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### Floating Population in Shanghai - A Perspective of Social Transformation in China

**Zusammenfassung:** Nach einer allgemeinen Diskussion von Abstoßungs- und Anziehungsfaktoren bei der Migration in China, konzentriert sich der Aufsatz auf die Situation von ländlichen Wanderarbeitern in Shanghai. Anhand von Erhebungen aus den Jahren 1988 und 1993 wird eine Zunahme dieser Bevölkerungsgruppe um mehr als Doppelte festgestellt. Die Mehrheit dieser zumeist jungen, männlichen Bauern aus den Nachbarprovinzen Jiangsu, Zhejiang und Anhui migriert aus ökonomischen Gründen nach Shanghai, wo sie am Stadtrand lebt und überwiegend im Bauwesen, bei manuellen Berufen, im Handel oder Handwerk arbeitet. Steigende Einkommen, Geldüberweisungen und positive Bildungseffekte werden die Vorteile für die ländlichen Abwanderungsregionen gesehen, in denen bis jetzt keine negativen Auswirkungen auf die landwirtschaftliche Produktion feststellbar wären. Shanghai wiederum profitiert von der Zuwanderung, weil sie einen beginnenden Arbeitskräftemangel behebt und einen hoch wettbewerbsfähigen, informellen Niedriglohn-Sektor schafft. Dank unterschiedlicher Arbeitstypen und protektionistischer Vorschriften findet der Artikel nur eine begrenzte Konkurrenz um Arbeitsplätze zwischen Einheimischen und Zuwanderern. Er prognostiziert jedoch für die Zukunft Probleme wie Slum-Bildung, anwachsende Kriminalität sowie mangelnden Zugang zu Schulbildung und Sozialleistungen.

**Schlagworte:** Migration, Wanderarbeiter, Abstoßungs- und Anziehungsfaktoren, Migrationsgründe, Selektivität, Alter, Geschlecht, Beschäftigungsstruktur, Einkommen, Geldüberweisungen, Sozialprobleme

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**Abstract:** After a general discussion of pull and push factors in Chinese migration, this article focuses on the situation of rural migrant workers in Shanghai. Based on surveys from 1988 and 1993, it observes more than a doubling of floating population in the city. The majority of these mostly young, male peasants from the neighbouring provinces Jiangsu, Zhejiang and Anhui migrates to Shanghai for economic reasons. Floaters live in the urban periphery and work predominantly in construction, manual labour, business or handicraft. Rising incomes, remittances and positive educational effects are seen as the advantages for the rural areas of origin, in which to date no negative consequences of migration can be discerned for agriculture. Shanghai in turn would profit from immigration that relieves a beginning labour shortage and creates a highly competitive, informal low-wage sector. Due to different types of work and protectionist regulations, the article finds only limited job competition between urban residents and in-migrants. But it forecasts future problems like the creation of slums, rising crime or lacking access to school education and social services.

**Key words:** Migration, migrant workers, pull and push factors, migration reasons, selectivity, age, sex, employment structure, income, remittances, social problems

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**FLOATING POPULATION IN SHANGHAI -  
A PERSPECTIVE OF SOCIAL TRANSFORMATION IN CHINA**

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## 1 Introduction

Recently, China is actively and gradually implementing an economic reform and industrialisation policy. The economic reform has brought about changes in all aspects of life beyond the economic realm. It marks a transition of the social system from the traditional planning system to market mechanisms. In the process of this social transformation, the scale and role of the floating population is getting increasingly significant. The main direction of their mobility is from rural to urban areas.

However, the investigations of floating population have been made only at regional level in China. It is extremely difficult to estimate precisely the total number of them at the national level. According to different estimates, the total floating population in China reached 50 million in 1989<sup>1</sup>, and amounted to 70 million in 1991.<sup>2</sup> If these estimates are reliable, the current number of floating population would exceed 80 million. Apart from the considerable amount of floating population, the data of 1990's census showed migration streams from the interior to coastal areas, and from less developed remote regions to relatively developed urban areas. The present scale and pattern of the floating population in China will inevitably result in a number of social and economic problems.

## 2 Demographic and Policy Impacts on Floating Population

### 2.1 The Impact of Population Development on Floating Population

The major cause of the large amount of floating population in China is the existence of considerable rural surplus labour. Surplus labour in rural areas basically results from the huge size of total population and the high proportion of agricultural population. This situation is expressed in the running notion of China as a country with "many people with little land".

