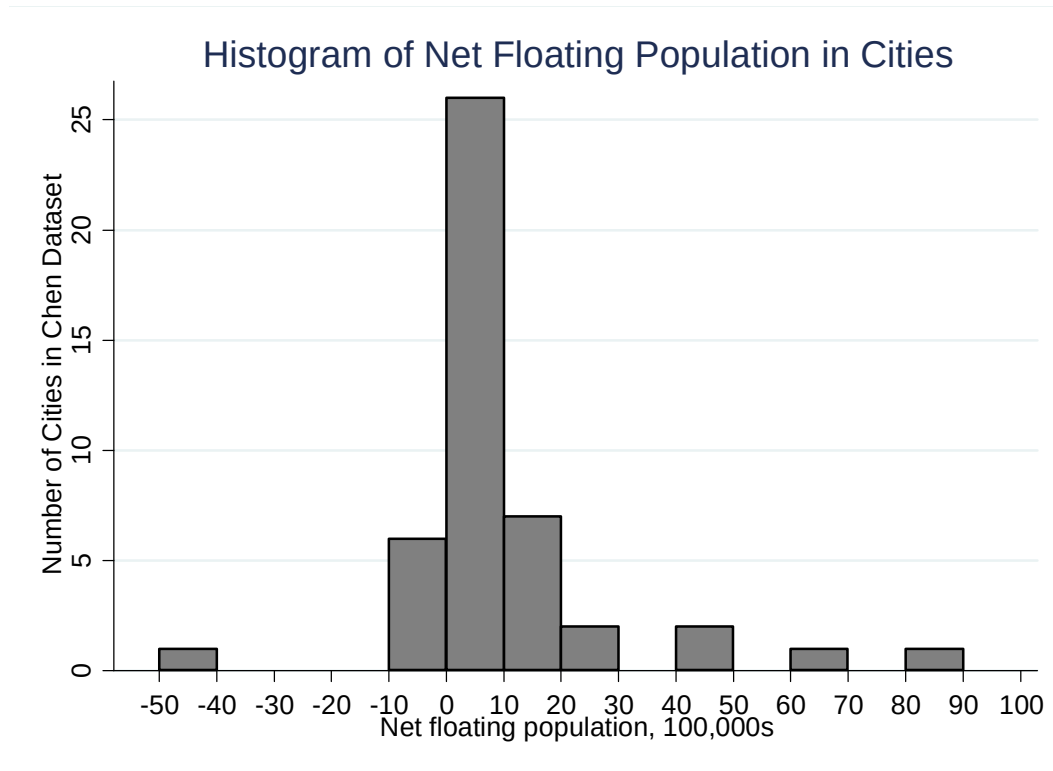


Figure 3.2: Source: Chen Dataset

For example, a migrant worker I spoke with in Qingdao, a city ranked ninth using the measure of restrictiveness used in this chapter and a city which has a housing requirement under the regular employment track, told me that he would be eligible to transfer his registration to Qingdao after buying a house. He told me that he had completed technical school and an apprenticeship in Qingdao, and that he was saving money so that he could eventually buy a house either in his hometown or in the peri-urban areas of Qingdao. Having a house and a car, he said, were mandatory if he wanted to get married. While he had not yet determined whether to settle in Qingdao long-term, he was continuing to consider his options, and settling in Qingdao and transferring his registration to the city were certainly possible in his view.

This migrant's experience can be contrasted with that of a migrant worker I interviewed in Shanghai. Although she was no less skilled a worker than the man in Qingdao – she had earned a bachelor's degree and now took a salary which put her solidly in Shanghai's middle class – she expected that she would never get access to a Shanghai registration. She was deeply critical of the Shanghai government's treatment of unregistered migrants and pessimistic about future change. She said that as a formal-sector worker she paid high taxes and fees to support Shanghai's pension fund and other services from which she believed she would never personally benefit. To this migrant worker, claims that migrants are categorically denied access to local urban registration would sound exactly right. But Shanghai is the most restrictive city in the Chen Dataset, according to the measure used in this chapter. Generalizing from the most restrictive cities has led to the kind of overstatement and distortion which has been common in both the scholarship and reporting on China's household registration system.

III. A Model of Local Government Policy towards Unregistered Migrants

An unexplored reason that household registration reform has not facilitated high numbers of registration transfers by migrants is that the cities which have most “reformed” in terms of making registration transfer easier are likely to be the same cities where registration transfer least matters to migrants because public services are poor or there is little disparity in the benefits afforded to those who are locally registered and those who are not. In other words, a migrant may lack incentive to transfer because the *marginal value of urban registration* is low.

City Preferences

To clarify the cities' interests, I construct a simple model of local government policymaking which focuses on cities' costs and benefits to admitting people to their urban registrations. As discussed in Part II above, local officials are likely to pursue policies which encourage economic growth, social stability and other goals which are prioritized by their superiors. Since policies promoting migrant welfare are unlikely to be high-priority "veto issues" or "hard targets," and instead are likely to constitute unfunded mandates, cities are likely to shirk in these policy areas and base policy towards migrants on their own interests.

Let q_j be the quality of the urban public goods regime in city j . (Let us assume that the cost and quality of the urban public goods regime are perfectly correlated.) Let d_j be the disparity between the urban public goods regime and the inferior set of goods afforded to non-locally registered people in city j , measured as the proportion of the local public goods regime from which non-locally registered people are excluded. (That is, if $d=0$, non-locally registered people have access to public services identical to those of locally registered people.) Let $b_{i,j}$ be the economic benefits to city j of granting local registration to migrant i .

If all locally registered people enjoy an equal share of the city's public goods regime, it is easy to see that city j will grant local urban registration to migrant i when

$$b_{i,j} > d_j * q_j \quad (1)$$

Rather than predicting that migrants will be shut out of urban registration without lots of money or a specific benefit (like a college degree), the model implies that there exist a range of benefits migrants can offer to the city by transferring and a range of costs

cities may incur if a migrant transfers. A local government will allow registration transfer when the benefits of granting that migrant local registration are high, when the quality of the public goods regime afforded locally registered people is low, or when the disparity between the goods afforded locally registered people and non-locally registered people is low. (In practice, it is unlikely that q_j would be high where d_j is low, an issue which will be addressed further below.)

The variable $b_{i,j}$ has several important components which should be discussed because a migrant could provide many kinds of benefits to his destination city by transferring, some of which are functions of the city's characteristics, others of which are functions of the migrant's, and others arguably both. First, the earnings of the migrant may be easier for the city to tax if the migrant is registered in the city. Second, the wealth of the migrant can be extorted through transfer fees, bribes, or other rent-seeking behavior by the city's administration³³. And third, migrants or other rural people from areas nearby to the city may have land which they cannot sell on the market, but which they can release to the city in exchange for something, for example, urban registration³⁴.

³³ Mackenzie (2002) refers to this as "local governments whose rent-seeking behavior has turned the *hukou* into a lucrative commodity".

³⁴ While inequality (1) implies that a city would grant local registration to someone for whom the direct benefit outweighs the direct cost, the city could provide local registration to migrants "at a loss" in order to stimulate migration and provide labor for local industry which they can then tax. Yet offering local urban registration is not a city's only policy option, and there is good reason to believe it would not be the option of choice. Recall that local policy towards migrants can be divided into two dimensions: the proportion of the urban public goods regime afforded to non-locally registered people (migrants who have not transferred their registration) and the ease with which a non-locally registered person can transfer her registration and become a locally registered person. Changing the proportion of goods afforded to unregistered migrants is a much more flexible policy tool than offering urban registration because it offers a more immediate benefit to (potential)

Migrant Preferences

This simple model also has consequences for migrants' preferences regarding registration transfer. If $d_j \cdot q_j$ is high, cities may implement a more restrictive policy, but this term also represents migrants' marginal benefit to registration transfer. (In this chapter we will only consider migrants' potential urban-side benefits to registration transfer. Issues related to migrants' relationships with their sending areas will be taken up in Chapter Four.) When the term is high (e.g. d_j approaches one, and q_j is high), it means that migrants are excluded from a large amount goods to which they would have access if they transferred. When the term is low (d_j and/or q_j is low), migrants have a reduced marginal benefit to transfer. If d_j is low, unregistered migrants have access to most public services without transferring, and if q_j is low, there are few public services provided even to the registered population. In either case, the benefits to the migrant to transferring to that city are less than if $d_j \cdot q_j$ were high.

Consider Figure 3.3, which reduces these continuous variables to dichotomous ones in order to depict an aspect of the situation faced by migrants considering transfer to the city. The cities in quadrant I (upper-right) offer large benefits to transfer (depicted on the x-axis), but are highly restrictive (y-axis). It will be difficult for migrants to transfer to these cities, although transfer would be desirable. The cities in quadrant II (upper-left) are also more restrictive, although their public services are fewer, so migrants not only have little benefit to transfer but also are restricted from transferring. While they are not difficult to transfer into, the cities in quadrant III (lower-left) offer little benefit to

migrants and does not commit the city to long-term outlays in the way that granting local registration does.

transfer. Migrants have a bigger incentive to transfer to the cities in quadrant IV, and these cities are not restrictive. Other things being equal, migrants would generally choose to transfer to such cities. But do these cities exist?

Public Services and Restrictiveness	
More Difficult to Transfer Less Difficult to Transfer	Cannot and Will Not Transfer
	Cannot Transfer
	Will Not Transfer
	Can and Will Transfer
	Less Benefit to Transfer More Benefit to Transfer

Figure 3.3: Public Services and Registration Transfer Restrictiveness

IV. Empirical Findings

Before answering this question, let's turn back to city preferences for a moment and just consider the relationship between q_j , the quality of the urban public goods regime in city j , and $b_{i,j}$, holding d constant. (We will discuss d 's variation below.) We might expect that the quality of the urban public goods regime would be highly correlated with the city's level of economic development. One simple empirical test would be to find out if there is a correlation between one component of $b_{i,j}$ and a measure of q . The Chen

Dataset includes an ordinal variable which represents the lowest level of education required by a city for registration transfer according to the regular employment track³⁵.

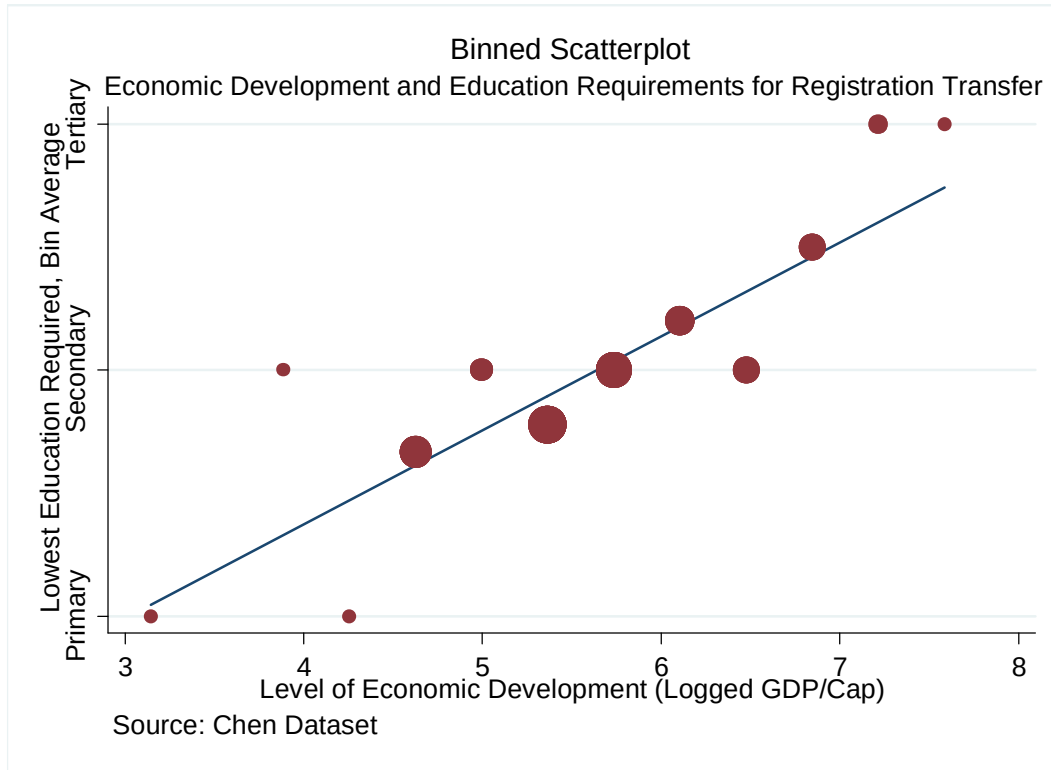


Figure 3.4: Binned Scatterplot of Lowest Level of Education Required for Registration Transfer by the Regular Employment Track. Source: Chen Dataset and Chinese Urban Statistical Yearbooks.

Since education can be viewed as human capital (Becker 1964) and thus may constitute a component of benefits a city can capture from a transferring migrant, I will use the education requirement as a proxy for this latent variable. Consider Figure 3.5, which depicts the correlation of economic development and the lowest education requirement from the regular employment transfer track across 46 cities. The cities are grouped (binned) along the x-axis and then means of each group's education

³⁵ See footnote 10.

requirements are depicted as the y-variable. A strong positive relationship exists between these variables, and this relationship is robust to controls such as the population of the city, the unregistered population, and the city's recent economic growth³⁶.

Now let's turn back to the question of migrants' preferences and urban policies. Again, we might expect that the quality of the urban public goods regime, q_j , would be highly correlated with the city's level of economic development. This implies that migrants have a potentially greater benefit to transferring to cities which have higher levels of economic development because they can gain access to superior public services, such as Shanghai's world-class public schools.

Figure 3.5 overlays a scatterplot of a measure of restrictiveness from the Chen Dataset and Chinese statistical yearbook data on economic development on Figure 3.3. This is not to claim that these cities actually fall into these quadrants, but to visualize that if level of economic development and the quality of the urban public goods regime are closely related, there is in fact a clear positive relationship between the quality of public services and the restrictiveness of the city, and few cities are likely to fall into quadrant IV or quadrant II; almost none of the fitted values fall into either of those quadrants. This helps explain why migrants have not generally pursued registration transfer, since quadrant IV's cities are the only ones where migrants have both the opportunity to transfer and a strong incentive to do so. The positive relationship between restrictiveness and economic development which is depicted in Figure 3.5 is robust to controls such as the population of the city, the size of its migrant population, and its recent economic

³⁶ For full results of the ordered logit regressions, see Appendix B.

growth³⁷. Thus, one of the reasons for the observation of few transfers by migrant workers is that the incentive to transfer and the difficulty of transfer are directly correlated. To the extent that a migrant benefits from transfer, she is inhibited from doing so.

Yet the marginal benefit of registration transfer is not simply the value of the urban public goods regime in the destination city. Unregistered migrants can already partake in some part of a city's public services, and to the extent that they have access to these goods, the benefit of transferring to the city is reduced. Let us reconsider d_j , which represents the proportion of city j 's public services from which the unregistered migrant is excluded. This variable is difficult to measure, and I do not attempt to measure it here. Yet it is relatively simple to conceptualize, and we can say that if this variable were inversely correlated with the quality of the urban public goods regime, it would be unclear if a migrant's marginal incentive to transfer were really correlated with the quality of the urban public goods regime. After all, if a migrant were excluded from almost all of a "poorer" city's public services (d approaching one), there would be perhaps an even greater incentive to transfer than in a "richer" city which granted nearly full access to its public services to unregistered migrants. It is, however, unlikely that d_j and q_j are inversely correlated. Cities with more expensive public services have a greater incentive to restrict access to those services precisely because they are costlier, at least in an absolute sense. Conversely, for a city with poor and inexpensive public services, there

³⁷ See appendix B for the results of OLS regressions.

is less reason to restrict access.

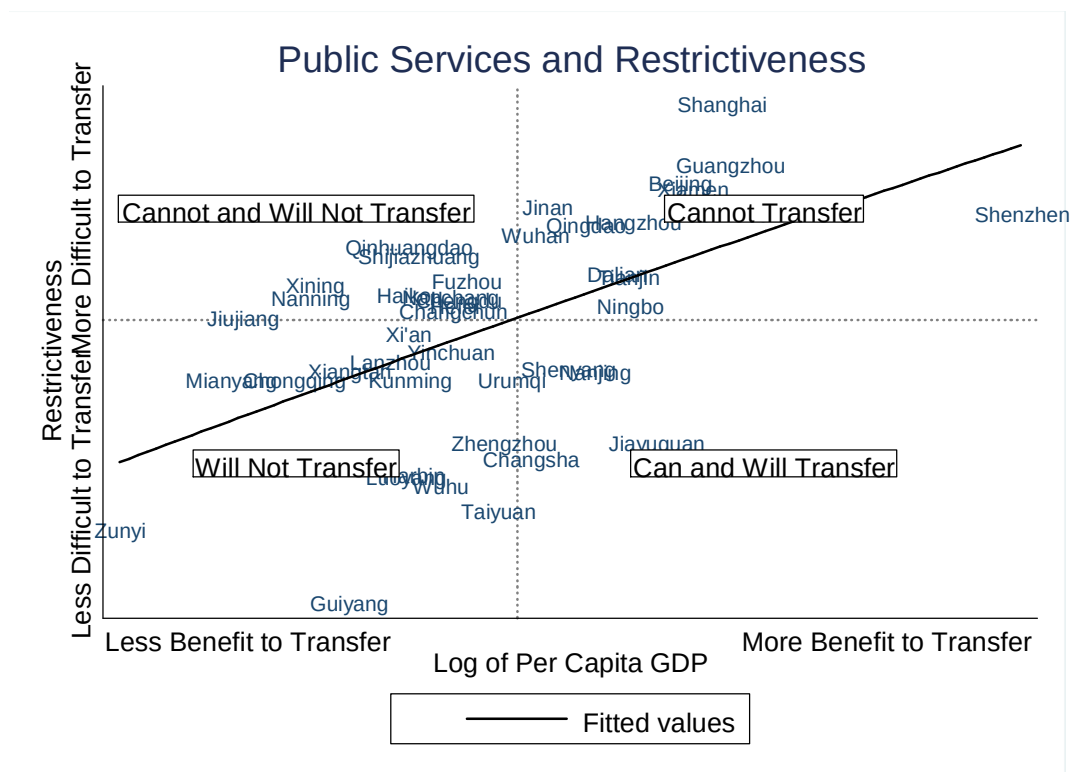


Figure 3.5: Public Services and Registration Transfer Restrictiveness, Empirical Findings. Source: Chen Dataset and Chinese Urban Statistical Yearbooks.

That d_j and q_j are likely correlated presents an additional reason why migrants are likely to reject registration transfer when it is available. The cities in which transfer is relatively easy are not only cities with fewer public services, but also may provide a larger share of their public services to migrants than the larger cities, reducing the marginal benefit of transfer further. By this reasoning, the previous studies which said that either reform had been insufficient or that migrants preferred to keep their rural registrations were both right, just in different cases. Those who argued that reform has been highly limited are largely right when it comes to the restrictive cities with the greatest levels of economic development; they were wrong, however, to generalize this

claim to other cities. Those who claimed that migrants refused registration transfer because they preferred circular migration were likely right regarding the cities which have most opened up, but may be wrong about migrants' preferences if radical registration reform were to spread to all of China's cities³⁸.

V. Discussion

Although we are unable to measure the disparity in access to public services between locally registered and non-locally registered people in the current study, making this distinction between q_j , the level of public services in a given city, and d_j , the proportion of the local public services in the city from which migrants are excluded, clarifies both city policymaking and sheds light on migrant behavior. Migrants who are in poorer cities not only have the reduced incentive to transfer implied by the lower level of public services generally provided by such cities (i.e. low q), but since such cities have a reduced incentive to restrict public services to locally registered people, unregistered migrants may already have the opportunity to consume more of these cities' public services. This *further* reduces the incentive to transfer to such cities, and provides an additional explanation for why registration transfer to these poorer, "opened," cities has not been popular.

Moreover, if some cities, such as Qingdao and Shanghai mentioned above, deny access to local urban registration even to middle-class, college educated migrant workers, the prospects are dim for reform which would broadly open access to local registration to average migrants. One possible means of reform in cities where there is a great disparity

³⁸ The value of the rural registration as another reason migrants might prefer not to transfer is a topic of Chapter Four.

between the public services afforded to locally-registered people and unregistered migrants would be “localization” of public services – below the city level – which would more closely match social service quality to the local residents’ ability to pay for them. Full registration transfer rights for migrants, coupled with lower levels of public services in poorer areas would likely lead to improvements for all actors. Thus, such reforms would be pareto efficient (meaning all actors would be no worse off than they are now), but would also perpetuate inequality. Migrants who desired permanent migration would get access, in their city, to social services which would be more convenient to consume and may facilitate nuclear family unity, and which may be of higher quality than those in the areas from which they migrated. At the same time, urbanites who may fear the dilution of their city’s public services would be protected because of the segmentation of social services distribution. Their high quality public services would not be severely diluted because the costs of living in the urban cores, where such high-quality services would remain available, would inhibit migration to these areas. Such a system would look similar to that of the United States, where wealthier citizens may move to suburban areas where social services are good. By allowing people to sort themselves, much like in Tiebout’s model, richer people will live in areas with high levels of public services and poorer people will live in areas with lower levels of public services. The sorting mechanism here is slightly different than in Tiebout’s model. Instead of moving costs being nonexistent, this theory suggests that political units with heterogeneous populations can break themselves up into smaller units for the purpose of more efficiently matching preferences and economic power with local public expenditure.

The downside to such a solution is obvious. Rather than creating a shared urban space for all residents, such a program makes poor residents second-class citizens in their own city. Just as American cities have experienced the perpetuation of radical inequalities as a result of “white-flight” from urban cores and the creation of suburban enclaves with superior social services, localization in China would perpetuate inequalities in similar ways, albeit without the ugliness of the racial component present in the American case. Although the pareto efficiency of such a system suggests that it would be relatively easy to implement and could serve as a basis for future reforms which may address these disparities, it should be recognized that such a set of reforms would exchange one codification of legal inequality for another.

There are, however, good reasons to question whether China would adopt such a reform program in the first place. Unlike in the United States, in which local governments share similar and roughly equal relationships with their state government, in China there is a hierarchy of government. Just as each city is within a province, each lower unit of government is within the higher unit. So while in the United States a city is typically “in” a county and there is no automatic hierarchical relationship between the city and county, in China, counties are under the administration of a city, with the city “above” the county in the hierarchy. Thus, the type of sorting which would allow local governments to match the level of public services to their residents’ willingness and ability to pay taxes would require further fiscal decentralization which would transfer fiscal power from city governments to lower levels, much as school district funding is normally procured through property taxes in local school districts in the United States. This fiscal and policy decentralization would need to be replicated across several dimensions of social services

in order to be effective, and such a package of reforms may face obstacles both from city governments wary of giving up power and from those who want to make greater progress in alleviating China's high levels of inequality.

Whether or not such a reform is practicable, the variation in public services and openness of local government to migrants at levels below the city level is an important area for future research.

The chapter has shown that it is not that urban registration per se is extremely difficult or impossible for most migrants to attain, but that the variation across cities in conditions and in policies towards migrants shows why migrants often lack good reasons to transfer registration to the cities. Since the difficulty of transfer and the benefits to transfer are directly correlated, migrants have less reason to transfer to the cities where transfer is possible. The next chapter will examine another important reason migrants may choose to remain outside the urban registration system: the value of the rural registration.

