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**Social Exclusion and Economic Discrimination:
The Status of Migrants in China's Coastal Rural Areas**

Yang Yao*

China Center for Economic Research,
Beijing University, Beijing 100871, China.

* Associate professor, China Center for Economic Research, Beijing University, Beijing 100871, China. I thank the generous financial support of the 1999 "China Public Policy Grants Competition", the Ford Foundation. Michael Carter and Justin Lin made useful comments to the paper. I also thank Yigao Liu and Xiaoyi Wang for their cooperation in data collection and comments to the paper.

By official statistics, there are about 44 million Chinese rural residents who do not work in their own counties at any point of time (SSB, 1999). Most of these people do not stay in the cities, though. In contrast, about two thirds of them stay in county-and below county-level towns and villages (MLSS, 1998). Much of the academic research efforts have been devoted to the study of migrants in the cities as well as the factors that influence their migration decisions (Hare, 1999; Rozelle, 1999; Wu, 1994; and Zhao, 1997, 1999; to name a few), leaving blank the study of the vast majority of the migrants who have settled down in the small towns and villages in the more advanced areas. Yet the problems faced by migrants in these areas are no less keener than the problems faced by migrants in the cities. Based on statistical analysis and case studies in four fast industrializing villages in the east coastal areas, this paper provides a first effort to assess these problems.

The villages in China's coastal areas are fast changing. Industry has taken agriculture as the single most significant activity, and many villages are turning into semi-urban communities. In the meantime, outside migrants are pouring in, seeking for a better life that is not attainable in their home villages. In many cases, noticeably, villages in the Pearl River Delta that are heavily invested by capital from Hong Kong and Taiwan, the number of migrants can easily surpasses the number of the locals, creating many of what Zhe (1997) calls the "super villages". Migrants are embraced by the local labor market, providing a stream of cheap labor to the fast growth of those super villages. However, socially they are treated by the local community as a foreign if not hostile force. Their social disadvantages are inevitably translated into economic disadvantages.

This paper will first provide a detailed description of the social exclusivity faced by migrants and then conduct an econometric assessment of the status of migrants in the local labor market. Migrants are socially excluded because of four reasons. First, they are foreign to the local community in the sense that they do not fit into the local personal network built on lineage and geographical intimacy and that they do not speak the local dialect. Secondly, their subsistence earnings force them to seek low-cost housing that naturally segregates them from the local new rich. Thirdly, together with other commercial forces, they bring crimes and other social problems to the local community, creating psychological shocks to the local residents. Lastly, they are denied of the basic rights to participate in the local political life, thus doomed to lose in the game with the community and the factory owners where the latter two frequently

collude to squeeze the migrants.

The econometric analysis shows that migrants' social disadvantages are translated into what I will call "selective discrimination" in the sense that the migrants are discriminated against in obtaining white-collar jobs and, although they are not discriminated in overall wage payment, they are subjected to different remunerating scheme than that of the locals: while the wages of the locals are sensitive to their political and social statuses but not to their human capital attainments, the wages of the migrants are responsive to their human capital attainments but not to their political and social statuses.

The paper is organized as follows. Section 1 describes the four villages, their levels of industrial and commercial development, and the general status of the migrants. Section 2 describes the forms and reasons of the social exclusivity faced by migrants in those four villages. Section 3 presents the results of the econometric analysis on job attainments and wage determination. Section 4 concludes the paper by a short discussion of the policy implications of the paper.

1. The four villages: A snapshot of east rural China

The four villages covered by this study are, from north to south, Xiliu of Sanhe county, Hebei province, Wanli of Wujin city, Jiangsu province, Yiyi of Cangnan county, Zhejiang province and Jinju of Dongguan county, Guangdong province. The selection of these four villages is not random, but takes their characteristics into consideration in order to provide a snapshot of the dynamics that eastern rural China is experiencing. This section will provide a short description of their geography, population, income, industrial development, urbanization as well as the general conditions and contributions of their migrants.

Geography, population, and income

Xiliu is located 40.5 kilometers to the east of Beijing at the 102 national freeway. It is eventually a suburb of Beijing in terms of geographic and economic connections. However, its basic characters are still rural with the village setting largely unchanged. Most of its 950 villagers still hold rural residency, and there were 2,236 mu of arable land by 1999. The 2.35 mu/capita land endowment puts Xiliu the most land abundant among the four villages. In accordance, a considerable number of residents still work in agriculture. Wanli is located in the Yangtze River Delta, adjacent to Hutang town of Wujin city and is inside the planned new Wujin downtown area centered at Hutang town.

Among a population of 2,425 villagers, 352 hold urban residency, and the rest are expected to change to urban residency soon. There are only about 200 mu rice land left but abandoned in the village. Almost all the residents rely on non-farm employment to obtain income. The geographic location of Yiyi is the most inferior among the four villages. Cangnan is a remote semi-mountainous county in Wenzhou, the city renowned for its private economy. Yiyi is also the most land-scarce among the four villages. By the time of land reform in the early 1950s, there were only 0.4 mu of land per capita. By now, all of its 1,500 villagers hold urban residency and are scattered in the adjacent Yishan town as well as remaining in the village. Industry, services and commerce are the sources of income. Dongguan county where Jinju is located is dominated by the export firms set up by Hong Kong, Taiwan and occasionally Japanese and American companies. Jinju, adjacent to Dalingshan town, is located in central Dongguan and lags behind many villages of Dongguan in industrial development because of its inconvenient location. With a population of 3,500 people, Jinju is the largest among the four villages. In 1990, it still had 2,338 mu land; but by 1998, the amount decreased fast to only 1,360 mu. Right now, only some old people are still work in agriculture, most of the remaining land has been rented out to outsiders to grow vegetables.

By official statistics, Yiyi is the most affluent by attaining a per capita net income of 11,800 yuan in 1999. However, statistics provided by the village show that about 60% of the households were below 10,000 yuan per capita, which means that the village average was pulled up by a small portion of the population. Wanli and Jinju are comparable, both having a per capita net income of about 6,000 yuan in 1999. However, the income sources of the two villages are quite different. While people in Wanli rely on family businesses (noticeably, textile) to obtain income, people in Jinju rely heavily on the land rent obtained from the factories. Usually, land rent is distributed through the village. As a result, 42% of the household income came from village distribution in 1998. Xiliu is the least affluent village, but its per capita net income also passed 5,000 yuan in 1999. Compared with the national average of about 2,000 yuan per capita, the four villages are super riches.

Industrial development

The pattern of industrial development of the four villages falls into two categories. The first starts with local knowledge and capital, therefore can be called the indigenous model. The other starts completely with outside knowledge and capital, thus can be called the transplanting model. Jinju fits in

the second model whereas the other three villages fit in the first model.