Historically, the total population increased constantly and arable land per capita decreased dramatically. According to statistics, population in China increased from 0.646 billion in 1957 to 1.185 billion in 1993. During the same period, rural population increased from 547 million to 852 million, and rural labour force increased from 193 million to 340 million. The total arable land decreased from 111.3 million ha. to 95.3 million ha., equal to a reduction of 14.4%. It resulted in a significant decrease of arable land per capita from 0.17 ha. in 1957 to 0.08 ha. in 1993. At the same time, the arable land per capita of rural labour force decreased from 0.58 ha. to 0.28 ha.<sup>3</sup>

The national economic structure in China has experienced a series of adjustments. At first place, the shares of agricultural and non-agricultural population have changed rapidly. The percentage of non-agricultural population changed from 14.4% in 1952 to 22.4% in 1993. Second, in the total industrial and agricultural output value, the share of industrial output value increased from 43% to 83%, and the latter dropped from 57% to 17%. Third, the rate of urbanisation increased from 12% to 20%.<sup>4</sup>

Considering the above situation in China, the total rural surplus labour force was estimated to be at least 176 million at the end of 1993. What is more depressing is that the annual increase of rural working age population reached 5 to 10 million recently. Facing this situation of population development, where should a peasant, who has few means of production, turn to?

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<sup>1</sup> Ai Xiao, 'Quanguo liudong renkou muqian da wu qian wan' ('China's Floating Population Now Amounts to 50 Mio.'), in: *Renmin Ribao*, March 4, 1989.

<sup>2</sup> Li Chubai, *Liudong renkou dui da chengshi de yingxiang ji duice* (The Impact of Floating Population on the Big Cities and Remedial Measures), Beijing 1991.

<sup>3</sup> Sun Changmin, 'Lun zhongguo renkou shehui jingji defazhan' ('On the Socio-Economic Development of China's Population'), in: *Xueshu Yuekan*, Vol. 3, Shanghai 1995, pp. 54-57.

<sup>4</sup> Ibid., see also: Sun Changmin, 'Lun shanghai chengshi renkou yu shehui jingji fazhan' ('On the Urban Population of Shanghai and Socio-Economic Development'), in: *Shehui Kexue*, Vol.5, Shanghai 1995 and Sun Changmin, 'Lun dangdai zhongguo de gaige jingcheng yu shehui zhuanbian' ('On the Reform Process and Social Change in Contemporary China'), in: *Xueshu Qikan*, Vol.2, Shanghai 1995.

## 2.2 The Transformation of Social Structure and Population Mobility

The development of Chinese society in past decades was shaped by basic social structures with Chinese characteristics. When the deepening of reform started in the early 1980s, the traditional regime of rural people's communes was demolished and replaced by the county as the basic administrative unit. Under the household responsibility system and with the development of rural industries, individuals now enjoy more flexibility. For instance, farmers have more freedom to arrange their working times and production behaviour. Thus, the rural labour force was released to some extent from the land and agricultural labour productivity was raised.

On the other hand, the rapid growth of township enterprises played an important role in contributing to the national economy, and in absorbing 110 million surplus labourers that shifted from agriculture. The total income of township enterprises accounted to about 50% of rural economy and one third of the total national industrial output value. However, township enterprises were challenged by new circumstances. First, implementing the management contracting system in township enterprises resulted in a situation where the township enterprises no longer have the responsibility to absorb rural surplus labour. Second, because of market competition, the capacities of township enterprises absorbing surplus labour are becoming restrained. Under these circumstances, the old pattern of absorbing surplus labour - employing farmers who leave agriculture but stay in their village - needs to be replaced by new approaches.

Among the new approaches, a noteworthy one is to move surplus rural labour to cities and towns, as well as to coastal areas to meet the relative insufficiency of the labour force there. According to the World Bank's estimates, in the late 1990s, the average annual growth rate of demand for labour in rural areas will be about 0.8%. All new employment opportunities will be created by non-agricultural sectors in rural areas. In contrast, the average annual growth rate of demand for labour in urban areas will be about 2.8%, which is much higher than in rural areas.<sup>5</sup>

The different balances of labour demand and supply between rural and urban areas indicate the existence of abundant surplus labour in most rural areas on the one hand, and a certain shortage of labour supply in some urban areas on the other. Hence, to adjust regional imbalances in the demand and supply of labour by moving rural labour to urban areas is an important approach. In this way, rural labour enjoys the advantage of increasing income while urban areas benefit from improvements in labour supply.