Chapter Four: The Effect of Rural Factors on Migrant Integration

I. Introduction

So far, the dissertation has argued that the rights related to the rural registration in China affect migration decisions and that variation in city policies implies that the value to transferring to the city is not the same for all migrants. This chapter will build on these arguments by examining how rural factors such as landholding, land tenure security, and the value of rural registration influence migrant integration in China's cities. This chapter argues that the rural registration often has non-negative value which migrants must consider when considering registration transfer. It also argues that the effects of these rural factors extend to migrants levels of social integration. While some previous studies have posited a connection between rural factors and migrant integration, this chapter develops a simple model for understanding migrants' decision-making, conducts new empirical tests of hypotheses both from the literature and derived from the model, and makes an original argument about the effect of rural factors on migrants' social integration in Chinese cities.

The integration of migrants into their host societies is an issue with implications for host societies which include normative concerns like political equality and distributive justice and social outcomes such as economic growth, resources allocation, and the formation of social and political cleavages. In China, the household registration system has restricted the integration of China's hundreds of millions of internal migrants by excluding people who are not locally registered from accessing all of a locality's public services, such as health care, subsidized housing, pension schemes, and education. This means that China's rural to urban migrants often lack access to such services.

Since the 1990's, scholars of China have focused on the registration system's effect on migrants' integration and its power to exclude migrants from rights to public services equal to what those established urban dwellers enjoyed. Dorothy Solinger's (1999) *Contesting Citizenship in Urban China* is the canonical example of this literature. Solinger showed how the institutional exclusion of migrants in China's cities left migrants with a kind of second-class citizenship. Yet today migrants often have a choice of whether or not to transfer their household registration to their migration destination, even if this choice entails costs which vary across cities. That many migrants have not chosen to transfer their registration when given the option has prompted debate about the importance of the registration system serving as an impediment to migrant integration.

China's leadership has repeatedly called for improvement to rural workers' welfare and the new generation of leaders has emphasized the importance of urbanization to China's future growth potential (e.g. Li 2012). Yet China's land system deters migration while simultaneously preventing rural people from realizing the full value of their land. Although, as discussed further below, a number of institutions affect migration patterns and migrant integration in China, this chapter focuses on the way rural institutions continue to shape migrants' preferences after migration and is the first to attempt to quantify the effects of rural factors on migrants' integration into the city and attitudes towards local household registration. Based on large surveys of Chinese migrant workers and interviews with migrant workers, this chapter argues that the value of rural registration is an important factor in the process of migrant integration in China. Migrants often reject opportunities to gain urban registration in order to preserve the benefits of their rural registration.

This chapter proceeds in six parts. Part II summarizes the literature on the registration system, discusses the relationship between rural factors and migration, explains how registration transfer is linked to the broader process of migrant integration, and presents testable hypotheses about the relationship between land institutions and attitudes towards registration transfer. Part III discusses the empirical strategy and data used in this chapter, offers a model of migrant attitude towards registration transfer, and explains how the variables are operationalized in this study. Part IV presents the results of the logistic regression models of attitudes towards registration transfer. I find that landholdings and the value of the rural registration negatively correlate with the desire for registration transfer to destination cities. Part V examines the implications of these findings for migrants' social integration, and evaluates further quantitative evidence. Finally, part VI summarizes the findings and presents some of their implications for policy.

II. The Registration System, Rural Institutions, and Migration in China

China's household registration (*hukou*) system can prevent migrants from taking advantage of local public services in the cities where they work. The system creates a legal barrier between the local and migrant populations of China's cities and preserves China's migrants as a legally distinct population. While the household registration system is unquestionably the greatest obstacle to migrants' integration into the cities, it is doubtful that it will be fully abolished in the near future, despite perennial calls for just that and the new leadership's stated desire for serious reforms and increased urbanization. Moreover, there is a misconception among some in academia and the media that all migrants desire urban registration. For example, as discussed in Chapter Three, Chan

(2012) said “Given the disparities between the two major *hukou* [registration] types, people with agricultural [rural] *hukou* will always wish to convert to the non-agricultural [urban] category.” As we will see below, this assumption has been undermined as surveys reported that migrants often do not desire registration transfer and as relaxation of the system in some cities has not created waves of transfers.

Although many local reforms to the system have occurred over the past two decades, in the past few years, scholars have recognized the difficulty of systemic reform and have begun to describe how other systems, in concert with the household registration system, comprise a complicated web of institutions for which piecemeal reform is ineffectual. Speaking of the difficulty of reforming the household registration system, Yu and Li (2012) say that “it’s not the household registration system itself, but a whole set of public finance, social management systems, and legal rights systems which make reform of the system slow and difficult.” The interrelatedness of the household registration system with other institutions helps to explain why fundamental reform has been expected for more than a decade, and yet the system remains intact.

As local reforms have proceeded, migrants’ attitudes towards registration transfer and their welfare outcomes do not seem to have been significantly affected. This has led some scholars to question the importance of the household registration system to migrants’ integration. Cindy Fan (2008) has sought to locate the source of migrants’ continued lack of integration in migrants’ preferences, noting that “circulation from and to the village home and among places of migrant work, and return migration, have in fact enabled peasants to straddle the city and countryside and benefit from both” (Fan, 11).

Leaning on the “New Economics of Migration” literature (e.g. Stark and Lucas 1988) and basing her argument on the fact that many migrants say they do not desire local registration (see Table 4.1), Fan argues that approaches “that emphasizes the *hukou* [household registration] system alone risks privileging top-down, structural and institutional explanations over bottom-up, household and individual level perspectives”. Instead of these “structural” perspectives, Fan argues that circulatory migration is a strategy which “increases household income and diversifies risk” among the members of a family, some of whom stay in the sending area while migrants circulate back and forth between rural and urban areas (Fan, 11). Likewise, economist Zhang Zheng of Peking University argues that migrants have this preference. To Zhang, “many of those who have moved to urban areas in recent years are wrongly seen as permanent migrants,” when in reality “they will go back to the countryside” when they get older (Zhang 2011).

According to the New Economics of Migration theory, the household as the unit of interest and showed an “intertemporal family contract” governing migrants’ decision-making (Stark and Lucas 1998). The family invests human and financial capital into the migrant, knowing that if migration is successful, remittances will follow. (This implies that migrants are generally of greater means than non-migrant peasants, and is supported, in the Chinese context, by Du et al. (2005) and Guang and Zheng (2005).) If migration is unsuccessful, the migrant knows she can return to the sending area. Fan expands on this theory to explain circulatory migration as a function of migrants’ preferences, presumably irrespective of the institutional obstacles to permanent migration.

Table 4.1: Summary statistics³⁹

Data Summary					
PRD Dataset	count	mean	sd	min	max
Age	4587	29.55	10.01	14.00	71.00
Months Since Migration	4534	90.1	68.4	12.0	444.0
Has Land	4588	0.74	0.44	0.00	1.00
Monthly Individual Income (RMB)	4392	1124	996	0	45000
GDP per Capita in Sending County (RMB)	3122	10559	6274	2266	94316
Distance from Sending Area to Dest (km)	2576	481	357	0	3615
Rural Registration	4590	1.00	0.00	1.00	1.00
Wants to Transfer Registration to City	4578	0.24	0.43	0.00	1.00
YRD Dataset	count	mean	sd	min	max
Age	989	30.91	8.40	12.00	59.00
Months Since Migration	978	41.9	34.8	0.0	306.0
Monthly Individual Income (RMB)	981	17951	7336	0	80000
GDP per Capita in Sending County (RMB)	441	9706	6518	2609	52752
Distance from Sending Area to Dest (km)	899	1140	583	1	3955
Rural Registration	931	0.90	0.29	0.00	1.00
Migrant Plans to Return to Sending Area	986	0.62	0.49	0.00	1.00
Wants to Transfer Registration to City	986	0.24	0.43	0.00	1.00
RUMiC Dataset	count	mean	sd	min	max
Age	8285	28.86	12.61	1.00	88.00
Months Since Migration	6816	99.1	75.8	0.0	602.0
Has Land	8289	0.88	0.32	0.00	1.00
Has Property	8289	0.88	0.33	0.00	1.00
Monthly Household Income	8289	2648	2242	0	37000
Rural Registration	8448	1.00	0.00	1.00	1.00
Price of Labor in Sending County	8001	38	14	0.00	770
Distance from Sending Area to Dest (km)	8228	307	428	0	6712
Percent of CNY Greetings Given to Locals	8114	0.45	0.40	0.00	1.00
Live in Place with Many Same-Village People	8289	0.50	0.50	0.00	1.00

³⁹ Data on economic development in the sending areas was added from official statistical yearbooks, and data for distance between sending and receiving areas was calculated by Google Maps (maps.google.com) and added to the dataset.

As further evidence that institutional factors are less important than analysts have claimed, Fan notes that “obtaining urban *hukou* [household registration] alone does not seem to have jump-started peasants’ social and economic mobility” (Fan, 171).

According to this reasoning, the importance of the household registration system has been overblown, and rather than search for other “privileged institutional” factors, Fan argues that “while there is little systematic evidence to explain why peasant migrants would refuse urban *hukou*, the answer probably varies considerably depending on the specific city’s labor market, the home village’s resources and locations, and the household’s economic and social situation.” As the primary thesis to her book, she argues “that temporary migration enables peasant households to advance economically,” implying that it is migrants’ preferences which drive the circular migration pattern (Fan, 13).

China’s Rural Land System

Yet arguing that institutions matter does not remove agency from the migrants; it merely allows the analyst to see all of the costs and benefits migrants have no choice but to consider. Rural land policy governs migrants’ rights to the main benefit of rural registration, land, and thus rural policies are likely to influence migrant decision-making. Chloé Froissart’s (2008) review of Fan’s book in the *China Quarterly* points to rural policy as a missing element in the analysis and argues that migrants’ preferences are structured by the institutions. She argues that circular migration occurs “because [migrants] have a piece of land in the countryside that they... cannot sell. Leaving for good hence means for migrants a sheer loss” (Froissart, 196). In fact, there is substantial variation in the value of rural land rights, and where registration transfer affords access to

the urban public goods regime, forgoing land rights is by no means certain to be a “sheer loss.” But this point is well taken. While the registration system alone may not determine migrants’ outcomes, that system, along with other systems may influence migrants’ decision-making and identities.

A consideration of rural factors’ influence on migrants is by no means novel to the present study. Land and other rural rights have been seen by scholars not just as an important resource for rural people, but as a kind of social protection (e.g. Scott 1977). This has been true in the Chinese context as urban areas have had separate social protection systems from rural areas, and rural people have been expected to rely on their land. Thus, China has evolved institutions by which local collectives are vested with land rights, and land transfer and reallocation among villagers is regulated by local governments which have often had incentives to profit from land at the expense of rural citizens.

Scholars have studied how these institutions shape migration patterns. Before moving to my argument about the effect of rural factors on the integration of migrants who are already in the city, it is useful to first review what has been said about how rural factors influence decisions to migrate in the first place.

As rural land systems have undergone reform in China over the past decades, land tenure security has remained incomplete. While checking land expropriation was part of the purpose of both the Rural Land Contracting Law of 2003 and the Property Rights Law of 2007, rural landholding rights as well as other rights to transfer, rent, and mortgage lack the protection of either unambiguous law or enforcement mechanisms such as independent courts (Deininger and Jin 2008; Ye and Xu 2007; Mertha 2009).

Mullan et al. (2011) explored the effects of rural land institutions, such as land tenure security, on migration. Mullan et al. (2011) explore the effects of land tenure arrangements on initial migration decisions, affirming that “the household registration system has been described as the major impediment to migration,” and arguing for bringing rural policies into the story. They argue that while rights to rent land facilitate migration, migrants face a risk of the expropriation of their land in making their decision to migrate. Using survey data, they find that land tenure security makes migration more likely. Similarly, De La Rupelle et al. (2008) showed that risk of land reallocation correlated with migrants spending less time outside their home village, presumably because they felt the need to keep one foot in the village to mitigate the risk of expropriation. The current study extends the analysis of the effect of land tenure security on migrants’ decisions to migrate and evaluates how these factors affect migrants’ decisions about urban registration and their social integration into urban life.

Migrant Integration and *Shiminhua*

A considerable literature has examined migrants’ levels of adjustment into their destination areas and considered how areas in both the sending and destination areas might affect migrant integration. In their edited volume on marginalization in China’s cities, Wu and Webster define “marginalization” as “a process through which particular groups obtain lower status and become peripheral in a society” (Wu and Webster 2010a, 1). Echoing Solinger, they argue that in China this marginalization has occurred because migrants’ “‘right to the city’ has been removed” (Wu and Webster 2010b, 302).

The Chinese economists Qian and Zhang (2006) have emphasized the political importance of migrant identity, arguing that changing migrant identities and urbanization

“form the most significant event in China’s rural economy and social life in the first half of the 21st century.” In examining the “dualistic social system” in China’s cities, they take measures of the extent of migrants’ integration into city life in several cities in Zhejiang province. Their research finds substantial variation in migrants’ attitudes toward urban people, the extent to which they were adapted to city life, and their preferences toward becoming “members of the city” (*chengshi de fenzi*). For example, two-thirds of the respondents said they desired to become members of the city, while a third were ambivalent or did not wish to fully assimilate into city life. These measurements of migrants’ perceived levels of integration/marginalization confirm that there is substantial variation in migrants’ attitudes and identities, but this study does not attempt to examine what drives this variation. In the conclusion to their paper, the scholars declare both city policies and migrant identity as important to migrants’ lives in the city, saying that “since ‘migrant peasants’ have not changed their ‘peasant’ identity and their wages, public goods allocation, and other aspects of their lives still suffer from serious unfairness, they have become the weakest group in the city and a ‘marginalized people’ between city and village.” While city policies certainly play their role in migrants’ marginalization, migrants may choose to remain “peripheral” if they have incentives to maintain ties to the sending places. This *voluntary marginalization*, is a chapter in the story of urban China that has not been told.

That scholars have demonstrated concern over whether or not migrants identify as “members of the city” and connected this to their marginalization implies a link between migrants’ social integration and the household registration system. In the literature on China’s migrants, these two aspects of integration, possession of local registration and

social integration, have typically been conflated. Big-city bias, which has influenced many aspects of the study of migrant issues in China, is part of the reason for this since, as discussed in Chapter Three, in China's very richest cities the large majority of rural-urban migrant workers have no hope of transferring to local registration. Thus, in these cities the group which is institutionally marginalized and the group which is socially excluded are one and the same. Yet these two forms of exclusion can be disaggregated, and, in fact, eliminating one form does not necessarily imply the elimination of the other. The Chinese scholar Xiong Yihan (2009) examined identity formation in the children of migrant workers, finding, perhaps unsurprisingly, that migrant workers' children who were living in rural areas adopted rural identities, while those living in urban areas adopted urban identities. Yet this finding underlines the fact that registration status is not the sole determinate of whether or not one feels identification with a place. As discussed further below, many migrants may feel they "belong in the city" despite lacking local registration, and gaining local registration is of course no guarantee of social inclusion.

But the main reason these two types of marginalization, social and institutional, have been conflated is that they are related. An important way of describing integration of rural migrant workers into urban China is to use the term "*shiminhua*," which means "transforming into urban citizens." Promoting *shiminhua* is at the heart of China's recent urbanization plans, which aim to rebalance China's economy by increasing internal consumption (Li 2012). If hundreds of millions of rural people and rurally registered migrant workers begin living typical urban, middle class lifestyles, the Chinese leadership believes this can transform China's economy from one based on exports and investment to one based on consumption. Thus, existing and new migrants must begin to

live as urbanites; they must undergo *shiminhua*. To achieve this transformation, though, both social and institutional integration are necessary, and it can be seen that these two elements of integration, while distinct, are linked. A number of studies have found that rural-to-urban migrants in China who lack local registration engage in high levels of precautionary savings because they lack access to the social services that come with local registration (e.g. Huang 2010; Chen, Lu, and Zhang 2012). Moreover, a local registration signifies membership in the local area or a kind of local citizenship. Even common terms, such as “*luohu*”, which refer to “settling” in a place and which are common in formal policy statements are ambiguous as to whether they refer to a personal process of settling in one place or rather to transferring registration. Likewise, the definition of China’s “floating population” is the population of migrants who live in places where they are not registered, but many of these migrants are settled even though they remain outside the urban registration (Connelly et al. 2011). While cultural, political, and economic factors may contribute to these two forms of integration, social and institutional, in different ways, the two forms are related, and while they may be measured separately, they are both important to consider.

The obvious contemporary problems associated with China’s dualistic urban society are not the end of the story. The bifurcation of city life and consequent lack of common social and political identification between urbanites could potentially effect social instability in the medium-term and create durable social cleavages in the long-term. Other recent work has emphasized new, non-spatial, forms of migrant community and identity, breaking with the patterns described by Solinger and Zhang. For example, the role of the internet and other technology in coordinating work opportunities and

facilitating new, non-spatial, forms of community has been central to Tricia Wang's work on urban China (e.g. Wang 2011; Wang 2013), and Connelly et al. (2011) show that many migrants can feel they are "settling" in the city despite not transferring their registration.

A Simple Model of Migrants' Attitudes towards Registration Transfer

By examining the way in which the rural land system works in concert with the registration system to influence migrants' choices and identities, I explain why changes in the registration system alone do not account for systematic changes in migrant identity or social welfare outcomes and why migrants often reject local urban registration when it is offered to them. In view of Yu's and Li's observation that other institutions are rendering the household registration system difficult to reform, this chapter aims to examine how rural institutions contribute to this quagmire and affect migrant integration in the cities.

Specifically, this chapter posits that the value of the rural registration has been a neglected factor in discussions of how the registration system affects migrants. While other studies of migrant integration have argued that urban registration is almost impossible for rural-to-urban migrants to attain (e.g. Chan 2012) or that the importance of institutions is exaggerated and the reason migrants refuse registration is that they simply prefer circular migration (e.g. Fan 2008), I argue that the rural registration itself has value which has been overlooked. This represents a continued "pull" on migrants back to the sending area, even long after they have migrated. While migrants are being pulled to the cities for economic reasons, rural institutions are pulling back on them in a way that makes them less likely to become integrated into the city. It should be noted that this

effect of rural registration is likely more pronounced in China's non-elite cities, and the focus by researchers and the media on elite cities like Beijing and Shanghai is part of the reason the conventional wisdom on migrant exclusion in China has focused so heavily on barriers to city registration. As Chapter Three shows, a city's level of economic development correlates with the difficulty of obtaining urban registration in that city. While rural land rights and the value of a rural registration may pale in comparison to the value of the coveted Shanghai registration, they are normally non-zero. Thus, in poorer cities, where the level of public services available to non-locally registered people may be much closer to that which is available to locally registered people, the value of the rural registration may play a significant role in influencing migrants' attitudes.

Migrant integration occurs as a function of individual factors such as age, income, years in the destination area, and distance from home, factors in the receiving area such as the inclusiveness of the city and the city's economic climate, and factors in the sending area. While sending area factors have been argued to affect migration decisions, as discussed above, no known study has tested hypotheses that sending area factors affect migrant integration in the Chinese context. I focus on three factors, all of which are related to the value of rural registration. First, I examine the effect of landholding. Since landholding could be endogenous to the integration process, I later also compare rural-to-urban migrants, whose registrations are typically associated with land rights, to similar urban registration holding migrants, who typically do not have such land rights attached to their registrations. I also examine the effect of the value of registration in the sending area, using the level of economic development in the sending area as a proxy for the

value of rural registration. Finally, I examine the impact of land reallocation on migrants' levels of social integration in the cities.

A simplified model of migrant decision-making predicts that a rural-to-urban migrant will transfer her rural registration to the city when:

$$q_j * d_j > v_i + t_{ij} \quad (1)$$

Where q is the value of the public services in city j , d is the restrictiveness of the public services in city j , defined as the proportion of the public services from which the unregistered migrant is excluded, v is the value of migrant i 's rural registration which would be forgone, and t is the transaction costs for migrant i to transfer her registration to city j . Of course some public services are available to migrants who have not transferred, and if a migrant has full access to the public services of a city, it is clear she will not transfer to that city unless her rural registration has negative value and the transaction costs are zero. (Presumably the transaction costs cannot be less than zero.) I expect that v and t are typically positive, meaning that only when a migrant is excluded from some of a city's services will the migrant seek to transfer. In sum, the left side of the inequality represents the marginal benefit of the migrant to the city, v represents the opportunity cost of the migrant's rural registration, and t represents the transaction costs of transfer.

A question which is relatively simple to evaluate relates to the relationship between land and attitudes of migrants towards registration transfer. Land is considered to be a key component of v , the value of rural registration. Although some rural people have rights connected to their rural registrations which are related to shares in a local enterprise which have been gained in exchange for land rights, one of the main benefits to the rural registration is land rights. Thus, I hypothesize that:

H1: In a comparison of non-locally registered migrant workers, migrants with land in the sending area will be less likely to desire registration transfer to the city.

As is discussed below, such a correlation could result from either migrants not wishing to transfer registration in a way that endanger their land rights or migrants who desire local registration being more likely to either not have ever had land or to have already given it up. Yet such a correlation would point to a connection between land institutions and attitudes towards registration transfer.

While land is likely to have an effect on migrant attitudes towards local registration, rural registration itself may have an effect regardless of a migrant's land situation. As mentioned above, many rural people have foregone their land in exchange for shares in a local enterprise or some other local development scheme. Benefits stemming from such projects often have the same restrictions on transfer as land rights. A rural to urban migrant from Hainan province explained to me that his family's rural land in Hainan had been "developed" and that the value of the continuing revenue from this development scheme was his primary reason for not getting local registration in his destination area several thousand kilometers away, even though getting local registration would be very easy for him since his wife was local. According to several migrants I spoke to, rural land development has even led migrants who had transferred their registration to the city to request a "back transfer" (*feizhuannong*) so that they can benefit from upcoming development projects, for example by transferring farmland to the local government in exchange for a cash settlement. My interviews indicate that holding land

itself is not the only potential special benefit of rural registration since developed land may also yield benefits to rurally registered people. This motivates:

H2: In a comparison of non-locally registered migrant workers, migrants with rural registration will be less likely to desire registration transfer to the city.

Two alternative theories would anticipate that H2 would be contradicted by the evidence. An “urban-rural disparity” theory would predict that migrants from cities (i.e. urban-to-urban migrants) would be less likely to desire local urban registration since migrants from cities are, generally, able to get superior goods since cities are generally richer than rural areas. (In the YRD data discussed below, urban registered migrants’ average income was 153% of rurally registered migrants’, and the per capita GDP of their sending area was 152% of rurally registered migrants’.) A “prestigious urban registration” theory would likewise predict that city migrants would desire local urban registration less than rural people because there is something prestigious about having an urban registration, per se. Failing to find evidence supporting these hypotheses would lend significant weight to the claim that land rights or other benefits to rural registration are affecting attitudes towards registration transfer.

Since the value of a local registration is likely to be highly correlated with the average level of economic development in the place of registration, I further hypothesize that:

H3: In a comparison of non-locally registered migrant workers, migrants from richer areas are less likely to desire registration transfer to the destination area.

The next section describes how these concepts are operationalized, the sources of the data, and describes the sampled populations.

III. Data

To evaluate these hypotheses this project brings together a unique set of data sources including survey data from cities across China, data from official statistical yearbooks, and qualitative data from hundreds of formal and informal interviews with Chinese researchers, government officials, NGO workers, rural residents, urban residents, and migrants during field research conducted from 2011 to 2013. The survey data comes from three surveys of migrant workers collected from 2007 to 2009 in cities across China. The Pearl River Delta (PRD) dataset contains survey data on questions about land, income, origin, attitude towards registration transfer and many other variables for rurally registered migrants in nine cities in the Pearl River Delta⁴⁰. The Yangtze River Delta (YRD) dataset contains survey data on questions about many similar variables for both rurally-registered and urban-registered migrants in Shaoxing city⁴¹, a prefecture-level city located in the Yangtze River Delta. Although these datasets contain data on similar questions, they have not previously been used together. That these surveys were conducted in different parts of China, the eastern Yangtze River Delta and the southern Pearl River Delta, is irrelevant to this analysis because the existence of variation in the

⁴⁰ This data was collected by researchers at Sun Yat-sen University's Center for Urban Studies in three waves from 2006 to 2009 under the guidance of Professor Cai He. For more information on this data, see Cai and Wang (2007).