Xiliu started its industry in the early 1980s, beginning with making trailers. Trailers are frequently used by construction sites as temporary dormitories for workers, they are also widely used as other removable buildings. In early 1980s, there were several Xiliu villagers who worked in another nearby county and learned how to make trailers. They then returned to the village and started their own businesses. Starting from that point, Xiliu's industry has been characterized by private ownership. In recent years, bookbinding has become another large business in the village. In addition, there are two garment factories. The markets for Xiliu's industrial products are in Beijing and Tianjin.

Wanli started its industry in as early as 1972. With the help of several Wanli natives working in Changzhou, it was able to set up three factories in the 1970s, making tools, batteries and garments, respectively. All of them were owned by the village. In the 1980s, Wanli's industry experienced fast growth although collective ownership still dominated. Entering the 1990s, private industry began to thrive, most of them are engaged in small-scale textile production, a traditional industry in the Yangtz River delta. These small firms have a room to survive in China's crowded textile industry because they take small and special orders, mostly designated for export. By 1998, there were about 200 such small firms. In the meantime, all the 10 village firms have been privatized, mostly sold to the old management.

Yiyi has a long history of industrial and commercial activities. Traditionally, textile was the major family industry. In the collective period, a method was invented to recycle unused cotton products left over by large textile and garment factories. Entering the 1980s, recycled yarn became a large business in the surrounding area. Concurrently, related textile and garment industries have flourished. A complete and thorough chain of division of labor has been formed, in many cases, the manufacturing of a sweater passes through more than a dozen of households. It is hard to find a family that is not engaged in recycling or garment business in Yiyi. Collective economy was once a pride for Yiyi residents, but has diminished considerably as a result of privatization.¹

Unlike the indigenous nature of the industry in the other three villages,

¹ It is interesting to find that Yiyi had a sizable collective economy amid the sea of private economy commonly found in Wenzhou. This has much to do with its party secretary who is a delegate to the National People's Congress. He set up Yiyi Corporation that owned more than 10 factories and two credit associations in its heydays. In 1998, it made a profit of 3.87 million yuan. However, the two credit associations were forced to close in 1999 in a wave initiated by the central government to crackdown informal financial institutions. In the meantime, other collective firms also got into trouble because of bad performance and were forced into privatization.

Jinju's industry was brought in by outside investment. Starting with the first factory set up in 1988 by a native who fled to Hong Kong in late 1970s, Jinju has attracted 28 factories by 2000, 22 of them are owned by foreign capital, noticeably, from Hong Kong and Taiwan. The largest of them hires more than 3,000 people. Many of these factories moved from nearby Chang'an and Humen townships where land prices have increased dramatically in recent years.

Urbanization

In terms of the extent of urbanization, Xiliu scores the lowest by remaining as a rural community. By the time the study was finished in the summer of 2000, there was only one paved road in the village, the one connecting the village and the national freeway. However, its ties with the outside world, noticeably Beijing, are by no means weak. Many families have installed two phones, one using a local phone number, the other using a Beijing phone number. There are a few successful businessmen from the village who have successfully settled down in Beijing, managing significant businesses.

Yiyi and Jinju are experiencing a natural process of merging into the nearby towns, turning from a rural community to a semi-urban and commercialized community. Yiyi's urbanization process can be traced back to the period before the 1949 revolution. When the Yiyi village was formed in the 1950s, it included part of Yishan town. So part of its population has been classified as quasi-urban residents from the very beginning. By now, many more families have moved into Yishan town, making Yiyi a scattered village without a definitive border. In terms of building style and social life, Yiyi is the most urbanized among the four villages. In contrast, urbanization in Jinju is mostly indigenous in the sense that the village itself is being commercialized and turned into an urban community. With many factories, two commercial streets, and flood of workers pouring in and out of the factory gates, the village is no longer qualified as a rural community. However, the process is uneven. Although many families can afford to build glamorous three-story new houses along the new major road, a considerable number of them still remain in the old village, living under the conditions lack of running water and basic sanitary facilities. In addition, almost all the migrants who can afford renting a house reside in the old village. As many villages in the counties close to Hong Kong, Jinju is a mixture of urban and rural communities.

Wanli is a special case in terms of urbanization. Geographically, it is a collection of more than a dozen of natural villages. Except for one natural

village that has moved into a newly planned residential park, the living conditions of the village are still rural. Urbanization in the village is forced by the Wujin government's determination to move out of the downtown of Changzhou city and turn Hutang town as its new city site.² Many villagers resist the forced urbanization by turning down the urban residency because taking the urban residency means that they will lose control of their land. The other reason for the resistance to forced urbanization is that villagers have not been properly compensated for their agricultural and residential land. Several mass demonstrations against unfair compensation have erupted recently in Wanli and surrounding areas.

Migrants

Migrants began to enter the four villages in the early 1990s. The contribution of migrants to the local economy is several folds. The most significant is to provide a stream of cheap labor to the local industry, helping the latter maintain long-term competitiveness. Secondly, migrants enlarged the local market, creating demand for housing, foods, clothes and other daily consumer goods. Lastly, the influx of large amount of migrants broadens the perspective of the locals and serves as a catalyst to local economic and social changes. In the three villages with indigenous industries, the influx of migrants is an ongoing process that has gradually replaced the locals for low- pay jobs.

In Xiliu, the manufacturing of a trailer does not need sophisticated technology, but is labor intensive. The two major types of work are making cement boards for the trailer wall and assembling the trailer on site. When income level was low, villagers took both types of work. As local income gradually increased, migrants entered the village to substitute for the villagers for the cement work and part of the assembling work. Villagers have either become business owners and headmen or been only engaged in assembling. In the meantime, a large amount of migrants have been brought into the village by the bookbinding and garment factories. In 1999, about 500 migrants worked in the village. This number is more than half of the village's own population (Table 1). Most of the migrants come from northern Hebei province, Henan province and Anhui province.

In Wanli, private firms were the first to hire migrants. A salient function of

² Wujin is a county-level city belonging to Changzhou, a prefecture-level city. Its government originally resided in downtown Changzhou, but now has moved in a group of glamorous new buildings amid the rice field near Hutang town. The aim of the city is to turn Hutang into its own downtown although Hutang is only 20 minutes taxi ride away from downtown Changzhou.

collective firms in rural China is to provide jobs to the locals (Yao, 1999). Wanli's collective firms were no exception before privatization. After privatization, those firms began to replace locals by migrants because the latter are easier to handle and demand for smaller wages.³ By 1999, there were about 1,500 migrants in the village (Table 1).

