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Thomas Scharping and Walter Schulze

**Labour and Income Developments in the Pearl River Delta:
A Migration Survey of Foshan and Shenzhen**

Zusammenfassung: Der Aufsatz untersucht die Bevölkerungs- und Migrationsentwicklung in der chinesischen Boom-Provinz Guangdong nebst ihren wirtschaftlichen Hintergründen in den 1980er und 1990er Jahren. Der Schwerpunkt liegt auf der Auswertung einer Migrationserhebung in den Städten Shenzhen und Foshan für den Zeitraum 199 bis 1993. Sie konzentriert sich zunächst auf Merkmale der Migrantenselektivität wie Herkunftsort, Meldestatus, Haushaltstyp, Alter, Geschlecht und Bildungsstand. Danach werden Beschäftigungs- und Eigentumssektor, Arbeitsbedingungen und Einkommen der Migranten sowie die von ihnen empfangenen Sozialleistungen untersucht. Alle Angaben werden mit einer erhobenen Kontrollgruppe von Nicht-Migranten verglichen. Die Untersuchung dokumentiert die Entstehung einer neuen städtischen Unterschicht in China.

Schlagworte: Bevölkerung, Migrantenselektivität, Wirtschaftsstruktur, Eigentum, Investitionen, Beschäftigung, Arbeitsbedingungen, Einkommen, Sozialleistungen, Guangdong

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Abstract: This article studies population and migration development in China's booming Guangdong province, as well as its economic background, during the 1980s and 1990s. The main emphasis is on the results of a migration survey in Shenzhen and Foshan cities for the period 1988 to 1993. The analysis starts with a discussion of migrant selectivity in regard to places of origin, registration status, household type, age, sex and educational attainment. It then proceeds to an investigation of migrant employment and ownership sectors, work conditions, income and social benefits. All data are compared to a sampled control group of non-migrants. The study documents the emergence of a new urban lower class in China.

Key words: Population, migrant selectivity, economic structure, ownership, investment, labour, work conditions, income, social benefits, Guangdong

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LABOUR AND INCOME DEVELOPMENTS IN THE PEARL RIVER DELTA: A MIGRATION SURVEY OF FOSHAN AND SHENZHEN¹

THOMAS SCHARPING AND WALTER SCHULZE

Economic Growth, Regional Development and Migration

The advent of economic reforms and the extension of discretionary powers to the provincial government in wide areas of economic policy, the influence of developments in nearby Hongkong and the huge influx of foreign capital have turned Guangdong province into the most affluent region of China, the three municipal regions of Beijing, Tianjin and Shanghai apart². Despite setbacks during the retrenchments of 1986 and 1989-90, more than a decade of real growth rates averaging roughly 15% per year have led to a situation where Guangdong, in terms of gross domestic product per capita, has overtaken China's traditional centres of economic gravity in the lower Yangzi delta or southern Manchuria. The speed of growth has been stunning to such a degree that this area has been counted among the fastest growing regional economies in the world. Some even take it for the fastest one.

Economic growth has been translated into fast rising incomes. Yet at the same time, within Guangdong province gaps in the standard of living keep being pronounced. The urban-rural income ratio has grown from a value of 1.4 in 1985 to 2.2 in 1993. For peasant per-capita income the ratio between the wealthy Pearl River delta and the poor mountainous regions of the north (1.8) can be just as large as between Guangdong and other provinces often cited for reference (Hainan: 1.5, Jiangxi: 1.6, Hunan: 1.7, Sichuan and Guangxi: 1.9).³ Equally important is the distance to Hongkong wages which in the early 1990s were judged to approximate three times the wage level of the delta. The combination of such factors plus its traditional endowment with a flourishing agriculture and easy communication routes has made the Pearl River delta the showpiece of Guangdong: Here, on about 25% of the Guangdong territory, more than 40% of agricultural and industrial output, more than 40% of foreign investments and approximately 50% of all private savings in the province are concentrated.⁴ Since 1980 the delta has been containing the two Special Economic Zones of Shenzhen and Zhuhai adjacent to Hongkong and Macao. In 1985 the Inner Delta regions just north of these zones were declared an Open Economic Area, to be further enlarged in 1987.⁵

A veritable army of migrants from both different areas of Guangdong and other provinces of China has spotted the unique advantages of the Pearl River delta and turned it into the region with the heaviest in-migration nation-wide. 3.5 mio. migrant workers, 3 mio. of them in the delta cities and 0.5 mio. in its towns

¹ This analysis is based on a collaborative survey with the State Statistical Bureau of China. We wish to acknowledge the valuable help of our collaborators in carrying out the survey. Also, we wish to thank the Volkswagen Foundation for supporting our research. The Foshan section and the summary was drafted by Thomas Scharping, the Shenzhen section by Walter Schulze. For further analyses of the Foshan-Shenzhen survey see: Scharping, Thomas, and Sun Huaiyang, ed., *Migration in China's Guangdong Province, Major Results of a 1993 Sample Survey on Migrants and Floating Population in Shenzhen and Foshan*, Hamburg 1997; Scharping, Thomas, „Selectivity, Migration Reasons and Backward Linkages of Rural-Urban Migrants: A Sample Survey of Migrants to Foshan and Shenzhen in Comparative Perspective“, in: Pieke, Frank, ed., *European Chinese and Chinese Domestic Migrants: Common Themes in International and Internal Migration*, forthcoming.

² The best overview of developments in Guangdong during the 1980s can be found in Vogel, Ezra F., *One Step Ahead in China, Guangdong Under Reform*, Cambridge, Mass. 1989.

³ Calculated on the basis of Guangdong data in *Guangdong tongji nianjian (Statistical Yearbook of Guangdong) 1985-1995 (GDTN)*; regional and inter-provincial data for 1990 in Zhai Jinyun and Ma Jian, *Zhongguo Guangdong sheng renkou qianyi wenti tantao (A Discussion of Migration in China's Guangdong Province)*, unpublished manuscript, Guangzhou 1993, p. 9.

⁴ Data for the Greater Pearl River Delta Region in the early 1990s. A regular synopsis of data for the delta is published in *GDTN*.

⁵ For changes in the Pearl River delta compare: Guldin, Gregory, 'Urbanizing the Countryside: Guangzhou, Hongkong and the Pearl River Delta', in: Guldin, Gregory, ed., *Urbanizing China*, New York 1992, pp. 157-184; Drujiven, Peter C.J., 'Trends of Urbanization in the Pearl River Delta', in: Taubmann, Wolfgang, ed., *Urban Problems and Urban Development in China*, Hamburg 1993, pp. 143-166; Goodman, David S., and Feng Chongyi, 'Guangdong: Greater Hong Kong and the New Regionalist Future', in: Goodman, David S., and Segal, Gerald, ed., *China Deconstructs*, London 1994, pp. 177-201; Cheng, J., and MacPherson, S., ed., *Development in Southern China, A Report on the Pearl River Delta Region Including the Special Economic Zones*, Hongkong 1995.

and villages, were assumed to live here in 1988. Two years later the total had risen to approximately 5 mio. The fourth population census of 1990 recorded nearly 10% of all Chinese in-migrations in the delta and yielded a population share of 27% residents with provisional household registration there. According to disparate sources, in preferred delta places such as the municipal regions of Shenzhen, Zhuhai, Foshan and Dongguan this figure climbed to roughly 40% - 70%. In 1990, there were 2.67 mio. intra-regional migrants within Guangdong. The majority of them hailed from poorer districts in the north, roughly 60% had moved to the delta municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan and Dongguan. While in the total for all intra-regional migrants of Guangdong there was a slight majority of men, women dominated in migration to the Pearl River delta. This also held true for the further 1.26 mio. migrants, who came to Guangdong from outside the province, mostly from Hunan, Sichuan, Jiangxi and Guangxi. Three fourths of them were peasants.⁶ In 1992 the number of inter-regional migrants to Guangdong was reckoned to amount to 3-4 mio. people. As of 1996 the total of presumably both inter-regional and intra-regional migrants in the province stands at approximately 11 mio.⁷

While population movement has greatly accelerated, the rules governing social mobility have changed only slowly: Just as other provinces, Guangdong sticks to the policy of denying permanent urban household registration to the vast majority of rural migrants, a limited annual quota for admittance to non-agricultural status in the cities apart. Generally, only urban cadres, specialists and technicians, university graduates, employees and their dependants moving from one city to another are granted an official transfer of permanent residence. A greater degree of rural-urban migration is tolerated, however, if it involves 'temporary' work in the city and staying on provisional residence permits with agricultural status. For such migrants as well as for urban contract workers and other personnel obtaining the consent of their work-unit, an urban labour market has started to operate.

We selected the old city of Foshan west of Guangzhou and the newly created Special Economic Zone of Shenzhen for a more detailed study of migration, labour and income trends. These two places are roughly comparable in size, but yet they display so many structural differences that they serve well to illustrate both common points and divergences in delta development. Before the rise of new entrepot places in the late 19th century, Foshan was the second largest city of Guangdong, thriving on extended trade links to the hinterland of the Pearl River delta. Even today, production for the Chinese market keeps being much more important than in Shenzhen. Traditionally, the Foshan region has been renown for its handicraft, silk and ceramics production. Since the 1950s, this has been expanded into an industrial base, mainly producing electric appliances (23% of 1993 industrial production value), textiles and garments (ca. 14%), building materials including ceramics (8%), plastics, electronic equipment and metal products (6% respectively). The suburban areas within the city districts are still partly rural in character. They also shelter industrial additions from the 1970s and 80s with a heavy concentration in ceramics, textiles and food-stuff production. The big winners of the late 80s and early 90s have been branches such as the processing of metals and oil, chemical fibres, industrial ceramics, transportation equipment and instrument building. Generally, industrial enterprises in Foshan are bigger than in Shenzhen and other delta places both in terms of output and employment. This is a legacy of the 1950s with its tradition of big state enterprises. Although during recent years the tertiary sector has grown faster, industry keeps being the mainstay of the economy. Between 1988 and 1993 its share of gross domestic product for Foshan City always was around 71% versus an average 27% for the tertiary sector and 2% for agriculture.⁸ In this sense, Foshan is the second most heavily industrialised place of Guangdong - right behind the industrial conglomeration of Shaoguan in the north of the province.

Politically, Foshan City acts as the centre of subordinate county-level cities, market towns and rural counties which are combined into Foshan Municipal Region. This region is subordinate to Guangdong province and enjoys neither the special economic zone nor the independent planning unit privileges of

⁶ The census results for migration can be found in: *Zhongguo 1990 nian renkou pucha ziliao (Data From the 1990 Population Census of China)*, Vol.IV, Beijing 1994, pp.152-491. See also: Vogel, op. cit., p. 404-405; Huang Fuxiang, '2000 nian zhujiang sanjiaozhou chengzhenhua shuiping yuce' ('A Projection of Urbanization Levels in the Pearl River Delta in the Years 2000 and 2010'), in: *Nanfang renkou*, No.2, Guangzhou 1991, p. 36; Guldin, op. cit., p. 161; Zhai Jinyun and Ma Jian, op. cit., p. 6; Giese, Karsten, *Landflucht und interprovinzielle Migration in der VR China, 'Mangliu' 1989 - eine Fallstudie*, Hamburg 1993; Cheng and MacPherson, op. cit., p. 13-14. For an analysis of census data and recent migration trends see also: Scharping, Thomas, 'Vom Ständestaat zur mobilen Gesellschaft, Migration und Systemwandel in China', in: *Geographische Zeitschrift*, No.3-4, Stuttgart 1995, pp. 135-149.