⁴¹ This data was collected by researchers at Fudan University's School of Social Development and Public Policy under the guidance of Professor Ren Yuan. For more information on this data, see Ren and Qiao (2010).

variables and the validity of the causal mechanisms is believed to obtain across China's regions. The Rural to Urban Migration in China (RUMiC) data contains survey data on questions on many variables including land reallocation and migrant integration for rurally registered migrants in fifteen cities across China⁴². In addition to this data, I have added official yearbook data for economic variables, where possible, on the migrants' "sending" places, and I have used mapping utilities to generate distance data between sending and destination areas. Both surveys contain data for the province, municipality, and county of the migrants, but the county is missing for 47% of the observations in the YRD dataset and for 17% of the PRD dataset. I used distance data from the municipality level where the county-level sending location was unknown, but all the sending area economic data is from the more precise county level. As can be seen in Table 4.1, the large majority of observations from the PRD and YRD data include this economic and distance data.

Land variables take three forms. The surveys used to compile the PRD and RUMiC datasets directly ask if the migrant has land in the sending area. As discussed below, the YRD dataset does not contain data on land holdings, but, unlike the other datasets, it includes urban registered migrants. Since a high proportion of rurally registered migrants have land, and urban registration does not include land rights, I use rural registration as a proxy for land ownership. Finally, I also look at the RUMiC survey

⁴² This data was collected by researchers at the Australian National University under the guidance of Professor Xin Meng. Although this data is collected in several waves, only the first wave contains data on the independent variables studied in this paper. For more information on their data, see the website for the International Data Service Center (<http://idsc.iza.org>).

question about whether or not the migrant has recently experienced land re-allocation. Following De la Ruppelle et al., I take recent land reallocation to indicate weaker property rights.

To measure the economic development in the migrants' sending areas, I use publically available data from Chinese statistical yearbooks. The table shows the raw data, but, in order to normalize the distribution of this variable, the natural log of the per capita gross domestic product is used in the statistical analyses below.

IV. Attitudes towards Registration Transfer

Using the PRD data, it can be seen in Table 4.2 that there is a strong negative correlation between having land and desiring local registration. Substantively, migrants with land are 8.8 percent less likely to desire local registration. Table 4.2, Column 4 shows the fully specified model with the full set of controls, and it can be seen that the negative correlation between landholding and desire for local registration is significant at the 99.9% level. (Substantive effects reported here are drawn from this fully specified model.) This points to a strong connection between rural factors and attitudes towards transferring to local registration, and the most likely confounding variables, time as a migrant and income, are present in this model. Yet the possibility of endogeneity, reverse causality, or omitted variable bias cannot be excluded based analysis of the PRD dataset. In speaking with landless migrants, the vast majority fell into one of three categories. First, some landless migrants, such as the worker from Hainan described above, had transferred their land to the government as part of a land development scheme. This means that despite lacking agricultural land, the migrant still benefits from rural registration, and the presence of many of this type of migrant in the group of survey

respondents would tend to bias against finding a negative effect of land possession on attitude towards local registration. Second, rural people who are born in violation of China's population control regulations are sometimes denied the benefits of registration, including land. Thus, for such migrants, land possession is fully exogenous to the process being considered. The final group, rurally registered people who turn over their land rights for a payment or have their land expropriated by the local government in their absence, may present a threat to the internal validity of this analysis. If such migrants represent a large proportion of the landless migrants in the PRD sample, it is possible that the migrants' attitudes towards the city and towards local registration are influencing their land holding and thus driving the observed correlation.

Table 4.2: Rural to Urban Migrants' Attitudes towards Registration Transfer and Rural Factors, PRD dataset, Logistic Regression Results

DV: Wants to transfer to local registration	(1)	(2)	(3)	(4)
Land	-0.451***		-0.436***	-0.431***
	-0.0757		-0.112	-0.113
Log GDP per cap in sending area (1000s RMB)		-0.215*	-0.456***	-0.412***
		-0.0936	-0.124	-0.124
Monthly Income (1000s RMB)			0.291***	0.258***
			-0.0779	-0.0759
Years since migration			0.00384	0.00367
			-0.0113	-0.0113
Distance from sending area (100s km)			-0.109***	-0.106***
			-0.0199	-0.0202
Age			-0.0118	-0.00921
			-0.00689	-0.00712
Constant	-0.833***	-0.656**	0.862*	0.608
	-0.0632	-0.212	-0.349	-0.376
City Dummies	No	No	No	Yes
Pseudo R-Squared	0.007	0.002	0.038	0.046
Percent Correctly Predicted	76.09	75.7	71.99	72.34
N	4576	3115	2010	2010
Standard errors in parentheses				
* p<0.05 ** p<0.01 *** p<0.001				

To address this threat, I turn to the YRD data, which, while a smaller dataset, offers one considerable advantage over the PRD data. The PRD data only includes migrants with rural registration, but the YRD data includes migrants who have urban registration. Both rural and urban registration are associated with attachment to a local “public goods regime,” but while rural registration has normally included rights to land which are difficult or impossible to transfer because of China’s weak rural property rights, urban property is almost fully marketized. Further, registration is far more difficult to change than landholding, and is almost certainly temporally prior to a migrant’s formation of attitudes towards local registration. In other words, we do not need to worry that attitudes towards local registration transfer are affecting urban registration in the way that they may affect land holdings if a migrant who wants to transfer anyway chooses to give up her land. While not all rurally registered migrants have land, 77% of the rurally registered migrants in the PRD dataset and 88% of rurally registered migrants in the RUMiC dataset had land, making rural registration a good proxy for having land. Since urban registered migrants have, on average, better access to quality public services than rurally registered migrants, finding that urban registered migrants are more likely to desire local urban registration would be counterintuitive if not for the potential effects of rural institutions.

While using rural registration as a proxy for land rights means we cannot distinguish between H2 and H3, Table 4.3 shows that urban registered migrants are less likely to desire local registration than rurally registered migrants. Urban registered migrants were 12.3% less likely to desire local registration than rurally registered migrants, according to the logistic regression predicted probabilities. This substantively

and statistically significant result, in addition to the findings of the analysis of the PRD data, constitutes strong support to the theories motivating both hypotheses.

Table 4.3: Migrants' Attitudes towards Registration Transfer and Land, YRD Dataset, Logistic Regression Results

DV: Wants to transfer to local registration	(1)	(2)	(3)
Rural Registration	-0.760**	-0.683*	-0.622*
	-0.235	-0.266	-0.272
Income		0.000166	0.000158
		-0.000135	-0.000136
Months since migration		0.00493*	0.00555*
		-0.00242	-0.00256
Distance from sending area		0.000144	0.000139
		-0.000142	-0.000142
Age			-0.00848
			-0.0109
Return migrant			-0.273
			-0.172
Constant	-0.529*	-1.232**	-0.863
	-0.219	-0.422	-0.518
Pseudo R-Squared	0.01	0.018	0.022
Percent Correctly Predicted	76.91	77.24	76.94
N	927	826	824
Standard errors in parentheses			
* p<0.05 ** p<0.01 *** p<0.001			

What about the “urban-rural disparity” theory and the “prestigious cities” theory, both of which would anticipate that the data would fail to find support for H2? If migrants’ attitudes were shaped simply by the level of income in their sending areas, without any influence of the institutions described here, we would expect that urban registered migrants would be much *less* interested in gaining local urban registration, since urban areas are generally much richer than rural areas. But in tests conducted on the YRD dataset, any effect of the higher level of economic development of urban areas

(mean per capita GDP=14,186 RMB) when compared with that of rural areas (mean per capita GDP=9,308 RMB) is apparently outweighed by the greater value of the benefits of rural registration (Table 4.3, Column (3)). (Economic development of the sending area was not included as a control in this test because the dataset lacks data on about half of the observations and the resulting loss of power prevents any statistically significant findings. You can find this result on Table 4.3, Column (4).)

In line with these theories, Table 4.2 (Columns 2, 3, and 4) shows that economic development in the sending area also negatively correlates with desire to transfer registration to the city according to the PRD data. This is difficult to test with the YRD data, because I only have county-level data for around 400 respondents. When using county-level data, the impact of this variable is not statistically significant, and when using the “lowest” data available (county>city>province), we likewise find nothing, probably because this data is very noisy. Using the PRD data, though, we find that the level of economic development in the sending area is significantly negatively correlated with desiring registration transfer. Moving from one standard deviation below the mean to one standard deviation above the mean results in an average decrease in the predicted probability of desire for local registration of 7.3%, other things equal, and this finding is statistically significant at the 99% level. Unlike owning land, which could be a function of the desire to integrate into the destination area or some confounding factor, the level of economic development of the sending area is exogenous to the individual migrant’s preferences, giving strong evidence consistent with the hypothesis that there is an effect of sending area factors on migrants’ attitudes towards registration transfer.

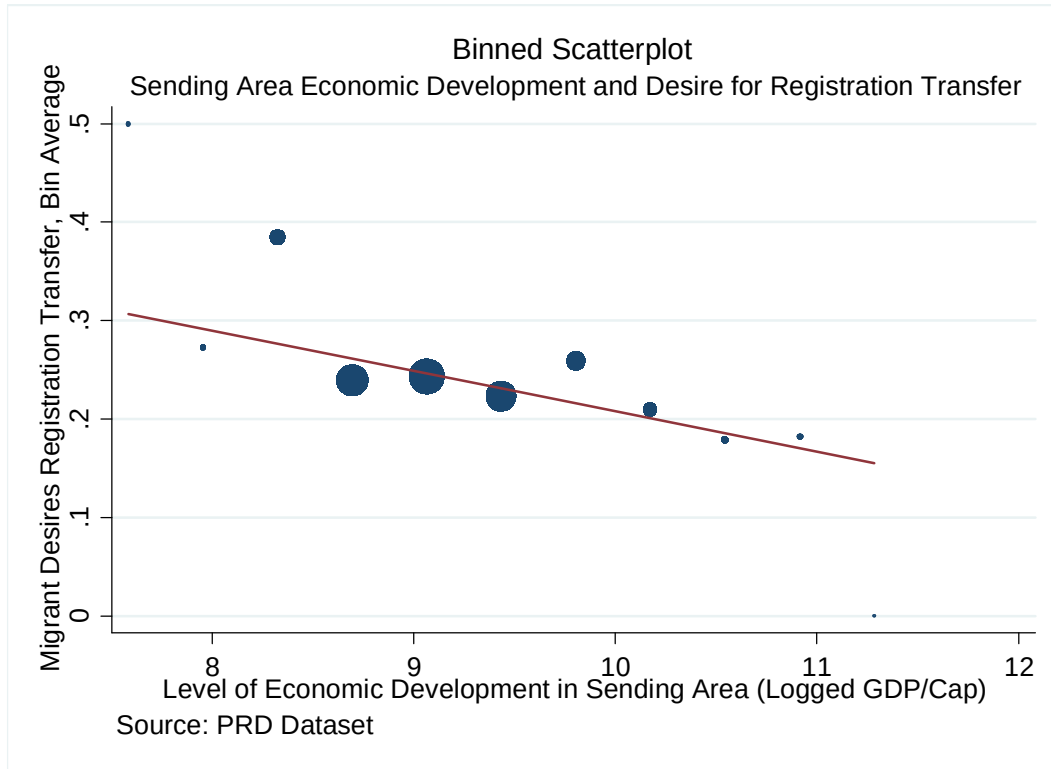


Figure 4.1: The Effect of Sending Area Economic Development on Desire for Registration Transfer

This effect holds whether or not the migrant has land, which confirms that the value of rural registration is likely a function of a more complicated set of rights associated with rural registration, not only land. And this conforms with the opinions of interviewees who discussed the value to rurally registered people of rural land which had been developed or might be developed in the future.

V. Social Integration

Beyond the registration itself, unalienable land rights might have further effects on migrants' levels of social integration. While the household registration system regulates access to social services and may restrict non-locally registered people from partaking in local public services, patterns of social integration are likely to affect social

outcomes such as social stability, political identification, and political cleavages. The relationship between rural institutions and the registration system helps explain the difficulty of reform and the heterogeneity of the so-called “floating population.” But the potential effects of rural factors on migrants’ levels of social integration should also be considered.

Having land or other non-transferrable assets in the sending area might make a migrant more likely to travel back to the sending area or less likely to invest in the destination areas. This observation means that holding land or otherwise benefitting from rural registration might negatively influence social integration. This could be formalized as:

H4: In a comparison of non-locally registered migrant workers, migrants with land are less socially integrated than those without land.

Building on the findings of De La Ruppelle et al., who found that land re-allocation led to rural migrants spending more days per year in the sending areas, presumably to protect their land rights, the effect of variation in the strength of property rights on migrant integration should also be considered. Reported land re-allocation, which has been used as a measure of land tenure security, may thus be correlated with lower levels of social integration in the migrant’s destination area. This can be formalized as:

H5: In a comparison of non-locally registered migrant workers who have land in the sending area, stronger property rights is correlated with greater levels of integration into the city.

On the other hand, if having land deters integration into the city, weaker property rights may discount the value of the land and facilitate greater social integration into the destination area. This observation motivates

H5A: In a comparison of non-locally registered migrant workers who have land in the sending area, stronger property rights is correlated with lower levels of integration into the city.

Social integration is a concept that has many dimensions, and in attempting to measure it, scholars have used a number of different types of survey questions. For example, scholars have examined social networks, living spaces, and feelings of belongingness. In the available data for China, I have examined several different potential dependent variables. In the YRD dataset, the predicting variables, with the exception of time in the destination area, had no effect on whether or not the respondent reported he had local friends. In the PRD dataset, the predicting variables had no effect on whether or not the migrant felt she “belonged” in the city. Interestingly, despite lacking local registration, 45% of the respondents said they “belonged in the city” and while factors in the sending areas influenced migrants’ attitudes towards getting local registration, these effects do not seem to extend to the migrants’ social integration in the city when looking at these data.

Yet both the PRD and YRD datasets are relatively small, and the questions regarding social integration are very crude. For example, in the YRD dataset, the dependent variable consists only of a binary measure of whether or not the migrant says he has many local friends. This question is vague and probably unreliable since a respondent’s mood may affect his response to such a vague and impressionistic question.

To examine the question of the effects of land on social integration further, I turn to the much larger RUMiC dataset. While this dataset lacks specific data about migrant origin (only origin province is available) and does not ask questions about attitudes towards registration transfer, it does include questions about land and includes several questions measuring integration into the city which are likely to be more valid and reliable measures than exist in either the PRD or YRD datasets.

The two dependent variables related to social integration relate to Chinese New Year greetings and to living arrangements. The RUMiC survey asks migrants about the total number of people to whom the migrant gives Chinese New Year greetings by phone, email, or in-person visit. It also asks how many *local* people (meaning people living in that city, regardless of registration status) are given such greetings. Chinese New Year is the most important holiday in China, and migrants often return to their hometowns to celebrate the holiday. Whether or not they spend the holiday in their hometown or visit their ancestral village, Chinese people normally contact their close friends and family at Chinese New Year. I discussed the significance of Chinese New Year greetings with migrants in Shanghai and Shaoxing, and I feel confident that such greetings are a useful measure of interaction with and affection towards their recipients. Accordingly, I take the number of Chinese New Year Greetings given to locals as a valid measure of the level of integration of a given migrant⁴³.

⁴³ I use a negative binomial regression model in which the outcome is a count of the number of greetings given to locals and the total number of greetings given (locals + non-locals) is controlled for, along with other factors (see Tables 4.4 and 4.5).

The second variable used as a measure of migrant integration relates to a survey question about the migrant's living situation. The RUMiC survey asks if a migrant lives "close to many people from the same origin". While the use of the word "many" injects a measure of subjectivity into the question, it is a question which, for many migrant workers, has a clear answer. I take this to be a measure of the inverse of social integration. Other studies of migrant integration, such as Qian and Zhang (2006) and Adida (2011), asked respondents about their friends and local associations, and used such associations as measures of integration. Since living with many people from the same sending area indicates relatively fewer local connections and associations, I take this survey question as a measure of social integration.

In sum, I test H4 and H5 using two operationalizations for social integration, Chinese New Year greetings to locals and living with many people from the same sending area. This results in four tests. As shown in Table 4.4, these four tests return statistically significant findings which fail to nullify H4 and H5, providing evidence of the connection between rural land institutions and migrants' levels of social integration in the city. This analysis shows an effect of landholding on living in an area with many people from the same sending area and also on the percent of Chinese New Year greetings given to locals. It also shows an effect of land reallocation on living in an area with many people from the same sending area. While statistically significant at beyond the 95% level or above, the substantive results of these successful tests are not large. For example, the predicted probability of a migrant living in an area with other people from his same sending area is 4.9% higher for those whose sending villages experienced land reallocation. Having land in the sending area correlated with just 1.61 fewer greetings to

local people, according to the model. These results suggest that while the effects may be at the margins, China's land institutions are likely influencing migrants' lives in the city, their levels of social integration, and their decisions about whether and how to participate in urban life.

VI. Conclusion

The connection this chapter shows between rural factors and migrants' levels of integration into the cities should prompt new thinking about the value of rural registration. In fact, under present conditions many migrants do not desire urban registration. This does not imply that the household registration system does not play an important role in institutionally excluding migrants from urban society, as some have suggested. On the contrary, it shows that the value of rural registration represents a continued "pull" on migrants back to the sending areas. More broadly, it shows that the registration system, in concert with other institutions, continues to shape not only the migration decisions of migrants and potential migrants, but the lives of migrants who have already moved.

Since integration in the urban household registration system is a function of both the city's policies and migrants' own preferences, it cannot be said that migrants necessarily want to adopt the urban registration, or that just because a migrant fulfills the city's requirements for registration transfer the migrant will be willing to give up the rural registration. Whether or not the migrant adopts local registration is the result of an interaction between the policies of both the urban government and the preferences of the migrant worker.

Table 4.4: Landholding and Social Integration, RUMiC Dataset, Logistic and Negative Binomial Regression Results

Unregistered Rural to Urban Migrants					Unregistered Rural to Urban Migrants				
DV: Lives in area with same-village people	(1)	(2)	(3)	(4)	DV: Local CNY Greetings	(1)	(2)	(3)	(4)
Household has land	0.135 (0.0899)	0.154 (0.0937)	0.124 (0.0970)	0.227* (0.102)	Household has land	-0.0900* (0.0374)	-0.0875* (0.0384)	-0.0890* (0.0394)	-0.102** (0.0392)
Household has property		0.114 (0.0899)	0.0891 (0.0931)	0.105 (0.0983)	Household has property		-0.0345 (0.0371)	-0.0316 (0.0380)	-0.0763* (0.0385)
Months since migration		0.000985** (0.000379)	0.000702 (0.000466)	0.000610 (0.000479)	Months since migration		-0.0000702 (0.000160)	0.000341 (0.000198)	0.000487* (0.000194)
Age			0.000171 (0.00379)	-0.000502 (0.00392)	Age			-0.00498** (0.00160)	-0.00589*** (0.00158)
Years of Education			-0.0396** (0.0123)	-0.0451*** (0.0127)	Years of Education			0.0193*** (0.00505)	0.0198*** (0.00494)
Migrant from suburb of city			0.0891 (0.0792)	0.301** (0.0966)	Migrant from suburb of city			0.0173 (0.0319)	-0.0153 (0.0367)
Price of labor in sending area			0.00716** (0.00240)	0.00591* (0.00257)	Price of labor in sending area			0.00157 (0.000829)	0.00196* (0.000833)
distance			0.000210** (0.0000699)	0.000222** (0.0000843)	distance			-0.000110*** (0.0000284)	-0.0000165 (0.0000328)
Constant	-0.111 (0.0847)	-0.332** (0.115)	-0.224 (0.220)	0.0766 (0.241)	Constant	-0.732*** (0.0353)	-0.696*** (0.0476)	-0.809*** (0.0900)	-0.615*** (0.0949)
					Inalpha				
					Constant	-0.620*** (0.0268)	-0.639*** (0.0275)	-0.663*** (0.0282)	-0.737*** (0.0289)
City Dummies	No	No	No	Yes	City Dummies	No	No	No	Yes
Pseudo R-Squared	0	.002	.006	.05	McF R-squared	0.000187	0.000236	0.00199	0.00999
Percent Correctly Predicted	50.84	51.51	53.36	59.45	McF Adj R-squared	-0.00000438	-0.0000966	0.00129	0.00832
N	4978	4764	4560	4560	N	4898	4696	4499	4499
Standard errors in parentheses					Standard errors in parentheses				
* p<0.05 ** p<0.01 *** p<0.001					* p<0.05 ** p<0.01 *** p<0.001				

Table 4.5: Land Adjustment and Social Integration, RUMiC Dataset, Logistic and Negative Binomial Regression Results

Unregistered Rural to Urban Migrants					Unregistered Rural to Urban Migrants				
DV: Lives in area with same-village people	(1)	(2)	(3)	(4)	DV: Local CNY Greetings	(1)	(2)	(3)	(4)
Experienced land adjustment	0.269*** (0.0691)	0.308*** (0.0710)	0.292*** (0.0733)	0.203** (0.0774)	Experienced land adjustment	-0.0970*** (0.0293)	-0.0993*** (0.0298)	-0.101*** (0.0304)	-0.0749* (0.0304)
Household has property		0.0440 (0.101)	-0.00354 (0.105)	0.0138 (0.111)	Total CNY Greetings		0.000488* (0.000235)	0.000400 (0.000226)	0.0000962 (0.000192)
Months since migration		0.00176*** (0.000411)	0.00138** (0.000499)	0.00128* (0.000514)	Household has property		-0.0477 (0.0419)	-0.0407 (0.0429)	-0.0847 (0.0435)
Age			0.00208 (0.00401)	0.00186 (0.00416)	Months since migration		-0.0000264 (0.000173)	0.000390 (0.000213)	0.000560** (0.000208)
Years of Education			-0.0367** (0.0131)	-0.0401** (0.0136)	Age			-0.00500** (0.00171)	-0.00632*** (0.00168)
Migrant from suburb of city			0.0735 (0.0831)	0.285** (0.102)	Years of Education			0.0184*** (0.00546)	0.0196*** (0.00533)
Price of labor in sending area			0.00811** (0.00258)	0.00614* (0.00275)	Migrant from suburb of city			0.0226 (0.0336)	-0.0166 (0.0387)
distance			0.000202** (0.0000761)	0.000253** (0.0000929)	Price of labor in sending area			0.00149 (0.000872)	0.00198* (0.000880)
Constant	-0.0451 (0.0349)	-0.270** (0.104)	-0.272 (0.224)	0.00329 (0.261)	distance			-0.000106*** (0.0000311)	-0.00000214 (0.0000362)
					Constant	-0.798*** (0.0146)	-0.771*** (0.0440)	-0.877*** (0.0919)	-0.592*** (0.103)
					Inalpha				
					Constant	-0.594*** (0.0285)	-0.618*** (0.0292)	-0.646*** (0.0300)	-0.725*** (0.0306)
City Dummies	No	No	No	Yes	City Dummies	No	No	No	Yes
Pseudo R-Squared	.002	.006	.011	.056	McF R-squared	0.000389	0.000671	0.00235	0.0110
Percent Correctly Predicted	52.27	53.8	54.57	60.72	McF Adj R-squared	0.000174	0.000223	0.00150	0.00901
N	4419	4238	4063	4063	N	4348	4179	4010	4010
Standard errors in parentheses					Standard errors in parentheses				
* p<0.05 ** p<0.01 *** p<0.001					* p<0.05 ** p<0.01 *** p<0.001				

The household registration system acts as a basic framework for urban and rural management. In this way, the rural registration and the rural land system and its associated welfare benefits are closely connected. And whether or not to adopt the urban registration is also closely related to the additional welfare and social service benefits which come from urban registration, along with the benefits of general integration into the city. The process of a migrant's registration transfer implies giving up the set of benefits of registration in the sending area and accepting the set of benefits of the receiving area, and the migrant's choice is thus based on a comparison of the benefits, opportunities, and risks of registration transfer. Also, the value of land in the rural areas acting as a source of security is often ignored, and the way in which migrants may remain tied to the land inhibits migrants from entering the city. The urban and rural systems which are interrelated with the household registration system influence migrants' movement and behavior in the cities.