Migrants in Yiyi mainly come from nearby mountainous counties, people from other provinces are rare. Two factors contribute to this result. First, most jobs are created by the garment sector that requires certain skills. The employer has to train the workers. But outside migrants have high turnover rates compared with local migrants. Therefore, a rational choice of the employer is to hire local migrants. Second, most family businesses operate in their own houses, with the first floor as the workshop and higher floors as living space. Migrants work and live with the family so language and habits become important factors for the interaction between the family and the migrants. In 1999, there were about 1,500 migrants working in Yiyi, the same size of the village population (Table 1).

In the above three villages with indigenous industries, although migrants take mainly low-pay floor jobs, job stratification is still modest, it is common to observe that employers and employees are doing the same type of work in these three villages. In Jinju, however, migrants almost exclusively work in the factories while locals seldom do so. Many locals are content with the income from rents and village distribution, prefer unemployed to working as laborers in the factories. In 1999, there were about 10,000 migrants in the villages, mostly working as floor workers, but a considerable portion of them have college diplomas and hold white collar jobs. They come from more than 10 provinces, but Hunan, Jiangxi and Sichuan are the three largest home provinces. The heavy presence of migrants has completely changed the village, transforming it from a static rural community to a dynamic, if not noisy, town.

To summarize, the four villages form a complete spectrum in income, industrial development, urbanization, and openness to migrants. Xiliu is located at the lower end of the spectrum in every respect, Yiyi and Jinju is located at the higher end, and Wanli is in the middle. Together they give us a vivid snapshot of the transformation that is happening in east Chinese rural areas. Migrants have contributed to, and in some aspects have played a critical role in this

³ Some factories (the battery factory, for example) met serious challenges from the replaced workers, but in the end, the factories prevailed. There has been a heated debate in China on whether the privatization programs have treated the management and workers equally. For a flavor of the debate, see Qin (1998) and Yao (forthcoming).

transformation. A question then is raised as to whether migrants have obtained comparable social and economic statuses that match their contributions. It is the task of the next two sections to answer this question.

2. Social Exclusion

A stark fact in the four villages is that migrants are socially excluded from the local community. Social exclusion takes several forms. First, migrants are geographically segregated, being confined either in the factories or in the semi-abandoned old section of the village. Second, they are denied of the basic rights to participate in the local political life, thus doomed to lose in the game in which the village and the factory owners frequently collude to squeeze them. Third, they are excluded from any welfare that belongs to the locals. At the first glance, this seems justifiable because, after all, village welfare is mainly created by revenues from land, which in turn is legally owned by local villagers alone. However, the law by no means defines the close nature of the collective land ownership; with proper arrangements, it is quite possible that migrants could get access to the ownership of the local land. Lastly, migrants are excluded from the local social life. This usually takes some subtle forms and is sometimes created by migrants' own reluctance to interact with the locals. In this section, we will present evidence for the above four kinds of social exclusion and analyze their causes.

The description and analysis carried out in this and the next section are based on a survey administered to 239 locals and 277 migrants. The locals were chosen by an equal-distance random sampling framework based on the name list provided by each village. The migrants were chosen in selected firms with the same sampling method.

Geographical segregation

Geographical segregation is best illustrated by migrants' living conditions. Table 2 shows the percentage of migrants with alternative living conditions. Among the 277 surveyed migrants, about 12% live in surrounding areas and commute between their homes and their work sites. The majority of the rest either live in employer-provided apartments or dormitories. There are 21.3% who live in employer-provided apartments and 35.7% who live in employer-provided dormitories. Those two groups of people consist of more than half of the sampled migrants. In most cases, migrants get these kinds of housing for free. Getting an apartment is a privilege. On average, those who get

apartments have a space of 15.5 m². It seems that the allocation is not related to positions in the factory because 63% of those privileged are ordinary workers. However, the favor seems to be given to a married migrant as 56% of the privileged are married albeit 46% are married in the whole sample. Those living in dormitories have far inferior conditions. On average, 7.4 persons have to share a room, usually with an area less than 15 m². Most white-collar workers need only to share a room with another co-worker, but for floor workers, 12 people or more sharing one room is common (about one third of those living in dormitories do so). Beyond living space, the two groups of people share one common characteristic, that is, most of them live inside the factory wall. A worker has to get permit to leave the factory. In Jinju where factories are larger, employers provided reasonable conditions for their workers, such as TV sets and sports facilities as well as dining halls. The rationale behind these arrangements is to minimize the contact between the workers and the locals. From the perspective of the factory owner, workers' contact with the village brings unnecessary troubles and obligations to the factory; from the perspective of the village, migrants are a destabilizing factor, bringing crimes and eliciting conflicts. Therefore, geographical segregation is the best solution for both the factory owner and the village.

Migrants who can afford the freedom to live outside the factory usually end up renting old houses abandoned by the local rich. A little more than one fifth of the sampled migrants do so. This is most significant in Jinju. Many villagers have moved out of the old village and built fabulous houses along the new road connecting the village and Dalingshan town. These new houses are equipped with running water and drainage systems whereas the old village has neither. The village thus is segregated into two sections. One section is occupied by the new rich, the other is occupied by the poor and migrants. In this case, the fault line is not insiders vs. outsiders, but rather rich vs. poor. However, when one enters the old section, the division of outsiders and insiders is still visible despite the fact that their living spaces frequently mix together. The most significant is that the locals still treat the migrants as intruders, not willing to have contacts with them. Some migrants should bear part of the blame for this impression because locals, especially old people, are frequently robbed by migrants.

However, not all the migrants have to bear the consequences of segregation, some of them have begun to afford to buy apartments or build their own houses in the village. In the sample, 2.9% of the migrants bought apartments, and 5.8% of them bought houses. The average size of the apartments is 57.5 m², costing

about 70,000 yuan. The average size of the houses is 201.4 m², with a cost of 142,750 yuan. However, a close examination shows that these people almost exclusively live in Yiyi, and most of them are from neighboring counties. Among the eight people who bought apartments, only one is from another province, and among the 16 people who built houses, only two are from other provinces. Wenzhou encourages urbanization by giving urban residency to people who buy or build apartments or houses in towns. Although urban residency is resisted by people living in more developed areas, people living in less developed areas see it as a way to move into more prosperous regions. Therefore, it is not hard to understand the pattern described above.

Overall, migrants are geographically segregated from the locals. This has both a psychological and a practical impact on migrants. Psychologically, they are detached from the local community, aggravating their role as foreigners. In fact, the local industry in Jinju, and to some extent, in Xiliu is island economy that is isolated from the local economy. In Jinju, except for land, all other industrial inputs (including labor) are from outside and products are also sold outside; in Xiliu, most workers are from outside, and all products are sold outside. Practically, geographical segregation limits migrants' opportunities to acquire local knowledge and connections that are crucial factors if they want to start their own businesses in the village. Worse than that, the factory wall is like a fortress that holds migrants as voluntary prisoners. The voluntary confinement is a choice made by migrants out of no choice.

