Stratification and Mobility of Chinese Peasant Workers

Research

Introduction

As a unique group emerging from the drastic social transformation in recent 20 years, the social stratification patterns among Chinese peasant workers are rather special: they are peasants, though have no or few land and earn their living mainly on work in the city; they are working and living in cities year-round, however own nearly none of the basic rights enjoyed by urban residents; this tremendous migration group of more than 120 million[1] people may be encountering the most difficult upward mobility. To provide information on this group and pry into the social mechanisms lying beneath this imbalance would be meaningful for our understanding of the fast changing and diversified modern transition. Some scholars even consider the situation to be a low-level equilibrium trap. However, my research is going to prove it to be a hasty conclusion since it ignores the necessary focus on the reference population. That is, compared to those peasants remaining in the rural area, peasant workers are actually situated in a gradual upward mobility, although when the comparison is drawn with urban residents, this upward process is rather slow and difficult. The mobility has also been influenced by reforms and regional socio-economic status. However, to discuss whether they are facing a low-level equilibrium trap or not, we need first to understand what "peasant worker" and what low-level equilibrium trap we are referring to.

Though rooted in different historical and social background, the concept of peasant workers in the western European literature is quite similar to that in China, as "a transitional population primarily composed of male heads of household who allocate their labor between full-time wage

[1] This number is calculated from data provided in the Annual Symposium of National Migrant Population Family Planning Commission of China, in October 28th , 2005.

employment and the operation of a family farm" (Holmes, Douglas R., 1983)[2], which is a concise definition helpful for our understanding of the Chinese peasant workers.

In China, the emergency of peasant workers is mainly due to the historical inconsistency between the relatively scant arable land and surplus rural workforce on it. This inconsistency turned to be even more severe after the public encouragement of Mao Tse Dung in 1949[3], which indirectly led the already large Chinese population towards "enormous". A second factor resulting in the large-scale group of peasant workers came from the fast growing economy in big cities, while the rural economy was left far behind. Those already surplus rural labors were longing greatly for jobs, especially those with a higher pay expected and a situation of more job opportunities. Big cities provided them with the hope.

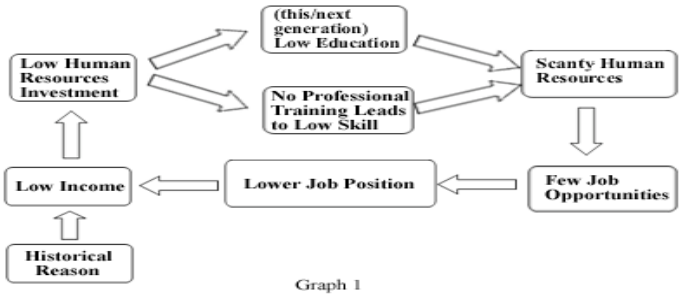
Actually, to transfer rural surplus workforce in China is mainly through two ways: work in the township enterprises; or migrate into the city[4] (Song, Linfei, 1995). In 1960s and 70s, since the household residents registration system rigorously controlled the mobility between rural and urban area, and also because the collective work on the agricultural producing still remained, though there were more job opportunities in towns and cities, the trend of peasant migration was rather weak. As late as 1978, when the household residents registration system was loosened to some extent with the implementation of the "Household Contract Responsibility System" and with the full-scale reform under the rein of Deng Xiaoping, the surplus labor existing manifested itself (Li, Qiang, 2003) conspicuously. There was even larger labor demand after a series of

[2] Douglas R. Holmes indicated that this definition was made by Franklin, 1969.

[3] In September 16th, 1949, Mao publicized his renowned article "The Bankruptcy of the Mentalistic Perspective of History" as a counterpunch of the predict that "Due to the fact that Chinese population doubles in the 17th and 18th century, which puts heavier burden on the land, government of China will have problem feeding its people, and this is also the problem every government fail to solve until now" by the U.S Secretary of State Dean Gooderham Acheson at the time. In the article, Mao put forward optimistically the idea that "To have a large population is a good thing for China…Under the command of Communist Party, with enough people, all the miracles in the world can be realized."