Pushing forward with reform of the household registration system is the fundamental institutional reform for promoting urbanization in China, a stated priority of the new Chinese leadership. Considering all the systems which are intertwined with the household registration system, in the course of the urbanization process both piecemeal and comprehensive reforms must be initiated. Comprehensive reform means that not only the registration system should be reformed, but also the related institutions of land, insurance, welfare, public services, and employment must be reformed together. Piecemeal reform means that the aforementioned rural-urban institutional arrangements and their relationship with the registration system be disaggregated and the value of

registration weakened. Thus, the registration system can again become simply a system for registering residences, but until this is accomplished, the registration system will continue to inhibit migration and urbanization. Accomplishing these reforms will allow the free movement of migrants and allow the market to coordinate labor more efficiently, supporting the acceleration of China's urbanization process.

The value of this research lies in the fact that, while scholars have closely examined the restrictions on migrants' ability to utilize local social services in the destination area, this chapter demonstrates the interconnectedness of other institutions and how the land system influences the choices of migrants in the cities. Thus, in promoting urbanization and coordinating labor flows, dealing with the interconnectedness of the rural and urban systems is especially crucial. Concerning the future of China's migration and land institutions, this research has the following implications:

First, promoting reform of the land and household registration systems requires accelerating the pace of land reform so as to avoid land policies creating barriers to labor market integration.

Migration and urbanization are continuously mobilizing labor, transforming the urban-rural structure, and realizing the unification of urban and rural areas. In this way, the rural land system and identities which are tied to the household registration system in some respects are offered as security and benefits for rural people, and in other respects constitute a consequence of migration and urbanization, restricting population mobility including effects on the decisions of migrants who have already migrated. These are a result of an incomplete process of urbanization in China.

In this way, rural land rights need to progressively improve and decouple from the household registration system, allowing the transformation of the rural land system and rural people to become legal holders of land. In the process of strengthening rural land rights and supporting the legitimation of land markets, we can distinguish between rights to two distinct types of land. First are rights to contract farming land. Second are rights to land for the purpose of residence. Actively developing a market-based system with uninhibited circulation would allow farmers to make decisions based on their own choices and free migrants from being unnecessarily tied to the land.

Second, in the process of rural land reform and household registration reform, the benefits of land to rural people should be guaranteed and the choices of rural people towards their land should be honored.

Forcing rural people off the land and into the city is not a promotion of urbanization, but instead harms the free choices of rural people and infringes on their land rights. Changing property rights and the rights associated with the household registration system have always been important yet difficult aspects of China's processes of migration and urbanization. In the context of China's strong government and imperfect property rights regime, the transfer of land use in suburban areas and general urbanization have proceeded on a large scale over the past few years. State-led promotion of urbanization constitutes an important part of China's recent development model. In this process, the rights of rural people have to a large extent been ignored. This manifests itself not only in the widening urban-rural gap, but also worsening relationship between rural people and local governments. Thus, in the process of reforming the land system and household registration system, the process of land appraisal and standardization of

land transfer must be especially emphasized. Also, the land requisition system must be made to serve the interests of rural people. Considering China's relatively large disparity between rural and urban incomes and increasing rural-urban inequality, maximizing the benefits to rural people must be a top priority.

Valuing the protection and realization of the benefits from land to rural people will not only release farmers from unnecessary connections to the land and promote urbanization, it will also help rural people realize the value of their land rights and promote healthier urbanization. Reform of the land system would also grant rural people increased access to capital and help resolve housing problems. The rural land system restricts rural people from leaving the land, and at the same time the lack of market mechanisms for land transfer restricts rural people from realizing the benefits from their land. Completing the construction of land markets will enable better construction of labor markets, and initiating land reform will increase personal freedom. It will also enable greater realization of personal profit and values and promote urbanization at the macro-level.

Third, furthering reform of the household registration system in the urban areas will support and promote reform of the land and registration systems in the rural areas.

For example, only when migrants can easily obtain stable housing and social insurance in the cities can the dependence on land to migrants be weakened and can the migrants rest at ease that they can release their land and settle in the city. Only when cities fully open their doors to migrants can the rural areas promote real reforms of the land and household registration systems. Reform of the household registration system and building institutions between the rural and urban areas are an integrated process.

Currently, China's reforms of these systems and institution building lag behind its population movements and are inhibiting urbanization. In the process of population movements and labor flows, only if reform on both the urban and rural sides acts a catalyst can urbanization be promoted and the interests of China's rural and urban citizens be fully ensured.

A version of this chapter is being prepared for publication as: Tyner, Adam, and Ren, Yuan, "Rural Factors and Migrant Integration in China." The dissertation author was the primary investigator and author of this paper.

I. Introduction

In recent years, economists and policymakers have argued that urbanization is a key to China's continued growth, and the Chinese government has explicitly outlined plans for increased urbanization. They have predicted that as China becomes increasingly urban, the new urban residents will have higher productivity and will spend more money. These analysts argue that these urbanization processes will lead to increased consumption, helping to spur growth and rebalance an economy which is over-reliant on exports. The next stage of China's economic miracle will come from urbanization, according to this argument. Yet since scholars and the media have focused on the marginalization of China's migrant workers in the cities and the consequent "dualistic social structure" this marginalization has created, one might wonder, *If China cannot even accommodate the migrants who have already moved to the cities without relegating them to second-class citizenship, how can China afford increased urbanization?*

The predictions which have been made about the potential effects of new urbanization policies are highly contingent on the extent to which formerly rural people not only migrate to urban areas but also give up their rural registration and adopt an "urban" lifestyle. In short, the success of these policies is dependent on the extent to which migrants integrate into urban society. While earlier chapters explained why many migrants choose to hold on to their rural registration and identity, this chapter discusses the implications for these issues for the Chinese government's plan to increase urbanization as a tactic for changing China's economy.

While scholars and the media have long compared “rural China” to “urban China”, there is important variation across both China’s cities and the country’s rural areas which this dichotomy obscures. Moreover, Chapters Two and Four showed that the limits of rural rights inhibit migration and migrant integration into the cities. Achieving migrant integration, both the institutional integration of the registration system and social integration, is key to achieving the stated goals of the new urbanization policies. Unregistered migrants have been shown to engage in high rates of precautionary savings, and integrating these migrants into the local urban registration system will enable them to increase their consumption by providing a social safety net. Social integration is also important because migrants must start living – and spending – like urban people for the plan to be successful. I call this general process of migrant integration “*shiminhua*,” or “becoming urban citizens,” and argue that there are promising signs that the Chinese leadership has begun to acknowledge the need for rural reforms as a part of facilitating the migrants’ *shiminhua*.

This chapter proceeds as follows. Part II briefly reviews the findings of Chapters Two, Three, and Four and explains some differing concepts of “urbanization.” Part III examines recent official and semi-official policy statements by the Chinese central government regarding urbanization. Part IV evaluates some key questions regarding the new urbanization policies, such as whether or not the policies amount to a relaxation of the household registration system, and surveys reactions to the plans. Finally, Part V suggests an alternative policy framework based on implicit principles of the Communiqué of the Third Plenum of the 18th Central Committee. I argue that a simplified urbanization program based on these principles might achieve the goals of

migrant integration, increased consumption, and sustained economic growth more effectively than the formal reforms to the urban registration system which have been proposed, but that local governments' fiscal reliance on land development presents an obstacle to this path.

II. The Household registration system and the Effects of Rural Factors on Migrants

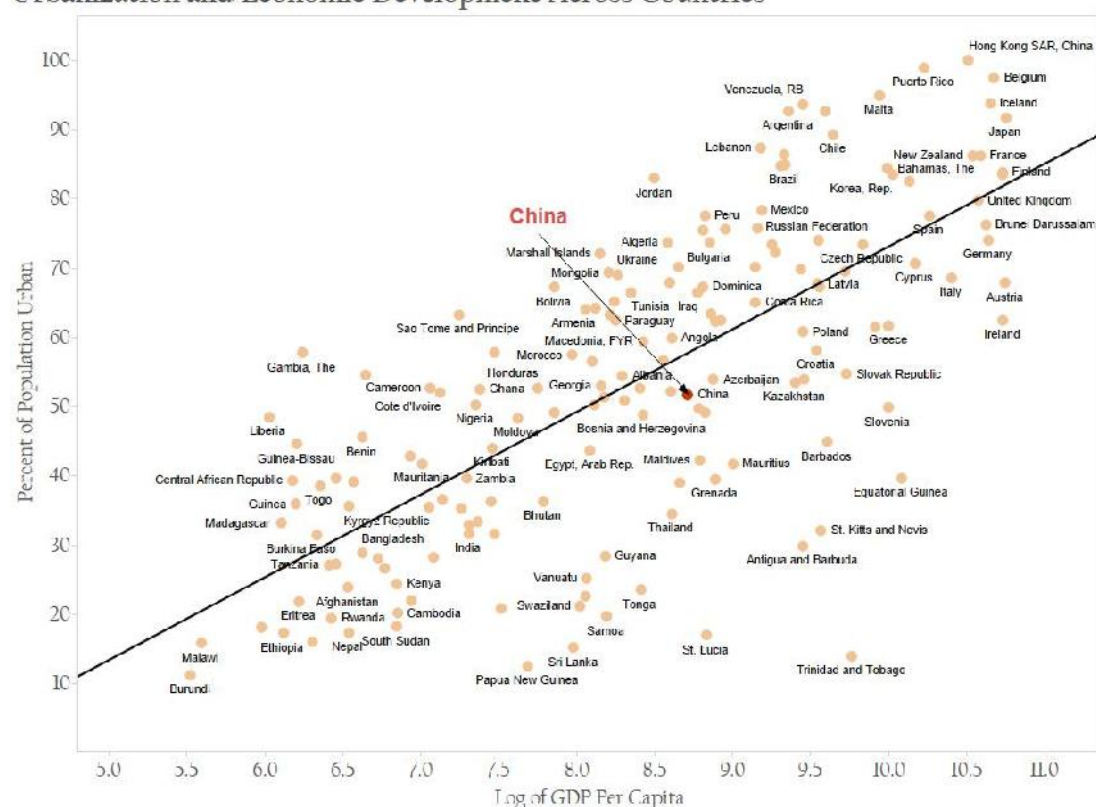
Over the past decades, the expansion of China's cities and the migration of hundreds of millions of agricultural workers to urban areas have already brought China's urbanization rate to its highest point in history. In 2014, over fifty percent of China's population resides in the cities. While the movement of workers from agriculture to urban economic sectors has been an important factor in China's rapid growth, the settlement of these migrant workers in the cities was never part of the plan, and the vast majority of migrant workers continue to hold inferior status as a "floating population" of unsettled "peasant workers."

China's household registration system continues to be the primary factor excluding migrants from urban society. By legally excluding migrants from using local public services and from becoming local "citizens" (*shimin*), the household registration system has significantly slowed China's urbanization (Au and Henderson 2005). Yet even when the household registration system is not a direct barrier to migrant integration, such as in cases where a migrant is in a smaller city where registration transfer is not difficult, the household registration system can play an indirect role in the exclusion of migrants from urban society. As discussed in Chapter Three, variation in local urban

policies towards migrants influences the marginal benefit of migrants' transferring their registration from their sending area to the city where they work. This means that the places where it is easiest to transfer are also the places where there is the least marginal benefit to undertaking registration transfer. A "big-city bias" in scholarship and the media has left the impression that migrants always desire registration transfer to the city or that if they do not desire transfer it is because they do not desire permanent migration. In reality, the benefits to registration transfer to less exclusive cities are much less than transfer to China's best cities.

Rural rights include both land rights and other rights to residual income on developed land which may exist in some rural areas, and such rights are typically forfeited with registration transfer to the city. Chapter Four argues that the value of the rural registration is an important factor in migrants' decision-making, and shows that migrants with land, rural-to-urban migrants (compared with urban-to-urban migrants), and migrants from richer areas are all less likely to desire registration transfer to the city, even when controlling for the income of the migrant, distance from the sending area, and other factors. For example, as the level of economic development of the migrant sending area increases, the proportion of migrants who desire registration transfer to the city decreases. Chapter Four also demonstrated a relationship between land policies such as land re-allocation and migrants' social integration in the cities. These findings imply that the value of the rural registration has been overlooked as an important factor in migrants' integration into the cities and that policies aimed at addressing migrant exclusion in the cities must also consider the rural side of the situation.

Urbanization and Economic Development Across Countries



Source: World Bank Development Indicators, 2012

Figure 5.1: Urbanization and Economic Development Across Countries

For the past few years, scholars have begun to appreciate that abolition of the household registration system was extremely unlikely and that incremental reforms were unlikely to be successful without concurrent reforms of other, interrelated systems (e.g. Yu and Li 2012). At the same time, China's leadership has signaled that it intends to use urbanization as a strategy for future economic growth. Several policy papers, statements, and other signals, discussed below, have signaled potential directions of future policy.

What is Meant by “Urbanization”?

The concept of “urbanization” benefits from some clarification. Most simply, urbanization means that a country or region experiences an increase in its urban population relative to its rural population. Canonical models of economic development, such as the Lewis-Fei-Ranis model (Lewis 1954; Ranis and Fei 1961) explain urbanization as a product of industrialization. Rural workers in traditional agricultural economies may have very low marginal labor productivity, meaning that almost any wage would be preferable to farming for the marginal workers. As opportunities for wage labor emerge in the cities, rural workers leave farming and join a low-paid urban work force. This benefits both workers, who may earn a slightly higher wage, and the farms left behind, where productivity can improve as fewer workers achieve the same output. The process of urban industrialization occurring in tandem with the growth of cities occurred first in Great Britain in the nineteenth century, but has been a normal aspect of development as other regions have industrialized (Law 1967).

Still, there are many ways by which the urban population of a country can increase. Leaving aside greater relative urban fertility as an explanation, urbanization can occur as a result of (1) migration of rural people to urban areas, (2) the geographic expansion of existing urban areas, (3) the emergence of new urban areas, or (4) temporary rural-to-urban migrants becoming settled urban dwellers. China’s official statistical methods sometimes make it difficult to disentangle these four types of urbanization. Unregistered migrants are often not included in the statistical yearbooks, and since many migrants do not even acquire temporary registration in their destination area, even the de facto population statistics published by the statistical bureau may omit

substantial numbers of urban residents. The debate between Cai Fang (2010) and Kam Wing Chan (2012) about whether the increase in the urban registered population was a result of migrants getting urban registration (i.e. effect 4) or urban areas geographically expanding (i.e. effect 2) demonstrates this confusion⁴⁴. Since registration is based on location and often linked to specific sets of rights, the composition of China's population can be a contentious question.

Beyond the question of how to measure urbanization is the question of what urbanization implies in terms of social change. Economists have argued that urbanization can contribute to growth by making public services more accessible and creating more opportunities for information exchange (Black and Henderson 1999), economies of scale, and economies of agglomeration (Krugman 1997). In its recent arguments for promoting urbanization, the Chinese government has associated urbanization with rising middle classes, increased consumption, and consequently, a Chinese economy driven more by internal demand than exports. But urbanization in developing countries has often also often been associated with slums and sustained poverty. The “pseudo-urbanization” of Asia in the 1960's was characterized by poverty, slums, and extreme urban inequality (McGee 1971), and this experience has continued in other developing regions. Urban centers are also often the focal points of environmental problems such as smog, and in China, these problems associated with large cities are sometimes called “*chengshibing*,” or “the urban sickness.” While urbanization will contribute to China's growth in the next decades, it will also present serious challenges.

⁴⁴ For a discussion of this debate, see Chapter Three.

Table 5.1: Urbanization: “*Chengshihua* vs. *Chengzhenhua*”

English	Urbanization	Urbanization
Romanized Chinese	<i>Chengshihua</i>	<i>Chengzhenhua</i>
Connotations	Growing population of large urban areas	Growing population of small towns, cities, and large urban areas

It should also be noted that the English term “urbanization” has two separate translations in Chinese, and these two Chinese words carry somewhat different connotations. The word “*chengshihua*” is the most direct translation of the concept of “urbanization,” and it combines the root “*chengshi*,” meaning city, with the suffix “-*hua*,” which means to transform or to change states. The second word, “*chengzhenhua*,” uses the same suffix, “-*hua*,” but a slightly different root word, “*chengzhen*.” While “*chengshi*” implies an urban center, “*chengzhen*” means something closer to “cities and towns.” Thus, “*chengzhenhua*” evokes urbanization in a more general sense of people moving from rural areas to small cities, towns, as well as larger cities, while “*chengshihua*” refers to the expansion of metropolises. This distinction is important because China’s recent urbanization plans are explicitly “*chengzhenhua*” plans, that is, plans which aim to accelerate the growth not necessarily of China’s big cities, but of its smaller towns. As will be discussed below, the expansion of China’s largest metropolises actually runs contrary to the urbanization plans.

III. Policy Statements

-2011

Beginning even before the new leadership took power in spring 2013, China’s leaders were signaling future policy changes and highlighting the important role

urbanization would play in the plans for future economic growth and a Chinese economy more focused on domestic consumption than on investment and exports. As we will see, the roots of the policies which have been formally proposed in 2014 have their roots in these earlier policy documents.

The Chinese government's 12th Five-year Plan was released in March 2011, and the plan introduced the official argument that urbanization could be the key to China's future growth. The Five-year Plan set lower economic growth targets than earlier plans and suggested a change of strategy from simply high-growth to more high-quality growth and more sustainable development. The Plan also used new language concerning urbanization and the relationship between rural and urban development. While earlier policy statements, including the 11th Five-year Plan of 2006⁴⁵, had stressed developing rural and urban areas separately by lightening burdens on farmers, improving rural social services, and preserving circular migration patterns, the 12th Five-year Plan identified urbanization and the unification of rural and urban areas as mechanisms for increasing domestic economic demand and promoting growth.

In the first substantive chapter of the 12th Five-year Plan, the first concrete policy goal is to "build a mechanism for sustaining growth long-term," and this goal is to be achieved by, in part, "actively and steadily promoting urbanization, accelerating the promotion of the New Socialist Countryside, [and] promoting positive regional interaction and coordinated development" ("Twelfth Five-year Plan" 2011). This connection between domestic demand and urbanization would be echoed by later policy

⁴⁵ For a discussion of the principles of the 11th Five-year Plan, see Fan (2006).

proposals, but the 12th Five-year Plan makes urbanization a part of China's strategy to transition to a more balanced and sustainable economy. Chapter 20 of the Five-year Plan purports to describe how China will "actively and steadily promote urbanization," but most of the prescriptions are vague and do not commit to any specific policies.

Rather, the Plan suggests cities should improve access to local public services and insurance plans for unregistered migrants and rural administrations should "completely respect rural people's right to choose whether to enter the cities or remain in the villages." It argues that farmers' rights should be protected, but uses the term "*hefa quanyi*," meaning "legitimate rights and benefits," and thus emphasizes the limits of such rights. While the 12th Five-year plan begins the trend of promoting urbanization as a way of rebalancing China's economy, the specific policies suggested by the Plan do not depart from the principles of restricted access to public services in the cities and restricted rural rights which are outlined above and in Chapters Two and Three.

-2012

In a 2012 article for *Qiushi*, the political theory periodical published by the Central Party School, Li Keqiang wrote that urbanization had the potential to unleash growth and re-balance China's economy. At that time, Li was China's First Vice-Premier, meaning that he was both a member of the elite nine-member Politburo Standing Committee and the person expected to take the position of Premier when Hu Jintao and Wen Jiabao were to step down in 2013. As expected, in March 2013 Li became China's Premier, a position considered second only to that of President Xi Jinping, and this article in *Qiushi* represents an important signal of Li's policy views.

The article laid out a strategy for increasing domestic consumption, and argued that restructuring the economy by promoting urbanization and the services sector was key to the strategy. Li wrote that “the sector with the greatest potential for contributing to domestic demand is the services sector,” while “the greatest potential force for increasing domestic demand lies in urbanization” (Li 2012). Apparently quoting economist Joseph Stiglitz, he said that, together with American technological innovation, urbanization in China is one of the “‘two big engines’ of world economic development in the 21st century.”

The article not only stressed the importance of urbanization for future growth, but it also evaluated the potential impact of urbanization on the Chinese economy. Li cites statistics which show that the average urban resident consumes more than the average rural resident by a factor of 3.6. Based on this naïve comparison of means, the article estimates that every rural dweller who becomes an urbanite could increase her consumption by 10,000 RMB (\$1,600 USD). However, the article also points to a serious problem with China’s urbanization model and with the argument that urbanization will increase domestic demand as dramatically as predicted. Li acknowledges that “we also see a disparity in the living conditions of those residing in historical squatter settlements and the majority of urban residents.” In other words, there is variation in the level of consumption of people in urban areas, with poor unregistered migrant workers consuming at a level substantially lower than that of the average urban person.

This document explicitly calls for policies which will help to better integrate migrant workers into the city and argues for the “promotion of progressive equalization of migrant workers’ coverage for basic public services, including urban social insurance,

health care, education, and culture.” Regarding the household registration system, Li argued for “the relaxing of *hukou* transfer requirements in small and medium-sized cities and the orderly transformation into city residents of migrants who already have stable work and residence in the cities”. These calls for change are nothing radical, but rather a restatement of the Chinese government’s longstanding declared goal of making life in the city more comfortable for migrants.

This paper also mentioned ways to improve the rural economy, although the paper does not make any specific connections between rural issues and the issues of migrants in the cities or the overall strategy of urbanization. Li gives the standard boilerplate about promoting agricultural modernization, protecting arable land and food security, and addressing the “three rural issues,” but this argument makes no specific claims about changing the sets of rights associated with the rural registration. The small section on rural issues fits with the document’s theme of taking the improvement of the “people’s welfare” (*minsheng*) as the “beginning and end” of future plans.

-2013

After the new leadership came to power in March 2013, one of the first major statements on the future of urbanization was the statement of the National Development and Reform Commission in June of that year. The Reform Commission is under the auspices of China’s State Council, and its reports are important signals of policy regarding major issues in the Chinese economy. In June 2013, the Reform Commission released a report on reform of the registration system and the report set goals for changing restrictions to registration transfer that were in line with Premier Li’s statements, but more specific and more focused on specific expanding access to benefits

migrants are often denied. The report argued that China should “comprehensively open the transfer restrictions of small cities and small towns, methodically open transfer restrictions of medium-sized cities, progressively relax transfer restrictions in large cities and reasonably determine restrictions for mega-cities” (National Development and Reform Commission 2013). The document does not define the sizes of these cities, but the Urbanization Work Conference document of 2014, discussed below, will define the city sizes and use similar, yet interestingly different, language to describe its proposed reforms. The Reform Commission report noted that the “registration system restricts the development of urbanization,” and that more than 200 million migrant workers continued to be denied equal access to public services. Besides lifting restrictions on registration transfer in the ways described above, the report also recommends “speeding up the equalization of public services,” and working to “peel away” the unequal treatment attached to the registration system. Interestingly, the document concludes by saying that the Reform Commission also found that several systems, including the rural land system, contribute to “restricting the healthy development of urbanization” and broadly recommends changes to these laws.