Lack of basic political rights

The Chinese rural politics is confined by administrative bureaucracy. In fact, the administrative village itself in many cases is a conglomerate of several natural villages and has come into existence only for the purpose of state control. Among the four study villages, only Jinju is a natural village, the other three are all comprised of two or more natural villages. The recently developed village election is confined to individual administrative villages. Although there are still disputes, especially inside China, on whether the election has enhanced the political stance of the villagers, there is no doubt that it opens a door for grass-root political participation for the first time in Chinese history. However, the election is confined in separate villages and larger scope election is still in waiting. This makes the village a democratic island in a sea of bureaucratic control created by the totalitarian state. By definition, only those with local residency can participate in a village's election. Naturally, migrants are excluded (they only have the voting rights in their home villages). Therefore,

they lose a very important channel to achieve their interests in the recipient village.

This raises a question on the significance of the residency (*hukou*) system. In not so long ago, this system not only separated urban residents from rural residents, but also made inter-rural migration difficult. In recent years, as the privileges associated with urban residency, such as food subsidies, free housing and medical care, are being gradually removed, the direct economic significance of residency has diminished considerably.⁴ However, the political significance of residency remains and has been reinforced by the village election. While the election serves as a channel for the local villagers to articulate their wills, migrants lack the basic political rights to protect them from the infringements they might receive from the factories and the village. To migrants, political rights do not mean just abstract value, but imply practical economic and social interests.

For most migrants, their factories are the place where their interests are most likely to be harmed. The most common complaints found among the migrants are wage arrears and long working hours. It is common to find in the four villages that workers have not been paid for three or more months. Obviously, employers use the money saved on wage arrears to ease their liquidity constraints so they save interest payments on bank loans that they otherwise have to make. In addition, six-day a week and 11 hours a day of working time are standard although five working days have existed for more than 5 years and 8 working hours have existed for fifty years.

Wage arrears are not isolated. One legitimate question then is why they could last for a long period of time in a competitive labor market as a factory with frequent wage arrears may not be able to get enough workers if the news spread widely enough. However, the bad reputation of a factory is not easy to spread for two reasons. First, there is not a public channel to spread the news as there is not a clear legal basis for punishment on wage arrears. In addition, local governments frequently turn a blind eye on such incidents because they do not want to irritate the factory owners. Second, most migrants rely on personnel ties to find jobs. For example, among the 277 migrants surveyed in the four sample villages, 45% found their jobs through the introduction of relatives or friends. There were another 37% relied on random searching. This job-searching pattern

⁴ Residency still makes a difference on education. While local people can send their children to elementary and junior high school for free, migrants have to pay a substantial fee. Another area where residency matters is first-tier jobs because they usually require local residency. Of course, this does not the majority of the migrants studied here who are not qualified for first-tier jobs anyway.

slows down information flow. In a market with a constant flow of new workers from various parts of the country, it will thus take a long time for the whole market to capture the bad reputation of a factory.

Without the support of public establishments, migrants are vulnerable to the maltreatment of the factory owners. Although trade unions are theoretically allowed and the government-sponsored unions have long existed, workers in rural industry are seldom unionized. Both the central and local governments are reluctant to sanction unionization in private, and especially FDI firms either because they do not want to see the emergence of a new force that is out of their realm of control, or because they fear that investment would be deterred. In fact, factories and the village authority frequently collude to squeeze the migrants. One example is the treatment that the strike workers in a Jinju factory received in the spring of 2000. By the time of the strike, this factory had not paid its workers for three consecutive months. The factory owner informed the village of the strike, the latter then sent its patrol team to arrest the strike leaders. The factory owner explained that he had temporary liquidity problem and would pay the workers as soon as he got enough cash. The workers then were forced to go back to work and the strike leaders were fired.

In a country led by a party that claims representation of the working class, it is odd enough to see such example happen. Although ideological propaganda is still active in China, in reality ideology has been eroded and practical considerations have begun to dominate at various levels of government. In a village setting, the coalition of the village, or more precisely, the village rich, and the factory owners makes a lot of sense to both sides because both sides gain from the coalition. It is noteworthy that the village new rich have emerged to the leadership through village election. For example, the newly elected chairman of the village council in Jinju is among the top rich in the village. In fact, this is encouraged by the central government in the hope that those new rich would lead the rest of the villagers to prosperity. However, there is a danger that the coalition of the leadership and the factory owners, many of which are themselves local new rich, will only enhance the position of the rich section of the local population and ignore the welfare of the poorer section, not to mention the welfare of the migrants. On the other hand, the local poor and migrants have no basis for coalition because of the differences between them. As a result, a power ladder from the village cadre (cum the new rich), poor households, down to the migrants becomes evident in the village.

The lack of political rights on the part of the migrants is not only manifested by their lack of protection in their factories, but also manifested by their lack of

security in the village. Officially, a migrant is subjected to the inspection for several certificates at any point of time. Among them, temporary residency certificate is the most important. Local governments (usually, the township) and villages rely on the certificate to collect the head fee that ranges from 100 to 200 yuan per year. All the four sample villages have a patrol team whose responsibility is to assist the police to maintain local public order. The major task of the patrol team is to monitor the migrants. It is undeniable that migrants bring crimes, mostly burglaries, to the recipient village, but in many cases excessive forces and arbitrary interrogations are used. It is common to observe a migrant being stopped by the patrol team and asked for the temporary residency certificate. Those who are caught in a burglary are subjected to physical abuses.⁵ In addition, in conflicts with the local people, migrants are frequently in a disadvantageous position in the arbitration mediated by the patrol team. After all, the patrol team has to serve the interests of the local people.

To summarize, migrants lack the basic political rights in the recipient village exactly because they are outsiders. The significance of residency has not diminished but become stronger for them. The *hukou* system used to put a scarlet letter onto all the rural residents, while it still remains so for most of the rural residents, it now adds another scarlet letter on the face of the migrants, readily separating them from the more affluent locals. Residency is politically important because it forms the basis as well as confines the scope of the current political institutions in China. The recent development of village election makes the problem keener in a rural setting than in an urban setting. The infringements that migrants are receiving would not persist if they had the right to participate in the local vote. This is especially true in a village like Jinju where migrants outnumber the locals by two times. Although granting the voting right to migrants will bring radical changes to the recipient village, but these changes will have to happen if it is to turn from a closed rural community into an open urban community.

