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## **PROMOTING INDUSTRIALIZATION AND URBANIZATION: MIGRATION OF RURAL LABOR FORCE IN CHINA**

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## **I. Industrialization, Urbanization and Rural Labor Force Migration**

The developments of many countries demonstrate that massive migration of rural labor force and population usually occurs during the period of rapid industrialized development and high economic growth, especially when the GDP per capita is at around USD1000 to USD3000. The migration not only provides necessary labor force for the acceleration of industrialization, but also speeds up urbanization through the centralization of population. Throughout the history, this process was relatively longer in developed countries while it was much shorter in newly industrialized countries and developing countries. For example, it went through more than a century in countries like Britain and USA, and only two decades in South Korea. But it took Brazil only forty years to increase the proportion of urban population from 30% to 70%. For some countries in Latin America and Africa, industrialization didn't bring increase in job opportunities. Quite contrarily, the migration of large number of rural labour force resulted in over-urbanization.

The analysis and conclusion of the industrialization and urbanization process of many countries and regions reveals the general features of the rural labour force migration: Firstly, the transformation of industrial structure drives the transformation of employment structure. The proportions of agriculture, industry and service industry in national economy change as income level increases. The share of agriculture in economy decreases while that of industry and service industry rises up. Thus the employment structure changes accordingly. Secondly, industrialization leads to and promotes the process of urbanization. Resource centralization resulting from the industrialization in cities drives up the economic growth and expansion there. Thirdly, structural transformation presents lots of challenges and opportunities. In the process of industrialization and urbanization, the centralization of massive rural labor force and population in cities has a strong impact on and poses big challenges for urban employment, housing, education, social security, urban management and public service and so on. In order to ensure the healthy development of urbanization and avoid problems brought out by urbanization, a high

demand is placed upon the government to establish a reasonable HR market system and adopt effective public administration policies.

Urbanization is actually the urbanization of population. The flow of individual employee at different posts, sectors, industries and places of employment leads to the change of the spatial distribution of population. Surplus rural labor force is absorbed by cities due to economic growth, and gradually reduces to a limited number till the surplus disappears. The mobility of employment leads to the integration of human resources between urban areas and rural areas and between different regions, and will ultimately reduce the gap between the two areas. This is the general trend of the industrialization and urbanization across the world.

## **II. Overview on the rural labor force migration in China**

The migration of rural labor force in China occurred and evolved along with the process of industrialization, urbanization and the reform and opening-up. Now China has entered into the middle phase of industrialization with GDP per Capita topping USD 2,000 in the year of 2007. The migration of rural labor force to non-agricultural industry and urban areas is an inevitable trend with the advancing of industrialization and urbanization. With the acceleration of the process, more and more surplus labor force, known as “rural migrant workers”, gradually diverted to engage in non-agricultural sectors. Rural migrant workers become a strong new labor force emerging along with the industrialization, urbanization and reform and opening-up in China. With their household registration (Hukou) still in rural areas, they mainly take up jobs in non-agricultural sectors. Some of them have high mobility, just leaving for cities in slack farming season, while some abandon farming and work in cities and have become an essential part of the industrial labor force. The rural labor force migration mentioned in my speech only refers to the employment of rural migrant workers in cities and township enterprises. According to the National Bureau of Statistics of China (NBS), the total population of Mainland China was 1,314,480,000 by the end of 2006, among which 43.9% were urban population. Historical data suggests that the urbanization population growth rate in China has been increasing at 1% per year. At the end of 2007, the total rural labor force in China was 531,000,000, among which 232,000,000 were rural transferred workers (136,970,000 of them stayed out to work in urban areas). Labor force migration from rural to urban areas will be a long-lasting phenomenon in China.