Concerning the future of reforms, the most significant policy event since the new leadership took the stage has been the Third Plenary Session of the 18th Central Committee, which was held in November 2013. While each Third Plenum traditionally deals with economic reforms, the 2013 session was the first since the new leadership took power, meaning that its outcome would be taken as a signal of the new leadership’s economic policy priorities. At the conclusion of each plenum, the Central Committee releases a detailed policy document. Upon the release of 2013’s “Communiqué of the

Third Plenum of the Central Committee,” the document received a lot of praise from commentators who believed the document made strong statements about the leadership’s commitment to new economic reforms, although the document only made a few references to urbanization policies. One phrase in particular seemed to signal that the new Chinese leadership was committed to economic liberalism. Near the beginning of the document, immediately following the paragraphs of customary boilerplate, the resolution argued for deepened economic reforms based on “the decisive role of the market in allocating resources” (“Communiqué” 2013). This affirmation of the market’s “decisive role” prompted the South China Morning Post to say the resolution “struck a bold tone on economic reform” and Cheng Li of the Brookings Institution to call the leadership change “another turning point in China’s economic development” (Huang 2013a; Li 2013). Considering that the resolution also affirmed the “relentless strengthening of the vitality, control, and influence of the state-owned economy,” the document cannot be considered a radical departure from China’s overall model of development, but the signals from the Third Plenum indicated that the leadership was not planning a hard left turn in economic policy and that the leadership recognized the importance of markets to continued reforms.

Considering the centrality of urbanization to the development model promoted by other policy documents over the past few years, the plenum resolution contains relatively little on the topic. The resolution mentions the importance of integrating land use between rural and urban areas and of new policies which will lead to a broader integration of the cities and the countryside. It also argues that rural people must be able to “equally participate in the modernization process” and that farmers must be given “more property rights”. As will be discussed further below, this focus on rural rights is

important, but this document only mentions the term “urbanization” (the form used is “*chengzhenhua*”) once.

After the Plenum, a new committee related to future reform plans, the Central Leading Group for Comprehensively Deepening Reforms, was given additional profile by President Xi himself serving as their chairman. Many observers have taken this as evidence not only that Xi will be China’s most powerful leader since Deng Xiaoping, but that Xi associating himself so closely with these proposed policies is a strong signal that the government will pursue reforms (e.g. Huang 2013b). President Xi’s hands-on approach extends to the work of the Central Urbanization Work Conference which met at the end of 2013.

The Central Urbanization Work Conference also released an official statement which “set a target of new *hukou* status for 100 million migrant workers by the end of 2020” (“Statement” 2013). By arguing for increased urbanization, new insurance schemes, better land efficiency, and some relaxation of registration transfer requirements across cities, the Work Conference statement would foreshadow much of what would come from the State Council’s 2014 Urbanization Plan. In discussing changes to registration transfer policies, the statement used language similar to that of the Reform Commission. In the Work Conference’s statement, China should “comprehensively open the registration transfer restrictions of newly constructed towns and small cities,” and “methodically open the restrictions of medium-sized cities.” This language is nearly identical to the Reform Commission’s. But with regard to larger cities, the language changes. Instead of “progressively opening” large cities and “reasonably determining” the population of mega-cities, the Work Conference says China should “reasonably

determine” the population of large cities while “strictly controlling” the population of mega-cities (“Statement” 2013). The official Xinhua report includes photos of President Xi and Premier Li addressing the conference, and Xi was said by Xinhua to have “issued important remarks” at the meeting (“Statement” 2013).

-2014

The policy papers and statements on urbanization which emerged during 2012 and 2013 can be seen as a collective preamble to the State Council’s official “Plan for a New National Urbanization Model,” released March 17, 2014 (State Council 2014). This much anticipated plan integrates many of the suggestions of the policy papers discussed above, and synthesizes them into a blueprint for promoting urbanization. It is a detailed plan, with eight sections and 31 chapters, and I will summarize the key points.

The Plan acknowledges that China’s pattern of urbanization must change. Critics such as Kam Wing Chan (2012a) have argued for several years that urbanization in China has largely relied on expanding urban boundaries and reclassifying rural people in peri-urban areas rather than integrating new migrants, and the Plan admits as much: that a large part of the process of urbanization has been not the integration of new people into urban areas, but rather the “urbanization of land.” Further, the Plan admits to overreliance on infrastructure spending which has wasted resources, and goes on to propose a “people-centered” urbanization which avoids the “urban sickness” as the basis for future development. Foreign media reported in 2013 that the Plan’s release was being postponed because the leadership was concerned that it would signal new rounds of infrastructure spending (Yao 2013). The new language of “people-centered” urbanization is likely a

way of signaling both that new reform should focus on the urbanization of people, as opposed to land, and that large new infrastructure outlays are not part of the plan.

Table 5.2: Policies towards different types of cities

Type	Urban District Population	Policy
建制镇和小城市/Towns & Small Cities	Unspecified	全面放开/Comprehensively Open
城市/Cities	500k-1M	有序放开/Methodically Open
大城市/Big Cities	1M-3M	合理放开/Reasonably Open
大城市/Big Cities	3M-5M	合理确定/Reasonably Determine
特大城市/Mega-Cities	>5M	严格控制/Strictly Control

To establish this new model of urbanization, the Plan rehashes the stricter language of the Central Urbanization Work Conference statement that the population of mega-cities should be “strictly controlled,” large cities’ populations should be “reasonably determined,” etc. The document mandates opening local urban registration to migrants who have “legal and stable work as well as legal and stable housing, including rented housing”. When compared with the findings of Chapter Three, this does not appear to be a significant departure from the current household registration system, by which cities have varying requirements for registration transfer. While the Plan does state that China should “not just open up small cities, but also relax restrictions in large and medium-sized cities,” the detailed proposals relate to new methods by which to regulate the system rather than clear mandates to relax restrictions.

The most important specific new rule regarding opening the local registration regime is that large- and medium-sized cities cannot deny social insurance to migrants living in the city longer than five years. Also, the plan suggests that the mega-cities

allocate new urban registrations based on points systems such as have been pioneered in Guangdong province and in the mega-city of Shanghai⁴⁶. Yet the adoption of points systems is a rationalization of the current system rather than a push to relax restrictions which, under points systems, can still be insurmountable for most migrant workers.

The Plan also defines the different types of cities, as can be seen in Table 5.2. “Mega-cities” are the cities with greater than five million people, but the two largest categories, taken together, represent China’s 20 largest cities. Figure 5.2 shows the population and level of economic development of China’s cities, by type.

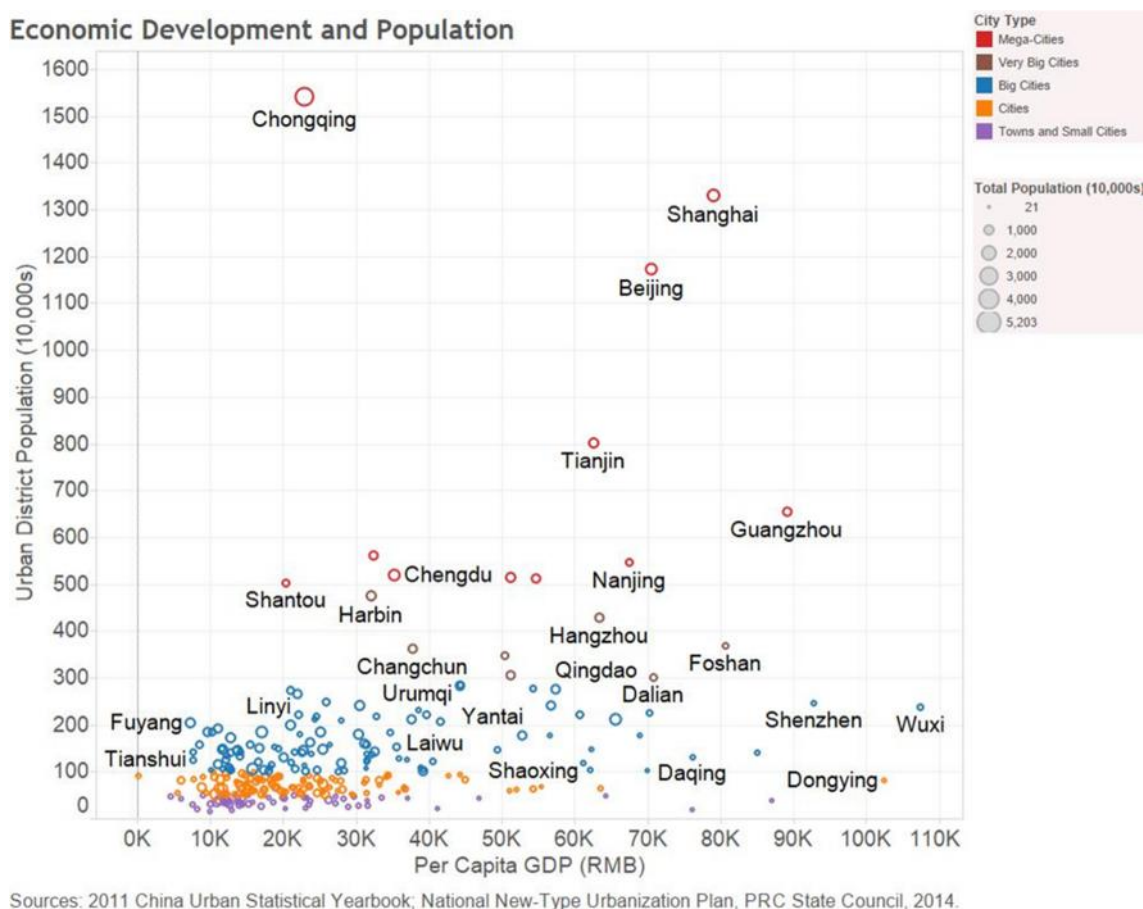


Figure 5.2: Economic Development and Population Across Chinese Cities

⁴⁶ For a detailed description of points systems, see Zhang (2013).

Like the Reform Commission's and Work Conference's statements, the Plan argues for progressively increased access to social services for unregistered migrants. Unlike those statements, the Plan hints at a mechanism for achieving this increased access. As discussed in Chapter Three, equal treatment of migrants could be a fiscal burden on local city governments, and local governments thus have some incentives to exclude migrants from using local public services⁴⁷. The Plan notes that the integration of migrants requires a mechanism: sharing the burden between different levels of government. Although the Plan is not more specific than this, compensation by higher levels of government for the increased expenditure on public services for newly transferred migrants would ease the local governments' fiscal burdens and potentially fundamentally change the registration system.

Interestingly, the Plan also calls for increased representation of migrant workers in government organizations such as the People's Congresses. It also says that migrant workers should be actively encouraged to participate in party organizations, the labor union, and social organizations. The plan calls for "building tolerant cities" and promotion of migrant integration (*shiminhua*) into urban society.

But the Urbanization Plan does not begin and end with urban policies. Recognizing the connection between urbanization and rural policies, in line with the argument of Chapter Four, the Plan explicitly links rural reforms to the potential success of the new form of urbanization. In one of the final chapters of the Plan, it states that China needs to "give farmers guarantees for land possession, use, profit, transfer, and the

⁴⁷ For a discussion of the costs of granting migrants equal access to urban registration, see Ren et al. 2012.

right to mortgage contracting rights”. In the same paragraph, it goes on to argue for the “establishment of a transfer transaction market for rural property rights, and the promotion of rural property transfer which is open, just, and standardized”. This language of promoting rural rights is a break with the past. As discussed in Chapter Two, despite the 2002 Rural Land Contracting Law and the 2007 Property Rights Law, rural land rights have often remained unclear, and sustained insecurity of land rights has slowed urbanization. The Plan’s language of rural “property rights” is especially notable. The 2007 Property Rights Law only discussed rural land rights under the concept of “operation rights” (“*jingyingquan*”) and “use rights” (“*shiyongquan*”), but while the term “private land rights” remains elusive as land rights continue to be officially vested in the collectives, the plan to protect “rural property transfer” points towards greater property rights protections for rural families (“Property Rights Law” 2007).

The Urbanization Plan is not the only signal that the new Chinese leadership views the protection of property rights, including rural land rights, as important for China’s future development. In March 2014, President Xi addressed a delegation from Anhui, the site of the return to household farming and the vanguard of China’s market-oriented reforms in the late 1970’s, and commented on Anhui’s importance as a leader of agricultural reforms (“Xi Jinping” 2014). A China Central Television (CCTV) report from November 2013 examined new policies in 20 test counties of Anhui province and found that the land rights which were being developed were largely indistinguishable from private property rights. When the reporter asked a State Council researcher “Where is the difference between land transfer and land sales?”, the researcher replied that

“there’s no fundamental difference,” other than some restrictions on land conversion (“Anhui Ban” 2013).

Beyond the right to transfer land, the right against expropriation of land by the local government is also important, and there are signs that these rights too may be strengthened. A Xinhua article from April 2014 also reports that land requisitioning, by which local governments confiscate rural land at below market prices, will be phased out. “Land prices will be determined by the market, so farmers will be compensated at prices not set by the government, but by the market,” an official with the Development Research Center of the State Council was quoted as saying (“Local Governments” 2014).

IV. Consequences of New Urbanization Policies

Are the New Policies a Relaxation of the Household Registration System?

The new policies state that the unregistered migrants should be given progressively more rights to public services in their destination cities and that small cities and towns should make their urban registration accessible to migrants. For larger cities, the policy is a rationalization of the current system based on successful pilot programs in Guangdong and Shanghai, but urban registration will still be very difficult to acquire in the larger cities. Based on what is known about the variation in difficulty of gaining access to urban registration across cities (see Chapter Three), these new policies cannot be viewed as a relaxation of the household registration system.

For example, consider the language of the Urban Planning Law of 1989: “Strictly control the scale of large cities and reasonably develop policy for medium- and small-sized cities” (“Urban Planning Law” 1989). The Urban Planning Law defines large cities

as those with greater than 500,000 non-agricultural workers, so even considering the extent of urbanization since 1989, when there were only a few dozen cities of that size, the current policy is more liberal. Yet it is hard to deny the similarity of the language between 1989 and 2014. In twenty-five years, the essence of the urban population policy has remained basically the same: control the large cities and allow opening of the smaller ones.

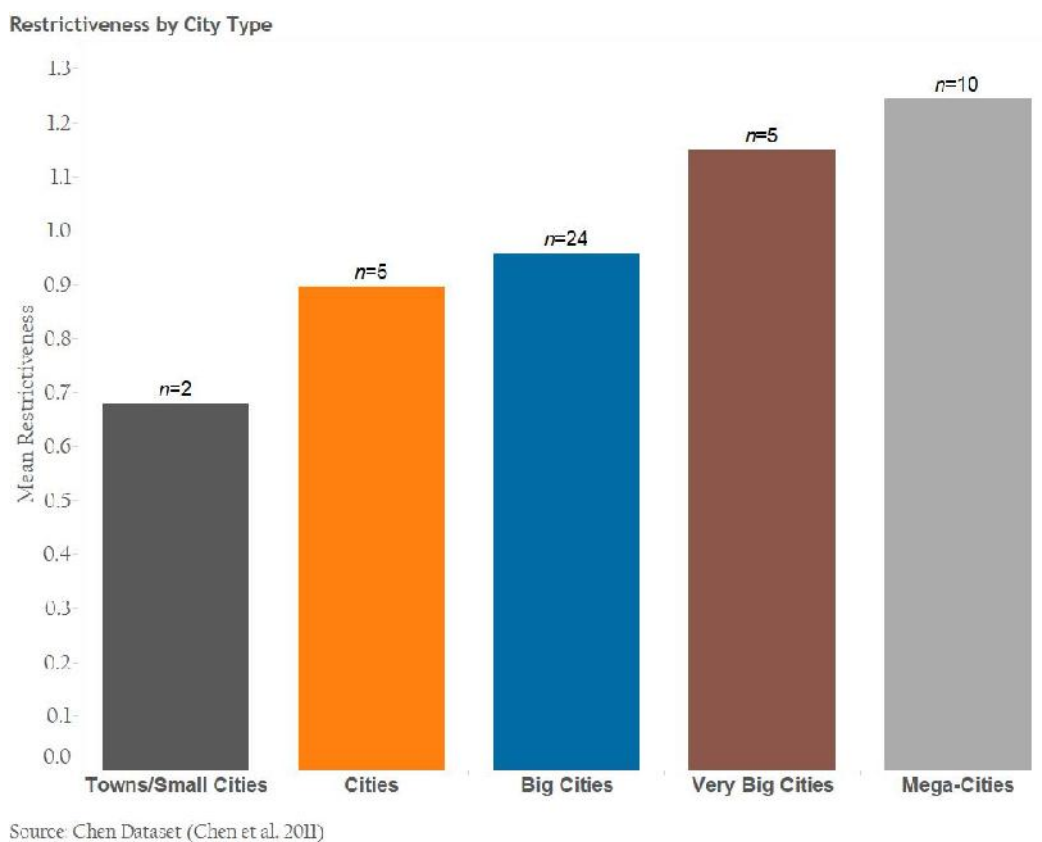


Figure 5.3: Restrictiveness by State Council's City Types. Source: Chen Dataset.

The Urbanization Plan calls for large- and medium- sized cities to allow migrants to participate in social insurance, and the highest time limit cannot exceed five years. But it also indicates that this can be restricted to those migrants with “stable work and stable

residence, including renting”. Such conditions could be interpreted to mean that changing work or place of residence within a five year period could be disqualifying, and unregistered migrant workers are likely to fall short of these requirements. For example, my analysis of a large survey of migrants by the Australian National University in 2009 indicates that 58% of the migrants surveyed had changed their jobs in the past five years⁴⁸. Under these conditions, cities continue to have significant autonomy in setting their policies, and the exclusion of migrants from opportunities for urban registration in the larger and more prosperous cities is likely to persist.

Interestingly, while the Plan aims to increase the number of registered urban people by 100 million by 2020, it does not aim to significantly reduce the number of people who live in cities but lack urban registration. As can be seen in Table 5.3, while the urbanization rate increases 7.4 percentage points, the percentage of the total population which has urban registration only increases by 9.7 percentage points. After adjusting for a small natural increase in the population, it is clear that the number of people who are living in cities and yet excluded from local public services because they lack urban registration will hardly decrease at all, even if the goals of the Urbanization Plan are fully realized.

Table 5.3: Urbanization and *Hukou* Rate Targets

Measure	2012 (actual)	2020 (target)
Urbanization Rate	52.6%	About 60%
Urban registration Population Rate	35.3%	About 45%
Urban People Lacking <i>Hukou</i> Rate (calculated)	17.3%	About 15%

⁴⁸ For information about the Rural to Urban Migration in China dataset, see Meng (2010).

There is one policy which has been suggested, and which the Urbanization Plan alludes to, which could incentivize the relaxation of restrictions on accessing urban registration. The Urbanization Plan says that “each level of government’s fundamental social service authority should be divided, taking up the corresponding fiscal responsibility, and strengthening the power of local governments with relatively more transferred migrants to ensure public goods” (State Council 2014). An analysis and commentary by the *Beijing Review*, a state-owned publication, says that “the Ministry of Finance will also establish a mechanism that connects fiscal transfer payments with the urbanized agricultural population, further improve the fiscal transfer payment system and promote equitable and universal public services including social security, medical treatment, education and culture” (Lan 2014). Since the main reason that local governments restrict access to their local urban registration is the cost of providing additional services to migrants, a mechanism which allows the central government to compensate local governments for the additional fiscal burden of transferred migrants would make it much easier for local governments to relax their local registration regime. So far, the details of such a fiscal transfer program have not been openly specified, but such transfer system should be considered if the relaxation or abolishment of the household registration system is the long-term goal.

Will the Urbanization Policies Lead to Greater Migrant Integration?

The integration of migrant workers into the cities has been an important question during the entire period of China’s urbanization. Many scholars have argued that the household registration system has prevented migrants from integrating into urban society and created a “dualistic social structure” in the cities (e.g. Solinger 1999; Qian and Zhang

2006; Ren 2012). Other scholars, such as Cindy Fan, have argued that migrants do not all wish to achieve integration in the cities because they are not permanent migrants and they plan to return to the rural areas after a period of work in the cities (e.g. Fan 2008; Zhu 2007). Although in surveys most migrants respond that they plan to return to their place of origin, it is not clear that they will in fact return permanently. In other cases of urbanization and migration around the world, migrants have often migrated with the intention of returning home, but after time they settled in the destination areas⁴⁹.

Scholars have found a number of factors which contribute to migrant integration in the cities. Ren and Qiao (2010) found that education and income, as well as involvement in local social insurance, correlated positively with migrants feelings of integration. Cai and Wang (2007) found that migrants' willingness to transfer their registration to the city correlated with feeling adapted to city life, familiarity with the local language, and willingness to give up land rights. Building on this work, Chapter Four argued that China's land institutions play a role in shaping migrants' preferences for integration in the city.

The Urbanization Plan explicitly calls for programs to help migrants participate in urban life and the economy and to "create tolerant cities". As discussed above, it also calls for greater access of unregistered migrants to local public services. If these goals are achieved, the cities will be more welcoming to migrants and their integration into city life will be accomplished more fully.

⁴⁹ For a discussion of the European experience with so-called "guest workers," see Dustmann et al. (1996).

Yet there are many migrants who say they do not desire settlement in the city. For instance, in the PRD dataset used in Chapter Four, only 24% of migrants said that they wished to transfer their registration to the city. While there are a number of factors which shape migrants' preferences for migration and settlement in the cities, China's rural land system plays an important role. De La Rupelle et al. (2008) found that people from villages which had experienced recent land reallocation spent fewer days each year working outside their villages, presumably because they worried that they might lose their land rights if they spent too much time away from their land. While new policies like the Rural Land Contracting Law of 2002 have been aimed at strengthening rural land rights, land rights remain insecure and this insecurity inhibits migration.

Until recently, the value of the rural registration has largely been neglected by the media and scholars, but Chinese scholars have begun to take notice of these issues as they have evaluated these recent policy signals. Wang Yanlei (2013) argued that the "key" to new urbanization policies' success was migrant integration (*shiminhua*), and that China's land system is the underlying reason for its current state of "semi-urbanization." Likewise, Xu Jingyong (2013) argued that the value of the rural registration has been "steadily rising," and that since migrants can lose important benefits if they transfer their registration, their "enthusiasm to transfer to urban registration is not great."

As discussed in Chapter Four, if we imagine that migrants compare the additional value of registration in the urban city where they live with the value of their rural registration (which can be thought of as the opportunity cost of transferring to urban registration), it is clear that we must consider the value of the rural registration as well as that of the urban registration in order to understand migrant behavior. According to the

Urbanization Plan, urban registration will only be available in the smaller cities, where the cost of absorbing new residents is lower because the cost and quality of public services is lower. This means that the additional value of urban registration will be low for migrants to those cities. If the value of a migrant's rural registration outweighs the additional value of urban registration, the migrant is likely to reject registration transfer and remain unregistered in the city.

The recent signals of stronger rural land rights which might allow migrants to realize the value of their rural rights, including those signals in the Urbanization Plan itself, may bode well for the integration of China's migrants and for the prospects for increased urbanization. While changes to urban policies may be minimal, if rural land rights are protected, migrants will not fear losing their rights due to migration. As discussed in Chapter Two, a national mechanism for sustaining rural land rights even after registration transfer would further free farmers to migrate and gain the maximum value from their rural rights. Both of these outcomes would facilitate increased urbanization.