Exclusion from local welfare

Even the locals regard migrants as a major contributor to the local economy. When asked about their opinions on migrants, 47% of the locals said that migrants had contributed to the village economic development. However, the benefits of the economic development are not equally shared between the locals

⁵ The author observed one incident in which a suspect of burglary was forced to knee down and humiliated by a group of patrol team members for about an hour.

and the migrants. While a considerable portion of the local income comes from land (see Section 1 for reference), migrants are grossly excluded from any land-based income distribution. To a large extent, this is justifiable because the locals have the legal ownership of land. The problem is not so much about the static land ownership, though, but rather the mechanism regarding the transferability of the ownership. Although land can not be legally sold in the market, the government encourages the transfer of the land use right of agricultural land. However, a mechanism that makes the transfer happen is still absent. One hope is the shareholding system developed in some localities in Guangdong province. Under this system, each person of the village has a share representing his/her ownership of the village land although he/she does not own a piece of land physically. For those villages where land is mainly used for industrial purposes, this system is optimal (Zhe, 1997). Currently, the land share is not transferable, but a natural extension of the system is to allow the share to be transferred among villagers and even to outsiders. If a mechanism of such is developed, the integration of the migrants will be made much easier as owning the share provides an important avenue for the migrants to enter the main stream of the local community.

In addition to being excluded from the distribution of land rent, migrants are denied of other welfare that many locals enjoy. For example, 49% of the sampled locals have some forms of medical insurance, but only 8% of the sampled migrants do so. In addition, 38% of the locals have a pension scheme, but only 3% of the migrants enjoy the same treatment. Lastly, about 7% of the locals have unemployment insurance, but virtually none migrant does. The denial of pension and unemployment insurance to migrants may be justified by migrants' volatile nature of mobility and their having land in their home village.⁶ However, the denial of medical care to migrants is hard to justify. In addition, the village is an important provider for local people's insurance. Among the locals who have medical insurance, 47% of them are financed by the village. Although most people get pension from the factory where they are employed, there are still 17% of the insured locals who get the insurance from

⁶ In favor of the egalitarian land distribution in current rural China, Yao (2001) argues that having land reduces migrants' demand for pension and unemployment insurance so their asking wages are lower and they become more competitive. The central government is trying to push a policy that requires employers and migrants to contribute to migrants' pension fund and is experimenting a mechanism that allows migrants to bring their pension with them. However, whether this policy will ultimately benefit migrants is still unknown because it raises the cost of migrants and may force employers to replace migrants with local workers who have some obvious advantages over migrants (e.g., weak mobility, higher education, and better local knowledge).

the village. In contrast, the small portion of the migrants who get insured are exclusively financed by their factories. It was frequently found in the interviews that employers provided insurance to migrants only to award their good performance and to induce their loyalty. This explains the scant evidence of insured migrants in the sample.

Limited social interaction

The description presented above suggests that the social interaction between the locals and migrants must be quite limited. Indeed, locals overwhelmingly confine their social interactions within the village as 71.5% of them said people they had frequent contacts were in the village (Table 3) and only 28.5% said their frequent contacts had no geographic limitation. Although migrants are more open, there were still 58.1% of them said that their frequent contacts rested within people from the same hometown.⁷ When asked whether they knew any migrants, only 21.5% of the locals said they knew many, and the rest knew few or eventually none. On the migrant side, the percentage of people who knew many locals is even lower, only 16.9%. Although more than half of the both groups of people said that there was no difficulty in dealing with the other group of people, 15.1% of the locals and 23.3% of the migrants regarded it as difficult or very difficult. Interestingly, 31.0% of the locals and 22.9% of the migrants felt unsure about the difficulty, suggesting that they had limited contacts with the other group of people.

As for the reasons for the difficulty, it seems that both the locals and the migrants regarded different dialects as the top obstacle as 30.3% of the locals and 31.5% of the migrants said so. Languages embody different sub-cultures and divide the line of communication. Although mandarin is promoted by the central government, local people still prefer their own dialects. This is a more eminent problem in the southern part of the country. For example, most people in Jinju began to learn mandarin in the early 1990s when outside investment poured in. Most people over the age of forty can not speak mandarin even now. On the other hand, dialects serve as a linkage for migrants to identify themselves with their fellow workers from the same province or county.

In addition, many local people regarded different living habits and ways of thinking as major obstacles. While a comparable percentage of migrants agreed with the locals on the role of different habits, but only 10.6% of them agreed

⁷ The Chinese counterpart should be *laoxiang*, i.e., people from the same place. Usually, *laoxiang* means people from the same province, but can also mean a smaller geographic region, like a county. The most important factor in defining *laoxiang* is speaking the same dialect.

with the locals on the role of different ways of thinking, as contrasted with 20.2% of the locals thought so. In addition, 12.8% of the migrants also considered different social status as a major obstacle although only 2.8% of the locals thought so. Those two sharp contrasts show how the psychology of social supremacy is articulated differently between the locals and the migrants. When locals admitted different ways of thinking as an obstacle to interaction, the meaning of the words was not symmetric, implicitly, they meant that the migrants had inferior ways of thinking. Therefore, the admission of different ways of thinking may well be a substitution for directly admitting social status as a major obstacle to interaction. In contrast, the notion of different ways of thinking might be symmetric for migrants, and they were keener on speaking out the role of social status.

Lastly, 10.2% of the locals and 14.1% of the migrants regarded mutual distrust as one major obstacle to interaction. For locals, the distrust may arise from their perception of migrants as a factor bringing unrest and crimes to the village. When asked about the role of the migrants, while a considerable percentage of the locals said that the presence of the migrants improved the local economy, 41.6% of them believed that the migrants brought crimes, and 43.3% of them believed that the presence of the migrants deteriorated the local environment. The distrust of the migrants, however, may arise exactly as a result of the local's mistrust. In answering to the same question, only 21.8% of the migrants thought that migrants brought more crime to the recipient village, and only 15.1% of them admitted that the presence of the migrants worsened local environment. This is a classical example of statistical discrimination. It is undeniable that migrants do bring more crimes and aggravate environmental degradation in the local community. However, the percentage of criminals in the migrants is small and migrants should not be fully blamed for the environmental degradation as this is the price that the local community has to pay in a certain stage of industrialization. Therefore, the locals' perception is only justified in the statistical sense. The dilemma is that it is hard for the locals to identify a real thief from a sea of migrants so a blind discrimination becomes a convenient screening device. However, this discrimination is unjustified for the vast majority of the migrants. The price then is the mistrust developed between the two groups of people.