As we know, the social inequalities in China are not a result of the reform. Their pattern and scope have long historic roots, changing from time to time. With the rapid development of market economy, the income gap between urban and rural people has increased. This is one of the major driving forces to encourage rural labour to move to urban areas. Statistics show that urban per capita income was 2.24 times as large as the rural one in 1980. The gap was reduced to 1.9 times in 1985, and again increased to 2.5 times in 1993. To a great extent this zigzag change was one of the results of restraining the free movement of production factors, in particular the labour force, by the government. The current income difference between rural and urban exceeds the levels of other developing countries and areas in Asia.

## 2.3 Population Policy and the Increase of Floating Population

There are a number of factors for the dramatic increase of floating population. Some are socio-economic factors or are rooted in government policy, others are demographic factors. Among the latter ones, needless to say, the implementation of family planning policy played an important role by stimulating a decline of fertility levels in China since the early 1970s. The average number of children per woman decreased from 5-6 in the 1950s and 60s to 2-3 in the later 1970s.<sup>6</sup> However, the decline of the total fertility rate is uneven between urban and rural areas, and from region to region. Nowadays, most urban families have only one child. On the contrary, two or more than two children are still quite popular in rural families, particularly in poor remote rural areas. This is strongly influenced by the traditional view of birth, embodied in sayings such as 'the bigger the number of children, the bigger your fortune', 'raise children

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<sup>5</sup> The World Bank, ed., *China: Strategies for Reducing Poverty in 1990s*, Washington 1992.

<sup>6</sup> Guojia tongjiju, ed., *Zhongguo renkou tongji nianjian* (China Population Statistics Yearbook), Beijing 1989.

for old-age support' and 'propagate to continue the family line'. On the other hand, the rural household responsibility system based upon the family as the basic unit stimulates rural families to have more children. The more children the more family labourers, and the more wealth. According to statistics, the natural growth rate of population in urban areas was 9.38<sup>0</sup>/<sub>00</sub> in 1993. It was 12.17<sup>0</sup>/<sub>00</sub> in rural areas, which marked a significant re-increase since implementation of household responsibility system.<sup>7</sup> From a long-term perspective, the birth peaks will turn out to be the peaks of labour supply. Recently, this has been witnessed by a faster increase of the labour force in rural areas than in urban areas.

### 3 Major Features and Trends of Floating Population in Shanghai

#### 3.1 A Dramatic Increase

Shanghai is the largest metropolis of China. It is a city that absorbs most of the floating population. Again, among all Chinese conurbations Shanghai is the city whose natural growth rate of the registered permanent population turned negative at the earliest date. On December 10, 1993, an investigation of the floating population of the city was made by way of integrating a sample survey, an investigation of typical cases, and partial and thorough checking. The investigation showed that on that date the total in-floating population amounted to 2.81 million, among them 2.51 million from other provinces and municipalities, Hongkong, Macao, Taiwan or foreign countries. Another 0.3 million people came from within Shanghai territory.<sup>8</sup> Compared with a previous survey on October 20, 1988,<sup>9</sup> which gave these figures as 1.246 million, 1.058 million, and 0.188 million respectively, the annual increase rates of these three indicators were 17.7%, 18.9%, and 9.8%. Currently, there are about 13 million registered permanent residents in Shanghai. The proportion of floating population to registered permanent residents is about one fifth. The high ratio exerts a great pressure on urban development in Shanghai.

#### 3.2 A Majority of the Floating Population Consists of Young Rural Labour Force

A number of investigations show that the majority of floating population in Shanghai consists of young rural labour force which migrates to explore employment opportunities. According to the fifth survey of floating population in 1993, about three fourths of the total in-floating population were engaged in various economic activities. 80% of them were peasants from rural areas.

Kommentar [\* 1]:

Among the in-floating population, the majority was of working age (see table 1). Two thirds of the in-floating population were aged 15 to 34 years, and 83.8% of them were aged 15 to 49 years. The proportion of children under 15 years was only 8.5%, compared to 17.7% of the registered permanent residents. The proportion of the elderly over 60 years was about 3.3%, compared to 16% of the registered permanent residents. It can be deduced that dependants of floating population's family, such as children and the elderly, were left behind when the floating population moved out.