Will the Urbanization Policies Lead to Greater Consumption and Growth?

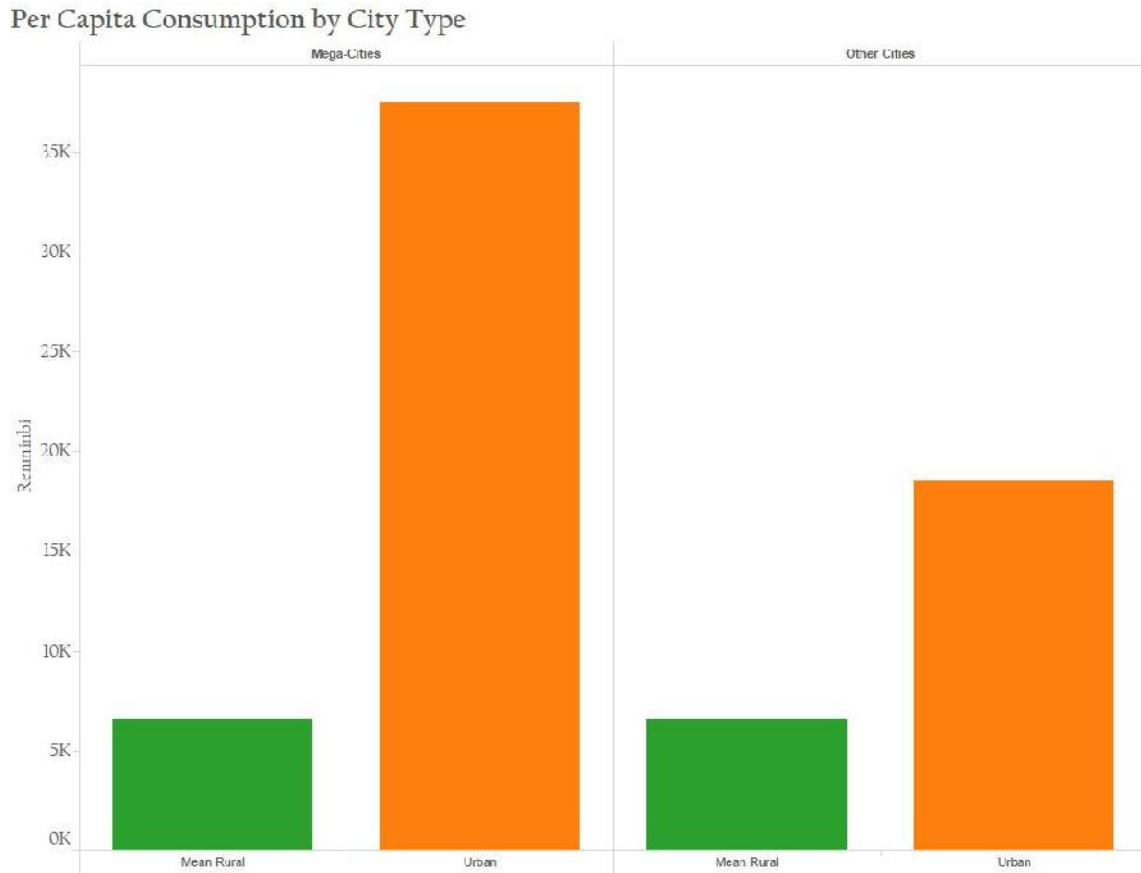
Whatever migrants' intentions, the success of China's Urbanization Plan depends on significantly increasing the urban population, meaning that migrants will need to remain in the cities while new migrants set out for the cities. If Cindy Fan (2008) is correct that many migrants do not desire settlement in the cities, China's Urbanization Plan is probably doomed. As can be seen in Table 5.3, the Plan calls for increasing China's urbanization rate from 52.6% (in 2012) to around 60% by 2020, requiring 100 million new urban residents. It is unclear how this increase in the urban population will

be achieved without significant new job opportunities to attract more farmers from their land, and some farmers have worried that they might “be urbanized” (*bei chengshihua*) against their will (Wen et al. 2013). A New York Times report from 2013 described massive programs to move millions of farmers in China to small towns (Johnson 2013). Although the “new urban citizens” discussed in the report received subsidies from the government to buy new houses, the new communities suffered from a lack of job opportunities and heavy debt. An article in the *Economist* in 2014 reported that Xianghe county (in Hebei province) responded to the urbanization target set by higher levels of government – 60% by 2017 – by “destroying the villages and building 56 blocks of flats in their place [to] create a semblance of urbanity” (“Emerging from the Shadows” 2014). The CCTV report cited above points to the inefficiency and waste such projects often induce. The report included interviews of rural people who had been moved to a newly constructed town when they were moved from their original farmland. “Although nice buildings have been constructed,” the report states, “there’s no water or electricity,” and the people now bear the burden of expensive mortgages (“Anhui Ban” 2013). This kind of central planning is often blind to local economics and can lead to serious resource misallocation. The prospect of further large-scale, centrally planned migrations should inspire skepticism.

The Plan’s success also depends on migrants becoming full urban citizens. The figures above show that urban people consume, on average, much more than rural people do. But a number of studies have shown that unregistered migrants consume far less than their urban registered counterparts, even after controlling for their age and income (Huang 2010; Chen, Lu, and Zhang 2012; Dreger, Wang, and Zhang 2013). Huang

(2010) found that in China in the late 1990's, urbanization increased rapidly, but consumption actually decreased during this period. The phenomenon of low consumption by migrants is largely attributed to the high precautionary savings rate of these workers. Since most migrants lack the urban social safety net, precautionary savings is a rational method of hedging risk. While the Urbanization Plan stipulates that migrants should increasingly have access to these urban public services, if progress is too slow, the potential increase in consumption as a result of urbanization may be very limited.

Just as important, the extent to which liberalization of the household registration system is limited to the smaller cities will also have an attenuating effect on potential consumption increases. While there is a large difference between the consumption level of the average rural person and the average urban person, the gap between rural people and the people in small cities and towns is substantially smaller. Figure 5.3 shows the disparity between consumption in rural areas and the "mega-cities" and that between consumption in rural areas and the rest of the urban areas. While of course there is still a substantial disparity between smaller cities and the rural areas, this disparity is much smaller, and the increases in consumption which result from this type of urbanization are also likely to be smaller.



Source: 2011 China Urban Statistical Yearbook

Figure 5.4: Per Capita Consumption by City Type

The most important reason to doubt the potential effectiveness of the urbanization plan is related to an issue that the Chinese leadership clearly understands. In the Communiqué of the Third Plenum of the 18th Central Committee, the new leadership signaled that it was committed to continued reforms and that the market should play a “decisive role” in resource allocation (“Communiqué”). This is an affirmation of China’s “socialist market economy” which rejects the Soviet-style central planning of the Mao era. Yet the plan to “strictly control” the population of large cities and push new migrants into small cities and towns, which have neither the employment opportunities nor the social services of the cities to which migrants most desire to move, seems to be a

violation of this spirit. Policymakers must also appreciate the variation in potential consumption gains across different types of cities. The fact that even the full and complete implementation of the Urbanization Plan would leave China with almost as many unregistered migrants as it has today means that current plans leave unsolved the legal inequality of unregistered migrant workers as well as the dualistic social structure this inequality sustains.

V. An Alternative Policy Framework

The Communiqué of the Third Plenum of the 18th Central Committee only mentions urbanization once, but the document laid down a set of principles which could be the foundation of an alternative urbanization strategy.

First, the Communiqué argued that the market should have “a decisive role in resource allocation” (“Communiqué” 2013). This phrase was used three separate times in the document, and it affirms that the Chinese leadership believes that individual economic actors should generally be allowed to respond to market forces and that resource allocation should not normally be subject to grand central plans. This language does not imply that the Chinese government should not pursue regulations which might enable economic efficiency or help the state achieve other goals, such as mitigating economic inequality, but it underlines that resources should generally be allocated by the market.

Labor, of course, is a resource. In a panel discussion on CCTV following the Urbanization Plan’s release in March, the host, Huang Yongdong, commented that since most migrants wish to go to larger cities, opening only the smaller cities presents a

“contradiction” with the principle of market allocation of resources (“Chengshi Hukou Songdong” 2014). While a growing economy based mostly in urban areas will continue to pull agricultural workers off the land and into the urban economy, the Urbanization Plan’s language concerning the restrictions on access to urban registration in different types of cities and the broad targets for pushing urbanization seem at odds with the decisive role of the market in resource allocation. Rather than setting specific growth targets for different types of urbanization, policymakers would do better to allow cities to pull in workers by offering them jobs and public services. Neoclassical economic theories of migration have stressed that migration patterns can emerge organically, as workers respond to variation in expected income across space (Sjaastad 1962). In an era of increased access to labor market information, potential migrants can often make good decisions about migration based on widely accessible wage and cost of living data, and policymakers could focus on enabling this organic process.

The second principle is equal access to public resources. The Plenum Communiqué proposed that China must “allow farmers to equally participate in the modernization process and together [with urbanites] share the fruits of modernization.” It is not a secret that, in China, farmers and unregistered migrants are legally unequal to urban people and thus hold a kind of second-class citizenship. The Communiqué calls the “urban-rural dualistic structure” the main impediment to urban-rural unification and equality. By establishing the legal equality of all Chinese citizens, the free movement of people would be facilitated and the spending power of the rurally registered population would be activated. This would accomplish increased urbanization and consumption, both stated goals of the Urbanization Plan.

Of course, given the huge disparity between public services in rural areas and those in the best cities, providing equal access to public resources will be costly. Ren et al. (2013) calculated that it would cost approximately six percent of GDP to grant migrants in the cities full access to the urban public goods regime. This is a substantial demand on resources, but there are two ways such expenditures could be offset. First, these fully integrated migrants will engage in increased economic activity, which can be taxed. With a strong social safety net, they will not need to save as much money, and will engage in less precautionary savings, boosting consumption and helping to offset some of the cost of providing them equal access to public services. Second, as has been suggested, the central government can compensate cities which grant urban registration to migrants, based on estimates of the additional costs in public services. By equalizing access to public resources, the state can stimulate urbanization, demand, and growth, while clearing aside a system that currently leaves over half of Chinese citizens with rights unequal to China's urban-registered people.

The third principle is rural property rights. The Plenum Communiqué stated that China should accelerate agricultural modernization and “give farmers increased property rights”. For farmers to want to move to the city, they will require the pull of jobs or improved social services. But presently, potential migrants may worry that leaving their village and migrating will threaten their rural property rights or the rights to a local development project in which they have a stake. Greater rural rights protections will allow farmers to leave their land without worrying that it will be lost. Xu (2013), who pointed to the value of the rural registration as an obstacle to urbanization, argued that a solution to the problem was make rural land rights fuller, stronger, and clearer. Yu (2013)

likewise argued that in order to achieve Premier Li's goals, "first the government should affirm rural people's land, residence, and other related lawful property rights." Greater protections could also allow them to monetize their rights so that they can invest in a new business in the city or in human capital. This will enable urbanization while simultaneously increasing rural efficiency.

As discussed above, a series of recent statements and documents have signaled that the Chinese leadership is interested in providing greater protections for rural rights. Giving these rights on paper, however, does not mean that they will be honored by powerful local officials who may benefit from the current system of ambiguous property rights. Current institutions for ensuring rural land rights and establishing the rule of law remain underdeveloped. After Vietnam initiated large-scale land titling, complete with rights to buy, sell, and mortgage land rights, farmers' access to credit was not significantly affected, presumably because the protection of these rights remained incomplete (Do and Iyer 2008). In order to secure the rights of China's farmers, courts which are independent of local governments could serve as a strong protection of citizen rights, as such courts do in other countries.

These three principles, a market-centered economy, equality, and protection of rights, have their basis in long traditions of good governance and healthy economic development and have been explicitly endorsed by China's new leadership. Rather than attempting to control which cities experience growth and how populations will move, policymakers could choose to focus on these fundamentals. If China's rural people and migrants are allowed to move freely, are granted full equality, and are protected from

having their property taken, they will use their talents to continue building China's economy, and urbanization, increased consumption, and growth are likely to follow.

Of course, such a program would face opposition from the beneficiaries of the current system. Presently, local governments benefit from the current system of ambiguous property rights and the ability to exclude unregistered migrants from public services, and local officials are likely to stand in the way of both greater rural land rights and greater access to urban public services by unregistered migrants unless other complementary reforms alter either the fiscal responsibilities of local governments or the ways in which laws are implemented. As noted by Ren et al. (2013), granting equal access to public services is expensive to urban governments. Furthermore, strengthening rural land rights would deny rural local governments a key revenue source. In Xu Jingyong's (2013) words, local governments favor the "urbanization of land" over the "urbanization of people" because the former presents an opportunity to "make money," while the latter requires local governments to "spend money."

In order to implement reforms based on this alternative policy framework, reforms which alter the intergovernmental fiscal relationships will also be necessary. With local governments relying on land revenues for over half of their budgets (Ding 2008) and local government debt at historic levels ("Emerging from the Shadows" 2014), reforms which increase fiscal pressure on local governments will face firm opposition. Whether the central government can alter intergovernmental fiscal relationships to make such a program possible is an open question, but a critical one. China's economic performance is the foundation of much of the Communist Party's political legitimacy, and urbanization is an important part of the current economic strategy. If the criticisms

contained in this chapter are correct, the current economic strategy is flawed. Despite certain opposition, a program based on the fundamental principles outlined above is not only possible if enacted in concert with fiscal reforms, but such a program constitutes the best opportunity to achieve the goals of urbanization and growth.

Chapter Six: Rural Rights, Migrant Integration, and Citizenship in 21st Century China

I. Introduction

In the spring of 2013, when I was conducting field research as a visiting researcher at Fudan University in Shanghai, a set of guidelines for academic content was circulated by government officials among China's university faculty, and the list quickly went viral under the name "Seven Don't Mentions" (*Qi Bu Jiang*), meaning, "the seven topics you shouldn't discuss in class." Around the same time, a friend who works in Shanghai's publishing world told me that publishing houses had received a similar document suggesting the censorship of these seven topics. The list might be seen as a reflection of the Chinese Communist Party's biggest anxieties, a brief catalogue of the conversations it doesn't want to have. Some of the topics on the list, such as "historical mistakes of the Communist Party," "judicial independence," and "freedom of the press," were predictable, but the other items seemed oddly philosophical. The first item on the list, for instance, is "universal values," an academic term hard to imagine being politically dangerous. The other three Don't Mentions were "crony capitalism," "civil rights," and "civil society."

The two latter terms, "civil rights" (*gongmin quanli*) and "civil society" (*gongmin shehui*) are based on the root word "citizen" (*gongmin*), a word which took on its modern meaning in the late Qing dynasty (1644 – 1911) as new, Western political concepts came to China via Japan. Although the word *gongmin* is ancient, in dynastic China its meaning was tied up with the Confucian contrast between the private (*si*) and the public (*gong*). In more recent times, Daniel Bell (2009) has argued that citizenship is not just a foreign

concept to China, but remains a particularistic concept which undermines the universalism of China's "all under heaven" model of political legitimacy. Echoing the "Asian Values" arguments made by Singapore's president Lee Kuan Yew and others in the 1990's, today's official line from the Communist Party argues that active citizenship and civil society are western concepts which do not match China's circumstances. Still, many Chinese have found the concept of citizenship to be useful for approaching China's unique modernity. "Troublemakers" like Xu Zhiyong and Liu Xiaobo as well as mainstream academics like Yu Jianrong and Yu Keping have used citizenship discourses to support arguments for reform. Independent organizers like Jing Xiang of Guangdong's Pearl River Workers Center have followed suit, leading "citizen cultivation" programs which promote workers' rights and political activism. Whether the Chinese Communist Party likes it or not, it seems that a national conversation about citizenship may be inevitable.

Throughout this thesis, I have argued that rural factors in China inhibit the integration of rural-to-urban migrants into urban society. I have pointed to numerous scholars who have expressed their concern that China has developed a "dualistic social structure" which has marginalized migrants. And, in Chapter Four, I argued that not only urban policies which exclude migrants but also rural policies which can sustain a "pulling" force on the migrants in the cities long after migration are responsible for migrants' lack of integration in the cities. Yet this *voluntary marginalization* prompts questions about the consequences of migrant integration, and the lack of it, for urban society and for migrants' citizenship in China broadly and in their local communities. Where Chapter Five examined how the continued marginalization of migrant workers

presents a challenge for China's urbanization strategy, the present chapter explores the consequences of rural land policies, the household registration system, and the resulting migration and integration outcomes for the development of citizenship and the formation of political communities in China.

This final chapter proceeds as follows. In Part II, I discuss theories of active citizenship and the debate over the applicability of these theories to the Chinese context. I argue that the type of active citizenship which is claimed to be foreign to China has long been obsolete in the western world, and that the reason why modern ideas of citizenship are so often applied to China, by Chinese and non-Chinese alike, is that they are indeed applicable to the Chinese context. In Part III I attempt to disentangle citizenship-as-identity and the ideals of active citizenship by looking at cases of political participation by non-citizen immigrants and unregistered migrants, including in the PRC. I argue that while these two concepts of citizenship are distinct, there is strong reason to believe they are related. Finally, in Part IV, I argue that while the forces inhibiting migrant integration in China are linked to the inhibition of active citizenship, the rise of new forms of social organization enabled by new technologies present opportunities to "take citizenship seriously," as Xu Zhiyong has put it, for most of the world's citizens, including China's marginalized migrant workers.

II. Active Citizenship, Ancient Liberty, and Participation in Authoritarian States

Since Marshall (1965), theorists have often divided citizenship into three types which Marshall argued developed progressively over time in the modern era: civil citizenship, political citizenship, and social citizenship. Civil citizenship consists of basic

individual rights and identification with a political community, political citizenship confers rights to political participation, and social citizenship includes broader rights to social welfare. While this trend may be true for modern Europe, some have pointed out that this evolution has not held in China. For example, Goldman and Perry (2002, 6) argued that in China “a commitment to social citizenship predated political citizenship by many centuries.” Yet, in another sense, citizenship consists of “a status bestowed on those who are full members of a community” (Marshall 1965, 92). Citizenship is not simply a set of rights, civil, political, and social, which a citizen is owed, but is also connected to identity. Just as the process of *shiminhua*, discussed in Chapter Four Part II, represents a transformation to a new, urban lifestyle as well as local registration and full access to local public services, the concept of citizenship, according to these modern scholars, refers to both citizens’ rights and their identities.

Dating back to the ancient Greeks, theorists have gone further to argue that the citizenship corresponds not just to rights and identity, but also to social responsibilities such as political participation. In the 4th century B.C., a period corresponding to China’s Zhou dynasty, Pericles argued that the strength of Athens was founded on openness, democracy, equality, social mobility, military power, and its engaged citizenry. Rejecting the idea that politics is merely a means to an end, Pericles said in his famous funeral oration that Athenians “alone think that a man who does not take part in public affairs is good for nothing, while others only say he is ‘minding his own business’” (Thucydides 431 B.C./1993). Writing in ancient Athens, Aristotle called man a “political animal” and believed that true happiness was to be achieved through active public life. For these Greeks, life’s greatest values were in the achievement of collective action for the good of

the polity, and such ideas of active citizenship were not just powerful in ancient Greece and Rome but they continue to influence today's arguments about democracy, political participation, and the good life.

Yet the responsibilities of active citizenship are not an ideal to everyone. For many citizens, a "thinner" view of citizenship, limited to formal identification and access to the rights of the modern welfare state, is sufficient (Kylicka and Norman 1994). For these citizens, citizenship guarantees rights to private autonomy and action, and public action of the kind valued by the ancients is simply a means to those private ends. In Pericles's Athens, public decisions required the active participation of the citizenry, but because it impinged on private life, this process came with a cost.

In a city-state, active citizenship could be effectual in a way that is impossible in a large state because in a small polity the individual is "closer" to political decision-making simply by virtue of the state's smaller size. In larger states, however, active citizenship, which may require that citizens place politics at the center of their lives, can bridge into modern totalitarianism, a condition in which all aspects of life are politicized. This question about the necessity of citizens' public-spiritedness is at the heart of the tension between "republican" and "liberal" models of political life. Early modern liberals such as Hobbes, Locke, and Smith located the organizing principle of society in man's interests. Private interests could be harnessed to provide private goods through the market and public goods through some appropriate set of political institutions. According to these models, conflicts of interest among people in society were not harmful as long as these interests were harnessed by institutions. Smith's example of the butcher and the baker, who in focusing on their personal interests provide the community's food, explains why

unity of interests is unnecessary for the market to provide social benefits. Likewise, classical political liberalism focuses on individual rights and denies that society requires a unified organizing principle beyond enforced social stability and procedures for arbitrating differences. Liberals normally consider diversities of interests and opinions to be not only tolerable, but even advantageous for a society.

This mode of thinking about politics alarmed republican theorists such as Rousseau, who sought united collective action through a “general will” which reflected the common interest of society. Rousseau’s romanticism about what could be accomplished through this collective action – a complete revolution of social relations in which the founders of a new state might set out to “changing human nature [...] transforming each individual, who is by himself a complete and solitary whole, into part of a greater whole” – has been viewed by liberals as a clear antecedent to the pretensions towards social transformation in the name of the collective will, or the “masses,” from the French Revolution to China’s Cultural Revolution (Rousseau 1762/2010, Book II, Chapter 7). Republicans seek to reclaim the ideals of Pericles’s Athens by exalting in civic virtue, public-spiritedness, and active citizenship. However attractive these values, liberals worry that they can be taken to extremes which deny individualism, diversity of thought, and liberty. Just as liberals opposed Rousseau, liberals might say that a totalitarian China during the Cultural Revolution also embodied many of the ideals of republican active citizenship. With its “struggle sessions” where citizens would hash out correct political ideology and judge the political correctness of their neighbors’ behavior, mass rallies with political songs and speeches, and the politicization of all realms of life, private and public, no one can say these citizens were neglecting their civic duties.

Writing in the aftermath of the French Revolution, which suffered from social upheaval of a sort not completely unlike that of China under Mao, the liberal theorist Benjamin Constant argued that Rousseau's philosophy, which would help inspire that revolution and others, confused the "liberty of the ancients" with that of the "moderns" (Constant 1816/1988). Arguing that democratic political rights were necessary to preserve modern, private liberty, Constant said that while the ancient form of liberty was seductive, it was no longer viable because of the vast scope of modern states. "We are not," he said "Greeks or Romans, whose share in social authority consoled them for their private enslavement. We are modern men, who wish to enjoy our own rights, each to develop our own faculties as we like best." Like Montesquieu (and then the American founders), who believed that ancient republican models of government could not be directly adopted by modern states because they were not scalable, Constant argued for an institutional solution: representative government. While private interests would dominate individuals, a form of active citizenship could be preserved through the exercise of the political liberties of discussing politics and selecting representatives.

Other 19th century thinkers would begin to imagine how other, social, institutions could create space for active citizenship while preserving modern liberty. Importantly, Tocqueville would examine American society and argue that civil institutions such as churches and trade associations provided venues for the development of citizenship skills and platforms for collective action (Tocqueville 1840/2004). Later thinkers would call this domain of intermediate institutions between the individual and the state "civil society" (Putnam 1994) or the "public sphere" (Habermas 1962/1989), and stress its importance to a functioning modern democracy.