3. Economic Discrimination

Social exclusion will be inevitably translated into disparities in the

economic sphere. In this section, we will use the survey data to investigate the treatments that migrants receive in the local labor market. We will conduct econometric analyses on job attainments and wage determinations to answer two key questions: (1) Are migrants discriminated in getting a white-collar job? (2) Are they discriminated in wage payment? For that purpose, we choose from the sample 314 people, 141 locals and 173 migrants, who reported them as wage earners. Table 4 presents data on these 314 people and locals and migrants separately. Data are for the year of 1998. The differences between the locals and the migrants are alarming: 53% of the locals hold a white-collar job,⁸ but only 19% of the migrants do so; in addition, the average wage of the local people is 18,210 yuan, but the average wage of the local people is only 7,760 yuan. However, the data also show significant differences between the two groups of people in terms of human capital achievements and working experiences. For example, locals on average have three more years of education, about 8 more years of non-farm employment, and 5 years more working experience on current job than migrants do. In addition, the percentage of locals holding a white-collar job in his previous job is 21 higher than the migrants'. Therefore, multiple regression analyses are needed in order to determine whether migrants are discriminated and if the answer is yes, the form of the discrimination.

Job attainment

To determine whether migrants are discriminated in job attainment, we use the probit model to study the determinants of a white-collar job. The dependent variable thus is a dummy variable with value 1 indicating that a person holds a white-collar job and value 0 indicating that a person holds a blue-collar job. The explanatory variables are grouped into personal characteristics, political affiliation, human capital and experience, type of firm, and villages. Among the personal characteristics, there are whether a migrants (yes = 1, no = 0), age, sex (female = 1, male = 0), and whether married (married = 1, single = 0). Political affiliation is defined as whether a party or youth league member (yes = 1, no = 0). Human capital and experience include schooling years, years of non-farm employment, number of places having been to, and whether holding a white-collar job in the previous employment (yes = 1, no = 0). For the type of firm, we the state sector as the reference type, and code the other three types of firm in Table 4 as 0-1 dummies. For villages, we choose Xiliu as the reference,

⁸ A white-collar job is defined as a job in the office. People holding a white-collar job include technicians, office workers, salespersons, and so on.

and code the other three villages as 0-1 dummies.

We first run a regression on all the 314 people. The results are presented in the first two columns of Table 5. Several interesting results emerge. First, education and work experience are highly significant in improving a person's chance to get a white-collar job. Calculation of the marginal effects reveals that one more year in school increases an average person's chance to get a white-collar job by 3.2 percent, and having a white-collar job in the previous employment increases the chance by wholly 31 percent. Obviously, experience is much more important than education. Holding a white-collar job before is equivalent to having nearly 10 more years of education. Second, affiliation with the communist party or the youth league increases an average person's chance of getting a white-collar job by 12.9 percent, equivalent to 4 years' education. Third, no significant differences are found either among the four types of firm or among the four villages, indicating first that the sample has no systematic bias and second job attainment does not differ among different types of firm and among different villages. Lastly but most importantly, among the personal characteristics, the only significant variable is whether a person is a migrant. For an otherwise average person, being a migrant reduces his chance to have a white-collar job by 17.6 percent.

This significant disparity may be a reflection of blunt discrimination against the migrants. Yet it may also reflect the fact that local workers have better unobserved abilities than migrants. Firms need white-collar workers not only for internal management and technical supports, but also for tasks such as sales, purchases, and local public relations. The second category of tasks needs local knowledge. In terms of the social exclusion imposed on the migrants, it is not surprising that migrants do not have such local knowledge and are thus given an inferior consideration by the firms. Therefore, migrants' inferior position in job attainment can be attributed either to blunt discrimination based on population status, or to migrants' limited local knowledge resulted from the social exclusion imposed on them.

To further identify the differences between migrants and locals, we run a separate regression on each group alone. The results are presented in the last four columns of Table 5. The significant factors that determine a local's job attainment are whether he is a party or youth league member and whether he held a white-collar job in the last employment. While the second factor is also significant for a migrant, political affiliation is not, instead, education is. This difference is interesting. Presumably, having a party or youth league membership may be taken as a sign of reliability so such a person should be

given a priority on job assignment. However, this assessment is proven wrong because firms do not value political affiliation for migrants. An alternative explanation is that a local worker holding a party or youth league membership is a sign for the robustness of his local networks whereas a similar migrant does not have a chance to develop a comparable network from the very beginning.

Wage determination

Table 4 shows that on average a local earns 135% more than a migrant. We now use multivariate regressions to explore how this huge difference arises. For that purpose, we run five regressions. The dependent variable for all these five regressions is the logarithm of yearly wage, explanatory variables are the same as before. The results are presented in Table 6. In regression (I), we examine the local-migrant wage difference when only the types of firm and villages are controlled for. There is no significant difference among different types of firms, indicating that there are no significant entrance barriers between different types of firms in the local labor market. This result can be contrasted with Yao (1999) that found significant time rationing in China's rural collective firms in the early 1990s. The development over the 1990s seems to have eliminated public firms' job creation duty. There are, however, certain differences among the villages. While Wanli has no significant difference from Xiliu, wages in Yiyi and Jinju are 21% and 19.8% higher than the wage in Xiliu, respectively. Nevertheless, the 20% wage difference is tolerable in terms of the huge regional differences. In addition, the four villages draw migrants from different parts of China, and this wage difference may partly reflect the travel costs involved in migration.

The striking finding in regression (I) is that the local-migrant wage difference shrinks to only 26.5% after types of firm and villages are controlled. This means that most of the 135% wage gap revealed in Table 4 can be explained by regional differences and to a much weaker extent, by the variations among the four types of firm.

In regression (II), we add personal characteristics and political affiliation. The local-migrant wage difference shrinks further to 20%, but regional type of firm differences remain qualitatively the same as in regression (I). Two surprising results are that a married person earns 19.4% higher than a single person, but political affiliation does not make a difference. We will see that the gap between the married and the single will remain at about 19% in regressions (III) to (V). Does this mean that the married have unobserved abilities that the single do not have? We will answer this question when we run separate regressions on the locals and the migrants. Here we only want to point out that

the local-migrant wage gap drops by 6.5 percent mainly because there are more married local workers in the sample (a phenomenon that is consistent with the age structure of the migrants). Similarly, the inertia of political affiliation will also persist in regressions (III) to (V). These results contrast sharply with our early result that party or youth league membership does make a significant difference for job attainment. This means that firms prefer giving party and youth league members management jobs, but do not pay them more in wage.

In regression (III), we add schooling years in the regression. It is shown that education significantly raises a person's wage, but the magnitude is small: one more year in school only increases a person's wage by 1.7%. However, low return to education is frequently found in China (e.g., Yao, 1999; Yang, 1997; and Zhao, 1997). Because locals on average have higher educational levels than migrants, we see that the local-migrant wage gap has been reduced by 6 percent to become only 14%. This drop can be attributed entirely to education.