Although female floaters were a relatively small group, which amounted to one third of the in-floating population only, its proportion increased significantly over the previous survey in 1988. This reflects, to some extent, the increasing demand for female labour. In addition, about one third of the in-floating population was unmarried.

<sup>7</sup> Guojia tongjiju, ed., *Zhongguo tongji nianjian 1993* (China Statistical Yearbook 1993), Beijing 1994.

<sup>8</sup> The data is based upon the unpublished *Database of the Fifth Survey on Floating Population in Shanghai in 1993*. Hereafter the data refer to the same source.

<sup>9</sup> Zhang Kaimin, *Shanghai liudong renkou* (Shanghai's Floating Population), Beijing 1989.

Table 1: Comparison of Age Composition Between In-Floating Population and Registered Permanent Residents (%)

Age Group	In-Floating Population			Registered Permanent Residents		
	Sub-total	Male	Female	Sub-total	Male	Female
Total	100.0	66.52	33.48	100.0	50.41	49.5
0-4	4.05	2.15	1.90	4.77	2.44	2.33
5-9	2.72	1.44	1.28	6.61	3.38	3.23
10-14	1.75	0.94	0.81	6.37	3.27	3.10
15-19	10.06	5.32	4.74	5.11	2.63	2.48
20-24	22.60	14.59	8.01	6.30	3.28	3.02
25-29	19.36	13.57	5.79	7.71	3.99	3.72
30-34	11.70	8.52	3.18	10.24	5.25	4.99
35-39	8.94	6.65	2.29	12.64	6.44	6.20
40-44	6.78	5.24	1.64	8.76	4.60	4.16
45-49	4.31	3.20	1.09	5.88	3.02	2.86
50-54	2.37	1.74	0.63	4.32	2.18	2.14
55-59	1.99	1.35	0.64	5.32	2.64	2.68
60-64	1.63	1.01	0.62	5.22	2.52	2.70
65 +	1.70	0.85	0.85	10.75	4.77	5.98
unclear	0.04	0.03	0.01			

Source: Database of the Fifth Survey of Floating Population in Shanghai in 1993.

### 3.3 Distance Plays An Important Role

Classified by origins of the in-floating population, table 2 shows that the distance between origins and Shanghai exerts an important influence on population mobility. Although the list of origins includes almost all the provinces, municipalities, and autonomous regions of China, Jiangsu, Zhejiang, and Anhui provinces predominate. These three provinces are the neighbouring provinces of Shanghai.

Table 2: Top Ten Origins of In-Floating Population in Shanghai (%)

Order	Total		District Sample		Sector Sample	
	Origin	%	Origin	%	Origin	%
1	Jiangsu	36.32	Jiangsu	35.19	Jiangsu	41.29
2	Anhui	25.06	Anhui	27.85	Anhui	16.20
3	Zhejiang	14.47	Zhejiang	14.08	Zhejiang	17.77
4	Jiangxi	5.55	Jiangxi	5.64	Jiangxi	5.12
5	Sichuan	4.92	Sichuan	4.99	Sichuan	4.62
6	Henan	2.61	Henan	2.41	Henan	3.48
7	Shandong	2.13	Shandong	1.95	Shandong	3.45
8	Fujian	1.95	Fujian	1.82	Fujian	1.95
9	Hubei	1.49	Hubei	1.44	Hubei	1.69
10	Guizhou	0.74	Guizhou	0.79	Guizhou	1.08

Note: District Sample refers to the stratification by administrative regions. Sector Sample refers to stratification by economic sectors.

Source: Database of the Fifth Survey of Floating Population in Shanghai in 1993.

Historically, many present Shanghai people are the descendants of migrants from the very same provinces. Migrants from these three provinces made up three fourths of the total in-floating population in 1993. The distance not only reflects the importance of transportation costs, but also the necessity of having access to information on the labour market at place of destination.

### 3.4 Uneven Geographical Distribution

The geographical distribution of in-floating population according to their living areas in Shanghai was uneven with a trend to peripheral areas. This trend refers to the fact that the living areas of in-floating population are shifting from central to peripheral districts, and from urban to rural areas. The proportion of in-floating population living in central districts declined from 19.6% in 1986 to 12.3% in 1988 and 5.2% in 1993. On the contrary, the proportion of in-floating population in peripheral city areas increased from 41.0% in 1986 to 51.9% in 1988 and 65.4% in 1993. Those living in villages also increased from 9.7% in 1986 to 15.1% in 1988 and 13.4% in 1993 respectively (see table 3). This uneven distribution of in-floating population suggests that the differences between urban and rural areas of Shanghai in terms of housing costs and employment opportunities play an important role.