Today's political theorists have continued to emphasize that the "thin" form of citizenship which includes only membership and social rights is insufficient for a healthy society. Kymlicka and Norman (1994), for example, argue that while "classical liberals believed that liberal democracy could be made secure, even in the absence of an especially virtuous citizenry, [...] it has become clear that procedural-institutional mechanisms to balance self-interest are not enough, and that some level of civic virtue and public-spiritedness is required." Even if the Athenian ideal of active citizenship is obsolete, civil society offers a venue for the new kind of active citizenship and a mechanism for collective action and social change.

Despite a social contract which in many ways discourages active citizenship, contemporary China offers some opportunities for average citizens to engage in important types of active political participation, and an independent civil society is alive, if limited. Yet some scholars have claimed that active citizenship is unnecessary and even runs contrary to Chinese, or East Asian, culture, and these scholars have argued that the difference between Western "active citizenship" and the norms of East Asian culture has ancient roots (Bell 2006; Kim 2010). In the chapter of his book titled "What's Wrong with Active Citizenship?" Daniel Bell argues that active citizenship may no longer be defensible because it glorifies warfare and justifies political intrusion into private life. Also, to cultivate civic-mindedness, the state resorts to particularism, especially nationalism. According to Bell, the patriotism that was linked to active citizenship in ancient Greece can be contrasted with the universalism of the concepts of morality (*de*) and "all under heaven" (*tianxia*) political legitimacy in ancient China. In Bell's reckoning, active citizenship is excessively nationalistic and threatens to displace the

centrality of the family to social life⁵⁰. In concluding his argument, he asks rhetorically, “Is it really appropriate to condemn those who abstain from politics because they are committed, first and foremost, to family life?” (Bell 2009, 150).

In setting the active citizenship of the ancient Greeks as his foil, Bell echoes Constant’s critique of two centuries earlier. Constant would agree that modern citizens focus most of their energy on private matters and that outside of the contexts of the small city-states in which they were formed, Aristotle’s and Pericles’s ideals of active citizenship are either unachievable or undesirable. But the ideal of ancient liberty being lost does not imply that political rights are unnecessary or that there is nothing worthwhile in the new types of active citizenship which have been developed over the centuries. Constant argued that “it is necessary to learn to combine the two [forms of liberty] together,” and democratic theorists have shown how political institutions can be used to aggregate preferences and to reclaim aspects of the ancient liberty through formal political engagement as well as participation in intermediate “civil society” organizations. Kim (2010), concludes his critique of active citizenship by arguing that Confucius’s conception of citizenship can be viewed as a middle road between the active citizenship

⁵⁰ Bell goes on to criticize the particularism on which modern active citizenship is founded and to praise the universalism of the “all under heaven” model of political legitimacy in dynastic China, but he addresses neither the impracticality of the “all under heaven” model to the modern world of nation-states nor the irony of projecting such pretensions to universalism on a nation-state, the PRC, which has largely embraced the particularism of the “Asian values” arguments promoted by Singapore’s Lee Kwan Yew and others. (Of course, by 2013 China would take this affirmation of particularism to the extreme of attempting to ban university classroom discussion of “universal values.”) While active citizenship, even of the modern kind, is shaped by particularistic, nationalistic conceptions of political legitimacy, such conceptions are common to the citizens of most modern states, regardless of the breadth of their political rights or whether they live under democracy.

promoted by Aristotle and Socrates's "chastened citizenship." Like Bell, Kim attacks an ideal of active citizenship that has long been viewed by many western liberals as untenable. But unlike Bell, Kim puts forth conclusions about Confucian forms of citizenship that are explicitly compatible with the views of Tocqueville, Constant, and later proponents of "civil society." The vibrant civil society in Taiwan, which shares its traditional culture with the PRC, is an important counterexample to Bell's claims and further evidence that theories of modern active citizenship and civil society are far from being inapplicable to East Asian contexts. Not only are these theories useful for understanding political life in China, citizenship discourses and affirmations of the importance of civil society have appeared in many quarters, despite clear unease with these ideas among some in the Communist Party.

Whose Mass Line Is It, Anyway?

Communist systems typically employ a "corporatist" model of social organization by which only one organization can represent each interest sector in each geographic area and links between these organizations and the larger Communist Party organization are "transmission belts" sending information "up" to the Party and orders "down" to the organizations (Unger and Chan 1995). Although early Communists imagined class struggle between the capitalists and the "masses" of workers, eventually Communists would develop discourses which obscured social differences under the rubric of "the people" or "the masses." This means of reframing state action as motivated by the interests of "the masses" is common to left-authoritarian states whose sometimes questionable democratic legitimacy is bolstered by claims to be fighting the capitalists, imperialists, and landlords – presumably a small cabal of autocrats – on behalf of the

common people. Like Rousseau's "general will," Communists' use of the term "the masses" to represent the interests of society beyond personal, individual interests fits with the republican commitment to a unitary and "objective community interest" (Frakt 1979). Mao wrote that "At this stage of building socialism [the 1960's], all classes, strata, and social groups that approve, support, and work for the cause of socialist construction belong to the category of the people" (Mao 1969b). The "mass line," which was to guide policy, likewise envisions a public united in its preferences, even if the ideas of the masses are initially "scattered and unsystematic" before being formed "into concentrated and systematic ideas" by the leadership (Mao 1969a). For the Communist revolutionaries, society contained one important conflict of interest, that between "the people" and "the enemies of the people," and the liberal idea that society contains many different legitimate yet conflicting interests which can be harnessed and pursued through political institutions and civil society was viewed as a (false) ideology meant to inhibit collective action by the oppressed. In this era, active political participation was common, if not mandatory, but the only form of sanctioned participation was that which emphasized the unity of "the people" and the vision of a new China built according to the blueprints of the "mass line."

But in China's reform era (1978-present), the political environment has been greatly relaxed. Particularly since the 1990s, China has seen an explosion of non-governmental organizations (NGOs) and other social organizations which function outside the corporatist model (Ma 2005). After speaking with independent NGO workers in China, it is clear to me that there is substantial variation in the level of sanction such organizations enjoy from the local government. For example, the head of an NGO

dedicated to helping migrant workers adjust to urban life told me he had close ties with the local branch of the Communist Youth League and received both institutional and financial support from that organization. In contrast, another NGO leader I met with had developed an antagonistic relationship with the local government, and the effectiveness of his organization was negatively impacted because of friction with local officials who regularly summoned him for “tea.” Unofficial churches likewise enjoy varying levels of tolerance by local governments which do not generally seek to dissolve these congregations and yet are wary of large-scale organizations which are outside their control.

Official ideology has changed as well. While little from the Mao era has been explicitly rejected, both the Jiang-Zhu leadership era (1993 – 2003) and the Hu-Wen era (2003 – 2013) were marked by new ideology which complicated the Maoist concepts of society in interesting ways. In China’s reform era (1978 – present) each successive leader has put forth a guiding ideology which has eventually been added to the official ideology of the Chinese Communist Party. Jiang Zemin’s contribution was his “Three Represents,” which states that the Communist Party represents the development of “China’s advanced productive forces,” its “advanced culture,” and “the fundamental interests of the overwhelming majority of Chinese people” (Jiang 2002). Unlike earlier conceptions of “the people,” the Three Represents acknowledges that social progress is not simply about “the people” overcoming the exploitation of the “enemies.” Indeed, those who would have been called “enemies” under Mao, could now be called “advanced productive forces” under Jiang. Hu Jintao’s “Harmonious Society” likewise acknowledged the diversity of interests in society. But this trope invoked Confucian paternalism and a

preference for the “order” of virtuous rule over the “chaos” of the outside world, a dichotomy easily reinforced through state propaganda juxtaposing scenes of China’s progress with videos of violent physical throwdowns in the parliaments of the world’s developing counties⁵¹. Yet how do these various interests find harmony? That Hu and his premier, Wen Jiabao, were known to ostentatiously carry around copies of books by Adam Smith makes a liberal reading of the Harmonious Society ideology tempting. Unquestionably, the political climate has become far more liberal since the Mao era. But while both of these ideological concepts, the Three Represents and the Harmonious Society, seem to affirm the legitimacy of diverse social interests, they also continue to attenuate assertion of independent voices and interests by upholding the Communist Party’s role as the sole representative of legitimate interests and by expecting that conflicts of interests must be resolved harmoniously.

Even with the liberalization of the political climate, the tolerance of civil society in reform-era China has still generally been the negative sort of tolerance, and the theories of the beneficence of independent civil society have continued to be explicitly rejected by official organs. An essay by Tsinghua University economist Hu Angang which appeared in the *People’s Daily* in 2013 argued that “civil society” should be rejected in favor of a model of a “people’s society” which is characterized by social harmony (Hu 2013). Hu’s perspective on the space for individual political action and the role of social organizations in the people’s society mirrors that of the Communist Party.

⁵¹ A motorcycle taxi operator in Guangzhou once offered me as his reason for believing that China was the “best country in the world” that other countries were too “chaotic” (*luan*). When I inquired what other countries he had visited, he said that he had not been abroad. He “watched the news” (*kan xinwen*) for his information, he said.

According to Hu, in the people's society "governance is based on the mass line" and "the relationship between social organizations and the government is not one of conflict, but rather a relationship of harmony and unity." This talk of the "mass line" and a unified society is reminiscent of both Rousseau's romantic notions of the general will and the Party domination of social organizations under corporatism. Where some theorists have seen civil society as a mediating institution between individual interests and the government which can facilitate the best of both ancient and modern liberties, Hu and his ilk continue to view the independence of civil society as a threat to social harmony which could derail China's progress.

China has, however, seen dissenters to this position, and there has been sporadic talk of granting independent organizations greater leeway in exactly the way that promoters of civil society have recommended. The slogan of "Small Government, Big Society," for example has been promulgated by local governments in China that have seen the civil society model as a way to strengthen and improve society rather than as a threat to their power (Na 2012)⁵². A 2010 article from the official Xinhua News Agency quoted the director the Shenzhen (city) Municipal Civil Affairs Department embracing the liberal model, saying that "he believed that civil societies, voluntarily established by citizens and social organizations, if strong enough, could be a valuable force to keep government power in check, improve the efficiency of social services and to pull Chinese society away from verging on mercantilism and individualism" ("China's Reformers"

⁵² The slogan captures the essence of "small-government" center-right classical liberalism so perfectly that a version of it was employed by Britain's Conservative Party in their 2010 campaign.

2010). By not only acknowledging the diverse interests of society, but even going so far as to say that civil society might “check” state power, the Shenzhen official’s statement is much closer to the liberal ideal than to the presumption of social unity or harmony communicated by the Mao-era and reform-era principles described above. The Shenzhen government eventually earned rebukes by numerous Communist Party organs, including the provincial leadership led by Wang Yang, who is himself considered to be a liberal official (Qian 2012).

Despite the political incorrectness of the idea of civil society, many social organizations continue to survive, and some thrive. Shenzhen’s is not the only local government to view social organizations as a complement to government services rather than a threat. All around China, independent organizations exist outside the corporatist framework, often under varying levels of harassment by local officials. Under this *modus vivendi*, independent social organizations must take care not to run afoul of authorities because they often lack legal protections, but the government recognizes that some organizations will exist apart from the corporatist hierarchy.

III. Political Participation by “Outsiders”

If reform-era China affords some opportunities for active political participation, how does migrant integration relate to such participation for China’s hundreds of millions of migrant workers? Throughout this dissertation, I have argued that identity and rights are linked for migrants in the process of *shiminhua*, and that the value of the rural registration is an important factor which can inhibit this process. If a “thick” conception of citizenship entails identity, rights, and active participation, the *shiminhua* process is

likely linked to levels of political participation as well as these other concepts. Just as citizenship as identity is linked with social integration, it is likely linked to migrants' levels of political engagement as well. Although the classic academic literature on citizenship has contrasted "thinner" types of citizenship which only includes identity and rights with "thicker" types of citizenship which also include active participation in line with republican ideals (Kymlicka and Norman 1994), lacking citizenship in the sense of legal identity does not necessarily preclude political participation. The metaphor of "thick" and "thin" forms of citizenship in this case obscures the fact that one can be an active citizen in the civic republican sense without being a legal citizen of that community. In this section, I argue that unregistered migrants in China can, despite their legal identity, act as active citizens in the destination areas, but that factors which inhibit migrant integration, such as the rural factors discussed in Chapter Two and Chapter Four, are likely to inhibit active citizenship by migrants as well.

Lack of legal status, whether for unregistered Chinese migrant workers or for international migrants, does not rule out political participation. Before revealing that he was an undocumented immigrant in the United States, Jose Antonio Vargas won a Pulitzer Prize for his reporting and analysis of the Virginia Tech shootings of 2007. Far from being voiceless, marginalized, or "in the shadows," Vargas did reporting which represented the quintessential work of an active citizen taking part in the most public of spheres. Raskin (1993) argued that, in the American context, "people who do not qualify as national citizens can nonetheless be citizens of their state or, more importantly, their local communities." He argues that there is no reason why "aliens" cannot still be

“citizens,” in the sense that they can, like Vargas, actively participate in their communities.

Likewise in China, claims that “urban citizenship is... largely coterminous with the urban hukou,” (Zhang and Wang 2010) appear simplistic. Chen Mingyu, the founder of Little Chen’s Hotline, a migrant NGO in Qingdao, lacked local registration when he moved to the city in 1994. Yet, like Vargas, Chen did not allow his lack of documentation to stop him from active engagement with his community. After arriving in the city from a faraway province, Chen realized that while the law protected many workers’ rights on paper, migrants rarely knew how to assert their rights or challenge illegal treatment by their bosses. After three years studying the law in a night school program, Chen obtained a law certificate. He told me that at first he just “passed out business cards” advertising free legal consulting for migrant workers, and his “hotline” was just a direct number to his mobile phone. When I interned with them in 2011, Chen’s organization included a free legal consulting service in the city center and a community center in a peri-urban area where many migrant workers live, employed two full time lawyers, and hosted dozens of interns. They had also changed the organization’s name to the Home for New Citizens (*shimin*).

While undocumented or unregistered migrant workers can still be active citizens, lacking citizenship-as-identity is surely a handicap to exercising citizenship-as-participation. In studies of immigrant integration and political participation, scholars have found, unsurprisingly, that noncitizens participate in politics less than immigrant citizens, but they have also found that noncitizen participation is common (Leal 2002; Verba et al. 1995). Leal evaluated the National Latino Immigrant Survey (United States) and found

that 6% of Latino non-citizens had signed a petition, and 5% had attended a public meeting. While these figures were much higher for Latino citizens (24% and 15%, respectively), a nontrivial number of non-citizens appeared to be demonstrating active citizenship in some important ways. In China, despite obvious limits to political participation in general, migrants who lack local registration can still participate in social organizations, engage in political debates, join protests, engage with local community initiatives, and even vote in some local elections. Even though such participation has limits – joining a protest, for example, certainly comes with risks – one might predict that “citizenship status,” in this case meaning whether or not the migrant has transferred her registration, correlates with these incarnations of active citizenship.

My analysis of the China General Social Survey indeed shows that unregistered migrants are less likely to have voted in village elections or elections for the local People’s Congress than either migrants who had transferred their registration or urban citizens who originally held urban registration. Figure 6.1 shows this finding, and also shows that *transferred* migrants were no more or less likely to have voted than urban citizens who originally held urban registration. (Interestingly, those who changed their registration from rural to urban because of land requisitioning were far more likely to have voted than any other group, perhaps because the often contentious nature of land requisitioning stimulates political activism.) While an important potentially confounding variable, length of time in the city, is not available as a control, this finding is robust to other controls such as income, education, gender, marital status, and age⁵³.

⁵³ See Appendix C for the results of logistic regressions.

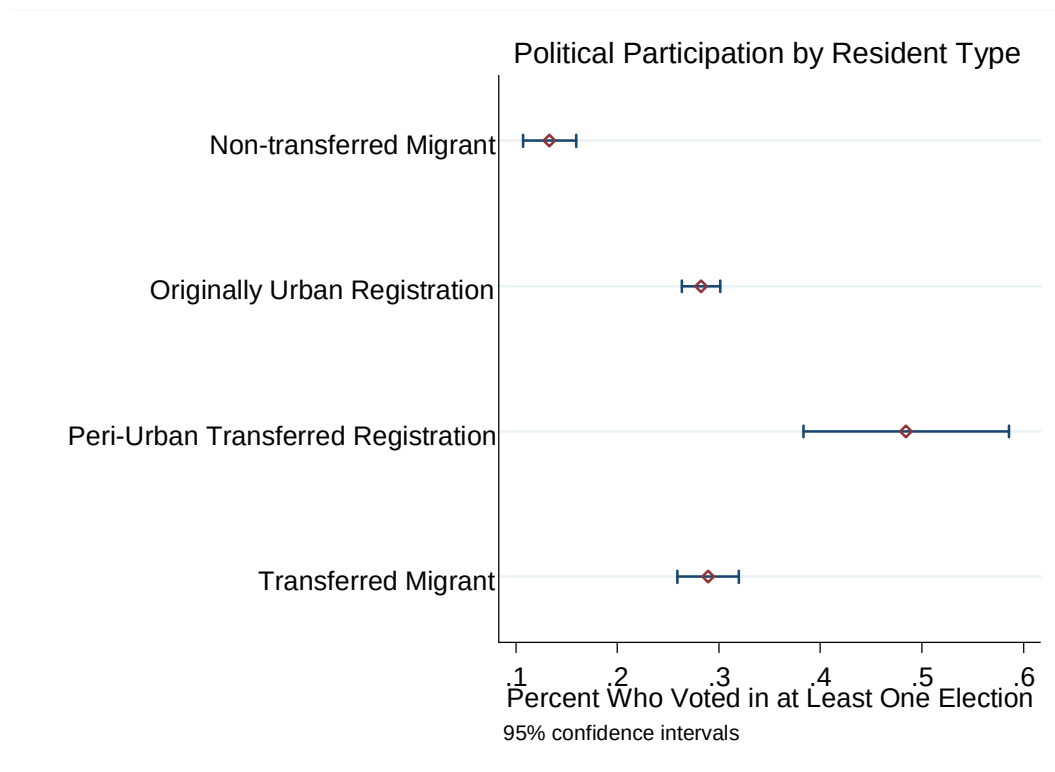


Figure 6.1: Political Participation by Resident Type. Source: China General Social Survey, 2008

Chapter Four argued that rural land systems incentivized migrants perpetuating contact with their sending areas and that rural factors influenced migrants' levels of social integration in the cities. It also demonstrated that having land or coming from a relatively richer sending area were both correlated with lower levels of desire for local urban registration and landholding was correlated with lower levels of social integration. Migrants' integration into urban life is not simply a function of urban exclusion of migrants, but is also a function of migrants' voluntary marginalization when they prefer to keep ties to sending areas or withhold their social integration. Where Solinger (1999) saw migrants "contesting" a sort of citizenship "which does not come easily to those

outside the political community whose arrival coincides with deepening and unaccustomed marketization,” more recent studies have told a more nuanced story than one of migrants’ victimhood at the hands of urban policies and the market. Fong and Murphy (2006) explain part of the logic of voluntary marginalization when they cast “marginality” as “a mixed blessing that allows [migrants] to access the rights and dodge the responsibilities of multiple citizenship categories, even as it hinders their efforts to attain full citizenship in any one category.” If sending area factors described in this dissertation affect migrants’ citizenship-as-identity and their social networks in the cities, as I have argued, then it is likely that they influence migrants’ propensity to actively engage in political life as well. Future research ought to consider the political participation of migrant workers in China with an understanding of the continuing influence rural factors can exert even long after migration.

IV. New Channels for Taking Citizenship Seriously

In his statement before the court which convicted him for disturbing public order in January 2014, the Chinese activist lawyer Xu Zhiyong argued that Chinese citizens “must take seriously the responsibilities that come with citizenship, starting with the knowledge that China belongs to each and every one of us, and accept that it is up to us to defend and define the boundaries of conscience and justice” (Xu 2014). As we have seen, Xu’s call to take citizenship seriously is not unprecedented, and these citizenship discourses have been employed broadly. While political liberalization and intentional political openness have been very limited since the beginning of the reform era, technology has provided channels for taking citizenship seriously for an increasing

proportion of China's citizens. These changes affect all Chinese citizens who have access to these technologies, and they offer new forms of community and new platforms for citizenship which are potentially of even greater value to marginalized people who are more likely to lack traditional community and who have fewer venues for social engagement than others.

The foundations for active citizenship often come not from some explicitly political process, but rather as the product of social or technological changes. Habermas's description of the public sphere notes the role of coffeehouses in changing European society. The new culture of coffeehouses precipitated social and political change because, "the conversation of these little circles branched out into affairs of state administration and politics" (Calhoun 1992, 12). In these venues, although patrons' primary objectives were socialization and caffeination, the outcome was politically transformative. The parallels with new forums for discussion and exchange which have emerged from new technologies are obvious, and these new forums offer limitless opportunities to practice active citizenship.

Tricia Wang argues that "the exploration of private interests on commercially run social media platforms dominant in the informal modes of interaction are creating a public sphere in China" (Wang 2013, 166). These platforms have hundreds of millions of users, and while little of their content is political, they are changing the way China is governed and democratizing Chinese political discourse. Recently, researchers have shed light on the Chinese government's extensive regulation of the internet – a project thought to employ hundreds of thousands of regulators and paid commenters as well as sophisticated filtering software – and these researchers have found that "the purpose of

the censorship program is to reduce the probability of collective action by clipping social ties whenever any collective movements are in evidence” (King et al. 2012). Although foreign media reports have often given readers the impression that freedom of expression is severely limited in Chinese cyberspace, users of Chinese social media know that political content and subversive memes are an everyday part of using these platforms, and the researchers quoted above found that “posts with negative, even vitriolic, criticism of the state, its leaders, and its policies are not more likely to be censored.” Other than a few lines, such as calling for the overthrow of the government, which these internet citizen, or “netizens” (*wangmin*), rarely dare to cross, discussion is largely open. So while you will fail to find a vibrant discussion of the Tiananmen Square incident anywhere on Sina Weibo, searching for the “registration system” will yield many posts calling for its abolishment and using the word “*wan’e*,” or “evil,” to describe it.

Like those in Habermas’s coffeehouses, these new conversations are quickly “branching out into affairs of state administration and politics.” Countless memes criticizing specific issues related to corruption, environmental degradation, air quality, food safety, and local government abuses have gone viral in the five years since social media went mainstream in China with the launch of Sina’s Weibo microblogging platform in 2009, and these memes have sometimes led to policy change. For example, after the activist journalist Deng Fei suggested that his Sina Weibo followers post pictures of the rivers in their hometowns over the New Year’s holiday, thousands of netizens responded, and state media reported that authorities in Weifang, Shandong were offering large rewards for information about industrial polluters flagged by the campaign (FlorCruz 2013).

The changes to local policies and opportunities for citizen journalism are, however, only the beginning of the social change being wrought by these new media. One reason is that these new venues for communication transcend traditional boundaries of exchange. In Habermas's coffeehouses, there emerged "a kind of social intercourse that, far from presupposing equality of status, disregarded status altogether" (Habermas, 36). The democratic norms of the anonymous world of online discourse are even more radical. This is a world where social status, gender, dialect, disability, and, of course, place of origin, can be completely hidden – or asserted in new ways, and netizens can search for information, argue about a book, share a picture, or forward a stranger's impassioned diatribe in a marketplace of ideas freer than perhaps any in Chinese history. While of course the vast majority of information shared on these platforms is apolitical, daily use of social media has bred a sense that anyone has a right to talk politics. In my time traveling in China, my interlocutors in friendly conversations with strangers have sometimes clammed up when they felt that the conversation had drifted in too political a direction. In public, sometimes voices were lowered deliberately. In the past few years, social media has normalized more politically charged conversation, and a search on a social media website for all but a very few sensitive topics will yield a diverse array of opinions. In her recent book about how technology is transforming autocracies, Emily Parker quotes the Chinese writer Murong Xuecun as saying that social media in China is "helping Chinese people evolve from '*renmin*,' the term for 'the people,' to '*gongmin*,' or citizens" (Parker 2014, 109).