The rural labor force migration in China is a significant and profound strategic issue. It involves not only the shift of social and economic structures resulting from the migration of hundreds millions of rural population to non-agriculture sectors and towns and cities, but also the population transformation in terms of ways of production and life. The migration influences the healthy development of China's industrialization and urbanization, the fundamental solution of the *"three-dimensional rural issues"* (concerning agriculture, countryside and farmers), and the realization of social equality, fairness and harmony. The Chinese government places high importance on the migration of surplus rural labor force. The State Council issued such effective measures as *"Some Opinions on Resolving the Problems Faced by Rural migrant workers"*, and has made significant achievements in guiding the rural labor force migrate to non-agricultural sectors and urban areas. Nowadays, rural migrant workers have filtered into all sectors in national economy, among them over 50% are engaged in processing and manufacturing, architecture, excavation, environmental sanitation, domestic service and food and beverage industry. The migration of rural labor force, also known as peasants taking up jobs in urban areas, brought wealth to urban areas, led to income increase in rural areas, and has become an effective mechanism in implementing the policy of "industry nurturing agriculture, cities supporting countryside and developed regions leading less developed regions". It provides a new solution to change the dualistic structure of the urban-rural society and solve the "three-dimensional rural issues", and has made great contributions to the country's modernization.

### **III. Measures taken by the Chinese government to facilitate rural labor force migration**

The migration process of rural labor force in China can be roughly divided into three phases: firstly, from "migrating randomly" to "strictly under control", from "quitting farming to work in their hometown" to "quitting farming to work in other regions or areas", and "responding passively" to "guiding actively". In recently years, how to resolve issues related to rural labor force migration has become the most urgent and essential task for the Chinese government. By taking every aspect into consideration, a series of effective supporting measures and policies have been promulgated in view of reality.

#### **A. Overall strategies and objectives.**

The overall strategies are: persevere in emancipating our minds, seeking truth from facts and keeping pace with the times in line with the principles of scientific outlook on development and

building a harmonious society; place emphasis on learning from the experiences of other countries proceeding from China's actual conditions; integrate the development of rural and urban areas, set up a mechanism of promoting agriculture with industry and accelerating urban areas with rural areas, and solve the issue of “three-dimensional rural issues”; solve issues related to rural migrant workers by sticking to the people-oriented principle. The objectives of these measures are: To promote mechanism reform and system innovation, so as to form a system providing equal right to both rural and urban labor force; to regulate and coordinate labor relationship and to build a policy system and supervisory mechanism to protect rural migrant workers' rights and enable the synchronized development of urban and rural areas; to promote the healthy development of industrialization, urbanization and modernization with Chinese characteristics and accelerate the process of building a well-off society.

## **B. Basic principles**

**a) Equal treatment without discrimination.** Workers' legitimate rights and interests should be respected and protected, and the discriminative rules and systematic restrictions that damage the rights and interests of rural migrant workers should be removed to enable them enjoy the same obligations and rights as urban employees. **b) Service and management improvement.** The function of government should be adjusted to strengthen and improve the public service and social management of rural migrant workers; the roles of enterprises, communities and agencies should be given full play in providing better living and working environment and favorable conditions for those workers. **c) Overall planning and reasonable guidance.** Cross-region migration and local migration of rural labor force should be combined together, enabling farmers to get jobs in urban areas while developing township enterprises and local economy to increase job opportunities for rural migrant workers in local area. **d) Giving guidelines according to different situations based on local conditions.** Source region and receiving region should cooperate to solve the specific issues of rural migrant workers. All regions are encouraged to, proceeding from reality, search for measures to protect the rights and interests of the rural migrant workers and boost the orderly flow of surplus rural work force. **e) Focusing on long-term consideration based on the current situation.** The most urgent needs of rural migrant workers should be resolved, and the deep-seated problems shall also be gradually solved by relying on the reform and development, so as to set up a fundamental mechanism and system to guarantee the rights and interests of rural migrant workers.

## C. Key policies and measures

**a) Employment and training.** We should unify urban and rural labor markets step by step, strengthen guidance and administration on this aspect, change the segmentation status of urban-rural employment administrative system, create a migration system for surplus rural labor force under the market economic background to provide equal employment opportunities and services for urban and rural labor force. These are also the top responsibilities of the Ministry of Human Resources and Social Security. In recent years, facilitating the migration of surplus rural labor force has been taken as one of the priorities by the governments at all levels and public employment service network in counties were established to provide employment service for peasants. In addition, urban public employment agencies are open to rural migrant workers, so as to provide consultation service, employment information, employment guidance and job referral free of charge. Source region and receiving region strengthened cooperation to carry out organized employment and business start-up training. In order to enhance rural migrant workers' employability and adaptability for working in urban areas, great efforts have been made to carry out vocational and skills training and orientation for rural migrant workers, and an appropriate training subsidy was granted to the participated farmers. On this respect, modern training means such as TV broadcast and remote education were used, and additional efforts should be made to facilitate the training of rural migrant workers in depressed areas. Furthermore, employers are encouraged to open up labor training bases and develop training programs for contract workers. For example, Heilongjiang Province formulated policies to encourage rural migrant workers to take part in the vocational skills appraisal and attain national vocational certificate.