⁷ Interview with the Guangdong Labor Bureau in March 1993; *Far Eastern Economic Review*, April 4, 1996.

⁸ All figures cited above do not include village enterprises and individual producers (*geti hu*). For Foshan industrial structure see: Nolan, Peter, *Growth Processes and Distributional Change in a South Chinese Province: The Case of Guangdong*, London 1983, pp. 18-19; Vogel, op. cit., pp. 161-195; *Guangdong sheng Foshan shi diming zhi (A Geographical Gazetteer of Foshan, Guangdong Province)*, Foshan 1991; Cheng and MacPherson, op. cit., pp. 78-83; *GDTN* 1988-1994.

Shenzhen. It contains the boom towns of Nanhai and Shunde which have evolved into prosperous models for the development of rural industries. Together with the neighbouring cities of Zhongshan and Dongguan, their economic success has earned them the title of the 'Four Little Tigers' of China. During the last decade, state capital construction (CCI) in Foshan Municipal Region has been limited. From the 4.5% of the Guangdong total in 1985 it dropped to just 0.7% in 1991, only to rise to 3.2% again in the very exceptional year 1993. For Foshan City the percentage for 1993 would be 0.6% only. These shares never reach the massive proportions of investments in the three special economic zones of Shenzhen, Zhuhai and Shantou which have drained the state's coffers and together have drawn some 35%-45% of all state capital construction in the province. Foshan, though, scored better if expenditures for the modernisation and replacement of existing equipment are considered, too.

While Foshan City in 1985 was still the major beneficiary of all types of state investment in the municipal region, its share later dropped to a mere 37% in 1993. This indicates the shifting of resources to the surrounding region. Another major trend has been the expansion of collective, foreign and mixed-ownership investment which clearly overshadowed the growth of state expenditures. In the period 1988-1993, this had turned the collective sector into the biggest recipient of all investments in fixed assets (ca. 40%), followed by a receding share for state enterprises (ca. 35%), ever-growing percentages for foreign and mixed-ownership enterprises (ca. 24%) and still limited investment in private housing (ca. 1%).⁹ In 1993, foreign investments had jumped up 1016.79 mio. Yuan. But this amounted to less than 2% of all foreign investments in Guangdong Province.¹⁰ As a net effect of these developments, the state has largely reduced its role to modernising existing assets, caring for basic infrastructure and social services. New industrial construction, though, seems to have become more and more the domain of the other sectors.

The long tradition of economic development in Foshan is in strong contrast to the fast rise of Shenzhen to one of the most affluent cities of China, a development of recent times only.¹¹ On the eve of the official establishment of the special economic zone (SEZ) in August 1980, the Shenzhen economy was dominated by the primary sector, with a very low amount of urban investment. Although Shenzhen Municipal Region today still is an important producer of agricultural products and meanwhile also provides food for the Hongkong market, the relative proportion of the first sector has continuously decreased to a marginal value. This is due to dramatic changes in the secondary and tertiary sector caused by tremendous sums for investment. In the Special Economic Zone, during 1988-93 approximately 70% of all investment in fixed assets went to state units and 27% were channelled to the foreign and mixed-ownership sector, while the collective sector and private housing obtained only 2% and 1% respectively.¹² Whereas in 1983 investment in capital construction and real estate was about 833 mio. RMB, it reached already four times this amount in 1988. In 1993 total CCI in the SEZ amounted to 16 bill. RMB. This 18-fold increase during the decade 1983-1993 equals an average annual growth rate of about 34%! The total investment in Shenzhen 1993 was only 2 billion less than the total investment in Beijing, whose population is 10 times larger than the one of Shenzhen.¹³ This meant a heavy burden on the budget of Guangdong. The responsibility of the provincial government to raise a large part of the investment capital for Shenzhen had great impact on the provincial distribution of the CCI. During the first half of the eighties about one third of Guangdong's total CCI went to Shenzhen municipality. And this rate has not changed significantly until now. The average value for the 1988-93 period stands at a remarkable level of nearly 30%.

In Shenzhen, great effort was exerted to create a completely new metropolitan infrastructure, from turn-key production sites and residential areas to transportation projects as well as service sector facilities like

⁹ All figures in this and the following paragraphs which are not explicitly attributed to other sources have been taken or calculated from data in GDTN 1985-1995. The share of the foreign and mixed-ownership sector is estimated from data on the state and collective sector, foreign capital actually used and aggregate data from the municipal region. It includes enterprises and joint ventures in Hongkong, Macao and Taiwan ownership. The private sector is assessed on the basis of municipal region data.

¹⁰ All figures in this and the following paragraphs which are not explicitly attributed to other sources have been taken or calculated from data in GDTN 1985-1995.

¹¹ For a comprehensive study about Shenzhen until the mid 80s see: Yee, Francis Lok-Wing, *Economic and Urban Changes in the Shenzhen Special Economic Zone, 1979-1986*, Ph.D. thesis, Univ. of British Columbia, Vancouver 1992; for the formative period: Müller-Hofstede, Christoph, *Chinas Abschied von der Dissoziation, Eine Untersuchung zur Entwicklung der Wirtschaftssonderzone Shenzhen (1979-1982)*, Bochum 1993; a brief introduction is provided by Lin Yuru, ed., *Zhongguo jingji tequ jianzhi (A Short Introduction to Chinas Special Economic Zones)*, Guangzhou 1990, pp.17-142.

¹² Estimates as outlined in note 9.

¹³ For the investments see *Shenzhen tongji nianjian* (Statistical Yearbook of Shenzhen) 1992-1994 (SZTN), and *Zhongguo tongji nianjian* (Statistical Yearbook of China 1994 (ZGTN)).

shopping centres etc. Although in the earlier period not all investments were reasonable and efficient¹⁴, many labour-intensive enterprises were attracted. Hundreds of Hongkong companies moved their production across the border. The extraordinary increase of wages and rents in the colony functioned as a push for the shift of production to the PRC. Soon, synergetic effects were visible between Hongkong and Shenzhen: The combination of Hongkong's experience in technology and management with the lower labour costs of the SEZ lead to a continuation of productions which otherwise would have been no longer competitive on the world market.¹⁵ Shenzhen was mainly attractive for textile and garment producers as well as for enterprises engaged in electronic and communication technology with a high proportion of manual assembling. These were the main investors within the secondary sector. Their proportion of the Shenzhen industrial CCI during the last decade was between 10% and 40%. Other branches with investment well above the average were the food and beverage production and chemical industry. The structure of industrial output in the SEZ shows a similar dominance of certain branches. Electronic industry plays an outstanding role and amounts to about 30%-40% of the whole industrial output of Shenzhen SEZ. Its current importance becomes even clearer in view of the fact that in the first half of the 90s nearly 50% of the output of this branch in the whole of Guangdong were contributed by enterprises in Shenzhen.¹⁶ No other industry shows such a spatial concentration.

From the establishment of the SEZ onwards, Shenzhen also became a prominent target of tertiary sector investment, mirrored in the many high-storey financial centres and business hotels to be found there. At the beginning of the 90s, there was again a marked increase of investment in the services. In particular, the tourism branch and real estate projects profited from this. Several amusement parks and golf courses in the SEZ have meanwhile been opened, mainly to attract visitors from Hongkong and Macao. Nevertheless, during the period 1988-93 the secondary sector could increase its proportion of the GNP from 45% to 55%, whereas the tertiary sector has fallen from 53 to 44%.

Survey Procedures

The above sketch of migration problems in Guangdong indicates that population movement to the south touches on a wide range of economic, social and political problems. To gauge the extent of structural changes and to assess crucial variables in the migration process, we conducted a sample survey in Shenzhen and Foshan in July 1993. This was done by way of a collaborative project with the State Statistical Bureau of China and the respective departments on the province and city levels. The survey focused on employment and income developments, basing itself on specialist studies of Chinese labour problems¹⁷ and incorporating migration survey experiences in other developing nations.¹⁸ The nearly 100 questions contained in an individual questionnaire and in an accompanying household questionnaire also touched on other problems not treated here. In order to gain a better understanding of background conditions, we also conducted two rounds of half-structured interviews with academy and university institutes, street and neighbourhood committees, police authorities, statistical bureaus, planning commissions, labour, personnel and commerce departments.

¹⁴ Vogel, op. cit., p.136. A simple indicator for the efficiency of investments is the incremental capital output ratio (ICOR). We calculated these values on the basis of CCI and GDP for the years 1980 -1993. It turns out that investment in Shenzhen was indeed less productive in the first half of the 80s. That is, the growth rates of investment capital were higher than the growth rates of gross domestic product. This changed at the beginning of the 90s.

¹⁵ See Schryen, Reiner, *Hong Kong und Shenzhen*, Hamburg 1992, pp. 170-216 for a detailed description of the mutual interdependence of these two entities.

¹⁶ For the industrial output see SZTN 1993-1995 op.cit. For the role of different branches within Guangdong compare *Guangdong tongji nianjian* (Statistical Yearbook of Guangdong) 1991-1994 (GDTN).

¹⁷ See in particular: Zhongguo jingji tizhi gaige yanjiusuo, ed., *Gaige: Women mianlin de tiaozhan yu xuanze (Reform: Challenges and Options Before Us)*, Beijing 1986; White, Gordon, 'The Politics of Reform in Chinese Industry: The Introduction of the Labour Contract System', in: *China Quarterly*, No.111, London 1987, pp. 360-389; Bonnin, Michel, and Cartier, Michel, 'Urban Employment in Post-Maoist China', in: Feuchtwang, Stephan, et al., ed., *Transforming China's Economy in the Eighties, Vol. I: The Rural Sector, Welfare and Employment*, London 1988, pp. 198-226; Walder, Andrew, 'Economic Reform and Income Distribution in Tianjin, 1976-1986', in: Davis, Deborah, and Vogel, Ezra F., ed., *Chinese Society on the Eve of Tiananmen*, Cambridge, Mass. 1990, pp. 135-156; Hebel, Jutta, and Schucher, Günter, *Zwischen Arbeitsplan und Arbeitsmarkt, Strukturen des Arbeitssystems in der VR China*, Hamburg 1992.

¹⁸ We are especially indebted to: Bilsborrow, Richard E., Oberai, A.S., and Standing, Guy, *Migration Surveys in Low Income Countries: Guidelines for Survey and Questionnaire Design*, London 1984 and other ILO studies.

We offer detailed descriptions of survey procedures elsewhere.¹⁹ This is why information here will be limited to the main points only: In our survey we covered the Special Economic Zone of Shenzhen and the two urban districts of Foshan City. While all these areas are formally designated as urban, they still contain tracts of countryside under agricultural cultivation or right in the process of urbanisation. Being situated in the Pearl River delta, they belong to the most highly affected areas of in-migration there. They thus represent migration patterns in this crucial boom region only. Our survey targeted the de-facto population of both cities independent of household registration status. Only short-term visitors like tourists, commuters and people on leaves of duty were excluded. The sampling design modified procedures of stratification and multi-stage cluster sampling used in other surveys, too. About 2,500 persons above age 14 were questioned in both cities respectively. One of our basic decisions was to include non-migrants in the sample, too, so that our findings could be better evaluated later on. Some questions in the definition of migrants were handled differently from Chinese census rules and other surveys. The most important change was to keep the maximum of a 5-year time interval for the definition of migrants but to drop the census requirement of a minimum absence from home of one year. While this renders it difficult to make comparisons, we think that it will bring about analytical improvements.