While no one should interpret these changes as necessarily ushering in some kind of techno-utopia of active citizenship, technology is empowering average people,

including traditionally marginalized people like migrant workers, to engage with their communities, online and off-, and to practice modern citizenship in new and potentially transformative ways.

APPENDIX A

From 2010 to 2012, scholars at Fudan University's School of Social Development and Public Policy collected a dataset which includes data on 46 Chinese cities' policies towards registration transfer, and they published three papers using this data, one in English (Zhang and Tao 2012) and two in Chinese (Wu et al. 2010 and Chen et al. 2011). (Since this data was initially collected by Chen Xiao in 2010, it will be referred to as the "Chen Dataset" from here forward.) The main finding of these papers was that cities with greater per capita economic output had more restrictive transfer policies. As a scholar affiliated with the school, I was eventually granted access to the raw version of the Chen Dataset. The dataset includes data on five distinct transfer "tracks" for each city.

Obtaining urban registration is achieved by using one of several tracks, such as investment, tax payments, employment, education, and marriage, with the criteria for gaining registration in a given city will vary depending on which track is being utilized. For example, an applicant for registration transfer who uses the investment track may not be subject to an education requirement, while one who employs the employment track may need a college degree. Based on data they collected on five tracks (investment, tax payment, real estate purchase, skilled employment, and unskilled employment), these papers used factor analysis to create a City Entry Barrier (CEB) index which represents the level of overall restrictiveness of the 46 cities in the dataset. Their only finding was that the CEB was positively correlated with per capita economic output. In other words, richer cities were more restrictive.

In order to understand why it was important to construct measures of restrictiveness apart from the CEB index discussed in Chapter Three, I will briefly explain why the CEB lacks basic face validity. Figure A.1 juxtaposes the description of the data related to various tracks for acquiring urban registration in the Chinese paper (Chen et al. 2011) with the same descriptions in Zhang and Tao (2012). (Since neither paper offers analysis of the “Family reunion” or “Special contribution” tracks, and the Chen Dataset contains no data on these tracks, the Chinese paper omits them and only describes data related to the Investment (投资) and Employment (就业) tracks.) To facilitate comparison, I numbered examples of corresponding phrasing. Thus, numbered (1) is “投资” (*touzi*), and also numbered (1) is the corresponding word from Zhang’s and Tao’s paper, which is the direct English translation of this word, “Investment.” Likewise, numbered (2) is “实际投资” (*shiji touzi*), as well as the corresponding “Realized Investment.” Again this is a direct translation. However, consider the phrases numbered (3). The Chinese reads “实际投资总额” (*shiji touzi zong’e*), which translates to “Total amount of realized investment (capital).” The corresponding English phrase is “Total amount of realized investment capital required for the application for a family (up to four members).” The phrase “required for the application for a family (up to four members),” which is quite specific, has been added to the English version. This additional phrase does not appear in the Chinese version of the paper anywhere, whether in the chart copied here or in the rest of the paper. The second component of the investment track, which is directly below “Total amount of realized investment” in the charts in Figure A.1 is described in the Chinese version as “每户平均投资额” (*meihu pingjun touzi e*), which

translates to “Average investment per household.” As with the previous data, the phrase has been changed in English to include “required for the application of one *hukou*”. This is apparently the case with all of the “investment”-related data, including the tax payment (*nashui*) and real estate purchase (*goufang*) tracks.

I confirmed with the authors of the English paper that in fact the data used for creating the CEB included data drawn from economic yearbooks which represent economic conditions in the cities such as the total amount of investment and the average household taxes in the given cities. These data which in the English version of the paper seem to represent city policies towards migrants are in fact simply measures of the cities’ economic profiles. Thus, the main finding of Zhang and Tao that economic variables correlate with the CEB is completely predictable: economic variables such as a city’s per capita investment are components of the CEB itself. It is important that the correlation between economic variables and policy be tested with data that does not conflate the policy data with economic data.

Measures of Dependent Variables Used in Chapter Three and Appendix B

In order to avoid some of the pitfalls of the CEB index which included data on cities' economies, here I will construct new measures of the restrictiveness of the cities by using the component data of the Chen Dataset. This dataset includes 18 variables representing requirements for gaining access to local urban registration over five "tracks." Unfortunately, it appears that only the "skilled employment" (*gaoduan jiuye*) and "normal employment" (*putong jiuye*) tracks include useful data. In all there are seven potentially useful variables as well as two variables listing "additional requirements" for each track. For example, the dataset includes data on whether or not a city has a "housing requirement," a requirement which stipulates that a migrant must own a flat in the city. These additional requirements were not coded qualitatively, and since the number of additional requirements are simply summed, they have been excluded from the present analysis, except to represent tracks 1. A summary of these variables is presented in Table A.2.

There are numerous methods of computing a measure of restrictiveness based on multiple variables such as are in the Chen Dataset. Principal-component analysis would seek to find latent variables which predict the observed variables, and this method is similar to the method by which the CEB was constructed. Since there are only seven variables which appear to be clearly relevant to understanding the level of restrictiveness of the cities regarding registration transfer, I have simply normalized each variable by transforming each value into a z-score with reference to the other cities' values for each variable. Then I applied a multiplier which produced a number between zero and one for

each variable. I then averaged the resulting values within each track, yielding a score for each of the two tracks which was between zero and one.

Table A.1: Cities in Chen Dataset Compared with Other Prefecture-level Cities

(Prefecture-level Cities and Up)	Sampled	Not Sampled	95% CI diff = mean(not sampled) - mean(sampled)
<i>n</i>	46	269	n/a
Registered Population (10,000 people)	337.11	349.77	-672.313 697.629
Per capita GDP (RMB)	45653.35	24737.16	38723.83 52582.87
Last Year's GDP Growth (%)	12.48	13.14	-.378 1.685
Average GDP Growth Past 5 Years (%)	14.02	14.33	-.5286858 1.160859

Sources: Chen Dataset, *China Urban Statistical Yearbook 2010*

Finally, I summed the two tracks to yield a final restrictiveness score that is between zero and two. I calculated several different versions of this restrictiveness score. Table A.3 is a correlation matrix of the potential variables. It can easily be seen that all of these potential variables, as well as Zhang's and Tao's CEB index, are correlated. To see results from regression models, see Appendix B.

This method of scoring a city's restrictiveness requires two assumptions. First, we must assume that each variable within each track is equally important. If a residence

requirement is more important than a housing requirement, then we should give greater weight to the residence requirement. We do not have good evidence to justify weighting one variable more than another, so they have been weighted equally. It should be noted that a principal-component analysis also requires such an assumption. While principle-component analysis can potentially discover which variables best predict other variables, it does not account for the possibility that one variable may be more important to a city's decision about a registration transfer application than another.

Table A.2: Potentially Useful Variables from the Chen Dataset

Variable	Variable Type	Skilled Employment	Normal Employment
Academic qualification	Ordinal (0-3)	✓	
Education level	Ordinal (0-3)		✓
Skills or professional qualification	Ordinal (0-3)		✓
Employment requirement	Binary	✓	✓
Residence requirement	No. years		✓
Housing requirement	Binary		✓

Source: Chen Dataset

I also assume that each track is equally important. In the present analysis, only the skilled and unskilled employment tracks are examined, and they are given equal weight. In fact, it is likely that cities maintain separate quotas for each of these tracks, meaning that in practice, fulfilling the criteria does not ensure registration transfer. Although the existence of quotas is known, data on quotas for varying tracks is currently inaccessible.

It also should be noted here that the Chen Dataset only represents barriers to gaining access to local registration and does not include any data on the d variable discussed in the previous section. Recall that d represented the unregistered migrants' access to the local urban public goods regime in the city where they live. d represents the extent to which unregistered migrants are excluded from public services, and of course d , as well as q , which represents the quality of a given city's public services, will, in turn, affect migrants' attitudes towards registration transfer.

Measures of Independent Variables

It should also be emphasized that the quantitative data available at this time are only a cross-section from 2009. The work of coding these cities in this way is an important contribution of Chen's, given that all previous discussion of the variation across cities had been purely anecdotal. Yet we cannot know when these policies took effect, only that they were in effect at the time of coding. If we want to find correlations that are even suggestive of a causal link between independent variables and the cities' policies, we must use measure of the independent variables that capture the qualities of the city when the policies were determined, and so I have used measures of the independent variables which are either relatively slow-moving (such as per capita economic output) or have been lagged (such as recent economic growth rate). These independent variables for population, number of net floating population, economic development, and economic growth are drawn from the respective urban statistical yearbooks and from the data on city factors which were included with the Chen Dataset.

The Chen Dataset includes data on barriers to gaining local urban registration in 46 cities. Data from official Chinese statistical yearbooks on population, net “floating population” (positive or negative), and economic output data are also available.

Sampling

The sample includes 46 cities, including data on all of the province-level cities of Beijing, Shanghai, Tianjin, and Chongqing, all 27 provincial capitals⁵⁴, and the other famously affluent and important cities mentioned above. (Shenzhen and Suzhou were mentioned above.) The rest of the observations include almost every important commercial center which is not a province capital, including Qingdao, Dalian, Xiamen, Jilin, and Ningbo, as well as eight additional prefecture-level cities. Table A.1 shows a comparison of the sampled cities and the rest of China’s prefecture-level cities. While the registered population and recent level of economic growth are statistically indistinguishable, the level of economic development, measured as per capita economic output, is higher in the sampled cities. Even if the “first-tier” cities of Beijing, Guangzhou, Shanghai, and Shenzhen are removed from the analysis, the sampled cities still have substantially higher per capita economic output than the unsampled cities. Since these cities are not representative of China’s prefecture-level cities generally and does not include many smaller cities, it is important not to overstate the generalizability of the results of the evaluation of this data.

Still, since the sample contains data on most of China’s most important cities, we can say three things regarding generalizability of any potential results. First, the 46

⁵⁴ This includes the capitals of the five “special autonomous regions,” which have the same administrative standing as provinces.

sampled cities are themselves important and interesting cases, and the results of this analysis describe these cities without the needed to generalize beyond the sample.

Second, while we cannot make strong claims of generalizability to China's smaller cities, we can definitively test some aspects of the above hypotheses regarding restrictiveness without generalizing to other cities. If we find, for example, that there are cities which do not require a college education to gain access to their urban registrations, such a finding is sufficient to dispel the idea that such requirements are universally mandatory. Third, while we cannot generalize to other cities in the sense that the sampled cities are statistically representative of the broader population of cities (see Table A.1), I will argue that the processes which drive policies in these larger cities are likely to be similar to those driving the policies of the unsampled cities. The Chen Dataset includes data which is truncated to exclude the smaller, less important, cities, but finding or failing to find strong correlations between variables in these larger cities is some indication of the larger processes guiding local government policies. For these reasons, the use of p-values and significance stars is somewhat misleading. p-values are measures of the likelihood that the observed phenomena in the sample occur in the larger population. Since the sample here includes all of China's major cities, simply finding a strong substantive correlation with the predicted sign is sufficient to evaluate the truth value of the hypotheses for the 46 cities in the sample. Thus, the p-values and significance stars are only provided for reference.

Table A.3: Correlation Matrix of All Constructed Dependent Variables

Correlation Matrix of Restrictiveness Indices								
	Track 1	Track 2	Track 3	Track 4	Track 5	Tracks 4 & 5	All Tracks	CEB
Track 1	1							
Track 2	0.402	1						
Track 3	0.678	0.444	1					
Track 4	0.544	0.458	0.709	1				
Track 5	0.552	0.306	0.717	0.610	1			
Tracks 4 & 5	0.557	0.473	0.703	0.944	0.761	1		
All Tracks	0.821	0.682	0.895	0.815	0.752	0.832	1	
CEB	0.655	0.571	0.856	0.769	0.859	0.781	0.892	1

APPENDIX B

This appendix shows results of regressions which are referenced in Chapter Three.

Table B.2: Ordered Logit Regression Analysis of Economic Development and Educational Requirements for Registration Transfer across Cities

DV: Education Level Required	(1)	(2)	(3)
Log of Per Capita GDP	2.569***	2.358***	1.965**
	(0.669)	(0.738)	(0.815)
Log of De Facto Population		0.264	0.0917
		(0.431)	(0.468)
Mean Local GDP Growth Rate Past 3 Yrs			0.0297
			(0.196)
Net Floating Population 100000s			0.00441
			(0.00327)
cut1			
_cons	22.37***	21.65***	17.13**
	(6.712)	(6.769)	(7.912)
cut2			
_cons	26.06***	25.32***	20.85***
	(6.956)	(7.011)	(8.082)
cut3			
_cons	27.90***	27.17***	22.77***
	(7.133)	(7.182)	(8.225)
Pseudo R-Squared	.208	.211	.236
Percent Correctly Predicted			
N	43	43	43
Standard errors in parentheses			
* p<0.10 ** p<0.05 *** p<0.01			

As noted in Appendix A, the Chen Dataset is split into five tracks which each include variables describing requirements for getting local urban registration. The dependent variable used in Chapter Three was constructed based on information from Tracks 4 (Skilled Employment) and 5 (Normal Employment). Here, I will take each track individually as a dependent variable. These dependent variables have been constructed in the same way as those described in Appendix A. For a detailed description of how these variables were constructed, see Appendix A. As described in Appendix A, this is a non-

random sample which includes most of China's largest cities, and p-values and significance stars are for reference only.

Table B.3 uses the “actual investment” track as the dependent variable, and shows OLS regression results. For this track, the only variable which captures policy variation is the “additional requirements” variable, which describes the number of additional requirements for Track 1 which are not otherwise described in the Track 1 data.

Table B.3: OLS Regression Analysis, Track 1

DV: Restrictiveness (Track 1)	(1)	(2)	(3)	(4)	(5)	(6)
Log of Local Per Capita GDP	0.171**	0.0719	0.0230			0.0552
	(0.0703)	(0.0939)	(0.0670)			(0.0769)
Log of De facto Population			0.211***	0.222***		0.214***
			(0.0474)	(0.0396)		(0.0501)
Net Floating Population 100000s					0.000526**	-0.000177
					(0.000240)	(0.000267)
Mean Local GDP Growth Rate Past 3 Yrs						-0.0329
						(0.0256)
Constant	-1.347*	-0.326	-0.972	-0.797***	0.408***	-0.859
	(0.746)	(0.982)	(0.623)	(0.227)	(0.0494)	(0.817)
R-squared	0.127	0.0160	0.416	0.422	0.0985	0.445
RMSE	0.304	0.296	0.252	0.245	0.305	0.252
N	43	38	43	45	46	43
Standard errors in parentheses						
* p<0.10 ** p<0.05 *** p<0.01						

Table B.4 shows OLS regression results, taking Track 2 as the dependent variable. Like Track 1, the only variable which captures policy variation for Track 2 is the “additional requirements” variable.

Table B.4: OLS Regression Analysis, Track 2

DV: Restrictiveness (Track 2)	(1)	(2)	(3)	(4)	(5)	(6)
Log of Local Per Capita GDP	0.116*	0.0889	0.0678			0.0624
	(0.0633)	(0.0900)	(0.0722)			(0.0813)
Log of De facto Population			0.0684	0.0914*		0.0505
			(0.0510)	(0.0454)		(0.0529)
Net Floating Population 100000s					0.000372	0.000126
					(0.000229)	(0.000282)
Mean Local GDP Growth Rate Past 3 Yrs						-0.0480*
						(0.0270)
Constant	-0.729	-0.455	-0.608	-0.0132	0.483***	0.207
	(0.672)	(0.941)	(0.672)	(0.260)	(0.0470)	(0.863)
R-squared	0.0757	0.0264	0.115	0.0862	0.0567	0.191
RMSE	0.274	0.284	0.272	0.280	0.290	0.266
N	43	38	43	45	46	43
Standard errors in parentheses						
* p<0.10 ** p<0.05 *** p<0.01						

Table B.5 shows OLS regression results, taking Track 3 as the dependent variable. Like Tracks 1 and 2, the only variable which captures policy variation for Track 3 is the “additional requirements” variable.

Table B.5: OLS Regression Analysis, Track 3

DV: Restrictiveness (Track 3)	(1)	(2)	(3)	(4)	(5)	(6)
Log of Local Per Capita GDP	0.271***	0.188**	0.162**			0.190**
	(0.0638)	(0.0895)	(0.0659)			(0.0737)
Log of De facto Population			0.155***	0.214***		0.151***
			(0.0466)	(0.0423)		(0.0480)
Net Floating Population 100000s					0.000714***	-0.000112
					(0.000233)	(0.000256)
Mean Local GDP Growth Rate Past 3 Yrs						-0.0489*
						(0.0245)
Constant	-2.473***	-1.620*	-2.198***	-0.817***	0.330***	-1.776**
	(0.678)	(0.937)	(0.613)	(0.242)	(0.0480)	(0.783)
R-squared	0.306	0.109	0.456	0.373	0.176	0.508
RMSE	0.276	0.282	0.248	0.261	0.296	0.242
N	43	38	43	45	46	43
Standard errors in parentheses						
* p<0.10 ** p<0.05 *** p<0.01						

Table B.6 shows the results of taking only Track 4 as a dependent variable. Track 4 includes two variables: Lowest Academic Qualification Requirement (ordinal) and Employment Requirement (binary). Both of these variables were normalized according to the process described in Chapter Three, then averaged to create the variable used here.

Table B.6: OLS Regression Analysis, Track 4

DV: Restrictiveness (Track 4)	(1)	(2)	(3)	(4)	(5)	(6)
Log of Local Per Capita GDP	0.209***	0.178***	0.168***			0.144***
	(0.0402)	(0.0567)	(0.0450)			(0.0522)
Log of De facto Population			0.0585*	0.124***		0.0471
			(0.0318)	(0.0323)		(0.0340)
Net Floating Population 100000s					0.000621***	0.000183
					(0.000154)	(0.000181)
Mean Local GDP Growth Rate Past 3 Yrs						-0.00233
						(0.0174)
Constant	-1.625***	-1.313**	-1.521***	-0.118	0.526***	-1.181**
	(0.427)	(0.593)	(0.419)	(0.185)	(0.0317)	(0.555)
R-squared	0.398	0.216	0.445	0.255	0.270	0.460
RMSE	0.174	0.179	0.169	0.199	0.196	0.171
N	43	38	43	45	46	43
Standard errors in parentheses						
* p<0.10 ** p<0.05 *** p<0.01						

Table B.7 shows the results of taking only Track 5 as a dependent variable. Track 5 includes five variables: Lowest Academic Qualification Requirement (ordinal), Lowest Skills or Technical Requirement (ordinal), Employment Requirement (binary), Residence Requirement (number of years), and Housing Requirement (binary). These variables were normalized according to the process described in Chapter Three, then averaged to create the variable used here.

Table B.7: OLS Regression Analysis, Track 5

DV: Restrictiveness (Track 5)	(1)	(2)	(3)	(4)	(5)	(6)
Log of Local Per Capita GDP	0.115***	0.0512	0.0767**			0.0547
	(0.0316)	(0.0381)	(0.0348)			(0.0387)
Log of De facto Population			0.0547**	0.0844***		0.0391
			(0.0246)	(0.0225)		(0.0252)
Net Floating Population 100000s					0.000438***	0.000194
					(0.000107)	(0.000134)
Mean Local GDP Growth Rate Past 3 Yrs						-0.0185
						(0.0129)
Constant	-0.767**	-0.116	-0.670**	-0.0317	0.405***	-0.109
	(0.336)	(0.399)	(0.324)	(0.129)	(0.0220)	(0.411)
R-squared	0.244	0.0479	0.327	0.246	0.275	0.400
RMSE	0.137	0.120	0.131	0.139	0.136	0.127
N	43	38	43	45	46	43
Standard errors in parentheses						
* p<0.10 ** p<0.05 *** p<0.01						

Table B.8 shows results of taking all the usable variables from all five tracks as a single dependent variable. First, each variable is normalized. The variables are summed by track before being summed across tracks to create this dependent variable. Thus, the single “Additional Requirements” variable from Track 1 carries equal weight to the five variables used to create the dependent variable for Track 5.

Table B.8: OLS Regression Analysis, All Tracks

DV: Restrictiveness (All Tracks)	(1)	(2)	(3)	(4)	(5)	(6)
Log of Local Per Capita GDP	0.883***	0.578**	0.498**			0.506**
	(0.209)	(0.282)	(0.211)			(0.237)
Log of De facto Population			0.547***	0.736***		0.502***
			(0.149)	(0.134)		(0.154)
Net Floating Population 100000s					0.00267***	0.000214
					(0.000736)	(0.000822)
Mean Local GDP Growth Rate Past 3 Yrs						-0.151*
						(0.0788)
Constant	-6.941***	-3.830	-5.969***	-1.777**	2.153***	-3.718
	(2.224)	(2.955)	(1.966)	(0.768)	(0.152)	(2.517)
R-squared	0.302	0.104	0.478	0.412	0.230	0.526
RMSE	0.907	0.890	0.794	0.827	0.936	0.777
N	43	38	43	45	46	43
Standard errors in parentheses						
* p<0.10 ** p<0.05 *** p<0.01						

APPENDIX C

Table C1: Logit Regression Analysis of voting behavior, comparing registered and unregistered migrants in Chinese cities.

Migrant Voting Behavior				
DV: Ever Voted	(1)	(2)	(3)	(4)
Unregistered Migrant	-1.174***	-1.174***	-0.902***	-1.004***
	(0.162)	(0.177)	(0.193)	(0.220)
Income 1000s RMB		0.000179	-0.000534	-0.000614
		(0.00158)	(0.00193)	(0.00244)
male			-0.0345	0.0678
			(0.135)	(0.143)
age			0.0281***	0.0282***
			(0.00512)	(0.00567)
currently married			0.422*	0.397
			(0.210)	(0.222)
years of education			0.0720***	0.0605**
			(0.0195)	(0.0218)
Constant	-0.890***	-0.857***	-3.147***	-1.673**
	(0.0616)	(0.0720)	(0.392)	(0.560)
Province Dummies	No	No	No	Yes
Pseudo R-Squared	.033	.033	.065	.138
Percent Correctly Predicted	75.49	74.74	74.27	76.97
N	1722	1433	1333	1333
Standard errors in parentheses				
* p<0.05 ** p<0.01 *** P<0.001				

Table C2: Logit Regression Analysis of voting behavior, comparing transferred migrants and urban residents who originally held urban registration.

Urban Registered Population Voting Behavior				
DV: Ever Voted	(1)	(2)	(3)	(4)
Transferred Migrant	0.109	0.0915	-0.0308	0.0193
	(0.0818)	(0.0872)	(0.0941)	(0.104)
Income 1000s RMB		0.00155	0.000699	-0.000767
		(0.00100)	(0.00105)	(0.00120)
male			0.161	0.225*
			(0.0862)	(0.0919)
age			0.0355***	0.0325***
			(0.00354)	(0.00386)
currently married			0.469***	0.504***
			(0.130)	(0.137)
years of education			0.0891***	0.0662***
			(0.0140)	(0.0154)
Transferred Registration from Land Requisitioning			1.052***	0.774***
			(0.211)	(0.229)
Constant	-0.975***	-0.938***	-3.956***	-2.357***
	(0.0461)	(0.0535)	(0.280)	(0.373)
Province Dummies	No	No	No	Yes
Pseudo R-Squared	0	.001	.051	.136
Percent Correctly Predicted	71.94	70.620000	71.3	73.55
N	3414	2931	2836	2836
Standard errors in parentheses				
* p<0.05 ** p<0.01 *** P<0.001				

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