**b) Public service.** Rural migrant workers are covered into the civil public service system. The ideology and administrative practices of governments in source regions should be changed to implement the apanage management of rural migrant workers. In regards of civil development planning, public policy formulation and infrastructure construction, the needs of rural migrant workers working and living in urban areas for a long time should be taken into consideration, and the comprehensive carrying capability of urban areas should also be improved. Public expenditure should be increased to build an urban public service system covering rural migrant workers. The discriminative rules and unreasonable restrictions against rural migrant workers working in urban areas should be changed and removed, and the administrative approval and charges against enterprises that employ rural migrant workers should also be abolished. In

order to protect the compulsory education right of children of rural migrant workers, receiving regions should assume the responsibility to provide education service for them, and the planning of local education development should cover them, urban public school should treat the children of rural migrant workers and local people equally in regard of fees and management and make sure that the children receive compulsive education. In addition, the extra-curricula cultural activities of rural migrant workers should also be enriched.

**c) Wage payment.** In order to ensure every rural migrant worker receive his or her full wage on time, employer's wage payment practice should be strictly regulated. The wage of rural migrant workers should be fixed and increase reasonably. The management of the wage shall be standardized, so as to gradually change the situation of unreasonable low wage and different wages for the same work. The minimum wage system should be strictly implemented, the minimum wage standard should be fixed and adjusted in a reasonable manner, and the minimum hourly wage and industry reference standards for relevant posts should be established and carried out. In order to increase rural migrant workers' wage, guidance should be made scientifically and wage collective consultation system should be set up. In order to ensure wage being settled monthly or according to labor contract, wage payment monitoring system and guaranty money system for wage payment should be established. Any employer failed to pay wage is obligated to put wage deposit in designated bank on time with its bank account under special management. All construction entities shall appropriate project funds on time specified in the contract. The construction permit of any entities who fail to pay the fund on time will be held and their commencement reports shall not be approved. Wage payment guarantee system should be applied for construction entities under supervision. Those who fail to pay rural migrant worker's wages would subject to severe punishment; when the case is serious, the license will be downgraded or cancelled, and responsible person will be punished according to the law.

**d) Labor management.** A strict labor contract system shall be set up. *Labor Contract Law of the People's Republic of China* was promulgated and came into force on January 1, 2008. On September 18, 2008, the State Council announced the *Regulation on the Implementation of the Labor Contract Law of the People's Republic of China*. All employers shall sign and perform a labor contract in recruiting rural migrant workers and build the labor relationship with a clear division of rights and responsibilities. Each employer should obey the labor contract, and protect rural migrant worker's benefits in terms of professional safety and hygiene. In case of a

significant safety accident, the leaders of relevant government authorities and relevant department as well as direct responsible person and company should assume their responsibility. From October to December 2008, Ministry of Human Resources and Social Security and the Standing Committee of the National People's Congress will examine the implementation of the *Labor Contract Law*.

**e) Social security.** Active measures should be taken to effectively resolve the problems of work-related injury and medical security of severe diseases for rural migrant workers and gradually solve issues related to their old age insurance. This is also one of the most important responsibilities of the Ministry of Human Resources and Social Security. *Regulation on Work-Related Injury Insurance* should be strictly implemented. In response to the most urgent need of rural migrant workers on social security, such policies and measures as resolving first the work-related injury insurance and medical security of severe diseases are made via research based on the principle of classified guidance and steady proceeding. A new rural cooperative medical insurance system was established by covering rural migrant workers into the medical insurance system based on the principle of “depositing low insurance premium rate and covering severe diseases into insurance”. By June 2008, 37,540,000 and 45,390,000 rural migrant workers are covered in the medical insurance and work-related injuries insurance respectively. At present, in respect of old age insurance, measures that catering to the need of rural migrant workers on old age insurance system have been taken. Well-developed regions or areas are encouraged to cover rural migrant workers who have stable jobs directly into basic pension insurance system of urban employees. The Ministry of Human Resources and Social Security are also drafting regulations on transfer and convertibility of rural migrant workers’ old age insurance between different places. In the near future, there is hope of covering the 200 million rural migrant workers into the national basic old-age insurance system in China.