We have met some problems of implementation which in many instances are connected to the methodological problems of sampling small, special populations. Sampling procedures which allowed the interviewing of two persons in private migrant households may introduce some bias into the figures. Sensitivity analysis shows, that weighting for the correction of bias in most cases leads to a swing of plus/minus 3 percentage points in the data. Other problems lead to the difficulties in evading the omnipresence of heads of households and interviewing squatters or departed migrants. We therefore do not claim to adequately cover all groups of migrants. Neither are we able to present new figures for the migrant share in the total population. But we do feel that our data are valid in respect to structural patterns within the registered working-age population of migrants and non-migrants in the two cities. While we have structured another study²⁰ by comparing non-migrants with the combined migrant total, we here will concentrate on a comparison of migrant sub-groups. The strong association of household registration status with other basic status indicators is our reason to adopt it as the main criterion for further analysis of employment and income developments among the sub-groups of the migrant population. We combine the survey data with secondary analysis of published and unpublished current statistics, the reading of the available literature and our background interviews. Results for Foshan and Shenzhen will be presented alternately before proceeding to some comparative conclusions. In discussing our figures we use the following abbreviations for special groups of the survey population: MPERs (= migrants with permanent household registration); MPROs (= migrants with provisional household registration); NMs (= non-migrants); NMPERs (= non-migrants with permanent household registration); NMPROs (= non-migrants with provisional household registration). The latter two groups are differentiated only in the case of Shenzhen. Small case numbers for NMPROs and the different situation in Foshan do not make it sensible to follow the same procedure there.

Population and Migration Trends in Foshan and Shenzhen

Population and migration developments in the two cities under discussion reflect the influence of economic reforms and the growing economic opportunities. The analysis of census results, provisional registration figures and official migration records conveys the following overall picture: During 1988 to 1992, numbers of persons from outside moving into Foshan City by official change of permanent household registration have vacillated between 14,000 and 16,000 cases annually. This was double to triple the size of persons moving out. The net migration rate in that period amounted to an average of 23‰ and was well above the average for natural increase (approximately 10‰). However, numbers for long-term migrants with provisional registration dwarf the figures just cited. From around 93,000 cases in 1988 they increased to around 126,000 in 1991. In that year the number of in-migrants with provisional registration was ten times the figure for those with a permanent one. Expressed as a percentage of the Foshan City de-facto population, it meant that 25% of all Foshan City inhabitants held provisional registration only. This was more than the 1990 percentage of 21% and the census result of 18%. The difference between census results and registration numbers can be explained by divergent procedures and definitions for counting of migrants. Registration records of the Public Security Bureau also differ from

¹⁹ Scharping, Thomas, and Sun Huaiyang, ed., *Migration in China's Guangdong Province, Major Results of a 1993 Sample Survey in Shenzhen and Foshan*, Hamburg 1996.

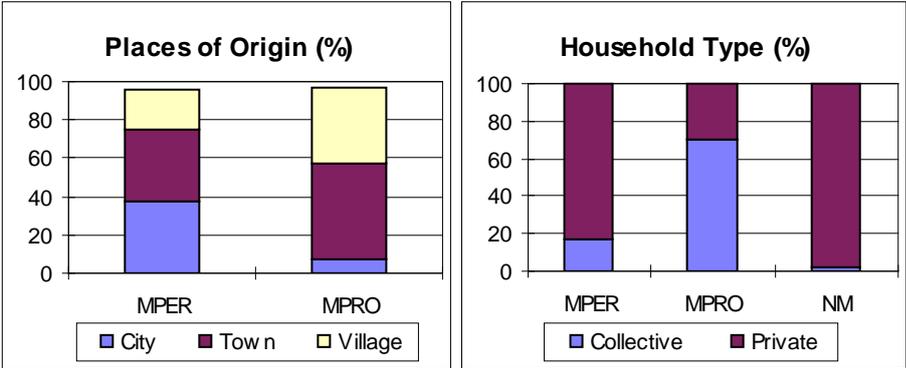
²⁰ Ibid.

Labour Bureau numbers. As it turns out, between 1988 and 1991 the Foshan Labour Bureau handled only between 56% and 63% of the provisionally registered population in work.²¹ The different data sets, their problems of internal consistency and the many unanswered questions remaining point to the complexity of migration problems, the divergence of bureaucratic interests and the strains of the administration.

Although our survey data do not allow deductions on the migrant total and its share in the Foshan population, they offer some insights into the internal structure of the migrant population. Among all the 1,049 migrants in the Foshan sample, there are 223 (=21%) cases with permanent registration (MPERs), i.e. persons who moved to the city between 1988 and 1993 and officially changed their permanent residence. This percentage is rather high and is partly caused by our over-sampling in private households of migrants. Also, cases in this category reflect accumulated migration over a five-year period. In the other category of migrants with provisional registration (MPRO) there exists much more fluctuation. It turns out, that 53% of the 826 MPROs in our sample had stayed in Foshan for more than 1 year; 19% had stayed between 6-12 months, 17% between 3-6 months and 10% up to 3 months.

The differences between the MPERs and MPROs of Foshan come out clearly when we look at their different origins and status indicators as summed up in figure 1. In contrast to MPROs, MPERs predominantly hail from the cities and towns. The minority out-migrating from villages are either women following their husbands, rural cadres and workers or those lucky few from the peasant ranks who did succeed getting permanent employment in the cities. While it is pervasive among MPROs (87.8%) and also applies to a fair number of NMs in our sample (24.3%), agricultural status for MPERs is exceptional (18.4%). And so is living in collective households, i.e. dormitories of work units or rented accommodation shared by unmarried individuals. For most MPERs living in collective households with their usually minimal space, this is clearly a provisional solution only. It is indicative that among NMs in our sample we find less than 2% living under this type of conditions.

Figure 1: Foshan City, Survey Population by Household Registration 1993

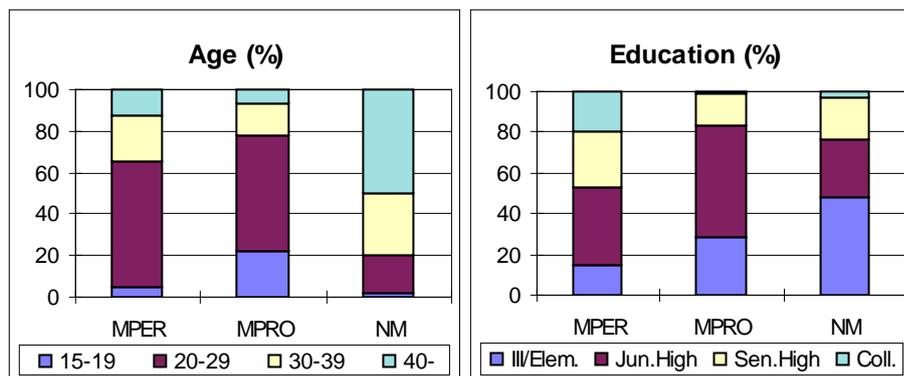


Sources: Individual and Household Questionnaires

Finally, significant differences in the age-sex structure and in educational levels of MPERs, MPROs and NMs can be discerned (see figure 2): In contrast to many other regions of China, where males dominate the migrant population, women prevail among the MPERs (53.8%) and MPROs (52.7%) of Foshan. While 57.5% of the MPROs are unmarried, that percentage shrinks to 32.3% for MPERs and 10.4% for NMs. Migrants, especially MPROs, can be overwhelmingly found in the age-groups between 15 and 29 years. Once the threshold of 30 years is passed, their numbers dwindle fast. Between MPERs and the other two groups there exists a pronounced educational gap: MPER percentages of persons with college levels are three to eight times higher than those of NMs; the difference to MPROs is twice as large as the gap between MPERs and NMs. Both MPERs and MPROs have a higher share of persons with junior high school education than NMs. That level seems to be typical for the average MPRO. This is different from the non-migrant, local population which shows both higher shares of under-educated persons (illiterates or elementary education only) and people with better schooling (senior high school levels and above).

Figure 2: Foshan City, Survey Population by Household Registration 1993

²¹ All above numbers according to records of the Foshan Statistics, Public Security and Labor Bureaus.



Sources: Individual and Household Questionnaires

The single most striking difference of the Shenzhen pattern is the tremendous population increase since the beginning of the 80s, which can be traced back nearly completely to the process of migration. This vast in-migration is not only a new phenomenon for the border region but rather a total reversal of the former process of population drain. During the decade before 1980, Shenzhen suffered a population loss due to out-migration. The limited employment opportunities as well as the very low individual incomes - especially in contrast to Hongkong - led people to leave this isolated and underdeveloped border region. They either went to better-off places such as Guangzhou or tried to cross the Hongkong border illegally.²² This changed totally with the establishment of the SEZ. The result is an official population total (*changzhu renkou*) in the SEZ of about 1.2 mio. in 1993, an increase of more than 16 times during the period 1980-1993!²³ The 'official' in-migration (with a change of the *hukou*) reflects this extraordinary growth. At the end of the 80s and beginning of the 90s annually between 27,000 and 35,000 people moved their *hukou* to the SEZ, whereas the corresponding number of out-migrants was negligible (about 1,500 p.a.). If only people with permanent household registration are taken into account, these numbers result in a net-migration rate of 70‰ - 100‰ during the period.

Moreover, a peculiarity of Shenzhen's population structure is the high proportion of 'provisional' population. The increase of this part of the population vividly reflects the development of Shenzhen. In 1980, 9 out of 10 citizens still held a permanent registration. Since then this proportion has decreased rapidly, so that the 'provisional population' meanwhile amounts to a majority of more than 60%. There are several reasons for this unique situation within China: The many construction projects in Shenzhen created a huge demand for an additional work force from outside. According to the original plans, these people were to leave the city after completion of their work in order to relieve pressure on the urban infrastructure. In particular, this pertained to the so-called 'temporary' workers in the secondary sector who hold working contracts for limited periods of time only. Since the prolongation of their contracts was not guaranteed, the administration feared unbearable welfare costs should these workers eventually become unemployed and could not be forced to leave the city. The government therefore insists on registering them as provisional citizens. It is very common for people in Shenzhen to live in the city for a long time although still holding provisional registration only. And there is yet another reason for the predominance of provisional registrations in contrast to permanent ones: A target figure for urban inhabitants is written down in the mandatory plan. This number refers to persons with permanent registration only. Reasonable enough, the administration is eager to fulfil the plan. But any demand for workforce outside the plan can be met by issuing provisional certificates, which are under a general indicative plan and can be therefore handled less restrictively. This is a way to adjust the labour recruitment in a flexible manner.²⁴

²² See the description for this process in Chan, Anita, Madsen, Richard, and Unger, Jonathan, *Chen Village: The Recent History of a Peasant Community in Post Mao's China*, Berkeley 1984, p. 265. Chen Village is assumed to be situated in former Baoan county of Shenzhen Municipality.