Table 3: Distribution of In-Floating Population According to Their Living Areas in Shanghai

Year	Total	Central District	Intermediate Zone	Peripheral Area	Town	State Farms	Villages
1986	100.0	19.6	20.0	41.0	8.2	3.5	9.7
1988	100.0	12.3	13.8	51.9	4.8	2.1	15.1
1993	100.0	5.2	10.2	65.4	3.9	1.9	13.4

Source: Database of the Fifth Survey of Floating Population in Shanghai in 1993.

### 3.5 Major Economic Activities and Employment Spheres of the In-Floating Population of Shanghai

In the fifth survey of floating population in Shanghai, the in-floating population was classified into three categories according to their activities in Shanghai. These were economic, cultural and social activities. Economically motivated in-floating population referred to those who were engaged in various trades, such as construction, all kinds of manual labour, business and farming. The culturally motivated group included those who pursued various cultural activities in Shanghai, such as studying and training, attending a meeting, co-operating in science and technology projects and so forth. The socially motivated group included those who engaged in non-economic activities, such as visiting relatives or friends, going to hospitals, touring, and so forth. The results of the survey showed that the economically motivated group was about 75.6% of the total, marking an absolute majority. Compared with the 61% of 1988, this presents a significant increase of this group in the 1990s. The proportions of the socially and culturally motivated groups were 22.1% and 2.3% respectively.

Within the economic category, the in-floating population was highly concentrated in the construction and traditional service sectors. About 23.9% of them were engaged in construction work. Various kinds of labourers, businessmen and handicraftsmen made up 37.8%, 20.2% and 8.8% respectively. The four sub-categories mentioned above turned out were equal to about 90% of the total economically motivated in-floating population.

## 4 Impacts of the Floating Population on Socio-Economic Development

### 4.1 Influences on Rural Places of Origin

Rural surplus labour moving to urban and coastal areas undoubtedly is a significant factor for improving the efficient utilisation of the rural labour force. Their move also benefits the rural population, particularly those in poor remote areas, by increasing employment opportunities and incomes there. Given the



average annual income per capita of RMB 6,000 yuan for the in-floating population of Shanghai, the aggregate income of the 2 million in-floating population engaged in economic activities amounted to RMB 12 billion yuan per year. Most income of the in-floating population, apart from the necessary expenditures in Shanghai, was brought back to the places of origin by way of remittances or personal delivery. Such an amount of remittances would make an extremely important contribution to the economic development of those areas.

Besides generating personal incomes or remittances, members of the rural labour force are able to study and acquire know-how and production skills through employment in the urban economy. They have more opportunities for access to market information and modern management. In addition, they experience urban culture and living patterns. Their views of consumption as well as their traditional views of life change gradually.

Some of the Shanghai enterprises that employ in-floating labour force have set up special training programs for them. Some textile factories even established '*mingong xuexiao*', special schools for in-floating population. They provide basic education courses and technical training programs. If participants pass examinations, the school awards a certificate that is acknowledged under most circumstances. Hence, for the majority of the floating population, the process of moving from rural to urban areas is a process of human resource investment, a process of re-employment, a process of studying and training, and a process of revising the view of life. All these processes will result in a series of influences on future economic development in rural areas. What I would stress is that the importance of these long-run influences is not less than that of income.

Population mobility and migration are extremely important for the economic development of many poor remote areas. A significant feature of those areas is that under their resource and production conditions, labour - a unique available capital - cannot be fully utilised. For those areas that lack resources, are located far away from markets and face difficulties of transportation, labour export is an easier and more feasible way out of predicament than developing rural industries.

Some people argue that moving out the rural labour force will result in a reduction of labour input in agriculture, especially young labour input. It would turn out to be a negative influence on the development of agricultural production. However, the experience of agricultural development in China suggests that the total rural surplus labour force has reached 100 million. If those moving out were surplus labour, indeed, their out-migration would not exert negative influences on the development of agricultural production, at least as far as labour input is concerned.