[4] We are differentiating "town" and "city" here using the standard set compared to the village itself, though they are both wealthier and provide more job opportunities than village. Town is referred to these places closer to the village, which enables that the peasants need not migrate formally, "leave" the surroundings and lifestyle which they are familiar with in the rural area. However, city is farther, and to work in big cities results in a drastic change in peasants' lifestyle, that is, during the period they are working, they have to live in the city and return home relatively rarely. These two outlets of surplus rural labors could find analogy in Northern Italian as continuous "occurs where wage-earning activities and family-based farming are coordinated simultaneously through local wage employment" and discontinuous "occurs where agrarian households are subsidized through wage-earning activities of absent family members who are usually employed at some distance from the rural household"(Holmes, Douglas R., 1983). This definition is quoted here also for the convenience of understanding.

reforms and in 1984 several experimental spots were set, allowing peasants to migrate into towns searching for job. Later in 1985, State Department of China formally released relevant policies stating that peasants could open businesses or get employed in towns. So the first way of working in township enterprises was carried out commonly at this time, which was also the starting point of the large-scale rural-urban migration, later called the "peasant workers tide" by the academia and media in China. However, the second way of migrating into the city was not becoming dominant until 1990s when the household resident registration system became quite diversified, though still rigid for those super cities[5]. This relatively lower institutional impediment worked well enough for stimulating the migration of peasants, who later formed a tremendous "peasant workers tide". Until then, the transfer of rural surplus labor turned to be a conspicuous phenomenon in transforming China, which was not only a vivid expression of China's vigorous growth and drastic changes, but also an issue bringing about intense attention on social inequality.



Graph 1

The theory of low-level equilibrium trap raised by economist Richard R. Nelson was a crucial theory both for the explanation of developing economies and relevant social science of development. The theory focused on the mutual influences between population growth, the quantity of net capital formation and changes in income from a macro perspective. From his point of view, development is a race between net capital formation and population growth. There might be a low-level equilibrium of per capita income when below it, the rate of population growth is lower than the rate of income growth and thus the per capita income climbs back toward the

[5] By "super city" we refer to those whose population is larger than 1,000,000, and whose GDP is accordingly larger, such as Beijing and Shanghai. This standard is set by United Nations Center for Social Development and Humanitarian Affairs.

equilibrium, vice versa. An application (Gong, Xin, 2005) of this theory on peasant workers revised it into a low-level cycle between income and human resources both within and out of the same generations, as human resources are the key elements determining the peasant workers' income. Their theoretical framework could be expressed by graph 1[6] above. Their analyses mainly based on the theory of human resources (Schultz, T.W, 1961) that education can affect productivity in agriculture as well as in the economy as a whole, and from a micro aspect the income will go higher with the better personal education.

I intent prove that although there is an income stratification within the three groups: urban residents, peasant workers and rural residents remaining in agricultural work, it is not a low-level equilibrium trap faced by the peasant workers, since the income inequality between the former two groups will decrease while the latter two increase along with reforms through time. Because China has a severe regional inequality, regional effect on the stratification within the three groups will also be investigated. My research proposal requests one year of funding to support the collection and analysis of data that will illuminate the upward mobility pattern of the Chinese peasant workers.

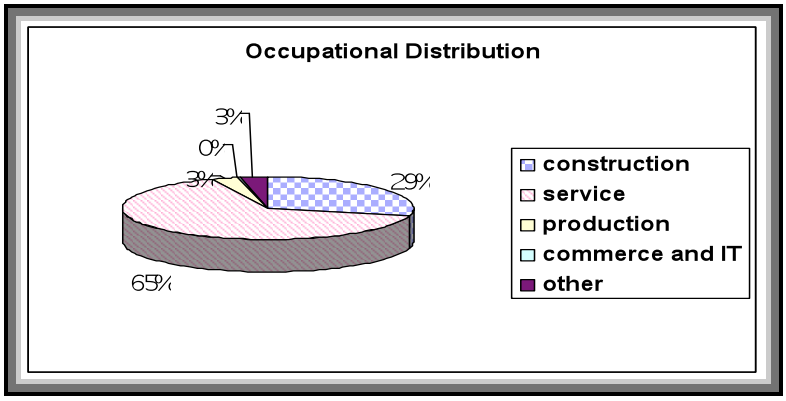
Preliminary Findings of Peasant Workers in Beijing – A Pilot Research

The focus of the pilot research is to provide some fundamental descriptions of the peasant workers, as a basis of future research.