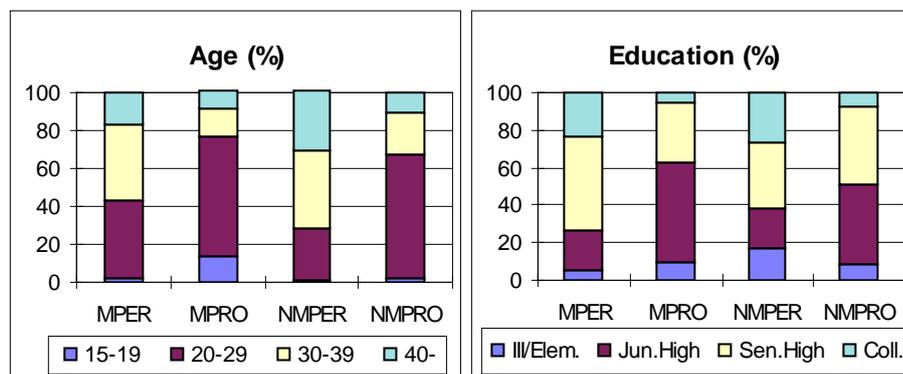
²³ Note that the category of *changzhu renkou*, which normally refers to people with permanent registration and others staying for more than one year, has a broader meaning in Shenzhen. *Changzhu* includes population with permanent household registration (*huji renkou*) and citizens with provisional registration (*zanzhu renkou*). Shenzhen and Dongguan are, to our knowledge, the only cities of China whose published total population figures include also the provisional category. For a general description of population development in Shenzhen see: Scharping, Thomas, and Sun Huaiyang, ed., op. cit.

²⁴ See Yee, Francis Lok-Wing, op.cit, pp. 217-218

Among the total of individual respondents in Shenzhen, there are 45.2% and 54.8% cases with permanent and provisional registration respectively. Looking separately at the 1,732 migrants in the sample, however, we find a proportion for MPROs which in Shenzhen is lower than in Foshan (65% vs. 79%). These seemingly contradictory findings can be explained by the greater influx of qualified urban-urban migrants who obtain permanent registration status and by the fact that the back-log of 'provisional' residents from the early 1980s in Shenzhen is much greater than in Foshan. Shenzhen case numbers thus are dominated by migrants who, at the time of the survey in 1993, had stayed in the SEZ for already longer than 1 year (nearly 75% of the MPROs and 93% of the MPERs). This may also reflect the impact of clearing-up campaigns which, starting in 1989, removed many illegal residents from the SEZ and drove them to nearby areas of former Baoan County.²⁵

Figures 3 and 4 summarise some of the basic characteristics of the Shenzhen sample. Here, numbers for non-migrants are differentiated by registration status, too (NMPERs and NMPROs). We adopt this procedure because the separation of migrants and non-migrants in Shenzhen is rather arbitrary: Most so-called non-migrants are actually migrants who only happen to live there somewhat longer than the five years stipulated in our survey definition. Controlling non-migrants for registration status therefore helps us to discern whether differences between MPERs and MPROs still persist after a longer stay. Similar to Foshan, different selection processes are going on among persons with permanent or provisional registration status. Generally, the former category of migrants tends to move to Shenzhen in a later stage of the life cycle, when they are 30 years or older and when most of them (nearly 80%) have already married. Partly, their greater age is caused by the fact, that they often attend institutions of higher education before entering the SEZ. This seems to be a necessary precondition for migrants with a change of permanent registration. However, it is not a sufficient one. Migrants in this group normally have a longer work experience before moving. This helps them to qualify for their new work or to build up the necessary connections to get a prestigious job in Shenzhen. Nearly the opposite characteristics can be seen in the group of migrants with provisional registration. They form the younger age-group of migrant society, their formal educational level is much lower. They also tend to live as singles in collective households (ca. 70%). This also holds true for NMPROs, reflecting the fact that for holders of provisional registration it is rather difficult to establish a private household separate from the work unit. A further characteristic of MPROs is the fact that they have less work experience before migration and their normal place of origin is a village (ca. 60%) or town (ca. 19%), whereas migrants with permanent registration tend to have an urban background (about 45% of them hail from cities and 33% from towns).

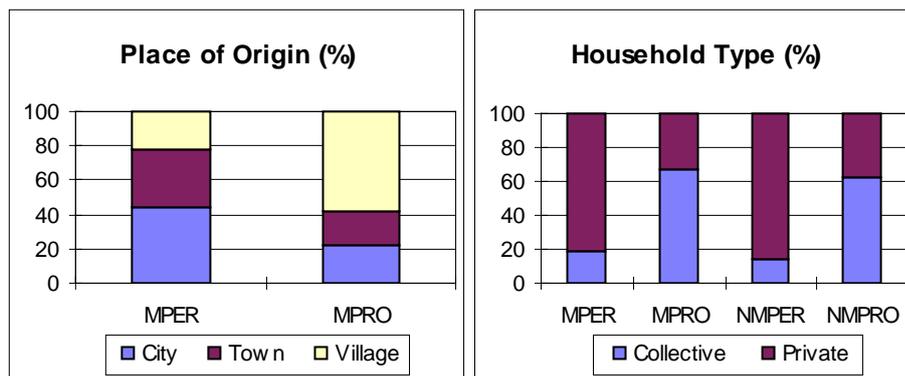
Figure 3: Shenzhen SEZ, Survey Population by Household Registration 1993



Sources: Individual and Household Questionnaires

Figure 4: Shenzhen SEZ, Survey Population by Household Registration

²⁵ Zhao Shili and Zhang Minru, 'Population Migration and Flow in Shenzhen', in: *Migration and Urbanization in China*, Beijing 1993, pp.131-140. Compare also the decline of numbers for provisional population in SZTN 1995.



Sources: Individual and Household Questionnaires

The sex composition of both migrant groups does not show significant differences. As in Foshan, both groups display a positive selection of females with 55% and 58% of the MPROs and MPERs respectively. The relatively high proportion of females must be viewed against the background of a great number of enterprises in the electronic and textile industry. These classical domains for female workers were increasingly set up in recent years.²⁶ A further reason for the bias in favour of female migrants is the remarkable proportion (nearly 50%) of women who moved because they married or followed husbands already in possession of a permanent registration. It may be that the sex preference was slightly different during the formative period of the SEZ, when more construction workers were needed and more male migrants with an official *hukou* change were permitted to come to Shenzhen. This interpretation is supported by the figures, where both NMPROs as well as NMPERs show a preponderance of males. The general impression for Shenzhen is that of a structural similarity within the permanent and 'provisional' parts of the population, no matter whether these groups are categorised as migrants or non-migrants.

Employment, Labour and Ownership Reform

Employment and income developments are the driving forces behind migration trends. It is a peculiarity of the Foshan economy that the collective sector plays such a prominent part in it. Until 1979, the domination of the state sector was uncontested. But later on many of the big state enterprises were converted to collective-ownership status as part of a conscious strategy of the city leadership. That strategy aimed at changing the legal status of state enterprises in order to escape tight regulations and planning controls. In the late 1980s and early 90s, Foshan also had its share of units changing back and forth from private to collective status out of political considerations. But the repercussions of the Tian'anmen events soon eased in Guangdong. As of 1992/93, there were around 870 state, nearly 360 collective, more than 1,000 foreign (including Hongkong, Macao and Taiwan), nearly 100 private and nearly 6,900 small individual enterprises in Foshan City. As a reflection of the policies just discussed, statistics showed an average of 142 employees for state enterprises and 223 for collective ones. Private enterprises (*siying qiye*) came out with 21 employees, while individual enterprises (*geti hu*) on the average reported 4. Foreign or mixed-ownership enterprises had an average of 93 employees.²⁷

Employment numbers mirror the trends in investment and production, albeit with much delay. The figures point clearly to the fact that the share of state sector employment in Foshan City has receded slowly to 42% in 1993. By and large, state employment has been a holding operation, suffering from the same problems as the reform of the labour system in other parts of the country. Contract workers in 1992 still made up only 16% of the work force. The preferential policies for collective enterprises mentioned above worked out until 1992. But one year later, the collective sector had slipped from 28% to only 20% of jobs in the city. A spectacular rise of private, foreign and mixed-ownership employment set in, growing to 3%

²⁶ When asked why female workers in his factory far exceeded the number of males, the manager of a Hong Kong electronic toy company in Shenzhen simply stated: 'Girls are more suitable to assemble small parts and they are more diligent. Men only want to do the 'big things' (*zuo da shiqing*)'. Fieldnotes, Shenzhen April 1993. See also *Far Eastern Economic Review*, April 4, 1996, p.20.

²⁷ Information from the Guangdong and Foshan Administrations for Industry and Commerce and the Foshan Labor Bureau in March and September 1993. See also: Vogel, op. cit., pp. 181-189.

(private) and 11% (foreign and mixed-ownership) of all jobs respectively. The rest of the work force, rural labourers working in suburban areas, amounted to 24%. Generally, employment in the state sector and in the various units with foreign or mixed ownership has a stable nature. Work in the collective and above all in the individual sector, though, bears the brunt of recession just as much as it reacts swiftly to any new signs of growth.²⁸

A further category of labourers working under conditions of constant expansion and retrenchment are the migrant workers. Our data supplied by the Public Security and Labour Bureaus in Foshan show sluggish growth of their numbers or even shrinkage during 1989, a regain of momentum in 1990 and a veritable explosion in 1991/92. Migrant workers usually hold temporary work contracts from 1 to 12 months. In Public Security records, the 1991 total of temporary workers in Foshan City reached about 0.126 mio. If this number is calculated as a percentage of the total work force, it would amount to a whopping 48%. Add to it around 0.020 mio. temporary workers in suburban town enterprises not covered and an estimated 0.015 mio. unreported cases and that percentage would have risen even further to 58% of the total work force. According to Foshan Labour Bureau figures for 1992, the share of migrant workers from other provinces working in different areas and economic sectors of the Foshan region swings between 16% and 50% of all migrant workers, the rest hailing from other regions of Guangdong. Annual data for the employment of temporary workers by branches are very scanty. They point to roughly 40% to 55% of temporary workers active in industry, wide fluctuations for construction ranging between 25% to 60% of the temporary worker total and a third solid block of temporary employment in trade, catering and services with percentages of 7% to 23%. It should be emphasised that these are reconstructions from highly unsatisfactory census and administration data that differ in many definitional regards.²⁹

Whereas for Foshan we just emphasised an intermediate stage of prominence for the collective sector, a rapid shift from state work units to private enterprises and joint ventures with high amounts of foreign capital is visible in Shenzhen. This evolution of course reflects the basic idea of the special economic zone as an experimental ground for the introduction of a market economy. If we look at the structure of the labour market in 1993, we also find a state sector in retreat. Although, just as in Foshan, it still provides nearly 40% of jobs, this is in sharp contrast to the situation one decade before, when it sheltered from two thirds to about three fourths of the total work force in the Shenzhen SEZ. In 1993, however, employment generated by the different forms of joint ventures and foreign enterprises nearly equalled the state sector. Urban self-employment had similarly climbed up to about 15% of the total work force. While this figure does not contain another 10% of rural labourers, the overall trend points to the establishment of a strong informal element within the segmented urban labour market. In contrast, the collective sector of Shenzhen has played a minor role only. It has continuously provided much less than 10% of all jobs. It can be assumed that some of these units are actually disguised joint ventures with foreign companies.³⁰

Another feature of the changing Shenzhen labour market has been the early introduction of the contract system for workers. Instead of adopting the traditional form of tenured jobs, right from the beginning of the 80s nearly all workers were recruited on the basis of long-term work contracts. Later on, this system was successively substituted by the issuing of short-term work contracts to temporary workers. Temporary workers meanwhile form the largest group of workers in the SEZ, more than a half of the total work force. Although some administrative rules against the arbitrary hiring and firing of temporary workers are existing, these new work contracts nevertheless paved the way for a rather crude labour recruiting system. It is no longer compatible with the former socialist welfare principle and was therefore openly criticized in the Shenzhen public.³¹ Information for 1992 gives a proportion of 53% temporary workers, 16% contract workers and 31% tenured workers.³² These numbers also shed light on shifts in the state sector. Since almost 50% of workers and staff still belong to state units but less than one third of workers and staff have tenure, we can estimate that at least 40% of the workers in state units do not have permanent jobs. The actual proportion of the work force with short-term contracts is definitely higher, since the figures cited above do not include labourers in urban self-employment or rural enterprises. Most of them hold temporary work contracts only.