In addition, Chinese tradition makes members of the floating population keep strong links with their family at places of origin. During busy farming seasons, some of them return home to do field work together with their families. Others do not return but remit in order to hire extra labourers needed for a short period of time. All these phenomena are efficiently and spontaneously adjusting the agricultural labour input. Furthermore, the remittances provide more possibilities for purchasing seeds and fertilisers, or for improving storage and transportation. Needless to say, this is beneficial for agricultural production. To some extent, it is a modern substitution for labour input.

For typical labour-exporting provinces, such as Sichuan, Anhui and Henan, the grain output increased 1.77%, 7.82% and 5.55% during the period from 1989 to 1993. On the contrary, in some destination provinces, such as Guangdong and Jiangsu, the total grain output declined by 12.34% and 2.03% respectively.<sup>10</sup> Seen from this angle, the out-flow of rural labour force seems not to be a major factor impeding agricultural development. In fact, the economic benefits for agricultural production mentioned above seem to be more important. The recent fluctuations of agricultural production in China suggest explicitly that the farmers' motivation for being engaged in agricultural production and a steady growth of agriculture would be maintained if agricultural production was profitable.

Recently, regional governments have paid more attention to the out-flow of labour force. Special administrative offices have been set up to organise and co-ordinate matters concerning labour mobility. The great efforts and positive attitude of the regional governments also prove the importance of labour out-flow for the economic development of places of origin.

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<sup>10</sup> Guojia tongjiju, ed., *Zhongguo tongji nianjian 1989, 1993* (China Statistical Yearbook 1989, 1993), Beijing 1990, 1994.

## 4.2 Influences on Places of Destination in Urban and Coastal Areas

Nowadays, most urban areas in China are facing the challenge of a low or negative natural growth rate of their registered residential population, leading to insufficient labour supply. Labour mobility from rural to urban areas is good for easing such a deficit of the urban-born labour force which is already occurring or about to occur. It turns out to lower the trend of rising labour costs, and improve the competitiveness of enterprises on markets.

Development economics suggest that the majority of the in-floating population is engaged in the urban traditional service sector - the so called informal sector. It includes construction, cleaning, vending and selling, food processing, house-keeping and so forth. It might be safe to say that in the 1990s China's urban informal sector will be filled by in-floating population. From this point of view, the arrival of the in-floating population meets the daily demand of urban residents on the one hand, while it restrains the rising costs in the informal sector on the other.

Furthermore, it is noteworthy that more and more of the in-floating population are employed in the urban formal sector although restrictive policies by the city governments are persisting. For instance, almost all workers on the assembly-lines of Shanghai textile factories are 'girls from outside' (*wai lai mei*). In a large-scale state-owned shipyard, the in-floating labour force makes up one third of total employees. By the year 2000, the shipyard plans to hire more in-floating labour up to two thirds of total employees.<sup>11</sup> It is safe to assume that urban enterprises will increasingly employ in-floating labour as this is occurring simultaneously with the ageing of the urban registered population.

Another problem resulting from the ageing of urban population is the imbalance of contributions and payments in the social security system, including pensions and health care. Because the majority of the in-floating population is young, it would be possible to cope with the above problem if this part of the labour force were under the coverage of the urban social security system. This would be also good for transforming the old, non-contribution based social security system to a new system combining individual contributions with social pooling.

Some people suggest that the floating population will bring urban unemployment with it since it takes over certain jobs and substitutes urban labour, especially in non-skilled jobs. A significant example are the Shanghai textile factories. On the one hand, large proportions of their employees were laid-off. On the other hand, they employed many young women of the in-floating population. The argument therefore does not seem entirely senseless. However, in my point of view, it is to some extent oversimplistic. First, there is a difference of labour costs between urban and rural areas. The labour intensive sectors of the local cities, such as textile industry, lower labour costs by employing in-floating population instead of the local labour force. Thus, they can improve their performance and competitiveness on the markets. Otherwise, they would have to face loss and bankruptcy being challenged by the markets. If that happened, it would not reduce the urban unemployment, but rather increase it. Second, the employment of in-floating population at places of destination is restrained by local policies and labour regulations. These restrictions are intended to protect employment opportunities for the local labour force. For example, although numerous young women of the in-floating population are working in Shanghai textiles industry, they highly concentrate in a few jobs only. These jobs are usually dirty, dangerous, with high labour intensity and three shifts. The local labour force is reluctant to accept these jobs at current wage levels. Hence, it is not astonishing that job-openings are taken over by the in-floating population. Apart from these jobs, there is hardly any in-floating population working at managerial levels, which are generally reserved for the local labour force. From this point of view, it is safe to conclude that the lay-off of some local workers is not the result of labour market competition between the in-floating population and the local labour force, but a consequence of economic reforms in the enterprises. Finally, the numerous members of the floating population living and working in Shanghai directly create more employment opportunities for the both the local and the outside labour force. In addition, they also increase the income of the local population. For instance, about two million in-floaters rent rooms from local residents. Given an average annual rent of 500 RMB yuan per person, the total rent received by Shanghai residents would reach one billion RMB yuan a year.