**f) Household registration system (Hukou).** The reform of the Hukou system needs to be deepened so that the Hukou of rural migrant workers living and working in urban areas for long time can be resolved step by step. Medium- and small-sized cities and towns have lowered requirements for rural migrant workers to register Hukou there. In large cities, active measures are also taken to effectively resolve the Hukou-related problems for rural migrant workers who meet their requirements. For example, model workers, advanced workers and technicians, and others who have made outstanding contributions are granted preference in obtaining Hukou in

urban areas. Regulations are also made to improve the management of the household registration of rural migrant workers. Governments of different regions and areas began enacting new regulations to facilitate the Hukou registration work based on the city planning and current situations. For example, in September 2003, Chongqing City began integrating urban and rural Hukou. The government regulated that Hukou registered in both rural and non-rural areas were called “Hukou of Chongqing Residents”. In Ningbo City, migrated population who have stable jobs or source of income and a fixed place of living in urban areas are granted to register Hukou there. Furthermore, graduates from colleges, universities and secondary technical schools and employees of emerging enterprises are also entitled to shift their places of Hukou there. Besides, policies are also made to allow rural migrant workers to register their Hukou where they possess a legal place of residence. In Shijiazhuang City, the policies of “Three Depends-on” (the elderly depends on their children, couples depends on each other, youngsters depends on their parents) and relaxing Hukou registration conditions for rural migrant workers were in full operation. Till September 2003, these policies were tightened again and urban Hukou was only granted to those with “a legal and fixed place of residence, a stable job or source of income”. For cities like Shanghai, Hangzhou and Shenzhen, the policy of work residence permit system is implemented.

**g) Local transfer.** Strong support was given to the development of township enterprises and district economy, so as to provide more job opportunities for local regions. Relevant industries in eastern China are encouraged to shift to central and western part, so that more job opportunities are available to peasants there. Besides, it helped the realization of cooperation and co-development between central and western regions. Labor-intensive industries and resource-processing enterprises in large- and medium-sized cities and coastal developed areas are encouraged to establish manufacturing bases in central and western part. Besides, the planning and construction was launched in small towns based on the principle of “progressive, land saving, intensive development and appropriate planning”. Furthermore, in order to increase job opportunities and income level of peasants, large efforts were also made to construct infrastructure facilities in rural areas. The idea of developing township economy and encouraging township enterprises to build their manufacturing bases in small cities and towns were high advocated. Through preferential policies, rural migrant workers are encouraged and attracted to going back to town to live and build their own careers.

**h) Protection of rights and interests.** The personal freedom and human dignity of rural migrant workers should be protected, and the behavior of scolding, beating and insulting rural migrant workers are illegal and should be prohibited. Strictly adhere to the basis rural policy, stabilize and improve the rural land contract relationship to protect the land contract right of rural migrant workers. If rural migrant workers stay out to work and unable to farm the land they contracted, they are allowed to appoint others to farm the land, transfer contract right, rent or sell it to others, rather than leave it unfarmed. Any transfer of the land contract right of rural migrant workers should strictly adheres to the principles of “legitimacy, voluntariness and onerousness”, no organization or individual shall force or limit rural migrant workers to transfer the land contract right, nor withhold or misappropriate the payment of land transfer. The right-protection, reporting and complaint system should be reinforced, and the report and complaint channels should be streamlined for the rural migrant workers. The supervision and enforcement of maintaining the rights of rural migrant workers should be intensified constantly, and any illegal act harming their rights and interests should be subject to serious punishment. Lawyers and relevant legal practitioners are encouraged and supported to accept the consignment of rural migrant workers, and those who can not afford the fee but do not meet the legal assistance level should be exempted from the counsel fee. Labor union should play a greater role in the protection of rural migrant workers’ rights and interests, and its power of public and press supervision on safety production should also be reinforced.