In regression (IV), we add two more variables, years of non-farm experience and the number of places having been to, representing a person's long term experience. The result shows that the second variable is highly insignificant, the first is significant albeit the magnitude is small (one more year of non-farm experience only increases a person's wage by 0.8%). A significant change is that the local-migrant wage difference has not only been further reduced to 10%, but also become insignificant. Regression (V) add two more variables, whether holding a white-collar job in the last employment and the years in current job. Its results are about the same as those of regression (IV), and the two new variables are not significant. The local-migrant wage gap is reduced slightly to 9.8%.

To summarize the results of the above five regressions, we have the following conclusion: Among the 135% wage gap between locals and migrants, 108% reflects regional differences, 6.5% can be attributed to personal characteristics, especially marital status, 6% can be explained by educational achievement, 4% can be explained by other human capital and experience variables, the remaining 10% is measurement error. Therefore, we can conclude that the local-migrant wage gap vanishes as we control for personal status, political affiliation, human capital and experience, location and firm type. This is sharply contrasted with our early results on job attainment. Other things equal, a local worker is more likely to get a white-collar job, but he is not paid significantly higher than a migrant.

However, the result that the local-migrant wage gap can be explained by factors other than resident status does not imply that migrants are not

discriminated against. To prove that migrants are not discriminated, we have to find that the two groups of people are subjected to the same wage payment schedule. For this purpose, we run two separate regressions for locals and migrants alone. The results are presented in Table 7. The contrast between locals and migrants are obvious. For a local worker, the most significant wage attributes are marital status and political affiliation; for a migrant, they are age, educational attainment and years in current job. A married local worker earns a wholly 35% more than a single local worker, a party or youth league member earns 3.1% more than other people. For a migrant, one year older means that he can get 0.8% more, one more year in school gives him an increase of 1.7%, and one more year in current job rewards him by 3.4%. Since age is also an indicator for experience, we can conclude that migrants are rewarded by their human capital and experience, but locals are rewarded by their social and political status. The role of political status may be played through its reward of a white-collar job, but the role of marital status is harder to comprehend. Our early results show that marital status is not a significant factor in determining a person's job. Then, is it a result of hidden abilities? That is, are people with more unobserved skills more likely to get married? The answer is no because marital status does not play a role for migrants. Therefore, it seems that the role of marital status has to be explained by non-economic factors. One explanation might be that a married local worker shoulders more family and social responsibilities that the local community may put a value on, so more income should be rewarded to him. However, most of the firms in the four villages are privately owned, and it is an unanswered question as to why private firms are willing to shoulder social responsibilities.

Therefore, although a migrant is not paid significantly lower than a local with the same qualifications, he is subjected to quite different payment schedule than the one applied to a local. Together with the evidence we've found on job attainment, we may want to conclude that migrants are subjected to "selective discrimination" in the sense that they are under different selection and payment schemes than the ones applied on a local. Selective discrimination is a mixture of economic rationale and social exclusion. On the one hand, firms do want to attract migrants by paying them comparable wages so their human capital and experience can be fully explored; in addition, firms take advantage of the favorable status that local workers gain over social exclusion and reward them with better jobs. On the other hand, firms can not overlook the local social and political structures and have to reward local workers more by their social statuses rather than by their economic values, but for migrants, firms are free to

only reward their economic values.

4. Conclusions

Social exclusion and economic discrimination reinforce each other. Social exclusion deprives migrants of the opportunities to develop local knowledge that is important for their promotion in the firms, so they are discriminated in obtaining management jobs. Economic discrimination in return further reduces migrants' social status and makes social exclusion easier to happen. Many villages in eastern China are evolving fast into urban communities. The creation of an under-class, although it is not incompatible with urbanization itself (in fact, it is a standard by-product of urbanization in many developing countries), may become a serious destructive factor in a village setting where the conflict between the locals and the migrants would be more intense and visible because of the small size of the community and the disproportion of the locals and the migrants. Unfortunately, we have not seen any government actions to narrow the gap between the locals and the migrants, instead, the current government policies have been either indifferent to or even enhancing the gap.

The most noticeable is the *hukou* system that is responsible for migrants' lack of political rights and long term perspective in the local community. The collective land ownership in its current form also contributes to the gap between migrants and locals as it denies migrants an important opportunity to enter the local community. On the political front, the negligence of migrants' basic rights may seem to be a pragmatic choice to keep outside investment, but the persistence of the mistreatment may lead to serious conflicts after the tension is built up to a certain point. Overall, the government is reluctant to encourage migrants to settle down in the developed eastern coast. Although there are signs that the government is beginning to reform the *hukou* system by allowing more rural residents to settle down in towns, the threshold set for the settlement is high, usually it is required that a migrant has to buy a house or an apartment in the town.

However, one has to realize that the integration of migrants into the local community is more than just making government policies right. The social network developed in a village setting itself is all but friendly to outsiders. The fault line may persist for a long time even after the village is fully industrialized. However, we do not want to be overly pessimistic either because most Chinese villages we see today were created and have been modified by migrants in the history, yet we do not see much trace of division in most villages.

Table 1. Contrast of the locals and migrants in the four villages (1999)

	Locals	Migrants*	Migrants/Locals
Xiliu	952	500	52.5%
Wanli	2,425	1,500	61.8%
Yiyi	1,500	1,500	100.0%
Jinju	3,500	10,000	285.7%

* Estimated numbers obtained in the survey.

Table 2. Percentage of migrants with alternative living conditions (277 people)

Commute	11.9
Apartment provided by employer	21.3
Dormitory provided by employer	35.7
Rented local house	22.4
Own apartment	2.9
Own house	5.8

Table 3. Interaction between locals and migrants (%)

	Locals	Migrants
People interacted frequently		
In the same village/from hometown ⁽¹⁾	71.5	58.1
No geographic limitation	28.5	33.0
Other	0.0	8.9
Migrants/locals known of		
Many	21.5	16.9
Few or none	78.5	83.1
Difficult dealing with migrants/locals?		
No	53.9	53.8
Yes	15.1	23.3
Not sure	31.0	22.9
Reasons for difficulty ⁽²⁾		
Different dialects	30.3	31.5
Different habits	18.5	16.9
Different social status	2.8	12.8
Different ways of thinking	20.2	10.6
No opportunity	8.4	9.9
Mutual distrust	10.2	14.1
Other	2.8	4.9

(1) For locals, the figure is the percentage of locals who interact with migrants; for migrants, the figure is the percentage of migrants who interact with locals. Same for other entries where it is applicable.

(2) Since multiple answers were allowed, the sum of the percentages may exceed 100.