Data and Method: The data were collected through the questionnaire put out in November, 2005 across eight main districts in Beijing. The questionnaire contains 58 questions including peasant workers' income, living and working situations before and after their migration. The valid sample size is 1337. We name this questionnaire to be Q1. In all of the respondents, there are only 4 who are local in Beijing and all of them 4 hold a job in service industry. Please note that the

[6] Gong, Xin, et al (2006), "Zou Chu Di Shui Ping Xun Huan Kun Jing" (Step Out of the Low-Level Trap), *Future Economists*, 16:22-31.

service industries talked about here refer to lower service occupations in China (waiters, long-distance transportation drivers, repairman, etc). Most respondents of the sample are in the service industry or construction industry (see Graph 2), which absorb most peasant workers.



Graph 2

Another database is from a survey on the peasant workers around Peking University also in November, 2005. The valid sample size is 101. This questionnaire focuses on the education situation of the peasant workers and their children and we name this questionnaire to be Q2.

Analyses and Conclusions: I performed both indirect, that is, to probe into causes and results of the migration so as to see if they have enough incentives to do so; and direct analyses, that is, to look at whether their income meet their costs well. The first part involves the use of law of push-pull, and the second part on the theory of low-level equilibrium trap.

Table 1 Application of the Law of Push-Pull

Reason of Migration	Push/Pull	Rank	Rate
Agricultural income is low.	push	1	28.60%
Agricultural work is too hard.	push	5	6.07%
There is some economic difficulty within the family.	push	2	21.17%
Influenced by others around who make money in cities.	pull	8	4.55%
There are more opportunities in cities.	pull	3	13.73%
The children may have better environment to develop.	pull	6	5.08%
The income is higher in cities.	pull	4	12.22%
There are relatives or friends in cities.	pull	9	2.12%

To be better trained in order to master more skills.	pull	10	0.08%
May broaden the horizon.	pull	6	5.08%

Indirectly: Law of push-pull provides the idea that under market economy and conditions permitting free migration, the cause of population's migration is mainly because they want to improve their living conditions through this action (Li, Qiang, 2003). The conditions in cities that might improve the peasant workers' lives are the "pull", while conditions in rural areas that go against their interests are the "push". Firstly, statistics in Table 1 are from the question "what's the most important reason for you to come to cities for job"[7]. We could see that incentives strong enough do exist from both "directions" and the "push" is commonly stronger than the "pull". Secondly, a set of second-hand data collected prove that the size of the "peasant workers tide" is growing along the year. In 2002, the size of this group is only 110,000,000; however in 2005 the number became 120,000,000[8]. The average rate of increasing is 2.94% calculated by these data.[9] The above analyses proved that the incentives of migration not only exist, but also actually attract more and more peasants to cities through time, which again implicitly supports that peasant workers' situations are improved through their migration.

Directly: The theory of low-level equilibrium trap concerns about the interrelation between population growth and income change, and also their integrative influence on the per capita income of the economic population. From Q2 I got the average annual family income is 9853.54 RMB[10], the average size of the family is 4.31 persons, the average rate of the peasant workers' income in cities to the whole family income is 65.71%,[11] denoting that peasant workers' migration could tell much about the relevant situation of family income. Comparatively, the average annual agricultural family income in China is 686.31(1990), 1577.74(1995),

[7] We define percentage larger than 10% to be incentives strong enough and the larger the percentage the stronger the incentive.
[8] This set of data is from the statistic results gotten from the Survey Reports on Peasant Workers, sponsored by State Department of China, 2005.
[9] 1, 100, 0000(1+x) ^4=1, 200, 0000, get, x=2.94%.
[10] In order to be convenient for calculation, I take <=2000 as 2000, 2000-3000 as 2500, 3000-4000 as 3500, and so on; for those >=50000, I take it as 50000, which is rare among the group, and such a processing may reduce the risk of highly overestimate the real level.
[11] For calculation, I take <=30% as 15%, 30-50% as 40%, 50-70% as 60%, >=70% as 85%.