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<sup>11</sup> Zhao Min, 'Shanghai ruogan qiye wailai laodongli de ge an daocha fenxi' ('An Analysis of Surveys on the Outside Labor Force in Some Shanghai Enterprises'), in: *Zhongguo renkou kexue*, Vol. 5, Beijing 1995.

The current population mobility favours the general economic development of China as it reduces the income gap between the eastern and western parts of the country, between urban and rural areas. Some studies on Chinese income distribution have found out that, within the urban or rural population, the income differences are not as high as in most developing countries. But the income gap between the urban and rural areas of China is exceptionally large and in excess of many developing countries. In 1985, the average annual income per capita in urban areas of Shanghai was 1,086 RMB yuan. It was 2.2 times of that in Jiangsu, 3.0 times of Anhui, and 2.9 times of Jiangxi, which are the major labour exporters to Shanghai. In 1993, the average annual income per capita at Shanghai urban areas reached 4,300 RMB yuan.<sup>12</sup> The differences between Shanghai and the above three provinces increased to 3.4 times, 5.9 times and 4.9 times respectively. According to estimates, the average annual income per capita in Shanghai will reach 15,000 RMB yuan by the year 2010.

It is remarkable that income differences between urban and rural areas experienced a zigzag change as mentioned above. There is a tendency for them to get wider. To a great extent, this situation is not the result of the market mechanism, but the result of the administrative separation of urban and rural areas, including the restrictions on labour mobility and rural-urban population migration. Therefore, labour mobility and migration are among the important approaches to reduce regional income gaps. They can also be viewed as an important means for achieving the general income equality that is one of the basic social and economic development goals.

Undoubtedly, the great numbers of floating population moving into urban areas cause various problems. These normally include increasing pressures on urban infrastructure, housing and public transportation, a worsening urban environment and rising crime. All these concerns should be studied carefully based upon empirical investigations. Then, countermeasures against the negative impact of floating population should be suggested.

In regard to these countermeasures, special attention should be paid to the following aspects: First, unlike in other developing countries, the serious problems of urban unemployment and slums resulting from rural-urban migration have not become overt in China. A possible explanation is that there are few peasants in China with no land at all. Once employment was not available for them at their place of destination, they could easily move to another place or just move back home to take up agricultural production again. Second, the governments at places of destination generally do not provide public services to the in-floating population, such as compulsory education, health insurance, assistance to the unemployed or the poor. Local expenditures for floating population are very low. In other words, the in-floating population has not become a burden for the public sector at places of destination.

## **5 New Issues on the Agenda**

### **5.1 Long-term Prospects of Population Mobility**

Historical experience tells us that population mobility correlates with the diversification of industry and agriculture, urban and rural areas. The larger this diversification, the bigger the floating population. With the further socio-economic development of Shanghai, the differences between Shanghai and other regions will grow accordingly. Hence, the wave of floating population to Shanghai will become bigger and more violent. Under these circumstances, the total floating population in Shanghai is estimated to increase dramatically. By the end of the century, it will increase to 6.5 million, and about 9 million by the year 2020.

### **5.2 The Floating Population Will Create New Urban Slums**

At present, the floating population of Shanghai lives on the edge of urban areas and in suburban districts. In Minhang District, for instance, there are about 260,000 members of the floating population who mainly

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<sup>12</sup> Zhongguo tongjiju, ed., *Zhongguo tongji nianjian 1993* (China Statistical Yearbook 1993), Beijing 1994.

concentrate in several towns and counties. In Qibao town, there are 18,000 members of the floating population while local registered residents amount to 15,000 only. The aggregate data of the 1993 survey also show that floating population in urban Shanghai made up 44.4% of the total floating population in Shanghai municipal region. Their numbers were 1.5 times larger than in 1988. Those moving to suburban Shanghai made up 55.6% of the total floating population. Their numbers were 3.6 times more than in 1988. Another survey in Pudong New Area demonstrated that members of the floating population generally lived in concentrations demarcated by their places of origin or jobs. Those who held regular jobs normally lived in dormitories at working sites. Another 30% of the total in-floating population rented their rooms or built simple, unauthorised squatter huts.