Table 4. Contrasts between locals and migrants in the regression sample (314 people)

	All		Locals		Migrants	
	Mean	St. Dev.	Mean	St. Dev.	Mean	St. Dev.
Ratio of migrants	0.55	0.50				
Ratio of white-collar workers	0.34	0.48	0.53	0.50	0.19	0.39
Wage (1,000 yuan/year)	12.45	31.42	18.21	45.54	7.76	7.71
Age	31.89	12.20	39.11	12.36	26.00	8.29
Ratio of female workers	0.39	0.49	0.32	0.47	0.45	0.50
Ratio of married	0.62	0.49	0.82	0.38	0.46	0.50
Ratio of party and youth league members	0.35	0.48	0.31	0.47	0.38	0.49
Years in school	6.98	4.13	8.57	3.11	5.68	4.40
Years of nonfarm employment	7.90	6.63	12.14	7.29	4.46	3.17
Number of places been to	2.59	8.04	2.38	11.39	2.75	3.48
Ratio holding a white-collar job in previous job	0.34	0.48	0.46	0.50	0.25	0.43
Years in current job	4.89	5.78	7.88	7.33	2.46	1.98
Ratio in the state sector	0.18	0.44	0.31	0.43	0.07	0.11
Ratio in collective firms	0.22	0.42	0.29	0.46	0.17	0.38
Ratio in private firms	0.44	0.50	0.32	0.47	0.54	0.50
Ratio in FDI firms	0.16	0.37	0.09	0.28	0.23	0.42
Ratio of Xiliu	0.20	0.42	0.16	0.45	0.23	0.24
Ratio of Wanli	0.37	0.48	0.48	0.50	0.28	0.45
Ratio of Yiyi	0.22	0.42	0.24	0.43	0.20	0.40
Ratio of Jinju	0.21	0.41	0.12	0.33	0.28	0.45

Table 5. Probit results on job attainment

Variables	All		Locals		Migrants	
	Estimate	St. Err.	Estimate	St. Err.	Estimate	St. Err.
Constant	-1.698**	0.567	-1.532**	0.852	-2.356**	0.971
Personal characteristics						
Migrant	-0.799**	0.257				
Age	-0.001	0.011	-0.013	0.016	0.013	0.018
Sex	-0.239	0.206	-0.313	0.321	-0.208	0.328
Marital status	0.105	0.246	0.468	0.483	-0.147	0.335
Political affiliation						
Party or youth league member	0.432**	0.220	0.984**	0.364	0.002	0.364
Human capital and experience						
Years in School	0.093**	0.027	0.041	0.051	0.119**	0.038
Years of nonfarm employment	0.019	0.018	0.018	0.022	0.033	0.048
Number of places having been to	-0.004	0.012	0.004	0.022	-0.101	0.071
White-collar job in previous employment	1.149**	0.194	1.465**	0.296	0.755**	0.305
Years on current job	-0.019	0.020	-0.028	0.023	0.023	0.069
Type of firm						
Collective	0.233	0.305	0.413	0.420	0.471	0.560
Private	0.110	0.291	0.316	0.355	-0.113	0.710
FDI	0.446	0.390	0.692	0.604	0.272	0.748
Village						
Wanli	0.052	0.283	0.311	0.389	-0.271	0.520
Yiyi	0.707	0.399	0.470	0.558	0.432	0.777
Jinju	0.234	0.370	0.452	0.576	0.277	0.579
Mean log-likelihood value	-0.39		-0.42		-0.33	

** Significant at 5% significance level.

Table 6. Wage determination

Variables	(I)		(II)		(III)		(IV)		(V)	
	Estimate	St. Err.	Estimate	St. Err.	Estimate	St. Err.	Estimate	St. Err.	Estimate	St. Err.
Constant	3.900**	0.078	3.713**	0.126	3.549**	0.137	3.525	0.138	3.520	0.139
Personal characteristics										
Migrant	-0.265**	0.050	-0.200**	0.055	-0.140**	0.058	-0.101	0.062	-0.098	0.063
Age			0.001	0.003	0.001	0.002	0.000	0.003	-0.001	0.003
Sex			-0.070	0.048	-0.072	0.048	-0.070	0.048	-0.070	0.048
Marital status			0.194**	0.057	0.186**	0.056	0.193**	0.056	0.191**	0.057
Political affiliation										
Party or youth league Member			0.079	0.049	0.038	0.051	0.043	0.051	0.043	0.051
Human capital and Experience										
Years in School					0.017**	0.006	0.018**	0.006	0.017**	0.006
Years of nonfarm Employment							0.008**	0.004	0.007	0.005
Number of places having been to							0.000	0.003	0.000	0.003
White-collar job in previous employment									-0.002	0.050
Years on current job									0.004	0.005
Type of firm										
Collective	-0.100	0.077	-0.090	0.076	-0.080	0.075	-0.083	0.076	-0.091	0.077
Private	0.004	0.073	0.057	0.072	0.076	0.071	0.069	0.071	0.078	0.073
FDI	0.089	0.095	0.136	0.094	0.126	0.093	0.124	0.093	0.131	0.094
Village										
Wanli	0.032	0.065	0.002	0.063	0.009	0.063	0.000	0.063	-0.004	0.063
Yiyi	0.210**	0.091	0.196**	0.091	0.202**	0.090	0.183**	0.090	0.201**	0.094
Jinju	0.198**	0.082	0.162**	0.082	0.151**	0.081	0.144	0.081	0.143	0.082
R ²	0.13		0.19		0.21		0.22		0.22	

** Significant at 5% significance level.

Table 7. Contrast between locals and migrants in wage determination

Variables	Locals		Migrants	
	Estimate	St. Err.	Estimate	St. Err.
Constant	3.626	0.237	3.132	0.178
Personal characteristics				
Age	-0.004	0.004	0.008**	0.004
Sex	-0.026	0.085	-0.039	0.057
Marital status	0.350**	0.117	-0.009	0.060
Political affiliation				
Party or youth league member	0.031**	0.014	0.010	0.006
Human capital and experience				
Years in School	0.003	0.006	0.017**	0.009
Years of nonfarm employment	0.081	0.092	0.052	0.057
Number of places having been to	0.002	0.003	-0.009	0.007
White-collar job in previous employment	-0.043	0.083	0.054	0.061
Years on current job	0.005	0.006	0.034**	0.014
Type of firm				
Collective	-0.060	0.107	-0.052	0.120
Private	0.125	0.097	0.006	0.132
FDI	0.045	0.160	0.105	0.141
Village				
Wanli	-0.280**	0.114	0.218**	0.074
Yiyi	-0.053	0.150	0.276**	0.140
Jinju	-0.099	0.153	0.289**	0.092
R ²	0.211		0.347	

** Significant at 5% significance level.

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