²⁸ Interview with the Foshan Labor Bureau in March 1993; GDTN 1985-95.

²⁹ According to data for 1988-1992 from the Foshan Labor Bureau and the Foshan Public Security Bureau; 1990 census data from *Guangdong-sheng Foshan-shi cheng-qu di sici renkou pucha jiqi huizong ziliao (Materials From the Computer Tabulation of the Fourth Population Census for the City District of Foshan City, Guangdong Province)*, Foshan 1992 and *Guangdong-sheng Foshan-shi Shiwan-qu di sici renkou pucha jiqi huizong ziliao (Materials From the Computer Tabulation of the Fourth Population Census for the Shiwan District of Foshan City, Guangdong Province)*, Foshan 1992.

³⁰ All figures calculated from data in SZTN 1984-94.

³¹ For an example of a report of the bad treatment of temporary workers and the following reaction of some newspaper readers see *Shenzhen tequ bao (SZTQB, Shenzhen SEZ Daily)*, Jan. 6 and Jan. 13, 1988.

³² SZTN 1993.

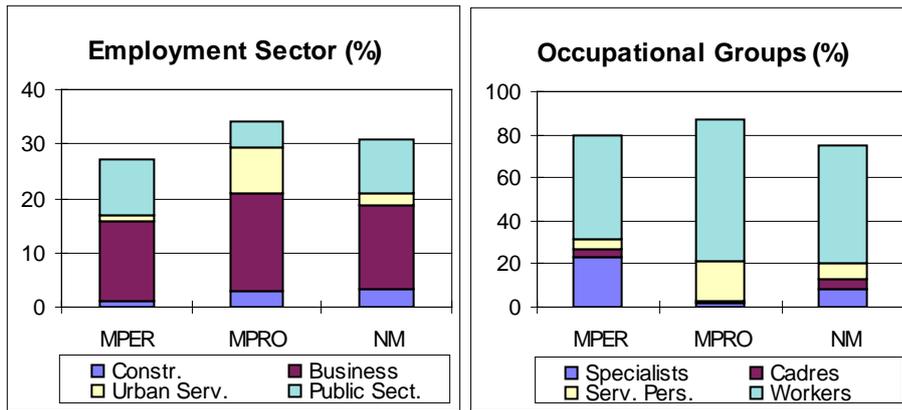
This is the employment situation as reflected in the official record. Our survey data help to further clarify the employment situation for migrants. We first turn to the labour force participation rate which in Shenzhen is rather similar to Foshan. Here, the census results for Foshan City (84.7%) and our survey results for Foshan non-migrants (78.3%) can serve as benchmarks. We find that in Foshan City labour force participation rates for migrants surpassed this level. Among the MPERs, the share of people immediately in work on arrival was 82.1%, among the MPROs it amounted to 90.6%. As non-working migrants included students, retired people, co-migrating spouses and dependants not looking for work, real unemployment amounted to only 3.6% for MPERs and 4.7% for MPROs. Although this indicated still moderate levels of unemployment, it was significantly higher than the census results which implied an unemployment rate of only 1.8% for Foshan City. The divergences are partly attributable to definitional differences: Census and labour statistics on unemployment refer to registered, urban unemployment only. In opposition, our data include short-term migrants with provisional registration. As they still do not capture departed migrants, there is a strong likelihood that percentages for unemployed migrants would rise once this group would be covered, too.

Analysing migrant labour force participation in Foshan by different length of stay, we find that only among MPROs with less than 3 months of stay there was a larger share of non-working persons (25%-28%). But after 3 months this percentage became quickly reduced to 4% and then to 2%. At a later stage of their working career, only 2% of all migrants stopped working because of child-care, pregnancies or dissatisfaction with low pay. At the time of the survey, labour force participation for MPERs stood at 83.0%, while it was 90.0% for MPROs. Our questionnaire also asked for the change of jobs after migration. 9% of all MPERs and 14% of the MPROs confirmed such a change. Most of these migrants worked as temporary workers and changed their job because they considered it to be unsatisfactory or underpaid. In Shenzhen, we found an even higher labour force participation rate for migrants between 90% and 93%. In contrast to Foshan, job changing also seems to be somewhat more common among the migrant population here (MPERs 11% and MPROs 19%). But nevertheless these percentages are still rather low for the high degree of fluctuation which we normally associate with the informal segment of the labour market in developing countries.

In the following we limit ourselves to a discussion of employment structure for work at the time of the survey. The percentages given refer to employed migrants exclusively. As we have only 7 migrant cases with unclear registration status in our Foshan sample, we further simplify our analysis by including them under the bracket of migrants with provisional registration (MPRO). Simplified and grouped according to the three broad economic sectors, the distribution of employed migrants looks unsensational. There is only a minuscule number of migrants still working in agriculture, all of them with permanent registration. The real number in Foshan City is so small that it does not deserve further discussion. The majority of all migrants (61%) works in the secondary sector, 39% in the tertiary sector. These shares do not vary much between the two migrant groups, and the differences to non-migrants also do not seem to be great. But with a closer look at various branches within the secondary and tertiary sectors clear differences can be discerned. These are plotted in figure 5 where percentages given refer to the share of an economic sector or an occupation in the total employment of each sub-group. The figure can be commented upon as follows:

As a sub-group with an above-average education, MPERs usually do not hold construction jobs. The shares of MPROs and NMs working in that sector is almost three times as large as the share of MPERs (3.1% and 3.4% versus 1.1%). We do not plot data for industry which is the main supplier of jobs. Employment shares there are rather uniform for all three sub-groups in Foshan (57% - 60%). We also do not have data to differentiate individual branches, but, on the basis of our background interviews, we would expect a high concentration of MPROs in the textile industry, in menial work connected with ceramics and in assembly work for the electronics industry. For the tertiary sector the following pattern emerges: Business, in particular trade and catering, is another stronghold of migrant employment, for MPROs even more so than for MPERs (17.9% and 14.6% of their employment totals respectively). Vice versa, MPERs are much more visible in those sectors where higher education and special skills are required and which we here designate as Public Sector: financial institutions and public health, schools, scientific and cultural institutions, leadership organs (altogether 10.4% of all employed MPERs). By and large, percentages for MPERs in these sectors are equal to those of NMs while they double those of MPROs. In contrast, the latter group shows an accumulation of numbers (8.2%) in urban services where many positions of heavy and dirty work can be found.

Figure 5: **Foshan City, Survey Population by Household Registration 1993**

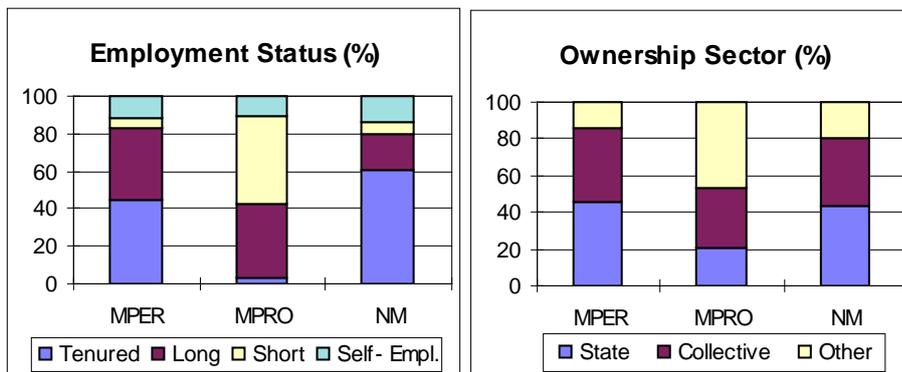


Sources: Individual Questionnaires

Data for the occupational structure corroborate this picture. They typically give high percentages for MPERs in specialist and cadre positions (23.2% and 3.2% versus 2.3% and 0.1% for MPROs, 8.6% and 4.6% for NMs). MPROs are quite unlike: They are mostly active as workers (65.7% versus 48.1% for MPERs and 54.2% for NMs) and service personnel (18.8% versus 5.4% for MPERs and 7.5% for NMs).

When we look at figure 6 with information on the employment status, the same basic pattern of MPOR disprivilegation shows. In the chart, we have simplified the diversity of circumstances in labour relations. Specialists, technicians and administrative cadres in permanent positions as well as tenured workers are lumped together in one group. For all purposes, MPORs do not have a chance to rise into this group. In comparison, percentages for tenured MPERs are higher but they show a noticeable gap to the local workforce, too. Among all the migrants, the percentage of people with long-term contracts is conspicuously higher than among non-migrant residents who lag behind in employment reform. In Foshan, most long-term employment contracts are signed for 5-year periods. While 1-year to 4-year contracts are also not unusual, those for periods of 6-12 years are rather rare. In the majority of cases, all these contracts are renewed and therefore still amount to a protected form of employment. Social security benefits for people in this status group, though, tend to decrease. They decrease even further for short-term employment where contracts for usually 3 to 12 months are in use, and they are practically absent for all those working under conditions of self-employment. In the chart we bracket temporary workers, apprentices and private sector employees under short-term employment. Private sector employers, self-employed and peasants are collectively designated as self-employed. While this latter sector provides roughly equal employment to all three groups, short-term employment is characterised by the dominance of MPROs.

Figure 6: Foshan City, Earning Survey Population by Household Registration



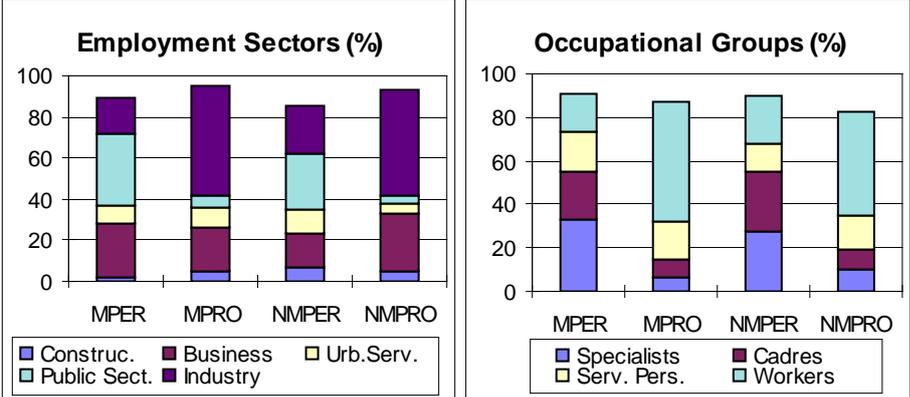
Sources: Individual Questionnaires

Figure 6 also tries to capture yet another aspect of migrant employment: It conveys an idea of the role different forms of ownership are playing. Again, the figure presents the data in condensed form only. Looking at them closer, we find that the percentages for MPERs and NMs diminish the further we travel along the road to private business without state intervention. For MPROs the situation is just the other

way round. Unsurprisingly, state enterprises provide relatively few employment for them (20.3% of all MPRO employment). For collective ownership units this share amounts to 32.7%. For the 'other' ownership units it climbs to 47.0%. In descending order this residual category encompasses individual self-employed households (24.1%), private enterprises (9.4%), various mixed-ownership forms (5.3%), enterprises in total or partial Hongkong, Macao or Taiwan ownership (4.2%), foreign enterprises or joint ventures (3.9%). As stated above, these percentages refer to the share of a given ownership form in the employment total of any one of the three groups.