The concentration of floating population on the edge of Shanghai has the following reasons: (1) The density of local population is relatively lower there, and more houses are available for rent. (2) Transportation is convenient. (3) Costs of living are somewhat less expensive. (4) Governmental administration is relatively loose. (5) There are plenty of construction sites. Thus, the peripheral areas have both more capabilities for absorbing in-floating population and providing work opportunities.

In addition, the in-floating population has its own communities. These are usually organised by native places or jobs, and they have their own leaders. People there live together, help each other, and speak a common native dialect. Therefore, a certain part of the in-floating community is characterised by common interests, opinions and behaviours. A typical case is a community of floating population from Wutong Township in Yongtai County, Fujian Province, that now lives in Chaojiazhai, Tianling Neighbourhood Committee of Shanghai. Similar situations were also found in the investigation of Pudong New Area.

The housing conditions of in-floating population are usually depressed. They live in simple, unhealthy and unauthorised structures built by themselves. There are no shower and toilet facilities. In these living places, many catastrophes such as fires, influenza or alike are looming. They are more likely to be the shelter of lawbreakers. Due to the unsteady employment and income of floaters in Shanghai, these quarters are likely to become new urban slums and high criminal areas.

### 5.3 The Psychological Situation of Floating Labourers and Social Conflicts

Young and middle age labour makes for the majority of the floating population. Although living in cities, in one way or another they are not entirely accepted by the urbanites. They feel that they do not belong to the city and are a marginal group. Before coming to the urban area, their expectations were high and in amazing colours. Unfortunately, after staying in the city for a period of time, they find out that the difference between their dreams and reality is so vast that they fall into a kind of psychological crisis. Once the psychological pressures are big enough, they can cause anti-social behaviour or crime. The above-mentioned investigation of Pudong New Area showed, that between January to July 1994 more than 1,000 members of the floating population were accused of crimes. These cases amounted to more than 60% of the total crimes under charge in that area. Among criminal actions committed, those charged to the floating population made up 73.2% of the total.

In addition, various issues are of concern to us and need to be studied. Among them are the education of floating population children, health care, employment, social security, the conflict between expectation and reality, their emotional shock and so forth.

As suggested by the Todaro model,<sup>13</sup> there is a big difference between urban formal and informal sectors in China as in other developing countries. Currently, the urban registered population enjoys privileges in terms of employment, housing, social security and so on. For the floating population, there are all kinds of restraints over employment, access to public services (i.e. basic health care, primary education etc.) and urban facilities (i.e. gas, telephone, public transportation etc.).

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<sup>13</sup> Todaro, M., 'A Model of Labor Migration and Urban Unemployment in Less Developed Countries', in: *American Economic Review*, 59(1):138-48, 1969. See also: Fei, J.C.H. and Ranis, G., 'A Theory of Economic Development', in: *American Economic Review*, 51: 553-65, 1966 and Harris, J. and Todaro, M., 'Migration, Unemployment and Development: A Two-Sector Model Analysis', in: *American Economic Review*, 60(1): 126-42, 1970.

According to Willis, privileges would have a monetary price if there were an urban privilege market.<sup>14</sup> The man-made labour market segmentation for urban residents and the floating population exerts influences on the optimisation of human resources. Under current circumstances, urban privileges cannot be abolished over night. Yet, they will be diminished and finally eliminated with the development of market economy. How to remove the urban privileges gradually is an important subject of socio-economic transformation and urban administrative reform.

As suggested by the development experiences of many countries, rural-urban mobility, migration and urbanisation are inevitable results of economic development. With a dramatic decrease of the natural growth rate of urban population, rural-urban mobility and migration play more important roles than ever in the process of urbanisation in China. Hence, the migration policy of China needs to be modified in order to make it conform better to the realities of socio-economic development. This includes the balancing of development paths between various regions and between urban and rural areas by using economic methods rather than administrative means. The perfection of migration policy in China is an important subject for future study.

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<sup>14</sup> Willis, R., *Comment to Todaro's Internal Migration in Developing Countries, Population and Economic Change in Developing Countries*, ed. Easterlin, R. A., Chicago 1980.