2253.42(2000), 2475.63(2002) and 2622.24(2003)[12], and the average size of the agricultural family is 5.26[13], we may find out that peasant workers are situated in improved positions compared to those remaining in rural areas. Given the assumption that China's economy will keep stable, population within the group of peasant workers may even be lower in the future as their lifestyle is relatively unfixed and as they are informed about the Family Plan of China more frequently and deeply when they are in cities.

From a basis regression analysis using the model

$Income_i = \beta_0 + \beta_1 marriage_i + \beta_2 year_i + \beta_3 primary_i + \beta_4 middle_i + \beta_5 high_i + \beta_6 college_i + \varepsilon_i$, I got some preliminary conclusions that experience of working in cities, education, especially the higher level education, and whether they can at least own a peaceful home, are all playing a role in the upward mobility. In all of these factors, education is most powerful.

Directions for Future Research

The following three models will try to depict the stratification between the three groups of urban residents (Group 1), peasant workers (Group 2) and rural residents remaining in agricultural work (Group 3), mobility along with the reforms through time and regional effect on the stratification. Data in this section will mainly depend on the collection of secondhand database and supplementary qualitative data from field work.

Model 1 and Its Analysis

I modify Xie and Hannum's (1996) application of Mincer's (1974) human capital model for contemporary China into the form of

$$T = \log Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_2^2 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_1 X_6 + \varepsilon \quad (1)$$

Where Y is incomes, X_1 years of schooling, X_2 years of working experience, X_4 and X_5

[12] The data come from dataempery, China.
[13] The data come from Research Center of Rural Area Regulation, Mid-China University of Science and Technology, 2005.

are two dummy variables denoting different groups ($X_4=X_5=0$, Group 2; $X_4=1$, $X_5=0$, Group 1; $X_4=0$, $X_5=1$, Group 3), and X_6 a dummy variable denoting gender ($X_6=1$, female). All β's are unknown parameters, and ε is the residual unexplained by the model. I apply the model to both male and female workers and allow for differences between the genders in the intercept as well as in the return to years of schooling. Equation (1) deviates from Xie and Hannum's model in two ways. 1) I exclude party membership, since their study has already proved this factor not to have significant effect; 2) I include two dummy variables denoting different groups to estimate the stratification and to prove the following hypothesis:

Hypothesis 1: Between the three groups, Group 1 earn the most, Group 2 earn the second most while Group 3 earn the least. ($\beta_4>0$, $\beta_5<0$)

Data: I find two databases by consistent research design as "Chinese Household Income Project, 1988" and "Chinese Household Income Project, 1995". Both of them aimed at measuring and estimating the "distribution of income in both rural and urban areas of the People's Republic of China" while covering a wide sampling frame across China with a significantly large size (67, 186 rural households and 34, 945 urban households). They both have two components respectively based on the rural and urban respondents, within each of which they also both have two data files: one uses the individual as the unit of analysis, and the other uses the household as the unit of analysis. For my topic, I only use the individual information. Their survey covered a wide range of variable measurements from income, employment and education level, to demographic variables both for the rural and urban residents. I will combine them two for use.

Model 2 and Its Analysis

The second model will try to estimate the mobility mechanism along with the reforms respectively in 1980s and 1990s:

$$T = \log Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_2 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_1 X_6$$

$$+\beta_{1978-1989} X_{1978-1989} + \beta_{1990-} X_{1990-}$$

$$+\beta_8 X_{1978+1989} X_4 + \beta_9 X_{1978-1989} X_5 + \beta_{10} X_{1990-} X_4 + \beta_{11} X_{1990-} X_5 + \varepsilon \quad (2)$$

I divide the time dimension into three periods 1949-1977, 1978-1989, 1990-[14] by including two dummy variables ($X_{1978-1989}$ = X_{1990-} =0, 1949-1977; $X_{1978-1989}$ =1, X_{1990-} =0, 1978-1989; $X_{1978-1989}$ =0, X_{1990-} =1, 1990-) and their respective interaction terms with X_4 and X_5 to estimate the reform effect on the mobility both for the absolute quantity and relative speed, denoted respectively by the change in intercepts and slopes.