If calculated differently as percentages of MPERs, MPROs and NMs in the employment totals of the various ownership forms, our data are even more revealing. They hint at very high shares of MPORs in enterprises of total or partial Hongkong, Macao and Taiwan ownership (Foshan: 79%, Shenzhen: 81%), in private enterprises (Foshan: 78%, Shenzhen: 69%) and foreign companies or joint ventures (Foshan: 67%, Shenzhen: 48%). Since we over-sampled MPERs and did not organise our survey on sectoral lines, these percentages in reality may be even higher. The high share of MPRO employment outside the state and collective sectors goes along with long working hours. 29.5% of the MPROs in our Foshan sample in contrast to only 18.4% of the MPERs and 14.8% of the NMs report 9 - 11 hours of daily work. For work days over 11 hours the percentages are 10.9%, 4.3% and 3.8% respectively. This general trend is even more disadvantageous for the provisional population of Shenzhen. Here, about one third of the MPROs have to work 9-11 hours daily and 15% work more than 11 hours a day. In contrast, work days for MPERs and the non-migrant population exceed 9 hours in about 10% of the cases only.

Figure 7: Shenzhen SEZ, Earning Survey Population by Household Registration 1993



Sources: Individual and Household Questionnaires

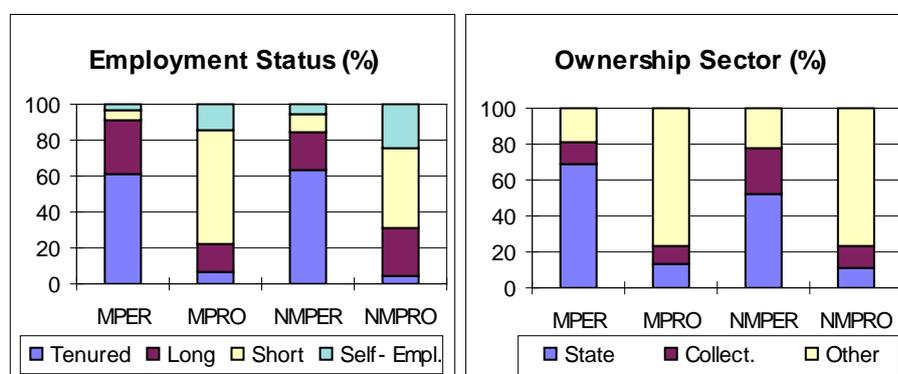
The Shenzhen sample also displays the big gap between migrants with and without permanent registration in other respects. In comparison to Foshan, the differences between both groups on the labour market become even more pronounced. In the secondary sector, MPROs are much more present than citizens holding a permanent hukou (see figure 7). More than half of all MPROs of the survey work in industry, in contrast to less than 20% of MPERs. The construction branch, originally the engine for economic growth and absorption of labour migrants, seems to have become less important. This can be explained by the fact that the former construction boom of the mid 80s with its vast number of projects is mainly finished. After the completion of buildings and infrastructural facilities, new enterprises moved in and started production, creating new opportunities for work.

Within the tertiary sector, MPROs and NMPROs are primarily engaged in urban services, business and catering. In our sample these are the occupations for more than 80% in this sector. Although this proportion does not show a big difference to the people with permanent registration, the social distinctiveness of the two groups within the tertiary sector is clearly visible in other respects. Occupations in prestigious fields as the health sector, in education, or banking and finance (the 'public sector') are mostly occupied by people with permanent residence (MPERs and NMPERs). The same holds true for posts in party or governmental institutions. Looking at migrant occupations, we discern another clear distinction between the two groups of people with different registration status. More than 50% of the MPROs are classified as workers, mainly holders of lower-level jobs in industry. They are followed by ca. 20% of MPROs working as service personnel. These jobs are also lower-level jobs such as restaurant waiters or sales personnel. This proportion contrasts with MPERs who mainly occupy qualified positions

as technicians, professionals, higher-level administrative or party officials. Only 17% of them answered that they were employed as workers.

In terms of work unit ownership, the discrimination between the two groups continues. Quite simply, there exists a division of labour between the traditional socialist state sector and the newly emerging private capitalist sector (see figure 8). 8 out of 10 MPEs and NMPEs earn their living in state or collective enterprises. In comparison, people with provisional registration status are concentrated in foreign companies or enterprises owned by Hongkong, Macao or Taiwan Chinese. These categories account for about 40% of employment for MPROs and NMPROs alike. Other important types of work units with a clustering of MPROs are private (*siying*) enterprises and self-employed households with 7% and 22% of the employed respectively. The last category reflects the development of the informal sector. The high proportion of migrants working there vividly shows the importance of this part of the labour market for absorbing floating population. But there is also a remarkable 25% of people who do not hold a permanent registration but work in state or collective units. This can be explained by the fact that the socialist sector, too, is in need of cheaper and more flexible workers, who can be easily hired or dismissed, depending on the specific demands of the work unit.

Figure 8: Shenzhen SEZ, Earning Survey Population by Household Registration 1993



Sources: Individual and Household Questionnaires

Just as in Foshan, the majority of MPROs in Shenzhen does not hold long-term working contracts. More than 60% of them are temporary workers with less social security and a higher risk of unemployment. In contrast, MPEs can be quite sure about their future employment. About two thirds of them are tenured workers or hold cadre and technician status with similar employment conditions.

The question remains why in spite of the official reluctance to issue permanent household registrations there is still a steady stream of people moving to Shenzhen with a change of *hukou*. From our data it becomes clear that these official migrants are mainly working as cadres and specialists. Because of the upgrading of the administrative status of Shenzhen during the 80s and the general growth of the city, there is still an increasing demand for highly qualified personnel in various administrations. To attract such people, who very often hail from remote provinces, it is necessary to grant them permanent registration. Only a minority refuses this offer. This is sometimes the case when people come from Beijing or Shanghai. Their *hukou* at these places of origin is even more valuable so that this group of migrants wants to preserve the option of moving back to their former place of living without any great bureaucratic difficulties.

Income Levels and Social Benefits

Information on income developments from official statistics is highly unsatisfactory. Data have to rely on enterprise wage reports which for the collective, private and mixed-ownership work units are known to be defective. Figures for the self-employed and their employees are even more problematic. And it is open to debate whether the annual sample surveys on living standards are fully reliable. With these caveats in mind, the administrative record for Foshan City shows a difference between wage averages for the collective and state sector of usually around 5% in favour of state employment. At least, that has been the

situation ever since 1989. The differential between the state sector and the foreign and mixed-ownership enterprises has fluctuated with the latter ownership group swinging from plus 5% to minus 7% around the state sector level. In 1993, monthly wages for workers and staff in the state, collective and residual sectors amounted to 627 Yuan, 581 Yuan and 607 Yuan respectively. Of course, these are wage averages only which tell nothing about income distribution within such broad categories. The data also do not cover other types of income besides wages. Nor do they take inflation levels into consideration. In most years after 1988 average wages have risen by more than 20% annually. Usually, they have increased ahead of consumer prices. But in 1989 and probably also in 1994 this situation was reversed. Unfortunately, official statistics and documentation for Foshan are much worse than for Shenzhen, and there is no good time-series for disposable household income in the city. But the few materials for the late 80s indicate that growth rates advancing beyond wage increases cannot be taken for granted.³³

The wage and income level of Shenzhen is distinctly higher than in Foshan, as a matter of fact it is one of the highest in China. With the establishment of the SEZ, the government was committed to a fast rise of wage levels as it did not want to get criticised for creating an 'exploitative capitalistic enclave'. Later on, Shenzhen experienced tremendous income increases just as other places of China. Although annual growth rates in recent years have been slightly lower than in Guangdong, Shenzhen still leads the income level for workers and staff in the state, collective and residual ('other') sector in the province with approximately 600 - 1,000 Yuan per month - about 1.7 times the province's average.³⁴ But there are considerable differences within Shenzhen which can be analysed in greater detail than the scanty data for Foshan permit. The Shenzhen statistics for average monthly wages of workers and staff show that among the various employment sectors, manufacturing occupies the last position with only 600 Yuan in 1993.³⁵ At the other end of the scale we find the financial, health or educational sector, where wage averages are 50% - 90% higher. These differentials are rather unusual for the rest of the country, where the educational sector usually trails manufacturing and the gap between industry and the privileged financial sector is not as pronounced.

Disparities also exist between the different kinds of ownership systems. State units in Shenzhen still pay the highest wages (an average of 760 Yuan per month in 1993), followed by foreign enterprises or joint ventures (652 Yuan). In comparison to Foshan, the wage level of collective enterprises is depressed; it amounts to only 65% - 75% of the former two groups (489 Yuan). It seems strange that in Foshan and Shenzhen, the state sector, which is struggling in other parts of China, still pays the highest wage averages. In Shenzhen, the basic reason for this situation is simple: Here, the 'state sector' does not contain sluggish factories; it rather consists of administrative and governmental institutions which are heavily subsidised to attract qualified people from all over China with wages well above the average.³⁶ These macro level tendencies are reflected in our data from background interviews in street and neighbourhood committees. They confirmed the rather low wages in the industrial sector with monthly figures between 400 - 700 Yuan given for 1993. Very often, temporary workers in the electronic or textile industry were female migrants whose monthly wages spanned a range between 300 - 500 Yuan. The male-dominated construction sector also did not pay much more than 400 Yuan.

A further characteristic of Shenzhen is the high level of extra income from rents, interest payments, side-line activities and various other sources. For 1993, the annual sample survey of household figures yielded a monthly total of 988 Yuan of disposable income per earning respondent. This was 45% above the average wage level in the SEZ. Extra incomes have risen spectacularly after 1988, with annual growth rates far ahead those for wages. Between 1988 and 1993, they produced an annual increase of gross income of 14.6% in real terms. This feat was accomplished despite an inflation rate for both Foshan and Shenzhen which was higher than either the Guangdong average or the national figure during the same period (14% versus 13% and 11%).³⁷

What has it meant for income distribution and migrant earnings with their clustering in both the higher and the lowest income brackets? Our survey yields detailed income data which allow extensive cross-tabulations with a number of important variables. We have presented such cross-tabulations for both non-migrants and the combined migrant total in another publication³⁸ and limit ourselves here to a presentation in abbreviated form. Information is given on gross income including wages, bonuses, extra

³³ All statements according to data in GDTN 1985-95.

³⁴ SZTN 1995 and GDTN 1986, 1994.

³⁵ SZTN 1994.

³⁶ Only about 15% of the workers in state-owned units worked in industry, whereas one third occupied white-collar positions in banking, science, education, administration etc. See SZTN 1994.

³⁷ Calculated from data in SZTN 1994, GDTN 1994.

³⁸ Scharping, Thomas, and Sun Huaiyang, ed., op. cit.