Hypothesis 2: Among the three groups, the income inequality between Group 1 and Group 2 will decrease with an increasingly fast upward mobility of Group 2 along with the reforms; the income inequality between Group 2 and Group 3 will increase with an increasing speed with the reforms.

($\beta_4 > \beta_4 + \beta_{1978-1989} > \beta_4 + \beta_{1978-1989} + \beta_{1990-}$;

$|\beta_5| < |\beta_5 + \beta_{1978-1989}| < |\beta_5 + \beta_{1978-1989} + \beta_{1990-}|$;

$|\beta_4| < |\beta_4 + \beta_8| < |\beta_4 + \beta_8 + \beta_{10}|$;

$|\beta_5| < |\beta_5 + \beta_9| < |\beta_5 + \beta_9 + \beta_{11}|$.)

Data: The data for this model is hard to find, since although the time is turned into dummy variables of reforms, the data needed for other predictors should be longitudinal and covering a long period of time. Some tentative database I will turn to are ICPSR, UM China Data Center and National Statistical Bureau of China.

Model 3 and Its Analysis

Since China's regional developmental plans are to a great extent determined by the

[14] As discussed in the introduction section, there were several main reforms influencing the migration of peasant workers: 1978 reform, mid-1980s reform and a series of reforms in 1990s. Since the effect of these reforms may be overlapping, and also there was a relatively long gap between mid-1980s and 1990s reforms, I combine the time periods as the model tells.

government's deliberate choice (Hannum and Xie, 1994), the regional stratification within the three groups can well represent the characteristics and heterogeneity of China's rural-urban inequality and economic transitions. So I add the regional factors into the model:

$$T = \log Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_2^2 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_1 X_6$$

$$+\beta_{Middle} X_{Middle} + \beta_{Eastern} X_{Eastern} + \varepsilon \quad (3)$$

I include two dummy variables (X_{Middle} = $X_{Eastern}$ =0, Western; X_{Middle} =1, $X_{Eastern}$ =0, Middle; X_{Middle}=0, $X_{Eastern}$=0, Eastern) based on equation (1) to denote the regional differences in income stratification[15].

Hypothesis 3: Regionally, the more developed the regional economy, the smaller difference in income between Group 1 and Group 2, and the larger difference in income between Group 2 and Group 3. ($\beta_{Eastern} > \beta_{Middle} > 0$)

Data: I will try to select the data for the three main socio-economic regions in China – Eastern, Middle and Western regions. I will use the clustered area probability sampling to ensure the randomicity and representation of the research population. Some tentative database I will turn to are ICPSR, UM China Data Center and National Statistical Bureau of China.

More Implications: Will the conclusions still hold considering costs?

The above discussions are based on earnings of the three groups without taking into account the costs, which may lead the conclusions to be biased. When rural residents consider making a choice between a job in the city and the agricultural work, financial, emotional and social costs may all be involved in – the latter two can hardly be measured effectively and accurately. So some in-depth interviews with the rural residents within both Group2 and 3 will be an important and

[15] In the 4th Assembly of China's 6th National People's Congress in 1986, a regional division based on the regional socio-economic status was announced. Eastern region includes 11 provinces or municipal cities: Beijing, Tianjin, Hebei, Liaoning, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong and Hainan; Middle region includes 10 provinces or municipal cities: Shanxi, Inner Mongolia, Jilin, Heilongjiang, Anhui, Jiangxi, Henan, Hubei, Hunan, Guangxi; Western region includes 9 provinces or municipal cities: Sichuan, Guizhou, Yunnan, Tibet, Shannxi, Gansu, Qinghai, Ningxia, Xinjiang.

necessary supplement and reflexion of the empirical investigations above.

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Data Collected

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ICPSR 2571 China Housing Survey, 1993
ICPSR 3012 Chinese Household Income Project, 1995