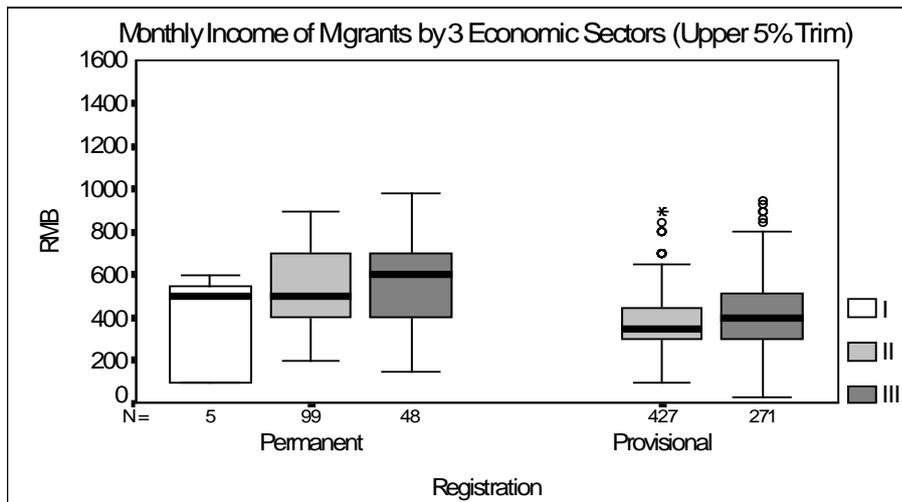
payments as well as income from side-line jobs, rents and all other kinds of revenue. Because of prevalent tax evasion and the retrospective nature of many items, we expect a tendency to underreport figures. Still, we feel that the data convey a good picture of the overall dimensions and relationships. A major improvement over official data is the fact that we hold a complete record of income distribution instead of just averages reckoned from employment and wage-bill totals. This enables us to calculate medians which, because of the skewness of all income figures, are a much better measure of central tendency. All our data indicate a high concentration of cases in the lower income groups and the existence of a few untypical cases with extremely high incomes. Arithmetic means are therefore 10% - 20% higher than medians. To reduce skewness, we have truncated and eliminated the upper 5% of cases for further analysis of income spread. People in this category gave monthly income figures between 1,000 and 10,000 Yuan. Without denying that such high earnings are possible in the cities of the Pearl River Delta, we consider this far from being representative for migrants. Including these cases would produce rather artificial results. While truncation lets the income data of MPROs approach a normal distribution, skewness of MPRO income data still remains severe. This is an expression of the fact that MPROs cluster in regulated sectors of the economy, whereas MPROs crowd in the private sectors where wide income ranges occur.

In 1993 the wealthiest 5% of MPROs in our Foshan survey (27 persons) gave monthly income figures between 1,000 and 3,000 Yuan. They were predominantly specialists and technical cadres working in state industries. A further group that stuck out among the lucky few were self-employed businessmen in trade and catering activities. This was different from the composition of the upper 5% of NMs (54 persons). This group of wealthy locals was much more in accord with former ranking standards of the socialist state. Tenured workers in state or collective industry still figured prominently, followed by self-employed people in the trade and restaurant business. The range of their income, though, was wider than among the rich MPROs: 1,400 to 10,000 Yuan. But we met the most extreme cases of newly gained wealth among individual businessmen or private employees with MPRO status. Some of them worked as leading personnel for Hongkong companies. Incomes of the upper 5% of MPROs (32 persons) ranged between 1,000 and 20,000 Yuan. About three fourths of all the nouveaux riches in the various groups were men, aged between 30 and 49 years in the case of NMs, 20 and 39 years in the case of migrants. Approximately half of them lived in their own private housing, even more rode a motor-bike as a conspicuous status symbol.

The socio-demographic characteristics of the upper 5% in Shenzhen (91 migrants and 31 non-migrants) do not differ markedly from the situation in Foshan. Although their income ranges are altogether larger and on a higher level, registration status again serves as the main indicator for occupational structure. A point worth mentioning is the above average educational level of the wealthiest people in the SEZ. More than 50% of the rich MPROs and about one third of the rich MPROs have at least a college or university degree. This is 2 or 6 times higher than the average of all MPROs and MPROs. It can be taken as a clear indicator for the pay-off of human capital which is a strong condition for economic success in Shenzhen.

Figure 9 groups the trimmed income data from Foshan MPROs and MPROs by primary, secondary and tertiary sectors. It reflects the very complex dispersion of incomes: some extremely high cases of wealth among MPROs, combined with the concentration of incomes in a rather narrow band between roughly 300 and 500 Yuan, a large share of low incomes and a median clearly under the level of MPROs. 7% of the MPROs earned incomes below the national minimum wage of 210 Yuan, 50% reported incomes under the Guangdong minimum wage of 380 Yuan. These were mostly temporary workers in industry or personnel in urban services. More money could be earned in the transportation and communication sector and in trade. Transportation was also a high-income sector for MPROs, only topped by specialists and technicians in industry. In contrast to many similar positions in North China, jobs in the state administration, in health and teaching positions were well-paid, too. The median income of all MPROs was nearly 40% higher than that of MPROs and equalled NM levels. The difference for industrial workers only was 30%. Modes for the three groups amounted to 500, 400 and 500 Yuan respectively.

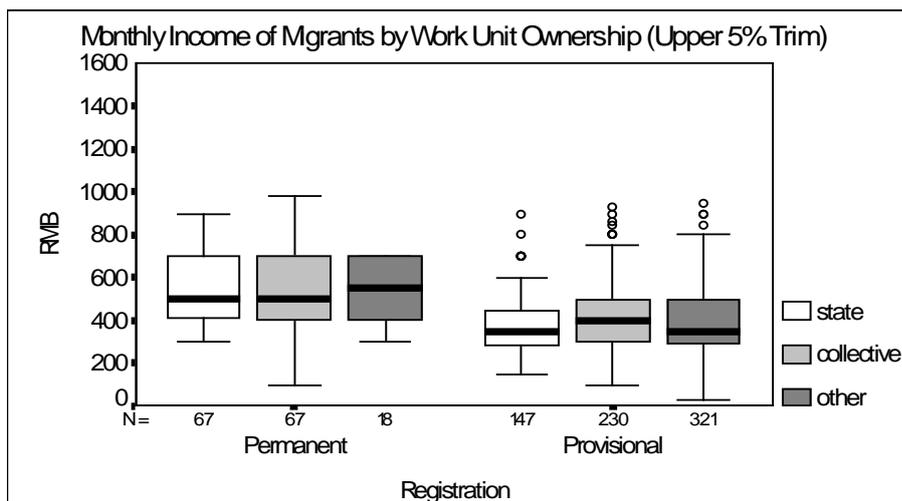
Figure 9: Foshan City, Migrant Survey Population by Household Registration 1993



Boxes: contain 50% of all values (interquartile range)
 Whiskers: range from highest to lowest value excluding outliers and extremes
 Line across the box: median
 Outliers ^o: cases with values 1.5-3 times the interquartile range
 Extremes ^{*}: cases with values > 3 times the interquartile range

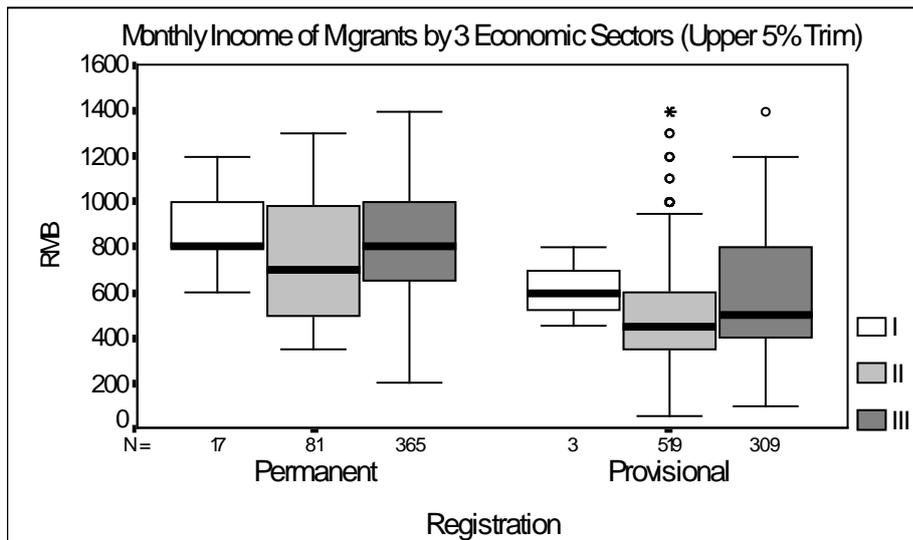
Figure 10 demonstrates that household registration also serves as an overriding dividing line once different ownership forms are taken into account. Besides, the graph neatly shows that incentives and the spread of incomes increase with freedom of state intervention. Both the highest and the lowest MPRO incomes were recorded by us outside state and collective ownership. Income medians for MPROs working in the state and collective sectors were 30% to 20% below those for MPERs. This would also be the span if MPERs and MPROs are compared by the various forms of employment status. In view of the small number of MPERs in the 'other' ownership forms, it does not seem sensible to calculate exact income differentials. But indications are that in the private, mixed and foreign sectors only highly qualified personnel with MPER status get a better deal ahead of state and collective employment, while the average MPRO worker gets less.

Figure 10: Foshan City, Migrant Survey Population by Household Registration 1993



Compare figure 9 for box-plot symbols.

Figure 11: Shenzhen SEZ, Migrant Survey Population by Household Registration 1993

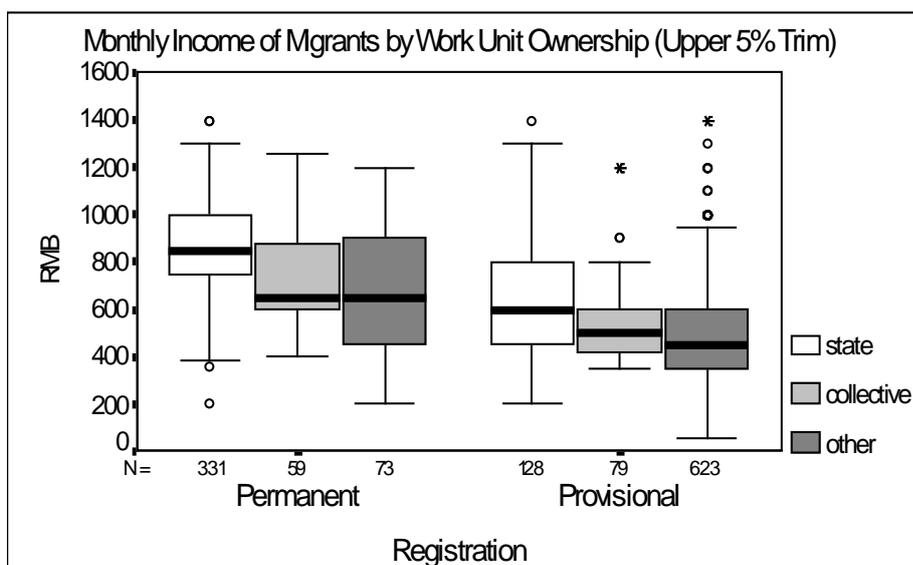


Compare figure 9 for box-plot symbols.

To investigate the differences in income among migrants in Shenzhen, we refer to figures 11 and 12 which give a similar concise overview of our survey results as in the Foshan case. Again, incomes are broken down along economic sectors and work-unit ownership. The higher income level of Shenzhen MPERs in comparison to Foshan is obvious. However, differences between MPROs of both cities are less distinct. The Shenzhen figures, too, imply that MPROs are generally doing worse than MPERs. There also seem to be no significant differences between manufacturing, construction and service jobs. Nevertheless, an intersectoral income differential which, on a somewhat higher level, resembles the situation in Foshan does exist.

More revealing are the peculiarities in the data for work-unit ownership (figure 12). Here, we can discern an increase of median incomes within the MPRO group as well as within the MPER group. This increase is even clearer than in Foshan. Especially, the low median income for MPROs in the 'other' category, which mostly comprises joint-ventures and enterprises with Hongkong capital, somehow contradicts the common assumption of wealth acquired by working in a foreign-funded enterprise. Such notions seem to be derived from a few extreme cases only. The figures again remind us of the wide spread of incomes outside the state-controlled sector.

Figure 12: Shenzhen SEZ, Migrant Survey Population by Household Registration 1993

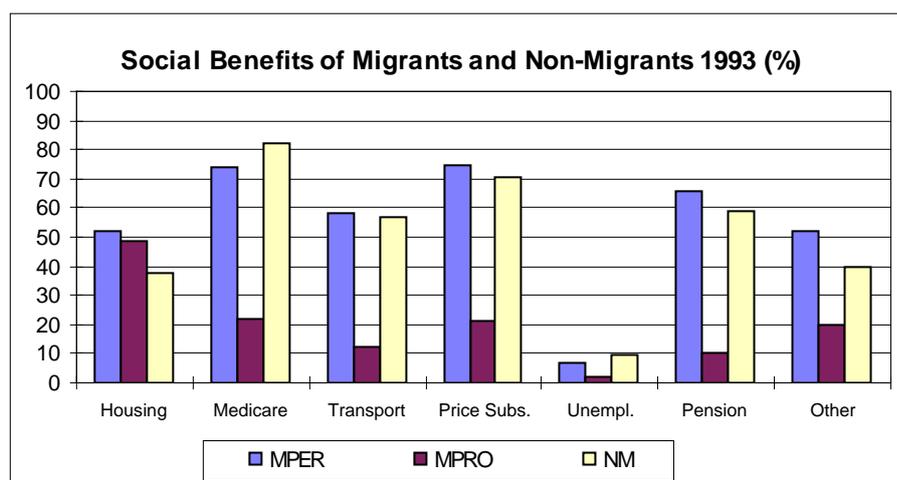


Compare figure 9 for box-plot symbols.

Hypothesis testing for the truncated samples of Foshan and Shenzhen confirms the validity of our conclusions. 95% confidence intervals for mean differences between monthly incomes of MPERs and MPROs amount to 119-179 Yuan (Foshan) and 256-308 Yuan (Shenzhen). Analysing MPERs and MPROs by industrial and occupational groups produces the same regular pattern of higher incomes for MPERs, lower incomes for MPROs. The differences between both groups are further enlarged by the fact that monthly income figures disguise divergent averages for working hours (Foshan MPERs: 8.25 h/day, Foshan MPROs: 8.82 h/day; Shenzhen MPERs: 7.86 h/day, Shenzhen MPROs 9.01 h/day; with $p < 0.001$). We thus arrive at highly significant differences for average wages per hour. The only exception is the agricultural sector, which cannot be evaluated due to the inadequate size of this sub-group (N = 5 or 21 respectively). The income-gap between MPERs and MPROs is still further magnified by the discrepant number of work days per week: The state-controlled sector (where most of the MPERs work) has already implemented the five-day week, whereas the private sector operates on a six-day or even a seven-day per week schedule. Very often, migrants have only two days off per month.

The analysis of increases in income has to be matched by a consideration of inflation rates and higher price levels. According to calculations for 1992, people at the lower end of the income scale could just afford basic consumption with no or only marginal amounts left for savings.³⁹ Furthermore, temporary workers in Shenzhen often complain that they do not get their wages on time. Some enterprises owe several months of payments to their labourers. Workers who quit their job in reaction to such circumstances do not only lose their arrear wages but also forfeit the deposit, which they are often required to pay on taking up work.⁴⁰ Such cases may not be the rule, but they shed a light on problems behind the glittering facades of the SEZ and show what many temporary labourers in Shenzhen worry about.

Figure 13: Foshan City, Survey Population by Household Registration 1993



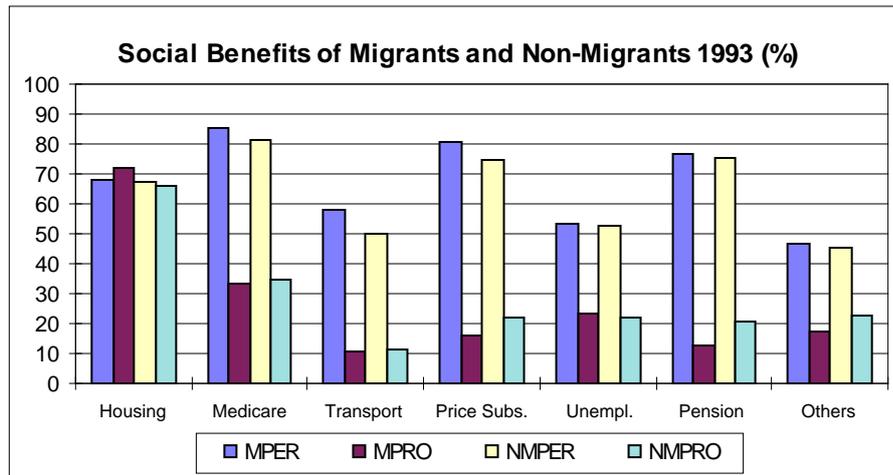
Sources: Individual Questionnaires

Finally, official data also do not contain information on the contentious field of social security benefits. Some aspects of the situation have already been mentioned in connection with employment status. Summing up our survey data for Foshan, it turns out that 51.9% of MPERs and 48.9% of MPROs were provided with cheap housing. But only 22% of MPROs got some kind of medicare, 10% enjoyed a form of old-age security. Other benefits like subsidies for transportation and price-rises were granted to 12% and 21% of them. Unemployment insurance was practically non-existent. Social security was markedly better for MPERs among whom 74% enjoyed health insurance, 66% were granted old-age insurance and, with the exception of unemployment insurance, the various other benefits were more prevalent, too. In most areas MPERs even enjoyed better social benefits than most NMs (see Figure 13).

³⁹ The calculations and a discussion about the price level in Shenzhen in general are presented in SZTQB, March 25, 1993.

⁴⁰ For complaints about the payments of enterprises see SZTQB, Jan. 12, 1992.

Figure 14: Shenzhen SEZ, Survey Population by Household Registration 1993



Sources: Individual Questionnaires

For Shenzhen, a similar tendency shows up in figure 14. All types of social security awards are more wide-spread than in Foshan, unemployment insurance being the most conspicuous case. But the familiar pattern of MPER privileges versus MPRO discrimination emerges once again. These same differences are reproduced within the NMPER and NMPRO groups of the non-migrant population, demonstrating the deep gap in the urban society of Shenzhen. Figures 13 and 14 reveal that principles of social welfare do not apply for a large part of the urban population.⁴¹ It seems that only in respect to housing, MPROs get some sizeable support from their enterprises. But even these figures are somewhat misleading, as they do not give any information about the quality of accommodation. According to our surveys in Foshan and Shenzhen, more than two thirds of the migrants with provisional household registration live in dormitories registered as collective households, where they often share small rooms with 10-20 persons.

Summary

This analysis has concentrated on a particularly salient aspect of labour market segmentation in present-day China: the vast differences of employment, income and life-chances existing between long-term city residents, migrants with a transfer of permanent household registration and those parts of the mobile population who do not change permanent registration and are termed floating, but yet stay in the cities for prolonged periods of time. Investigation in two of the hot spots of migration in China, the Pearl River cities of Foshan and Shenzhen in Guangdong province, shows, that in both places floating population predominantly hails from the villages and continues to hold agricultural status. In distinction to migrants from inland regions of China, more women than men are taking to the road. A clear majority of them is unmarried and in the younger cohorts between 15 and 29 years of age. The educational standard of floating population is markedly lower than for other groups, they concentrate in sectors such as industrial assembly lines, catering or urban services with menial work. These traits correlate with employment characteristics such as restricted work contracts up to one year, longer than usual working hours, severely limited housing conditions in collective dormitories, depressed incomes and lack of social security benefits. The share of employees from the floating population in enterprises of private, foreign and mixed ownership is particularly large. But in state and collective enterprises they are gaining ground, too.

Income inequalities for floating population are balanced by greater incentives and a larger dispersion of incomes, which in Shenzhen is much more pronounced than in Foshan. A minority of migrants enjoys extremely high incomes. Mostly, these can be found among successful entrepreneurs in private business and leading personnel of joint ventures. For the majority of employees in this sector, though, wages are lower than in other ownership forms. Nevertheless, they must be weighed against the difference between present earnings on the one hand, the pre-migration employment and income situation on the other hand.

⁴¹ A crucial question in this respect is the quality of insurances. Even if temporary workers enjoy health insurance, benefits are often meager because of the low insurance coverage. See SZTQB, July 3, 1989 and August 5, 1989.

Foshan can serve as an example: 38% of all surveyed migrants with provisional registration status there were non-working before and moved in search of a job. Among those having a job before, 23% were under-employed, i.e. worked less than 8 hours daily. Medians for post-migration incomes generally amounted to 250% of the pre-migration figures. Labour force participation rates surpassed those of permanent residents, and the overwhelming majority of migrants found jobs either immediately or within three months after arrival.

The attitudinal sections of our survey document that cramped housing conditions and the difficulties of mate-finding constitute the most important difficulties in the minds of peasant migrants. Besides, numerous reports from China bear witness of often exploitative work conditions, other migrant grievances and labour disputes that our survey was not able to capture. It does, however, indicate that former income levels rather than wage differentials to permanent urban residents still keep being the primary yardstick of floating population in making comparisons and reaching a predominantly positive assessment of their present situation. There can be no doubt that despite the hardships of the migrant predicament, urban employment prospects and wage standards sound blissful to many peasants from the interior and entice them to leave the countryside.

In contrast to floating population from the countryside, migrants with a transfer of permanent household registration constitute a clearly different and positively selected group, in Shenzhen more so than in Foshan. Hailing mostly from other cities, they tend to be older and better educated. The majority of them is married and lives in private households. Administrative cadres, qualified engineers, technicians and workers as well as specialists in education, health services and other public sector positions are prominent among them. In terms of income levels and social security benefits, they get a deal equivalent to comparable segments of the local population. Median incomes are approximately 40% higher than those for the floating population without a change of household registration. Employment is governed by tenure, which, however, is increasingly phased out in favour of long- or medium-term contracts.

Such upper-class migrants are a minority. With more than half of the total work force employed under temporary contracts extending to a maximum of one year only, both Foshan and Shenzhen have come to rely heavily on migrant workers from the ranks of the floating population. This is connected with the slow but incessant retreat of the state sector and its substitution by private, foreign or mixed ownership. Of course, under the very peculiar circumstances of the Shenzhen Special Economic Zone the shares for this sector are abnormally large. But even in Foshan, which is a certainly more representative Guangdong place, the intermediate strategy of collective enterprise development is giving ground to the above-mentioned ownership forms. Employment stability is higher than suggested by figures for temporary workers as short-term contracts are mostly renewed and only a minority of migrants reports a change of jobs. Nevertheless, it is subject to economic fluctuation with clearly distinguishable phases of employment contraction and expansion. Released by the demographic pressures and economic cleavages within the country, Chinese migration is thus merging with the global drift towards mobility in a wider sense: While driving economic growth and individual advancement, it also involves a re-stratification of urban society by income and employment status and brings the era of life-long job security to an end. As the gulf separating rural and urban China is being bridged by increasing population movement, new divides within Chinese society are appearing.